

## **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 African Department

December 2, 2008

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## ASSESSING THE EXTERNAL COMPETITIVENESS OF THE COMOROS<sup>1</sup>

### I. INTRODUCTION

1. Since joining the Franc Zone in 1979, Comoros has operated a conventional peg to the French franc and the euro. The country has its own currency and central bank. However, its monetary arrangement with France is essentially the same as the one that binds the CFA Zone to the former colonial power—including safeguards on monetary financing of government financial operations.<sup>2</sup>
2. In recent years, Comoros has been hard-hit by negative terms of trade shocks that have weakened the external position. A trend decline in the world price of vanilla, its main export, has occurred parallel to unprecedented increases in international food and petroleum prices. While export growth has slackened, imports have steadily grown—driven by a surge in remittances and steady real appreciation of the euro-pegged national currency. As a result, the external current account deficit has widened over time.
3. Against a backdrop of constant political instability and lackluster export performance, economic activity has been subdued. Until 2006, there was limited progress in building up institutional capacity, which has prevented effective reform. Moreover, dilapidated economic and social infrastructures and a poor business environment have discouraged private sector initiative and kept foreign direct investment at bay. Consequently, real GDP growth averaged a modest 2.1 percent for 2000–07, and per capita income has steadily declined.
4. This paper assesses the external competitiveness of the Comoros during the period 1980–2007, with a focus on the most recent years.<sup>3</sup> Its main findings reveal that:
  - At end-2007 the real effective exchange rate (REER) was broadly in line with its equilibrium value as determined by economic fundamentals. As external and internal imbalances widened in recent years, the actual REER has weakened while the equilibrium REER has appreciated, helping to close the gap between the two.

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<sup>1</sup> Prepared by Alfredo Baldini.

<sup>2</sup> The Franc Zone encompasses the eight members of the West African Economic and Monetary Union (WAEMU), the six members of the Central African Economic and Monetary Union (CEMAC), and Comoros. In 1994, the Comorian Franc was devalued by 33 percent, compared with the CFA Franc Zone devaluation of 50 percent.

<sup>3</sup> When assessing Comoros' external competitiveness, it is with noting that the country faces serious data deficiencies and weaknesses, notably limited availability of long data series for several key economic variables and indicators—reliable data are available only for the period starting in 1985 and mostly on an annual basis.

- A substantial narrowing of the underlying current account deficit—in the range of 8–12 percent of GDP—may have been needed at end-2007 to ensure consistency with the norm current account deficit, requiring a real depreciation of the exchange rate of about 4–7 percent.
- Comoros fares poorly on structural competitiveness grounds compared to other low-income small states in the region and within the Franc Zone, underscoring the need for wide-ranging structural reforms.

5. The structure of the paper is as follows: Section II reviews developments in Comoros' balance of payments and real exchange rate (RER) during 1980–2007. In Section III, econometric methods are applied to estimate the equilibrium value of the RER and the external current account balance. Section IV discusses the country's competitiveness using various structural indicators, and Section V concludes. As is recommended for currency union member countries, in highlighting trends in Comoros's external competitiveness, this study compares its performance with that of its peers in the Franc Zone without assessing the external stability of the zone itself.

## **II. EXTERNAL SECTOR DEVELOPMENTS AND KEY VULNERABILITIES**

### **A. Balance of Payments**

6. The balance of payments of Comoros since 1991 has had several notable features:
- Large and persistent trade deficits (goods and nonfactor services) averaging 21 percent of GDP annually were mostly financed by worker remittances, which amounted to more than 15 percent of GDP at the end of 2007. Public transfers had gradually declined.<sup>4</sup> The current account deficit averaged 7 percent of GDP during the period.
  - The capital and financial account recorded a small surplus averaging 3.2 percent of GDP a year. Official transfers offset large external debt repayment obligations and negative private capital inflows—both of which kept the financial account negative throughout the period.
  - Despite a generally weak overall balance of payments situation, Comoros continues to enjoy a rather comfortable reserves position. This reflects the impact of external arrears accumulation, given lack of budgetary resources to honor public debt service obligations falling due, and debt relief from key development partners. On average, the country's

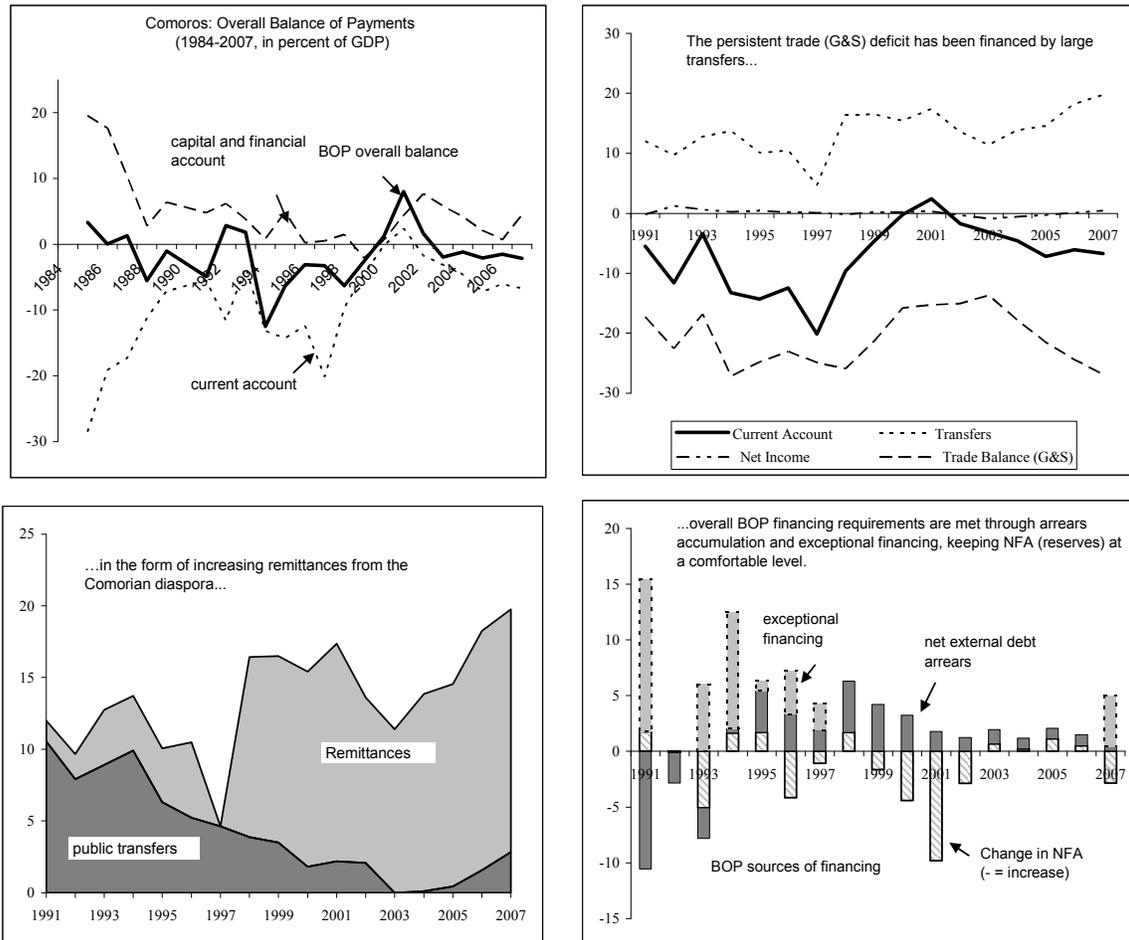
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<sup>4</sup> As a member of the Franc Zone, Comoros can sustain larger and more persistent current account deficits than would otherwise be the case.

international reserves have grown an average  $\frac{3}{4}$  percent of GDP a year since 1991, reaching the equivalent of 7 months of imports by end-2007. (Figure 1).<sup>5</sup>

7. Overall, Comoros's balance of payments appears exceptionally vulnerable on a flow basis. The deficit on the trade balance is financed primarily by remittances, grants, and loans, while sizable external debt obligations cannot be honored, causing the accumulation of large external payments arrears. As a result, the country is facing an unsustainable stock of net foreign liabilities that seems impossible to address without debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI).

Figure 1. Comoros: Developments in the Balance of Payments, 1991-2007 (percent of GDP)



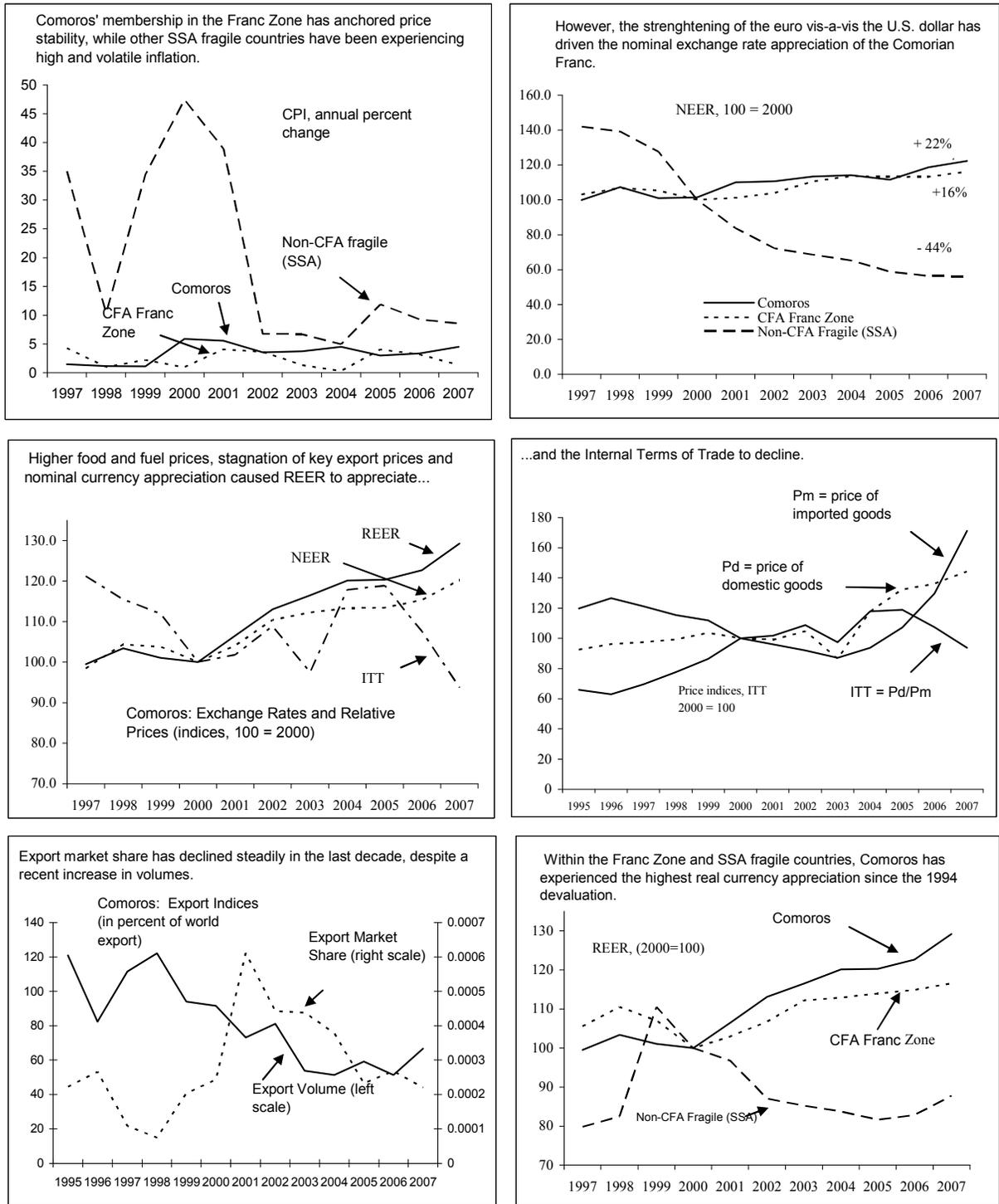
Source: Comorian authorities, and Fund staff estimates.

<sup>5</sup> In December 2007 the AfDB board cleared US\$34.5 millions in arrears, 99 percent of which through the post-conflict country facility.

## **B. Evolution of the REER Indices**

Comoros' lackluster competitiveness is evidenced by poor export performance and sustained real exchange rate appreciation. During 2002-07, the country's exports as a share of world exports declined by 50 percent; the export volume shrank by 27 percent; and the CPI-based REER appreciated by 14 percent (29 percent since 2000). During the same period, the internal terms of trade, another key measure of competitiveness, declined substantially as the increase in prices of imported goods outpaced that of prices of domestic goods (Figure 2).

Figure 2. Comoros, and Other Selected Countries: Evolution of REER and Other Price Indices (1997-2007)



Source: Comorian authorities, and staff estimates

### III. EMPIRICAL ANALYSIS OF THE EQUILIBRIUM EXCHANGE RATE

#### A. Overview

8. This section spells out the results of three quantitative approaches to estimating the REER equilibrium value (ERER) and assessing the external competitiveness of Comoros: (i) the behavioral single-equation equilibrium exchange rate approach (BEER-SE), which assesses the equilibrium exchange rate based on the past behavior of the country's macroeconomic fundamentals; (ii) the macroeconomic balance approach (FEER-MB), which estimates the projected deviation of the current account (CA) from an estimated norm implied by the fundamental determinants of saving and investment; and (iii) the external sustainability approach (ESA), which projects forward the long-run relationship between the CA and the net foreign assets (NFA) position and assesses any necessary adjustment of the real exchange rate. These approaches provide various estimates of the ERER and current account balances, on the basis of which a judgment is made about the appropriateness of the exchange rate policy pursued by the authorities.

#### B. The Behavioral Equilibrium Exchange Rate Approach

9. Equilibrium REER estimates are obtained using autoregressive distributed lag modeling (ARDL), which is more appropriate for small samples and provides consistent estimates regardless of the order of integration of the variables, given the relatively short sample period (the data consist of 28 yearly observations for 1980–2007).<sup>6,7</sup> If the actual REER is above its equilibrium value, it would be considered overvalued; if below, it would be considered undervalued. Assessing how much the actual REER departs from its equilibrium value is key to identifying internal and external imbalances, as well as policy actions that may be needed to restore equilibrium. The equilibrium REER was estimated using the following fundamentals: (i) terms of trade (TOT); (ii) trade openness (OPEN), measured as the ratio of total trade to GDP; (iii) total factor productivity (FTP), proxied by real per capita GDP relative to main trading partners; and (iv) government consumption (GOV).

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<sup>6</sup> This empirical analysis is based on Chudik and Mongardini (2007). Similar results were obtained by using the Johansen cointegration and vector-error-correction model analyses. The ARDL approach makes it possible to test for cointegration when it is not known with certainty whether regressors are stationary, integrated of order 1, or mutually cointegrated.

<sup>7</sup> The BEER-SE empirical analysis is based on the theoretical model of Edwards (1989).

### Box 1. Explaining Developments in the Real Effective Exchange Rate (REER)

In behavioral equilibrium exchange rate (BEER) models, a number of factors are assumed to influence the equilibrium real exchange rate:

- **Terms-of-trade (TOT).** The terms of trade are defined as the ratio of the price of a country's exports to the price of its imports. Comoros's main exports are agricultural products (e.g., vanilla, cloves, and ylang-ylang), whose prices are determined in world commodity markets and subject to significant volatility that affects the terms of trade. An improvement in the terms of trade will positively affect the trade balance and thus lead the ERER to appreciate.
- **Trade openness (OPEN).** Trade openness is a proxy for trade controls. A reduction in controls would be expected to increase trade. Whether increased trade results in an appreciation or depreciation of the real exchange rate depends on individual country circumstances. The measure used in this study is the ratio of exports plus imports of goods and services to GDP.
- **Productivity (TFP).** Productivity relative to foreign trading partners is proxied in this study by relative per capita real GDP because a measure for TFP is not available. Developments in relative productivity capture well-known Balassa-Samuelson effects. Countries with higher productivity growth in the tradable sector (where such growth tends to concentrate) can sustain an ERER appreciation without losing competitiveness.
- **Government consumption (GOV).** An increase in government consumption biased toward nontradables creates higher demand for nontradables relative to tradables. This greater demand boosts the relative prices of nontradable goods, causing the equilibrium real exchange rate to appreciate. However, if the increase in overall government consumption is biased toward the tradable sector, an increase in spending will cause the ERER to depreciate.

10. The following long-run equilibrium equation was estimated:

$$(1) \quad \ln(REER^*) = 0.24 \ln(TOT) + 0.08 \ln(OPEN) + 1.77 \ln(TFP) - 0.28 \ln(GOV) \quad ^8$$

[3.18]
[0.11]
[0.85]
[0.82]

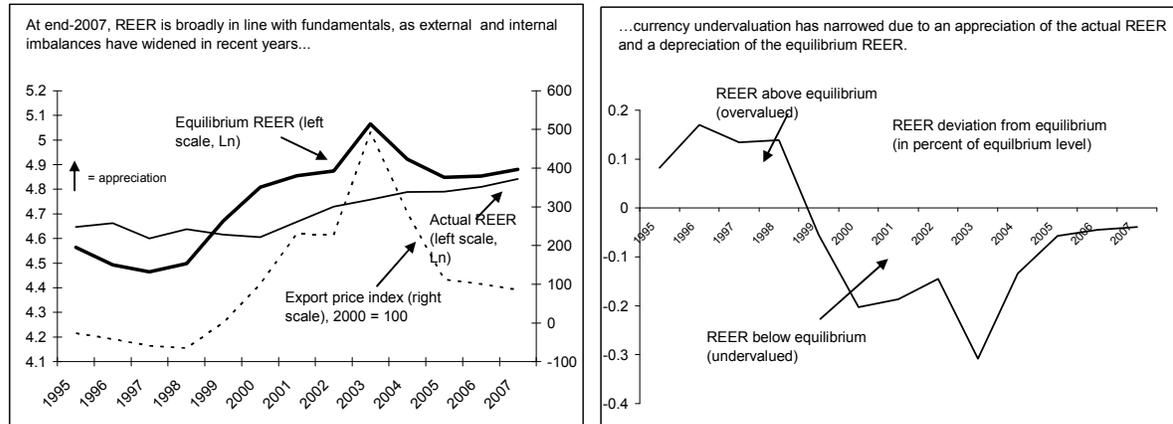
11. Equation 1 shows that all estimated coefficients exhibit the expected sign, but only the terms of trade variable is statistically significant.<sup>9</sup> It suggests that the REER has

<sup>8</sup> t-stats in square brackets; asterisk (\*) denotes equilibrium.

<sup>9</sup> For illustrative purposes, we show here the results of the autoregressive distributed lag (ARDL) approach to cointegration developed by Pesaran, Shin, and Smith (1999). The ARDL lag structure was (1,4,4,3,4) selected by the Akaike Information Criteria (AIC). For robustness, several ARDL specifications and alternative approaches were estimated, including the Johansen vector error correction model (VECM). All led to similar conclusions.

appreciated in response to improved terms of trade, productivity, and higher openness to international trade, and depreciated in response to increases in government consumption.<sup>10</sup>

Figure 3. Comoros: Actual and Equilibrium Real Effective Exchange Rate, 1980-2007



Source: Comorian authorities, and Fund staff estimates.

12. At the end of 2007, the REER was slightly undervalued but close to its equilibrium value as determined by economic fundamentals (Figure 3). It should be noted that the equilibrium REER has steadily depreciated since 2003 as external imbalances widened, notably in response to worsening terms of trade and low growth. These developments have been accompanied by a steady appreciation of the actual REER since the 1994 devaluation.<sup>11</sup> As a result, the gap between actual and equilibrium REER has substantially narrowed during 2003-07.

### C. The Macroeconomic Balance Approach

13. In the FEER-MB approach, developments in the ERER are linked to those in several relevant medium-term macroeconomic fundamentals (Edwards, 1989; Isard and Faruqee, 1998; Faruqee, Isard, and Masson, 1998).<sup>12</sup> The core of this approach is based on defining the current account in two different ways: (i) as domestic savings minus investment; and (ii) as

<sup>10</sup> Data on government spending broken down by tradable and non tradable goods are not available. However, 60 percent of domestically financed primary expenditure is salaries for public employees, whose spending is likely to be primarily on tradable goods and services (imports).

<sup>11</sup> The equilibrium REER is highly correlated with the price deflator for exports of goods (correlation ratio of 0.90), indicating how economic fundamentals in Comoros are heavily dependent on a narrow and volatile export base.

<sup>12</sup> Comoros political, institutional, and economic environment has undergone frequent structural changes since independence in 1976. These have affected domestic markets and introduced volatility and structural breaks into the macroeconomic variables.

the net exports balance, thus reflecting the choices between home and foreign goods and services, which are influenced by their relative price, or the exchange rate. If an equilibrium saving-investment balance can be defined, and other fundamental factors affecting net exports can be controlled for, then an equilibrium exchange rate can be estimated as the rate which makes these two ways of defining the current account consistent with each other at a position of internal balance (full employment). The analysis is done in three steps.

14. First, an equilibrium or norm current account (CA) is estimated. In this case, coefficient estimates based on a number of panel estimators are taken from Imam and Minoiu (2008), who model the determinants of the CA balance using panel data for 140 countries, including Comoros, between 1980 and 2005.<sup>13</sup> To increase robustness, the analysis estimates six different CA norms using three different panel estimators (fixed effects, pooled OLS, and random effects) applied to two different country samples: (i) the full sample of 140 countries ranging from low-income to upper-income, and (ii) the low-income country (LIC) sample of 35 countries, including Comoros. Table 1 summarizes the panel coefficient estimates for each CA norm and shows their elasticities with respect to each independent variable.

15. Imam and Minoiu (2008) also used panel estimation techniques to derive estimates of CA norms for countries for which only limited data are available. The extension involves assuming the same long-run elasticities as estimated in the panel, which is particularly useful for Comoros, for which data are available starting since 1980. Also relevant in this case are the panel estimates for the LICs, which have several economic characteristics in common with Comoros.

16. Equation 2 reports the CA norm elasticities estimated by the fixed effects estimator for the LIC sample (norm 4 in table 1):

$$(2) \quad \left( \frac{\widehat{CA}}{GDP} \right)_{COM,t} = -4.895 + 0.557 \times \left( \frac{FISC}{GDP} \right)_{COM,t} + 0.056 \times \left( \frac{NFA}{GDP} \right)_{COM,t} - 0.674 \times RELGDP_{COM,t} - 0.207 \times GROWTH_{COM,t} - 0.454 \times POP_{COM,t}$$

Where  $t = 1980, \dots, 2005$  in the model and  $t = 2007, \dots, 2013$  for the projection, and the reported country-specific fixed effect is captured by the scalar to account for unobserved heterogeneity (-4.9 for Comoros).

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<sup>13</sup> Panel data set obtained from Imam Minoiu (2008).

is specific to Comoros. The time-varying fundamentals—factors affecting external and internal balance (see Box 1)—include the following regressors:

1. FISC, the overall fiscal balance (on a cash basis, and expressed as a ratio to GDP)
2. NFA, the Comoros net foreign assets position (end-period percent of GDP)

Table 1. Current Account Norms: Panel Estimated Elasticities, 1985-2006<sup>1</sup>  
(in percent of GDP)

	Current Account Norms <sup>1</sup>					
	Full sample			Low-Income sample		
	1. Fixed effects	2. Pooled OLS	3. Random effects	4. Fixed effects	5. Pooled OLS	6. Random effects
Overall Budget balance (cash basis)/GDP	0.377*** (0.037)	0.372*** (0.030)	0.388*** (0.035)	0.557*** (0.069)	0.353*** (0.068)	0.524*** (0.066)
Net foreign assets/GDP	0.024*** (0.008)	0.039*** (0.006)	0.027*** (0.008)	0.056** (0.023)	0.071*** (0.019)	0.064*** (0.023)
Relative income	-0.054* (0.030)	0.048*** (0.004)	0.035*** (0.010)	-0.674*** (0.210)	0.473*** (0.019)	0.118 (0.162)
Per capita GDP growth	-0.093*** (0.035)	-0.073** (0.035)	-0.101*** (0.034)	-0.207*** (0.062)	-0.172*** (0.060)	-0.191*** (0.055)
Population growth	-0.403** (0.180)	-0.028 (0.099)	-0.350** (0.144)	-0.454* (0.247)	-0.431* (0.223)	-0.581*** (0.222)
Constant <sup>2</sup>	-4.89*** (0.677)	-5.46*** (0.652)	-4.704*** (0.742)	-4.89*** (0.677)	-4.702* (2.433)	-4.519 (2.716)
Observations	25	25	25	25	25	25
No. of countries	140	140	140	35	35	35

Panel estimated coefficients are based on Imam, Minoiou, (2008), and expressed in natural logarithms.

Robust standard errors in parenthesis; \* significant at 10% level; \*\* significant at 5% percent; \*\*\* significant at 1% level.

<sup>1</sup> The dependent variable is current account to GDP ratio

<sup>2</sup> Country-specific for Comoros under the fixed effect panel estimator.

3. RELGDP, relative per capita GDP (expressed as a deviation from US income) to control for the stage of development of the economy

4. GROWTH, Comoros's per capita GDP growth, to control for relative economic growth

5. POP, the growth rate of population, a demographic control capturing the size of the economically dependent population.

### Box 2. Fundamentals Affecting Saving and Investment

The fundamental equilibrium exchange rate (FEER-MB) approach or saving-investment (S-I) model relates a country's current account (equal to national saving less domestic investment) to a number of explanatory determinants over the medium-term:

- **Fiscal position.** Government budget deficits can lower desired national saving, and lead to a deficit in the current account, if changes in public saving are not fully offset by changes in private savings (i.e., there is no full Ricardian equivalence), which would lead to a deficit in the current account. Conversely, an improvement in the fiscal position is associated with a higher current account balance (the coefficient of variable FISC/GDP in equation 2 should be positive).
- **Net foreign asset (NFA) position.** A current account position is consistent with a stable ratio of NFA to GDP. Therefore, a higher NFA position is associated with a higher current account balance (the coefficient of variable NFA/GDP in equation 2 should be positive).
- **Stage of development.** This is proxied by a country's relative per capita GDP (RELGDP in equation 2), expressed as a deviation from a reference country (US income), and per capita income growth (GROWTH). In low-income countries (early stage of development and high per capita income growth), the rate of return to capital, and therefore the rate of investment, should be high. Thus, lower relative per capita GDP or higher per capita GDP growth will increase investment relative to savings and reduce current account balances (the coefficient for both variables should be negative for low-income countries).
- **Dependency ratio.** The domestic saving rate should depend on the age profile of the population. A population that grows faster has a higher proportion of young people and is associated with a higher rate of consumption, resulting in a lower rate of savings. Therefore, an increase in population growth is associated with a lower current account balance (the coefficient of the POP variable should be negative).

<sup>1</sup>For a theoretical background for this model, see Masson (1989) and Lee, et al. (2006). For an empirical investigation, see Chinn and Prasad (2003) and Imam and Minoiu (2008)).

17. The estimated elasticities from equation 1 are in line with economic theory and intuition in terms of signs and magnitude: (i) a 1 percent increase in the overall fiscal balance-to-GDP ratio predicts an improvement in the current account of half a percentage point of GDP; (ii) a higher NFA/GDP position is associated with a higher CA surplus; however, the coefficient is much smaller (0.05 percent of GDP); (iii) raising income by 1 percentage point relative to US income worsens the CA by 0.7 percent, but higher per capita growth causes it to deteriorate by a fifth of a percentage point (LIC sample). The demographic control variable shows that an increase in the population growth rate by 1 percentage point is associated with a deterioration of the CA balance by half a percentage point of GDP.

18. The second step gauges the sensitivity of the CA balance to changes in the REER (Box 3).

### Box 3. Estimating Current Account Elasticities for Comoros

Trade elasticities for Comoros are estimated by applying a standard empirical trade model that relates import volumes to relative import prices and domestic income and export volumes to relative export prices and foreign income. Two specifications are estimated: ordinary least squares (OLS) and the error-correction model (ECM).<sup>1</sup> The main results (see text table) are that (i) the price elasticities are statistically significant and higher than 1 in absolute value, which suggests that the Marshall-Lerner conditions are met and therefore RER depreciation would improve the trade balance; (ii) with price elasticities relatively high, smaller changes in RER would be needed to adjust the trade balance; and (iii) in the OLS specification, the income elasticity of imports is strong and statistically significant (a 1 percent increase in income increases imports by more than 2 percent) while the income elasticity to exports is negative but statistically insignificant.

Text Table 1. Standard empirical model  
Long-Run Comoros Trade elasticities, 1985-2007

	Imports	
	OLS	ECM
Prices	-1.14** (0.16)	-0.66* (0.34)
Income	2.16** (0.65)	-1.6 (1.01)
	Exports	
	OLS	ECM
Prices	-1.36** (0.23)	-1.2** (0.02)
Income	-4.65 (7.7)	-1.13** (0.06)

Source: Author's calculations.

Note: Imports and exports of goods and services.

Variables in logarithms. Standard errors in parenthesis

\*\* (\*) denotes significance at 1% (5%) level.

Using period average ratios of imports of 39 and exports of 17 as a share of GDP, and the OLS price elasticities of  $\eta_M = -1.14$  and  $\eta_X = -1.36$ , we obtain an estimated elasticity of the current account to the REER of  $\eta_{CA} = 0.61$ .<sup>2</sup> This implies that a depreciation of 1.6 percent of the REER would be needed to improve the Comoros current account by 1 percent. Using the ECM specification, current account elasticity would be slightly lower, 0.45, implying that a depreciation of 2.2 percent in the REER would be needed to improve the current account by 1 percent.

<sup>1</sup> See Appendix 1 for details of the econometric methodology.

<sup>2</sup> In line with the IMF-CGER methodology (Lee et al., 2006), changes in the REER affect the current account solely through the balance of goods and services.

19. In the last step, the analysis assesses the adjustment in the real exchange rate that would be needed to close any gap between the estimated CA norm and the underlying CA based on estimated trade elasticities.<sup>14</sup> Before this is done, two alternative underlying CAs

<sup>14</sup> The underlying CA balance is based on a projected real appreciation against the US dollar of 3 percent a year from 2008 to 2013, which reflects in part the traditional Balassa-Samuelson effect, and the euro appreciation against the US dollar.

are estimated by applying a Hodrick-Prescott trend (HP) and a 3-year moving average (MA), with a view to filtering out the influence of temporary effects. Given the sensitivity of the results to the choice of sample and panel estimator, the reference CA norm is averaged out across all the alternative estimates (Figure 4), resulting in a CA deficit norm of 5.4 percent of GDP. On this basis, the estimated improvement of the underlying CA deficit needed over the medium term would be equivalent to either 2.3 or 3.4 percentage points of GDP, depending on whether the HP trend or the 3-year MA is used.

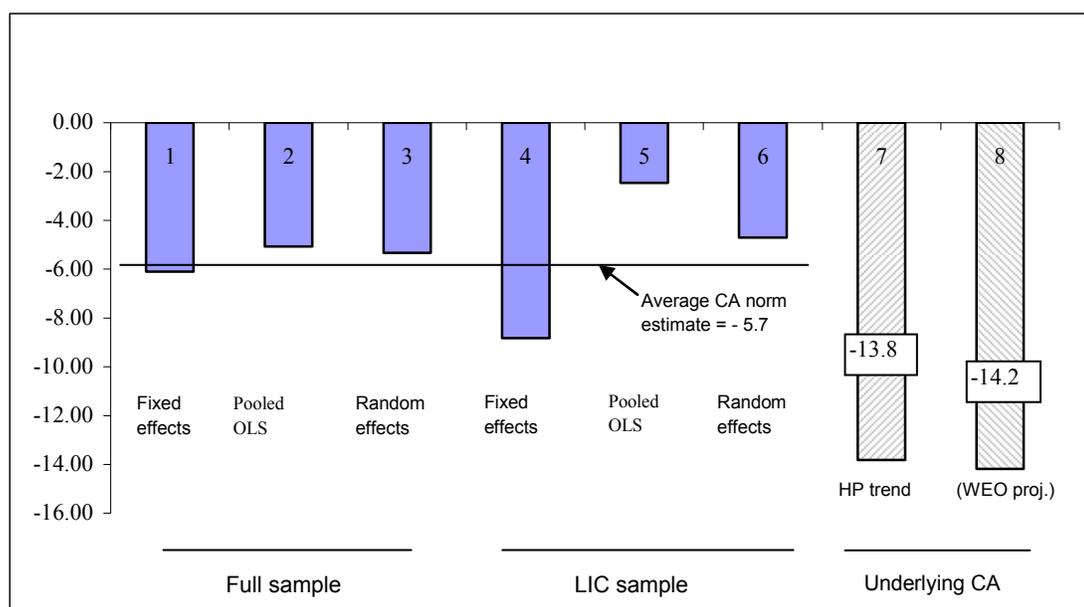
20. The current account elasticities (Box 3) are then used to compute the real exchange rate changes that are needed to eliminate the gap between the underlying CA deficit and the CA norm.<sup>15</sup> To do so, we use the adjusted underlying CA (as a percent of GDP), which assumes a cumulative real exchange appreciation of about 10-12 percent against the main Comoros trading partners over the period 2008–13.<sup>16</sup> Table 2 summarizes the changes needed in the CA and RER to reach equilibrium between savings and investment over the medium term. On average, the needed reduction in the CA deficit over the medium-term is estimated at 8–8.5 percentage points of GDP, which implies a RER depreciation of about 11–12 percent. These results indicate that a CA adjustment is needed over the medium term, which may require a 12 percent depreciation of the REER over the medium term, given the economic fundamentals.

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<sup>15</sup> In the rest of the paper we use the OLS elasticity of 0.61, which implies that a 1 percent improvement in the current account requires a depreciation in the real exchange rate of 1.6 percent. At the end of 2007, the gap between the average of the CA norms and the underlying CA was less than 1 percent, resulting in a modest undervaluation of the REER of 0.8 to 1.5 percent.

<sup>16</sup> To compute the underlying current account, we conform to the IMF-CGER methodology that uses the medium-term CA/GDP ratio at *reference* period exchange rates (i.e., adjusting for any projected real effective appreciation or depreciation between the reference period, 2007, and end of the medium-term in 2013).

Figure 4. FEER-MB Approach: CA Norms vs Underlying CA, 2007-2013 Averages, in percent of GDP



Source: Staff estimates.

Note: the underlying current account is expressed as either a three-year moving average (WEO proj.) or an HP trend to filter out temporary factors, and is based on a real effective exchange appreciation of 10 percent over 2007-13. The average CA norm estimate is computed across all 6 CA norms.

Table 2. Current Account: Actual, Underlying and Estimated Norms: 1985-2013  
(in percent of GDP)

	Current Account									
	Actual (1985-2013)	Underlying (2007-13)		Norms (average 1985-2013) <sup>1</sup>						Averages
		HP trend	3-Year MA	Full sample			Low-Income sample			
			1. Fixed effects	2. Pooled OLS	3. Random effects	4. Fixed effects	5. Pooled OLS	6. Random effects		
Mean	-9.2	-7.7	-8.1	-6.4	-5.3	-5.5	-9.8	-2.3	-5.0	-5.7
Median	-8.1	-7.8	-8.2	-6.2	-5.0	-5.3	-9.3	-2.2	-4.8	-5.4
CA change for equilibrium (net of adjusted underlying CA HP trend) <sup>2</sup>				-7.4	-8.5	-8.3	-4.1	-11.5	-8.9	-8.1
CA change for equilibrium (net of adjusted underlying CA 3-year MA) <sup>2</sup>				-7.8	-8.9	-8.6	-4.4	-11.9	-9.2	-8.5
RER change needed for CA equilibrium (- = RER depreciation) <sup>2</sup>										
- assuming a HP underlying CA				-12.2	-14.0	-13.6	-6.6	-18.8	-14.5	-11.4
- assuming a 3-year MA underlying CA				-12.8	-14.6	-14.1	-7.2	-19.4	-15.1	-11.9
<i>Memo items:</i>										
Adjusted underlying CA (assuming HP trend): 2007-13 average									-13.8	
Adjusted underlying CA (assuming 3-year MA): 2007-13 average									-14.2	
Observations	29	29	29	29	29	29	29	29	29	6

Source: Staff estimates.

<sup>1</sup> The econometric specification for the current account norms uses coefficients from Iman and Minoiu, (2008).

<sup>2</sup> Assuming a current account elasticity of 0.61 (OLS specification), and adjusted for the projected real appreciation in the underlying CA over the period 2007-13 (10 percent RER appreciation).

### D. The External Sustainability Approach

21. The external sustainability approach emphasizes the relationship between a country's CA balance and its long-run net foreign asset (NFA) position.<sup>17</sup> Following Lee et al. (2006), it consists of three steps: (i) calculate the level of the current account that would stabilize the NFA position at a given benchmark level; (ii) compare observed CA flows or the NFA position with the benchmark; and (iii) calculate the REER adjustment necessary to bring the CA balance to the level that stabilizes the NFA position as targeted.

22. An important reason for caution when assessing Comoros's net external asset position is that Comoros is in debt distress. At the end of 2007 the external debt-to-GDP ratio was about 60 percent, above the HIPC and low-income debt sustainability threshold. Without an adjustment program, and in the absence of HIPC and MDRI debt relief, the net external asset position would not converge toward a sustainable equilibrium because most debt indicators would remain above their policy-dependent thresholds even if there were no unfavorable shocks.<sup>18</sup> Therefore, in the following forward-looking analysis, it is assumed that HIPC and MDRI debt relief is attained in 2012 and that CA income and transfer components are unchanged.

23. The main problem in implementing the external sustainability approach is choosing the NFA target. Before selecting a target it is useful to assess (1) the long-run NFA position that would result from keeping the present CA balance; and (2) the CA balance required to stabilize the NFA position at its current level. The target NFA position is then calculated taking account of both country circumstances and the composition of current and financial account flows.

24. According to the external sustainability approach, the CA level that is consistent with an unchanged NFA-to-GDP ratio is calculated as follows:

$$(3) \quad ca^s = \frac{g + \pi}{(1 + g)(1 + \pi)} b^s$$

where:

$ca^s$  = stabilizing level of the CA balance to GDP

$g$  = estimated growth rate of real GDP

$\pi$  = estimated GDP inflation

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<sup>17</sup> For consistency in terminology, this section refers to the Comoros CA balance and NFA position. A negative sign on the CA balance corresponds to a deficit and a negative sign on NFA indicates that Comoros's gross foreign liabilities exceed gross foreign assets.

<sup>18</sup> See the 2008 debt sustainability analysis in the companion country report.

$b^s$  = stable NFA to GDP ratio

For Comoros the following assumptions are made:

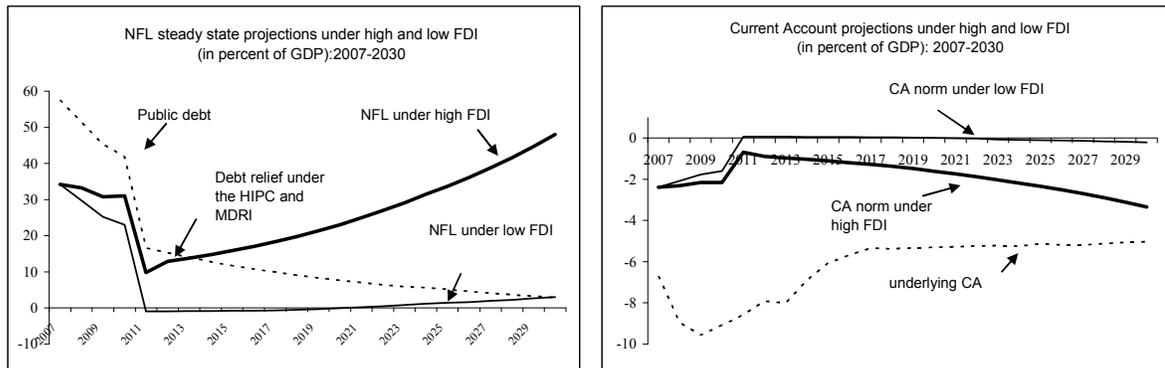
$g$  = 4.0 percent (projected growth rate of real GDP)  
 $\pi$  = 3 percent (projected growth in the GDP deflator)  
 $b^s$  = -34.2 percent (NFA to GDP ratio at the end of 2007)

### Implications for the Current CA and NFA Levels

25. Equation (3) can be used in a number of ways to assess the sustainability of the Comoros current account: (i) it could be assumed that the 2008 CA deficit is projected into the future to identify the implications for the long-run NFA position. (ii) conversely, we can calculate the CA deficit that would keep the NFA position at its 2007 level. (iii) We can calculate the CA deficit that would result by assuming an NFA position that could be considered an appropriate target from the normative point of view.

- 1) **Projecting the 2008 CA.** Using the current projection, the underlying CA deficit (including grants) is estimated at 8.7 percent of GDP for 2008. For Comoros the real growth rate is estimated at 4 percent and GDP inflation at 3 percent based on projections for these variables over the medium term (2008–2013). According to equation (3), a current account deficit of 8.7 percent of GDP would result in a long-run NFA position equal to -133 percent of GDP, which seems too high to be sustainable.

Figure 5. NFA Target Projections and Current Account Sustainability



Source: author's calculations.

- 2) **Maintaining the 2007 NFA position.** We now estimate the CA deficit required to keep the Comoros NFA position at its current level of -34 percent of GDP. Using equation (3), a CA deficit of 2.2 percent of GDP would be consistent with constant

NFA as a share of GDP, which seems too low for a developing country in the situation of Comoros and would imply 6–7 percent real exchange depreciation (Table 3).

- 3) **Appropriate target for the Comoros NFA position.** We now calculate the CA deficit that would result from assuming an NFA position that is an appropriate target from a normative standpoint. Since foreign direct investment (FDI) is the key variable for boosting long-run economic growth in a low-income country like Comoros, two long-run NFA targets are calculated: The first scenario (low FDI) is based on gradually increasing the current FDI-to-GDP ratio from 1.6 percent of GDP at the end of 2007 to 2.5 percent by 2013, on track for a ratio of 7.5 percent by the end of 2030. The second scenario (high FDI) assumes more accelerated growth for the FDI-to-GDP ratio, from 1.6 percent of GDP at the end of 2007 to 17.2 percent by 2013, on track for a ratio of 52 percent by the end of 2030. The Comoros NFL position by 2030 is thus calculated to be 48 percent of GDP for the high-FDI scenario and 3.1 percent for the low. Using the average CA norm of 5.7 estimated in the MB-FEER approach, the corresponding projected CA deficit would be 3.3 percent of GDP in the high-FDI scenario and 0.2 percent in the low. With the elasticity of the CA with respect to RER of 1.6, real depreciations of 3.9 percent and 9 percent would be required to align the underlying CA deficit with these CA norms (Table 3).

26. These results suggest that the change in CA needed to achieve external sustainability in the long run (by 2030) is either 2.4 for the high-FDI scenario or 5.5 percent of GDP for the low. Correspondingly, Comoros's real exchange rate would be overvalued by either 4 percent (high-FDI scenario) or 9 percent (low).

Table 3. Comoros: Assessment of the REER under the External Sustainability Approach  
(in percent of GDP, unless otherwise specified)

	High FDI Scenario	Low FDI Scenario
Change in the Current Account consistent with a constant NFA <sup>1</sup>		4-5
Estimated RER depreciation required (in percent) <sup>1,2</sup>		6-7
NFA 2030 target (minus imple NFL)	-48.0	-3.1
Current Account 2030 Target	-3.3	-0.2
Required change in the Current Account <sup>3</sup>	-2.4	-5.5
Estimated RER depreciation required (in percent) <sup>2</sup>	-3.9	-9.0

Source: author's calculations

<sup>1</sup> as of end-2007, NFA in Comoros was -34, and current account deficit was 6.7 percent of GDP.

<sup>2</sup> Using elasticity of RER with respect to the CA of 1.6 percent. A minus sign implies depreciation.

<sup>3</sup> Assumes a CA norm of 5.7 percent of GDP, as estimated in the MB-FEER. A minus sign implies a CA reduction.

27. Overall, while the BEER-SE approach indicates that as of 2007 the gap between actual and equilibrium REER had been greatly reduced (from 30 to 4 percent undervaluation from 2003 through 2007), the other two approaches indicate that for Comoros a substantial narrowing of the CA deficit may be needed over the medium and long term, which implies that some real depreciation of the exchange rate would be required. Table 4 summarizes the required CA and REER adjustments for each of the three approaches.

Table 4. Comoros: Assessment of the Current Account and REER  
(in percent of GDP, unless otherwise specified)

	BEER-SE	MB-FEER <sup>1</sup>	ES <sup>1,2</sup>
Change in the Current Account	not required	8.1- 8.5	4 - 5
Estimated RER depreciation (in percent) <sup>1,2</sup>	small undervaluation (4)	11.4 - 11.9	6 - 7

Source: author's calculations

<sup>1</sup> Using elasticity of RER with respect to the CA of 1.6 percent.

<sup>2</sup> Change in the Current Account consistent with a constant NFA based on 2007 (- 34 percent of GDP)

#### IV. STRUCTURAL INDICATORS OF COMPETITIVENESS

28. In addition to macroeconomic and equilibrium exchange rate analysis, a comparative analysis of the quality of the business environment is very important in assessing Comoros's relative structural competitiveness and potential for economic growth and poverty alleviation. This section looks primarily at survey-based indicators, such as the World Bank's Doing Business Indicators and Worldwide Governance Indicators.

29. The 2009 World Bank *Doing Business Report* ranks Comoros in the bottom 20 percent of the economies of the world (155<sup>th</sup> out of 181) in overall quality of the business environment. Within sub-Saharan Africa, Comoros ranks in the bottom half (25<sup>th</sup> out of 46). As of 2007, Comoros was also ranked as one of the most difficult business environments in a sample of 32 small island developing states (SIDS). Trading across borders, starting and closing a business, and getting credit are the main areas where improvements are needed. However, in areas like paying taxes and registering property, Comoros compares well with other SDIS countries.

Table 5. The Comoros and Selected East African Countries: Business Environment

	Comoros	Madagascar	Mozambique	Tanzania	Seychelles	Kenya	Mauritius
<b>Ease of doing business (rank out of 181)<sup>1</sup></b>	<b>155</b>	<b>144</b>	<b>141</b>	<b>127</b>	<b>104</b>	<b>82</b>	<b>24</b>
Starting business	160	58	144	109	68	109	7
Dealing with licenses	64	102	153	172	56	9	36
Registering property	93	145	149	142	55	119	127
Getting credit	163	172	123	84	163	5	84
Protecting investors	126	53	38	88	53	88	11
Paying taxes	55	92	88	109	40	158	11
Trading across borders	129	109	140	103	90	148	20
Enforcing contracts	150	153	124	33	62	107	76
Closing business	181	181	133	111	181	76	70
GNI per capita (US\$)	680	320	320	400	8,960	680	5,450
Population (thousands)	626	19,670	21,372	40,432	85	37,531	1,263

Source: World Bank Doing Business Survey 2009 report.

<sup>1</sup> Bottom ranking (181) equals worst business climate, top (1) equals best business climate.

30. On structural governance, the World Bank Governance Indicators show that Comoros's rank has worsened in the last decade, especially on government effectiveness and the quality of regulation (bottom 10 percent) (Figure 6).<sup>19</sup> The country's position has also worsened on political stability and absence of violence, but it has made progress on control of corruption and rule of law. Within the 15-country Franc Zone, Comoros's position is mixed. It ranks in the top 5 on control of corruption and top 6 on voice and accountability, but it ranks lowest on quality of regulation and fourth worst on rule of law (Figure 7).

Table 6. The Comoros and Selected Small Island States: Cost of Trading Cross Border, 2008

	Documents (number)		Time (days)		Cost (US\$ per container)	
	Export	Import	Export	Import	Export	Import
Cape-verde	5	5	21	21	1,024	1,024
<b>Comoros</b>	<b>10</b>	<b>10</b>	<b>30</b>	<b>21</b>	<b>971</b>	<b>971</b>
Mauritius	3	6	17	16	728	673
Sao-Tome & Principe	8	9	27	29	690	577
Seychelles	6	5	17	19	1,839	1,839
Small Island states	6	8	17	18	945	1,099
Low income AFR small Sates	7	9	23	27	1,311	1,370
SSA	8	12	40	52	1,561	1,947

Source: World Bank Doing Business Survey (2008).

## V. CONCLUSIONS

31. This paper has assessed the external competitiveness of the Comoros. The analysis shows that the real effective exchange rate was broadly in line with economic fundamentals at end-2007. As external and internal imbalances have widened in recent years, the equilibrium REER has depreciated over time. Against a backdrop of steady appreciation of the actual REER, notably due the strengthening of the euro, the gap between the actual and equilibrium exchange rates has noticeably narrowed.

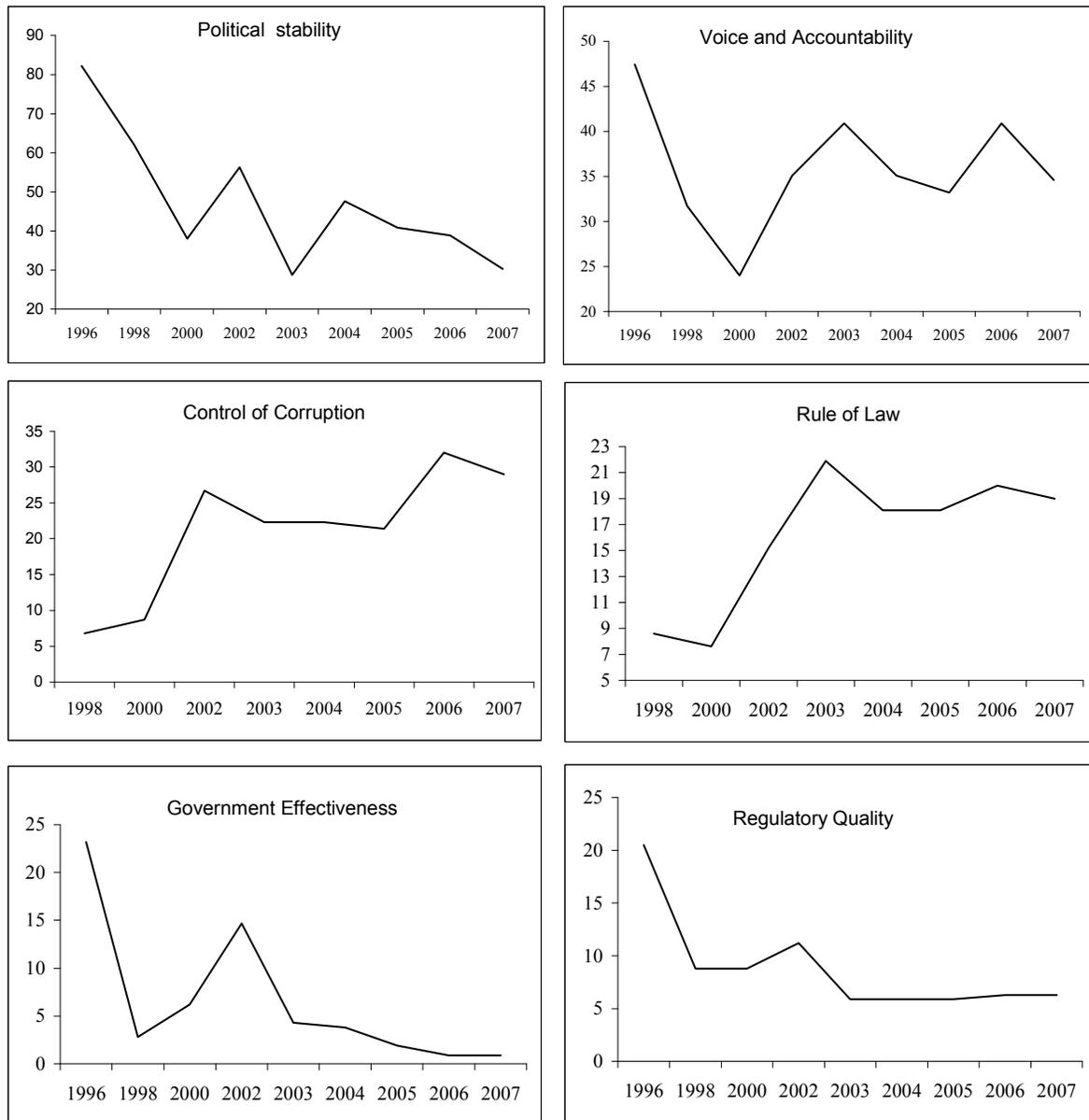
32. Both the macroeconomic balance and external sustainability approaches suggest that a substantial narrowing of the current account deficit—ranging between 8 and 12 percent of GDP—may be needed over the medium term. This would be associated with a real depreciation of the exchange rate of 4–7 percent only, considering the rather strong sensitivity of the current account to changes in the real effective exchange rate.

33. The country fares poorly on structural competitiveness compared to other low-income small states in the region and within the Franc Zone, underscoring the need for wide-ranging structural reforms. The authorities have indicated that measures to address the structural constraints to growth would feature prominently in their medium-term reform agenda—with

<sup>19</sup> The Worldwide Governance Indicators project reports aggregate and individual governance indicators for 212 countries and territories over the period 1996–2007 on six dimensions of governance. See Appendix II for more details.

a focus on state-owned enterprises (SOEs), business licensing requirements, investors' protection, and the legal system. They also noted that enhanced international trade and foreign direct investment (FDI) would facilitate economic diversification, including development of Comoros' significant tourism potential, and boost growth.

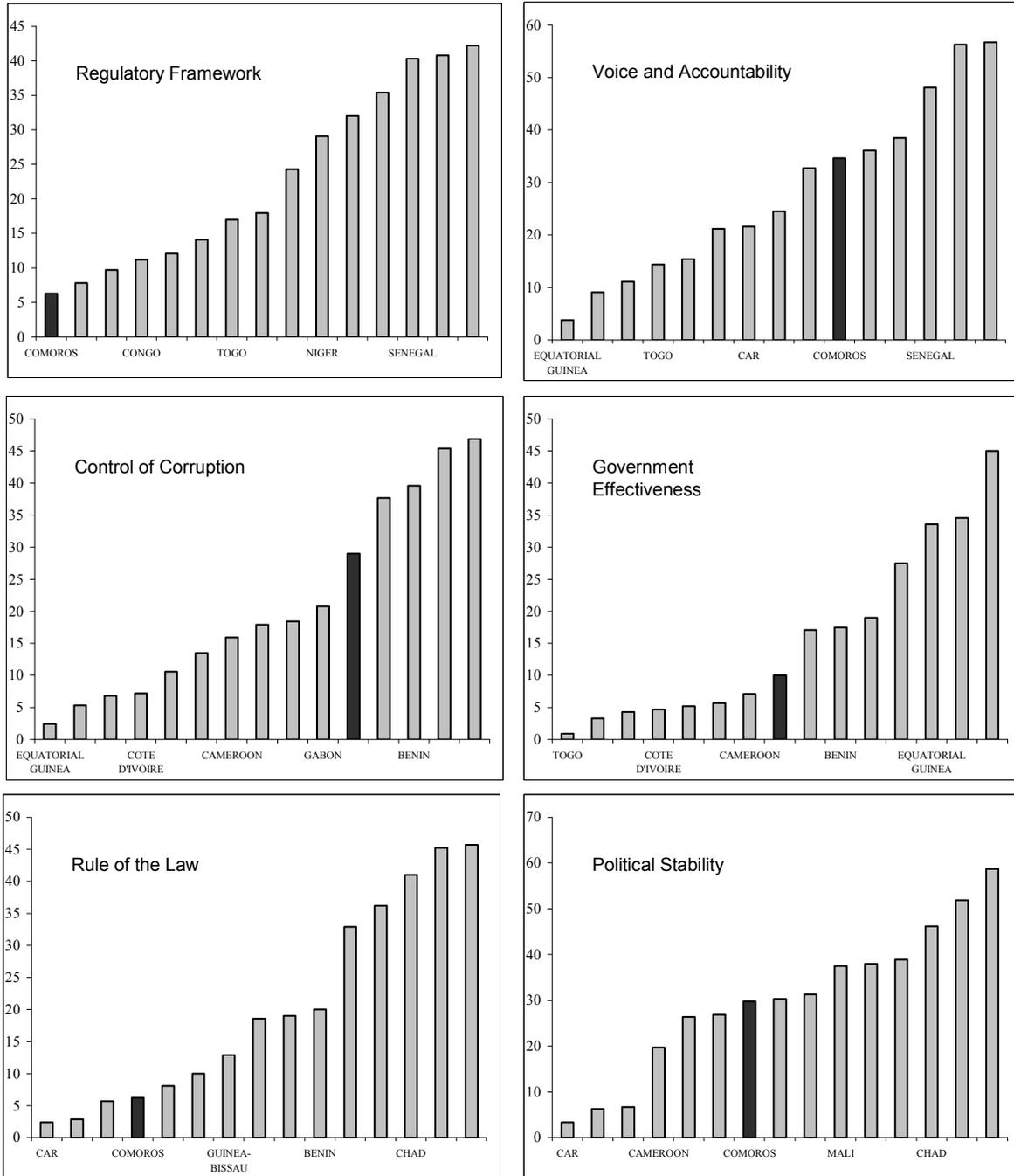
Figure 6. Comoros: Structural Indicators of Governance, 1996-2007  
(percentile rank: 0 -100)<sup>1</sup>



Source: World Bank, and author's calculations.

<sup>1</sup> Indicates rank of the country among all the countries in the world; 0 (100) indicates lowest (highest) rank.

Figure 7. Comoros and CFA Countries: Structural Indicators of Governance in 2007  
(percentile rank: 0 -100) <sup>1</sup>



Source: World Bank, and author's calculations.

<sup>1</sup> Indicates rank of the country among all the countries in the world; 0 (100) indicates lowest (highest) rank.

## APPENDIX I

This appendix provides details on the econometric methodology and the results discussed in the text.

### Econometric estimates of trade elasticity

Trade elasticities for Comoros are estimated by applying a standard empirical trade model that relates import volumes to relative import prices and domestic income, and export volumes to relative export prices and foreign income. This model was estimated for Comoros' imports and exports of goods and services for the period 1985-2007 using annual data described in the appendix (WEO). The underlying model, which assumes constant elasticity and perfectly elastic supply of domestic and foreign-produced goods, takes the following form (in logs):

$$(0.1) \quad \ln M_t = \alpha + \beta \ln(P_M/P_Y)_t + \gamma \ln Y_t + \varepsilon_t$$

$$(0.2) \quad \ln X_t = \alpha' + \beta' \ln(P_X/P_{Y^*})_t + \gamma' \ln Y^*_t + \varepsilon'_t$$

Where M and X denote real imports and exports (i.e. deflated by import and export price index), Y and Y\* denote real home and foreign GDP, PM and PX denote the aggregate import and export deflators (in local currency), Py and Py\* denote the domestic and foreign GDP deflators (in local currency), and  $\varepsilon_t$  and  $\varepsilon'_t$  are the error terms. The long-run elasticities ( $\beta$ ,  $\beta'$ ,  $\gamma$ , and  $\gamma'$ ) were obtained by estimating, with ordinary least squares (OLS) the static version of the equations above, which can be interpreted as the first stage of the two-step cointegration procedure of Engle and Granger (1987). Alternatively, we also consider a three-variable single-equation error correction model (ECM), which takes the following form,

$$(0.3) \quad \Delta(\ln M_t) = \alpha_0 - \alpha_1 (\ln M_{t-1} - \beta_2 \ln(P_M/P_Y)_{t-1} - \beta_3 \ln Y_{t-1}) + \beta_0 \Delta(\ln(P_M/P_Y)_t) + \beta_1 \Delta \ln Y_t + \varepsilon_t$$

$$(0.4) \quad \Delta(\ln X_t) = \alpha'_0 - \alpha'_1 (\ln X_{t-1} - \beta'_2 \ln(P_X/P_{Y^*})_{t-1} - \beta'_3 \ln Y^*_{t-1}) + \beta'_0 \Delta(\ln(P_X/P_{Y^*})_t) + \beta'_1 \Delta \ln Y^*_t + \varepsilon'_t$$

Where  $\beta_0$ ,  $\beta_1$ ,  $\beta'_0$ , and  $\beta'_1$  estimated coefficients capture the contemporaneous or short-term elasticity of imports and exports to relative prices and income. The coefficient  $\beta_2$ ,  $\beta_3$  and  $\beta'_2$ ,  $\beta'_3$  capture the long-run elasticity or equilibrium effect.  $\alpha_1$  reflects the speed of adjustment to the equilibrium. To calculate the elasticity of the current account to changes in

the real exchange rate (RER), we assume that changes in RER affect the current account solely through the balance of goods and services (TB), in line with IMF-CGER methodology.

Finally, we can compute the current account elasticity to RER changes applying the following formula:<sup>20</sup>

$$(0.5) \quad \partial(TB / GDP) / (\partial RER / RER) = \eta_x (XGS / GDP) - (\eta_M - 1)(MGS / GDP)$$

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<sup>20</sup> See Lee et al. (2006).

## APPENDIX II

### Survey-Based Indicators of structural competitiveness and governance.

- World Bank Doing Business Indicators, 2009. (<http://www.doingbusiness.org>)
- World Bank, World Governance Indicators, 2008, (<http://info.worldbank.org/governance/wgi2008>)

The World Governance Indicators (WGI) project reports aggregate and individual governance indicators for 212 countries and territories over the period 1996–2007, across six dimensions of governance. These are:

- **Voice and accountability (VA)** measures the extent to which a country’s citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media
- **Political stability and absence of violence (PV)** measures the perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including domestic violence and terrorism;
- **Government effectiveness (GE)** measures the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies;
- **Regulatory quality (RQ)** measures the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development;
- **Rule of law (RL)** measures the extent to which agents have confidence in and abide by the rules of society, in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence, and
- **Control of Corruption (CC)** – measuring perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the state by elites and private interests.

These indicators combine the views of a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. The individual data sources underlying the indicators are drawn from a diverse variety of survey institutes, think tanks, non-governmental organizations, and international organizations.

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## STATISTICAL APPENDIX TABLES

Table 1. Comoros: Gross Domestic Product by Sector at Current Market Prices, 2000-07

(In millions of Comorian francs)

Economic Activity	2000	2001	2002	2003	2004	2005	2006	2007
Agriculture, livestock, fishing, and forestry	52,346	60,463	65,846	71,492	73,141	78,110	79,570	84,119
Manufacturing	4,887	5,529	5,731	6,174	6,343	6,666	6,823	6,995
Electricity, gas, and water	1,738	1,927	2,000	2,148	2,214	2,292	2,584	2,916
Construction and public works	5,794	6,724	7,485	9,668	8,960	7,876	8,028	8,197
Trade, hotels, bars, and restaurants 1/	21,824	23,240	24,839	23,938	24,474	27,261	26,800	26,387
Banks, insurance, REB, and STE 2/	6,037	6,950	7,482	8,031	8,292	8,698	8,309	7,948
Transportation and communications	4,498	5,015	5,362	5,782	9,718	14,111	17,319	21,288
Government departments	12,395	13,468	14,326	14,905	15,340	15,854	16,099	16,371
Other services	189	66	1,009	2,477	114	130	123	116
Less: imputed banking production	1,898	2,368	2,786	3,179	4,999	7,886	7,540	7,211
GDP at market prices	107,811	121,015	131,293	141,437	143,596	153,112	158,114	167,126

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, 2000-07

Economic Activity	2000	2001	2002	2003	2004	2005	2006	2007
(In millions of Comorian francs)								
Agriculture, livestock, fishing, and forestry	36,883	39,218	40,999	42,345	42,568	44,438	44,990	45,211
Manufacturing	3,443	3,586	3,568	3,657	3,692	3,793	3,840	3,858
Electricity, gas, and water	1,225	1,250	1,245	1,272	1,288	1,304	1,320	1,327
Construction and public works	4,083	4,362	4,660	5,726	5,214	4,480	4,536	4,558
Trade, hotels, bars, and restaurants 1/	15,377	15,074	15,466	14,179	14,244	15,509	15,701	15,779
Banks, insurance, REB, and STE 2/	4,254	4,508	4,659	4,757	4,826	4,948	5,010	5,034
Transportation and communications	3,169	3,253	3,339	3,425	5,656	8,028	8,127	8,167
Government departments	8,733	8,736	8,920	8,828	8,928	9,019	9,131	9,176
Other services	133	43	628	1,467	66	74	75	76
Less: imputed banking production	1,337	1,536	1,735	1,883	2,910	4,486	4,542	4,564
GDP at constant prices	75,964	78,493	81,750	83,773	83,572	87,107	88,189	88,622
(Annual percentage change)								
Agriculture, livestock, fishing, and forestry	14.2	6.3	4.5	3.3	0.5	4.4	1.2	0.5
Manufacturing	11.9	4.2	-0.5	2.5	1.0	2.7	1.2	0.5
Electricity, gas, and water	7.4	2.0	-0.4	2.2	1.3	1.2	1.2	0.5
Construction and public works	-11.7	6.8	6.9	22.9	-8.9	-14.1	1.2	0.5
Trade, hotels, bars, and restaurants 1/	-18.8	-2.0	2.6	-8.3	0.5	8.9	1.2	0.5
Banks, insurance, REB, and STE 2/	29.4	6.0	3.3	2.1	1.5	2.5	1.2	0.5
Transportation and communications	4.8	2.6	2.6	2.6	65.1	41.9	1.2	0.5
Government departments	-5.2	0.0	2.1	-1.0	1.1	1.0	1.2	0.5
Other services	-60.8	-67.9	1374.0	133.5	-95.5	12.0	1.2	0.5
Imputed banking production	29.4	14.8	13.0	8.5	54.5	54.2	1.2	0.5
GDP at market prices	1.4	3.3	4.1	2.5	-0.2	4.2	1.2	0.5

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, 2000-07  
(In millions of Comorian francs)

	2000	2001	2002	2003	2004	2005	2006	2007
Public consumption	12,649	19,570	22,834	20,728	20,557	20,643	22,374	23,823
Private consumption	101,314	107,761	113,734	125,474	135,250	151,113	159,762	170,921
Gross fixed capital formation	10,882	12,165	14,457	14,575	13,438	14,253	14,577	17,314
Exports of goods and services	18,044	18,783	20,654	24,774	21,703	21,846	22,448	24,672
Imports of goods and services	-35,078	-37,264	-40,385	-44,114	-47,352	-54,744	-61,048	-69,604
GDP at market prices	107,811	121,015	131,293	141,437	143,596	153,112	158,114	167,126
Factor income	182	392	-407	-1,282	-855	-427	163	716
Gross national product	107,993	121,407	130,887	140,155	142,741	152,685	158,276	167,843

Sources: Directorate of Statistics; and Fund staff estimates.

Table 4. Comoros: Source and Use of Resources at 1990 Constant Prices, 2000-07  
(In millions of Comorian francs)

	2000	2001	2002	2003	2004	2005	2006	2007
Public consumption	8,913	12,694	14,218	12,277	11,964	11,744	12,479	12,633
Private consumption	71,386	69,896	70,817	74,318	78,715	85,970	89,108	90,635
Gross fixed capital formation	7,667	7,891	9,001	8,633	7,821	8,109	8,130	9,181
Exports of goods and services	12,714	12,183	12,860	14,674	12,631	12,428	12,520	13,083
Imports of goods and services	-24,716	-24,170	-25,146	-26,128	-27,559	-31,144	-34,050	-36,909
GDP at market prices	75,964	78,493	81,750	83,773	83,572	87,107	88,189	88,622
Factor income	128	254	-253	-759	-498	-243	91	380
Gross national product	76,092	78,747	81,497	83,013	83,075	86,864	88,279	89,002

Sources: Directorate of Statistics; and Fund staff estimates.

Table 5. Comoros: Food Crop Production, 2000-07

(In metric tons, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006	2007
<b>Cereals</b>								
Paddy	1,174	1,170	1,165	1,161	1,145	1,153	1,149	1,145
Maize	6,403	9,091	9,146	9,202	9,258	9,315	9,371	9,428
<b>Tubers</b>								
Cassava	40,889	42,125	42,707	43,290	42,804	43,788	44,796	45,826
Taro	18,618	18,326	18,642	18,960	19,283	19,611	19,944	20,283
Yams	18,616	18,828	19,204	19,589	19,979	20,379	20,848	21,327
Sweet potatoes	15,885	15,822	16,127	16,432	16,435	16,809	17,203	17,598
<b>Vegetables</b>								
<i>Ambrevade</i> beans	25,669	25,244	25,729	26,213	26,706	27,209	27,721	28,242
<i>Ambérique</i> beans	1,583	1,690	1,722	1,758	1,792	1,828	1,864	1,901
Tomatoes	5,290	5,586	5,711	5,832	5,961	6,093	6,227	6,365
Potatoes	506	518	531	543	557	570	584	598
Peanuts	2,576	2,445	2,477	2,511	2,544	2,578	2,612	2,647
Onions	912	937	1,479	839	858	875	894	912
Miscellaneous	1,525	1,284	1,112	1,339	1,367	1,396	1,425	1,455
<b>Fruits</b>								
Breadfruit					28,879		-	-
Bananas	44,678	43,797	44,445	45,093	43,065	44,551	46,555	49,349
Coconuts (thousands)	80,340	75,451	76,823	52,127	39,793	40,503	41,225	41,961
Miscellaneous	3,300	3,354	3,409	3,465	3,521	3,578	3,636	3,696

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

Table 6. Comoros: Livestock, 2000-07  
(In numbers of head)

	2000	2001	2002	2003	2004	2005	2006	2007
Cattle 1/	50,000	50,000	55,000	50,000	63,828	60,637	63,457	65,573
Sheep	20,000	20,000	21,000	21,000	16,271	17,085	17,814	18,219
Goats 2/	170,000	170,000	175,000	180,000	95,830	119,788	121,385	122,450
Poultry 2/	220,050	235,050	260,050	300,050	310,000	340,000	344,474	353,421
Semi-industrial aviculture								
Meat 2/	50,000	60,000	80,000	100,000	147,000	147,000	152,654	158,308
Eggs	10,000	15,000	20,000	40,000	80,000	100,000	107,692	108,462

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, 2000-07

	2000	2001	2002	2003	2004	2005	2006	2007
Meat and fish (in metric tons, unless other indicated)								
Cattle	1,630	1,660	2,226	1,700	2,055	2,017	2,138	2,164
Sheeps	34	34	36	36	28	29	31	32
Goats	314	314	345	415	524	564	600	626
Poultry	214	233	266	318	166	198	205	213
Fresh fish	13,730	14,809	15,387	15,965	16,000	16,200	16,753	...
Miscellaneous								
Milk (in thousands of liters)	4,001	4,001	4,331	4,001	4,208	3,997	3,997	4,367
Eggs (in thousands)	6,001	7,001	8,001	12,001	20,500	24,500	24,500	24,826

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

Table 8. Comoros: Export Crop Production, 2000-07  
(In metric tons, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006	2007
Vanilla (green)	323	241	323	295	286	395	395	395
Cloves	2582	2725	2869	3013	2631	3000	3000	3000
Clove buds	303	320	337	354	309	351	254	157
Ylang-ylang 1/ Flowers (units)	2121	2120	3074	2279	2120	2350	2161	1988
Essence	40	40	58	43	40	47	34	25

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

Table 9. Comoros: Prices of Export Crops, 2000-07  
(In Comorian francs per kilogram)

	2000	2001	2002	2003	2004	2005	2006	2007
<b>Vanilla 1/</b>								
Producer price (green vanilla) 2/	2,000-2,500	5,750	5,000	8,900	3,500	750	1500	...
Export price, f.o.b. (dried vanilla)	25,818	45,040	51,000	90,000	31,220	11,353	16,817	17,452
<b>Ylang-ylang</b>								
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	25,000	20,677	20,677
<b>Cloves</b>								
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	1,373	1,230	1,053

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, 2001-07  
(In Comorian francs per kilogram)

Cost elements	2001	2002	2003	2004	2005	2006	2007
<b>Producer level</b>							
Producer price	4,000	5,000	8,900	3,500	750	1,000	1,500
Collectors' commission	400	500	1,113	350	75	50	...
Surplus at the producer level	...	...	...	50	250	...	...
Total price for green vanilla	4,400	5,500	10,013	3,900	1,075	1,050	...
Total price for dried vanilla 1/	22,000	27,500	50,063	19,250	5,375	5,250	...
<b>Preparation level</b>							
Preparation costs of green vanilla	1,500	2,050	2,501	1,385	975	605	...
Fixed margin at the preparation level	2,500	3,000	7,500	2,000	538	293	...
Surplus at the preparation level	3,916	3,832	6,464	140	0	0	...
Total price for prepared vanilla	29,916	36,382	66,528	22,775	6,887	6,148	...
<b>Exporter level</b>							
Preparation costs of dried vanilla	1,680	1,975	3,603	1,563	...	...	...
Financial costs	2,807	3,310	5,937	2,179	785	600	...
Customs duties and other taxes 2/	3,525	4,060	9,632	1,937	...	...	...
Transportation and insurance	918	1,020	1,800	624	228	152	...
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	0	...
Total f.o.b. cost at Moroni Port	47,100	52,001	90,000	31,220	11,353	8,147	...
Total f.o.b. cost at Moroni Port (US dollars)	86	100	200	77	30	21	...
Average actual export price (US Dollars) 3/	82	113	251	116	...	...	...

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/ 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, 2000-07

	2000	2001	2002	2003	2004	2005	2006	2007
Production (in millions of kilowatt/hours) 1/	35.0	32.0	33.9	35.2	35.8	36	33	31
Consumption (in millions of kilowatt/hours)	18.0	30.0	21.7	23.4	34.0	35.9	33	31
Installed capacity (in megawatts)	12.7	12.7	11.9	12.2	25.5	17.5	16.3	14.04
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, 2000-07

	2000	2001	2002	2003	2004	2005	2006	2007
Tourist accommodation available 1/								
(number of beds)	820	820	820	750	836	836	836	836
Number of visitors	23,893	19,356	18,936	20,572	17,603	19,551	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	137,582	135,241
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	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)								
<i>Grande Comore</i>	15	15	15	15	15	...	...	...
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
<b>Population and employment</b>						
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:</i> wage earners	...	...		...	...	
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
<b>Education (number of pupils)</b>						
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), 2000-07 1/

	2000	2001	2002	2003	2004	2005	2006	2007
Foodstuffs, drinks and tobacco	105.7	109.4	116.9	120.7	124.5	125.2	130.4	139.5
<i>Of which</i>								
Unprocessed cereals	101.4	103.3	106.8	111.4	115.7	114.4	100.8	130.1
Flours, and semolina	104.5	114.5	114.6	113.3	118.5	119.5	119.5	135.2
Meat	102.1	99.9	104.2	100.1	103.5	101.7	97.5	103.4
Fish	103.5	106.1	104.4	104.4	116.2	112.3	112	125.8
Milk and dairy products	136.1	120.0	118.7	116.2	122.3	109.2	106.7	120.7
Edible oils	90.8	82.9	92.6	93.4	98.2	89.9	89	115.5
Fruits	103.1	86.6	105.5	163.5	164.8	260.6	225.9	246.1
Vegetables	102.7	125.6	128.3	163.2	154.0	144.9	135.7	160.5
Potatoes, manioc, other tubercules	106.6	134.0	174.1	159.0	172.7	172.8	169.7	219.1
Clothing and footwear	109.2	109.6	104.2	96.1	126.8	137.4	138.3	132.6
Rent, water, electricity, gas and other combustib	104.0	117.6	116.2	133.9	134.9	142.8	150.4	156.8
<i>Of which</i>								
Other combustibles	112.5	143.1	169.4	185.4	153.5	184.8	229.4	237.6
Furniture, and electric appliances	120.3	124.7	116.8	106.9	102.1	111.2	132.4	114.3
Health care	97.5	117.2	117.2	117.2	136.2	131.3	132.4	113
Transportation	120.0	122.5	120.4	128.5	135.2	134.4	132.4	138.3
Entertainment	85.9	108.1	97.2	111.0	177.3	177.5	132.4	139.8
Education	100.6	119.3	110.7	112.1	115.1	117.6	132.4	112.2
Hotels, coffee shops and restaurants	137.8	154.2	154.1	157.0	175.9	200.2	132.4	196.9
Other good and services	106.3	106.3	104.7	105.0	110.1	115.2	157.4	133.8
Total	105.9	111.8	115.8	120.1	125.5	128	133.7	139.9
Memorandum item:								
Consumer price index	5.9	5.6	3.5	3.8	4.5	3.2	3.4	4.6

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, 2000-07 <sup>1/</sup>

(In Comorian francs per unit, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006	2007
<b>Rice (kilogram)</b>								
Unit value of imports	122	120	121	105	154	134	126	153
Retail price	250	250	260	264	300	303	300	300
Annual change (in percent)	0.0	0.0	4.0	1.5	13.6	-8.3	9.1	0.0
Retail/import price	2.05	2.08	2.15	2.51	1.95	2.05	2.38	1.96
<b>Sugar (kilogram)</b>								
Unit value of imports	270	279	217	202	165	215	217	217
Retail price	500	450	353	365	258	350	400	400
Annual change (in percent)	25.0	-10	-22	3.4	-29.3	35.7	14.29	0.00
Retail/import price	1.85	1.61	1.63	1.81	1.56	1.63	1.84	1.84
<b>Flour (kilogram)</b>								
Retail price	300	300	300	296	300	300	300	400
Annual change (in percent)	20.0	0.0	0.0	-1.3	1.4	0.0	0	33.3
<b>Salt (kilogram)</b>								
Retail price	150	150	196	147	150	157	150	200
<b>Cement (metric tons)</b>								
Unit value of imports	36,000	35,000	36,750	35,000	36,000	36000	37000	49000
Retail price	70,000	75,000	79,500	78300	80000	80000	90000	120000
Annual change (in percent)	-6.67	7.10	6.00	-1.51	2.17	0.00	12.50	33.33
Retail/import price	1.94	2.14	2.16	2.24	2.22	2.22	2.43	2.45
<b>Petroleum products (liters) 2/</b>								
Regular gasoline	390-450	450	450	480	500	500	600	600
Diesel 3/	230-250	250	300	300	300	350	500	500
Kerosene 4/	130-200	...	...	163	200	200	200	200
<b>Electricity (kilowatt-hours) 5/</b>								
Retail price	120	120	120	120	120	120	120	120
<b>Water (cubic meters)</b>								
Retail price	200-250	220	220	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, 2000-07  
(In millions of Comorian francs, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006	2007	
Total revenue and grants	15,556	22,235	26,929	25,482	26,434	30,509	29,534	33,945	
Revenues	11,017	16,904	21,521	22,335	22,445	23,972	21,555	21,160	
Tax revenues	9,723	14,475	18,038	19,622	19,407	17,797	17,260	16,678	
Nontax revenues	1,294	2,429	3,483	2,713	3,038	6,175	4,295	4,482	
External grants	4,539	5,332	5,408	3,147	3,989	6,537	7,978	12,785	
Budgetary assistance	0	1,487	1,130	0	153	669	738	2,122	
Projects (incl. techn.assist.)	4,513	3,689	3,317	3,147	3,836	5,868	7,240	9,285	
Other budgetary aid	26	156	961	0	0	0	0	1,378	
Total expenditure and net lending	17,614	26,592	31,699	30,347	28,847	30,425	33,599	37,314	
Current expenditure	13,493	21,256	24,172	22,769	22,546	23,523	25,766	27,040	
Primary current expenditures	11,106	19,015	19,949	18,831	20,658	20,911	22,165	23,596	
Wages and salaries	6,093	9,615	10,703	11,493	12,631	12,872	13,205	15,052	
Goods and services	4,169	7,714	7,909	5,297	6,038	5,160	5,568	5,327	
Transfers	844	1,685	1,338	2,041	1,989	2,879	3,392	3,217	
Interest payments	960	1,345	1,335	1,431	1,282	1,181	1,144	820	
External debt	890	1,275	1,265	1,323	1,187	1,047	926	653	
Foreign-financed project assistance	70	70	70	108	95	134	218	168	
Note: Data for 2002-07 were not reported by the authorities	...	...	...	...	...	784	1,024	1,390	
Foreign-financed investment	1,427	896	2,887	2,507	606	647	1,433	1,234	
Capital expenditure	4,157	5,373	7,597	7,578	6,301	6,902	7,832	10,274	
Domestically financed investment	130	584	131	2,785	2,539	1,411	1,250	1,227	
Foreign-financed investment	4,027	4,789	7,466	4,793	3,762	5,491	6,182	7,669	
Counterpart funds-financed	...	...	...	...	...	0	401	1,378	
Net lending	-35	-36	-69	0	0	0	0	0	
Domestic primary balance	-219	-2,695	1,441	719	-752	1,650	-1,859	-3,662	
Overall balance (commitment basis)	-2,058	-4,357	-4,771	-4,865	-2,413	84	-4,065	-3,369	
Excluding budget support	-2,058	-5,844	-5,901	-4,865	-2,566	-585	-4,803	-5,491	
Change in net arrears	1,965	1,743	969	2,226	1,862	-272	1,436	-2,289	
Interest on external debt	551	916	882	1,001	665	542	413	-5,317	
Domestic arrears	1,413	827	87	1,225	1,197	-814	1,023	3,029	
Change in Treasury accounts	...	...	...	...	125	-548	0	0	
Overall balance (cash basis)	-93	-2,614	-3,802	-2,638	-426	-736	-2,628	-5,657	
Excluding grants	-93	-4,101	-4,932	-2,638	-4,415	-7,273	-10,607	-18,442	
Errors and omissions	5,079	0	-1,774	-814	-403	-381	-63	213	
Financing	-4,985	2,614	5,575	3,453	829	1,118	2,691	5,444	
Foreign (net)	-4,575	4,603	6,189	3,333	262	-161	445	4,867	
Drawings, PIP (identified)	940	3,395	7,036	4,153	1,462	1,054	1,399	1,009	
Drawings, adjustment loans	0	1,926	0	0	0	0	0	0	
Amortization	-3,766	-2,240	-1,603	-1,638	-1,935	-2,150	-2,024	-2,169	
Exceptional financing	-4,683	285	0	0	0	0	0	12,190	
Arrears (principal)	2,933	1,237	755	818	735	934	1,070	-6,162	
Domestic (bank financing, net)	-410	-1,989	-613	120	567	1,279	2,247	577	
Bank financing	-210	-1,698	-116	80	567	1,279	1,742	101	
Central bank	-210	-1,698	-116	80	194	1,489	1,742	-10	
Of which: Other Central Bank financing	-210	-1,698	-116	80	194	1,489	1,742	-10	
Commercial banks	0	0	0	0	373	-210	0	111	
Nonbank financing	-200	-290	-498	40	0	0	504	476	
Financing gap	0	0	0	0	0	0	0	0	
<i>Memorandum items:</i>				(in percent of GDP)					
Grants	4.2	4.4	4.1	2.2	2.8	4.3	5.0	7.6	
Domestic revenue	10.2	14.0	16.4	15.8	15.6	15.7	13.6	12.7	
Expenditure	16.3	22.0	24.1	21.5	20.1	19.9	21.2	22.3	
Non-interest domestic expenditure	10.4	16.2	15.3	15.3	16.2	14.6	14.8	14.9	
Wages and salaries	5.7	7.9	8.2	8.1	8.8	8.4	8.4	9.0	
Domestic primary balance	-0.2	-2.2	1.1	0.5	-0.5	1.1	-1.2	-2.2	

Sources: Ministry of Finance; and Fund staff estimates.

Table 17. Comoros: Fiscal Operations of the Union and Island Governments, 2005-07

	2005				2006				2007			
	Union	Ngazidja	Anjouan	Mwali	Union	Ngazidja	Anjouan	Mwali	Union	Ngazidja	Anjouan	Mwali
Total revenue and grants, after transfers from federation account	24,900	508	4,836	264	18,380	4,605	5,586	963	28,383	969	4,231	362
Revenue collected	18,364	508	4,836	264	15,814	1,117	4,408	217	16,387	610	3,872	292
Taxes	13,393	403	3,829	172	12,658	705	3,771	127	12,745	509	3,251	174
Of which: Taxes on income, profits, and capital gains	2,595	258	3,339	14	3,412	705	3,642	0	2,857	285	3,173	0
Of which: Taxes on goods and services	1,101	145	490	158	584	0	129	127	3,916	224	78	174
Of which: Taxes on international trade and transactions	9,451	0	0	0	8,305	0	0	0	5,972	0	0	0
Other	246	0	0	0	357	0	0	0	0	0	0	0
Nontax revenues	4,971	105	1,007	92	3,157	412	637	90	3,641	101	621	118
Distribution of Revenue	0	0	0	0	-4,951	3,286	988	676	16,387	610	3,872	292
Revenue allocated to the Federation	-14,692	0	-1,630	-58	-12,869	0	-1,275	-51	-12,013	0	-1,010	-31
Revenue allocated from the Federation	8,677	4,806	1,929	1,029	7,918	3,286	2,263	727	5,370	3,838	1,293	827
Available revenue after Federation transfers	12,349	5,314	5,135	1,235	10,863	4,403	5,396	893	9,744	4,448	4,154	1,087
External grants	6,537	0	0	0	7,517	202	190	69	11,997	359	360	70
Budgetary assistance	669	0	0	0	277	202	190	69	1,334	359	360	70
Project financing (incl. technical assistance)	5,868	0	0	0	7,240	0	0	0	9,285	0	0	0
Other Budgetary Aid	0	0	0	0	0	0	0	0	0	0	0	0
Total expenditures and net lending	18,408	5,574	5,050	1,393	20,836	5,856	5,657	1,250	24,348	6,200	5,458	1,308
Current expenditures	11,729	5,574	4,865	1,355	13,379	5,717	5,426	1,245	14,698	6,056	5,117	1,169
Primary current expenditures	9,117	5,574	4,865	1,355	9,777	5,717	5,426	1,245	11,254	6,056	5,117	1,169
Salary, wages and pensions	4,152	4,120	3,610	990	4,445	4,063	3,775	923	5,385	4,868	3,780	1,019
Goods and services	3,130	1,127	583	320	3,318	1,113	932	206	3,794	771	622	140
Transfers and subsidies	1,835	327	672	45	2,015	541	719	117	2,075	417	715	10
Interest on debt	1,181	0	0	0	1,144	0	0	0	820	0	0	0
External debt	1,047	0	0	0	926	0	0	0	653	0	0	0
Domestic debt	134	0	0	0	218	0	0	0	168	0	0	0
Ext.-financed current expenditures (maintenance and t.a.)	784	0	0	0	1,024	0	0	0	1,390	0	0	0
Technical assistance	647	0	0	0	1,433	0	0	0	1,234	0	0	0
Capital expenditure	6,679	0	185	38	7,457	139	231	5	9,650	144	341	139
Domestically financed	1,188	0	185	38	875	139	231	5	603	144	341	139
Externally financed	5,491	0	0	0	6,182	0	0	0	7,669	0	0	0
Counterpart-Funds Financed	0	0	0	0	401	0	0	0	1,378	0	0	0
Net lending	0	0	0	0	0	0	0	0	0	0	0	0
Primary balance	-10,305	-5,574	-5,050	-1,393	-1,214	-1,453	-261	-357	4,530	-5,590	-1,586	-1,016
Overall balance (commitment basis)	6,492	-5,065	-214	-1,129	-2,456	-1,251	-71	-288	4,035	-5,231	-1,227	-946
Excluding grants	-44	-5,065	-214	-1,129	-9,973	-1,453	-261	-357	-7,962	-5,590	-1,586	-1,016
Change in net arrears (+: accumulation)	-1,350	547	284	247	276	790	137	233	-4,244	1,098	733	125
Interest on external debt	542	0	0	0	413	0	0	0	-5,317	0	0	0
Domestic arrears	-1,892	547	284	247	-137	790	137	233	1,073	1,098	733	125
Mouvements comptes du Tresor	-548	0	0	0	0	0	0	0	0	0	0	0
Overall balance (cash basis)	4,594	-4,518	70	-882	-2,180	-461	66	-55	-210	-4,133	-494	-821
Excluding grants	-1,942	-4,518	70	-882	-9,697	-663	-124	-124	-1,294	-4,492	-854	-890
Financing	1,118	0	0	0	2,838	0	0	0	5,444	0	0	0
External	-161	0	0	0	445	0	0	0	4,867	0	0	0
Drawings	1,054	0	0	0	1,399	0	0	0	1,009	0	0	0
Projects	1,054	0	0	0	1,399	0	0	0	1,009	0	0	0
Program	0	0	0	0	0	0	0	0	0	0	0	0
Amortization	-2,150	0	0	0	-2,024	0	0	0	-2,169	0	0	0
Exceptional Financing	0	0	0	0	0	0	0	0	12,190	0	0	0
Arrears on Principal	934	0	0	0	1,070	0	0	0	-6,162	0	0	0
Domestic	1,279	0	0	0	2,393	0	0	0	577	0	0	0
Bank	1,279	0	0	0	1,889	0	0	0	101	0	0	0
Central bank	1,489	0	0	0	1,742	0	0	0	-10	0	0	0
Commercial Banks	-210	0	0	0	147	0	0	0	111	0	0	0
Non Bank	0	0	0	0	504	0	0	0	476	0	0	0
Errors and omissions	-5,712	4,518	-70	882	-658	461	-66	55	-5,234	4,133	494	821
Memorandum Items:												
Grants	4.3	0.0	0.0	0.0	4.8	0.1	0.1	0.0	7.2	0.2	0.2	0.0
Domestic revenue	12.0	0.3	3.2	0.2	10.0	0.7	2.8	0.1	9.8	0.4	2.3	0.2
Expenditure	12.0	3.6	3.3	0.9	12.0	3.6	3.3	0.9	12.0	3.6	3.3	0.9
Primary domestic expenditure	11.3	3.6	3.3	0.9	12.5	3.7	3.6	0.8	14.1	3.7	3.3	0.8
Wages and salaries	2.7	2.7	2.4	0.6	2.8	2.6	2.4	0.6	3.2	2.9	2.3	0.6
Domestic primary balance	-6.7	-3.6	-3.3	-0.9	-0.8	-0.9	-0.2	-0.2	2.7	-3.3	-0.9	-0.6

Sources: Ministry of Finance; and Fund staff estimates.

Table 18. Comoros: Breakdown of the Government Wage Bill, 2005-07

(In Comorian francs)			
	2005	2006	2007
Basic salaries	11,698	12,216	12,839
Allowances	817	739	1865
Function	360	331	891
Housing	238	205	238
Transfer	55	53	48
Teaching (teachers)	19	0	525
<i>Indemnité de sujétion</i>	53	48	58
<i>Indemnité de remise</i>	92	102	106
Other salaries ( <i>rappels</i> )	10	59	152
Employer contributions	346	191	196
Total	12,871	13,205	15,052

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

Table 19a. Comoros: Consolidated Net Statement of Public Enterprises, 1997-2002  
(In millions of Comorian francs)

	Turnover	Change in Stocks	Wages and Salaries	Purchases	Taxes	Financial Charges	Other Expenditures	Total Expenditures	Surplus or Loss 1/
<b>Import monopolies</b>									
<b>SCH</b>									
1997	7,314	431	267	2,764	82	26	4,047	7,617	-303
1998	6,739	-215	241	2,428	217	36	3,383	6,090	638
1999	7,079	-226	274	3,157	73	42	3,515	6,835	343
2000	8,106	-105	218	4,580	36	23	3,257	8,009	-79
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
<b>ONICOR</b>									
1997	...	...	...	...	...	...	...	...	...
1998	...	...	...	...	...	...	...	...	...
1999	...	...	...	...	...	...	...	...	...
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
<b>Airport Hahaya (AIMPSI)</b>									
1997	776	9	192	150	7	40	114	515	261
1998	755	-8	190	159	6	41	161	551	204
1999	855	12	210	167	5	41	225	661	195
2000	742	2	210	171	5	40	135	562	180
2001	733	0	227	157	6	38	130	557	175
2002	613	-7	217	126	2	36	103	477	136
<b>Public utilities</b>									
<b>SNPT</b>									
1997	3,330	29	466	428	438	118	504	1,982	1,348
1998	3,383	-133	536	603	371	119	512	2,008	1,375
1999	4,057	22	595	549	373	236	479	2,254	1,803
2000	4,754	21	550	869	497	328	386	2,652	2,102
2001	4,679	...	...	...	...	...	...	...	...
2002	5305	...	...	...	...	...	...	...	...
<b>SOCOPOTRAM</b>									
1997	...	...	...	...	...	...	...	...	...
1998	543	...	545	34	37	5	50	671	-87
1999	899	...	728	53	1	2	90	873	25
2000	985	...	628	61	18	9	248	957	28

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

Notes: SCH (Comorian Hydrocarbons Company); ONICOR (National Rice Imports and Marketing Office); SNPT (Post and Telecommunications Office); and SOCOPOTRAM (Comorian Ports Establishment); and IBD is taxes on miscellaneous profits. Data on CEE (Compagnie d'Eau et d'Electricité) not available.

1/ Before provision for amortization.

Table 19b. Comoros: Consolidated Financial Statement of Public Enterprises, 1997-2002  
(In millions of Comorian Francs, unless otherwise indicated)

	Share Capital	Total Long-Term Debt	Turnover	Net Profit Before IBD	IBD	Net Profit After IBD	Accumulated Losses	Long-Term External Debt	Interest on Gross Debt	Gross Fixed Investment	Government Aneurs 1/	Profit Rate (In percent) 2/	Profit Rate (In percent) 3/
<b>Import monopolies</b>													
<b>SCH</b>													
1997	650	0	7314	165	82	83	0	0	0	32	1625	...	...
1998	650	0	6728	434	217	217	0	0	0	89	1463	...	...
1999	650	0	7178	146	73	74	0	0	0	351	1029	...	...
2000	650	...	7930	72	36	36	0	0	0	62	957	...	...
2001	650	732	9423	1545	773	772	0	732	0	1284	0	...	...
2002	650	732	9267	633	316	317	0	732	0	73	0	97.4	6.8
<b>ONICOR</b>													
1997	...	...	...	...	...	...	...	...	...	...	...	...	...
1998	...	...	...	...	...	...	...	...	...	...	...	...	...
1999	...	...	...	...	...	...	...	...	...	...	...	...	...
2000	360	0	4388	72	36	36	0	0	0	0	0	20	2
2001	360	0	3332	90	45	45	0	0	0	0	0	25	3
2002	360	0	3459	117	59	59	0	0	0	0	0	33	4
<b>AEROPORT HAHAYA (AIMPS)</b>													
1997	4,186	1350	776	-158	0	-158	2738	1350	41	261	...	-3.76	-20.3
1998	4,186	1350	755	-227	0	-227	2965	1350	41	118	...	-5.42	-30.09
1999	4,186	1316	855	-176	0	-176	3141	1316	41	127	...	-4.21	-20.6
2000	4,186	1249	742	-96	5	-92	3233	1249	40	119	...	-2.3	-12.39
2001	4,186	1181	733	-80	2	-79	3312	1181	38	57	...	-1.91	-10.72
2002	4,186	1114	613	-86	2	-85	3396	1114	35	8	...	-2.05	-13.79
<b>Public services</b>													
<b>SNPT</b>													
1997	1,257	3,033	3,330	768	384	384	1,270	1,542	...	11,206	988	...	...
1998	1,257	3,029	3,383	577	288	288	1,270	1,562	...	12,449	1228	...	...
1999	1,257	4356	4057	601	300	300	1270	2889	...	14,373	1501	...	...
2000*	1,257	4281	4754	800	400	400	1270	2814	...	14,935	1760	...	...
2001	1,257	4257	4679	852	426	426	1270	2790	...	18,228	2012	...	...
2000*	1,257	2789	5305	1121	561	561	1270	2789	...	20,420	2280	...	...

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

Notes: SCH (Comorian Hydrocarbons Company); ONICOR (National Rice Imports and Marketing Office); SNPT (Post and Telecommunications Office); and IBD = (taxes on miscellaneous profits). Data on CEE (Compagnie d'Eau et d'Electricite) and Comorian Ports Establishment (SOCOPOTRAM) not available.

1/ At year's end.

2/ Net profits before IBD over social capital.

3/ Net profit before IBD over turnover.

Table 20. Comoros: Monetary Survey, 2000-07

(In millions of Comorian francs; end of period)

	2000	2001	2002	2003	2004	2005	2006	2007
Net foreign assets	22,710	36,972	39,324	37,589	37,056	37,442	39,758	41,727
Central bank	21,999	34,439	38,399	37,637	37,420	35,762	34,921	39,670
Assets	22,956	35,833	38,796	37,860	37,583	35,948	35,024	39,879
Liabilities	-957	-1,394	-397	-223	-163	-186	-103	-209
Commercial bank	711	2,533	925	-48	-364	1,680	4,837	2,057
Assets	3,009	4,864	3,182	1,690	1,029	3,001	6,321	4,541
Liabilities	-2,298	-2,331	-2,257	-1,738	-1,393	-1,321	-1,484	-2,484
Net domestic assets	-820	-3,643	-2,428	-2,412	-2,977	-1,990	-7,794	-9,417
Domestic credit	12,891	11,399	12,671	13,133	12,670	13,830	14,475	15,347
Net credit to government	3,271	2,030	2,228	1,604	2,170	3,468	5,652	5,642
Bank financing	3,271	2,030	2,228	1,604	2,170	3,468	4,736	5,148
Credit to government	4,158	3,251	3,311	3,420	4,238	5,157	5,877	5,982
Government deposits	-887	-1,221	-1,083	-1,816	-2,068	-1,689	-1,142	-835
Claims on public enterprises	50	98	112	95	167	44	7	45
Credit to private sector 2/	9,570	9,271	10,331	11,434	10,333	10,318	9,382	9,794
Other items (net)	-13,711	-15,042	-15,099	-15,545	-15,647	-15,820	-22,269	-24,764
Broad money	21,890	33,329	36,895	35,177	34,079	35,452	31,964	32,310
Money	14,115	22,937	25,324	24,794	23,367	25,383	23,950	24,494
Currency in circulation	7,564	12,355	12,503	11,505	11,730	11,456	12,760	13,493
Demand deposits	6,551	10,582	12,821	13,289	11,637	13,927	11,190	11,001
Quasi-money	7,775	10,392	11,571	10,383	10,712	10,069	8,014	7,816

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

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

2/ Excludes bankers' acceptances.

Table 21. Comoros: Summary Statement of the Central Bank, 2000-07

(In millions of Comorian francs; end of period)

	2000	2001	2002	2003	2004	2005	2006	2007
Foreign assets	22,957	35,834	38,796	37,860	37,583	35,947	35,024	39,879
<i>Of which</i>								
Operations account with French								
Treasury	20,568	33,022	34,658	32,609	31,500	25,840	30,777	35,369
Bank notes (CFA franc area)	1,819	2,156	2,481	3,805	5,662	9,614	3,750	3,494
Gold	83	90	94	93	90	123	134	157
SDR holdings	7	13	17	2	2	2	5	5
Correspondents	77	168	1,096	931	4	29	37	534
Reserve position with IMF	392	379	344	315	315	324	312	312
	11	7	106	105	10	15	9	7
Claims on Government	3,497	2,950	3,010	3,120	3,457	4,541	5,877	5,982
Statutory advances	2,278	2,074	2,350	2,636	3,029	4,125	5,464	5,587
Other claims on Treasury	0	0	0	0	0	0	--	--
Treasury (IMF account)	1,219	876	660	484	428	416	414	395
Claims on deposit money bank	50	50	50	50	50	50	50	50
Other assets	559	536	1,012	1,515	1,062	1,242	1,983	2,156
Assets=liabilities	27,063	39,370	42,868	42,545	42,152	41,780	42,934	48,067
Reserve money	13,980	23,851	28,340	27,843	27,493	26,752	26,854	28,493
Currency in circulation	7,564	12,355	12,503	11,505	11,730	11,456	12,760	13,493
Cash in banks	263	147	297	66	120	98	121	160
Bank for Industry and Commerce deposits	5,228	9,722	13,393	14,156	13,721	12,875	12,258	12,064
Development Bank deposits	888	1,565	2,097	1,905	1,762	1,470	1,028	1,313
Public enterprise deposits	37	62	50	211	160	853	627	1,370
Government deposits	508	712	582	1,126	1,269	861	2,577	920
Treasury account	37	225	11	13	84	583	1,997	659
Government bodies	399	434	426	706	803	233	535	216
Food aid services	n.a.							
STABEX account 1/	27	8	100	362	337	0	--	--
Cash at Treasury	45	45	45	45	45	45	45	45
Foreign liabilities	957	1,395	397	223	163	185	103	209
Other correspondents	128	918	139	144	163	142	99	104
Transactions under way	0	3	0	1	0	3	--	3
IMF credit	817	474	258	78	0	0	--	--
Other	12	0	0	0	0	40	4	101
Other liabilities	11,618	13,414	13,549	13,354	13,226	13,982	13,400	18,445

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

Table 22. Comoros: Summary Statement of the Bank for Industry and Commerce, 2000-07

(In millions of Comorian francs; end of period)

	2000	2001	2002	2003	2004	2005	2006	2007
Reserves	5,257	8,806	12,547	13,214	13,156	11,854	7,708	8,706
Cash	263	147	297	66	120	98	121	160
Deposits at the Central bank	4,994	8,659	12,250	13,148	13,036	11,756	7,587	8,547
Foreign assets	3,009	4,864	3,182	1,690	1,029	3,001	6,321	4,541
Claims on government	300	301	301	300	781	601	300	309
Claims on private sector	9,456	9,151	10,192	11,309	10,187	10,173	9,339	9,775
Unclassified assets	1,675	2,106	2,043	1,794	1,992	1,991	0	0
<i>Of which</i>								
Bills to be collected	1,189	1,633	1,544	1,276	1,367	1,214	1,156	1,640
Assets=liabilities	19,697	25,228	28,265	28,307	27,145	27,620	23,668	23,331
Demand deposits	5,626	8,955	10,655	11,075	9,704	11,226	11,226	9,357
Time and savings deposits	7,348	8,844	10,222	9,718	9,756	9,088	8,111	7,851
Time deposits	292	238	478	550	589	557	770	723
Savings deposits	6,945	8,124	8,396	8,401	7,891	7,264	7,239	7,037
Blocked account 1/	111	482	1,348	767	1,276	1,267	102	91
Government deposits 2/	379	509	501	690	798	829	381	279
Foreign liabilities	2,298	2,331	2,257	1,738	1,393	1,321	1,484	2,484
Unclassified liabilities	4,048	4,587	4,630	5,084	5,494	5,156	0	0

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 23. Comoros: Structure of Interest Rates, 2000-07 1/

(In percent)

	2000	2001	2002	2003	2004	2005	2006	2007
Central bank rates	6.4	4.9	4.6	3.6	3.5	3.8	5.0	5.4
Claims on government	6.4	4.9	4.6	3.6	3.5	3.8	5.0	5.4
Deposits from Treasury	4.9	3.4	3.1	2.1	2.0	2.3	3.4	3.7
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	7.0/14	7.0/14
Depositor rates								
Demand deposits	0.0	0.0	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	2.5	2.5
Savings deposits	3.0	3.0	3.0	3.5	3.5	3.0	2.5	2.5

Source: Central Bank of the Comoros.

1/ En-period

Table 24. Comoros: Balance of Payments, 2000-07

	2000	2001	2002	2003	2004	2005	2006	2007
	(In millions of U.S. dollars unless otherwise indicated)							
Current account	-0.4	5.3	-4.4	-10.3	-16.7	-28.0	-24.5	-31.2
Goods and Services	-32.0	-33.6	-37.9	-44.5	-64.8	-83.3	-98.5	-125.2
Trade Balance	-29.8	-28.1	-31.4	-38.1	-59.6	-80.2	-90.4	-115.7
Exports (f.o.b.)	13.6	16.7	19.3	26.9	18.7	12.5	10.4	13.8
Of which: Vanilla	7.7	9.8	12.7	21.0	8.6	3.4	2.6	3.5
Cloves	3.8	4.4	4.1	3.6	7.3	5.2	5.2	8.0
Ylang-ylang	1.7	1.8	2.0	1.5	2.1	2.5	2.3	2.0
Imports (f.o.b.)	-43.4	-44.8	-50.7	-65.0	-78.3	-92.7	-100.8	-129.6
Of which: Petroleum products	-8.7	-10.0	-10.8	-13.7	-17.9	-21.3	-25.2	-29.7
Net Services	-2.2	-5.5	-6.5	-6.3	-5.2	-3.1	-8.1	-9.5
Receipts	20.2	17.5	20.3	30.1	36.2	42.8	46.9	54.9
Of which: travel	12.6	9.9	10.2	15.6	21.4	23.7	26.9	30.3
Payments	-22.5	-23.1	-26.8	-36.4	-41.4	-45.9	-55.0	-64.4
Income (net)	0.3	0.7	-0.8	-2.9	-2.2	-1.1	0.4	2.0
Current Transfers (net)	31.2	38.3	34.3	37.1	50.3	56.4	73.7	92.0
Government	3.7	4.8	5.2	0.0	0.4	1.7	6.3	13.2
Private	27.5	33.4	29.1	37.1	49.9	54.7	67.4	78.8
Capital and financial account	1.2	9.7	19.3	18.8	15.2	8.0	18.8	5.3
Capital Transfers	4.9	4.9	5.1	7.2	9.7	14.9	18.5	116.4
Financial Account	-3.6	4.8	14.1	11.6	5.5	-6.8	0.3	-111.2
Direct Investment	0.9	1.1	1.0	0.8	0.7	0.6	0.8	7.5
Net Portfolio and Other Investment	-4.6	3.6	13.2	10.8	4.8	-7.4	-0.5	-118.7
Government	-5.3	5.6	10.4	5.8	-1.2	-2.8	-1.6	-118.8
Drawings	1.8	9.7	13.5	9.5	3.7	2.7	3.6	2.8
Amortization	-7.1	-4.1	-3.1	-3.8	-4.9	-5.4	-5.2	-6.0
MDRI & HIPC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Banks, net	3.9	-3.3	3.1	2.2	0.8	-5.2	8.1	-7.7
Other	-3.1	1.3	-0.4	2.8	5.2	0.5	-6.9	7.8
Errors and omissions	1.6	2.7	-10.8	-14.9	-2.8	11.9	-0.4	16.0
Overall balance	2.4	17.7	4.1	-6.4	-4.3	-8.0	-6.0	-10.0
Financing	-2.4	-17.7	-4.1	6.4	4.3	8.0	6.0	10.0
Net foreign assets of central bank (increase -)	-8.9	-21.6	-7.2	2.2	0.8	4.4	2.0	-13.2
Net Change in Arrears	6.5	3.9	3.1	4.2	3.5	3.7	4.0	2.0
Exceptional Financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.2
<i>Memorandum item:</i>								
Current Account (in percent of GDP)	-0.2	2.4	-1.7	-3.2	-4.6	-7.2	-6.1	-6.7
Current Account, Excl. Transfers (in percent of GDP)	-15.6	-14.9	-15.3	-14.6	-18.5	-21.8	-24.3	-26.5
Exports of goods and (nonfactor) services (in percent of GDP)	16.7	15.5	15.7	17.5	15.1	14.3	14.2	14.8
Imports of goods and (nonfactor) services (in percent of GDP)	32.5	30.8	30.8	31.2	33.0	35.8	38.6	41.6
External public debt								
In millions of U.S. dollars	178.8	187.3	228.4	286.5	315.0	262.6	286.3	285.0
Of which: arrears	50.2	53.9	64.8	82.8	94.1	91.7	106.8	2.1
In percent of GDP	90.9	85.3	84.0	81.1	80.5	71.2	67.4	57.6
Debt service ratio (percent of exports of G&S)	27.6	20.4	14.7	12.6	14.8	14.6	13.1	11.4
Exchange rate CF/US\$ (period average)	532.4	549.3	520.9	435.1	395.7	394.9	391.8	358.9
Gross international reserves								
In millions of U.S. dollars	42.0	63.3	80.3	94.6	102.4	86.5	94.1	118.2
In months of imports of goods and services	7.6	11.2	12.4	11.2	10.3	7.5	7.2	7.3
Nominal GDP in millions CF	107,811	121,015	131,293	141,437	143,596	153,112	158,114	167,126

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

Table 25. Comoros: Balance of Payments, 2000-07

	2000	2001	2002	2003	2004	2005	2006	2007
	(In millions of Comorian francs unless otherwise indicated)							
Current Account	-237	2,927	-2,268	-4,495	-6,609	-11,052	-9,581	-11,188
Goods and Services	-17,034	-18,481	-19,731	-19,340	-25,649	-32,898	-38,600	-44,932
Trade Balance	-15,845	-15,447	-16,367	-16,580	-23,590	-31,671	-35,419	-41,540
Exports (f.o.b.)	7,263	9,149	10,057	11,695	7,382	4,947	4,090	4,965
Of which: Vanilla	4,105	5,405	6,600	9,130	3,407	1,343	1,009	1,274
Cloves	2,012	2,433	2,112	1,563	2,883	2,059	2,054	2,866
Ylang-ylang	887	999	1,033	664	825	1,000	913	711
Imports (f.o.b.)	-23,108	-24,596	-26,424	-28,275	-30,972	-36,618	-39,509	-46,505
Of which: Petroleum products	-4,641	-5,494	-5,610	-5,949	-7,085	-8,395	-9,888	-10,649
Services (net)	-1,189	-3,034	-3,364	-2,760	-2,059	-1,227	-3,181	-3,392
Receipts	10,781	9,634	10,597	13,079	14,321	16,899	18,358	19,707
Of which: travel	6,690	5,420	5,302	6,788	8,462	9,340	10,521	10,864
Payments	-11,970	-12,668	-13,961	-15,839	-16,380	-18,126	-21,539	-23,099
Income (net)	182	392	-407	-1,282	-855	-427	163	716
Current Transfers (net)	16,615	21,016	17,869	16,127	19,895	22,273	28,856	33,028
Government	1,955	2,648	2,732	0	153	669	2,457	4,734
Private	14,660	18,368	15,138	16,127	19,742	21,604	26,399	28,293
Capital and Financial Account	646	5,302	10,033	8,197	6,014	3,163	7,376	1,885
Capital Account	2,584	2,683	2,676	3,147	3,836	5,868	7,240	41,790
Financial Account	-1,938	2,619	7,357	5,050	2,178	-2,705	136	-39,904
Direct Investment	500	630	500	346	266	221	324	2,704
Net Portfolio and Other Investment	-2,438	1,989	6,857	4,704	1,912	-2,926	-188	-42,608
Government	-2,826	3,081	5,434	2,515	-473	-1,096	-625	-42,635
Drawings	940	5,321	7,036	4,153	1,462	1,054	1,399	1,009
Amortization	-3,766	-2,240	-1,603	-1,638	-1,935	-2,150	-2,024	-2,169
Arrears Clearance Operations 1	0	0	0	0	0	0	0	-41,475
Banks, net	2,055	-1,822	1,608	974	314	-2,043	3,157	-2,780
Other	-1,667	730	-185	1,215	2,071	213	-2,720	2,807
Errors and Omissions	865	1,495	-5,640	-6,470	-1,116	4,718	-154	5,729
Overall Balance	1,274	9,724	2,124	-2,768	-1,711	-3,171	-2,358	-3,574
Financing	-1,274	-9,724	-2,124	2,768	1,711	3,171	2,358	3,574
NFA of central bank (increase -)	-4,758	-11,877	-3,761	949	312	1,726	797	-4,750
Net Change in Arrears	3,484	2,153	1,637	1,819	1,399	1,445	1,561	710
Exceptional Financing 1	0	0	0	0	0	0	0	7,614
<i>Memorandum items:</i>								
Current Account (percentage of GDP)	-0.2	2.4	-1.7	-3.2	-4.6	-7.2	-6.1	-6.7
Excluding Transfers	-15.6	-14.9	-15.3	-14.6	-18.5	-21.8	-24.3	-26.5
Exports of goods and services (percentage of GDP)	16.7	15.5	15.7	17.5	15.1	14.3	14.2	14.8
Imports of goods and services (percentage of GDP)	32.5	30.8	30.8	31.2	33.0	35.8	38.6	41.6
External public debt (In millions of U.S. dollars)	178.8	187.3	228.4	286.5	315.0	262.6	286.3	285.0
Of which: arrears	50.2	53.9	64.8	82.8	94.1	91.7	106.8	2.1
In percent of GDP	90.9	85.3	84.0	81.1	80.5	71.2	67.4	57.6
Debt service ratio (percentage of exports of goods and services)	27.6	20.4	14.7	12.6	14.8	14.6	13.1	11.4
Gross international reserves (In millions of U.S. dollars)	42.0	63.3	80.3	94.6	102.4	86.5	94.1	118.2
In months of imports of goods and services	7.6	11.2	12.4	11.2	10.3	7.5	7.2	7.3

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

Table 26 Comoros: Volume and Value of Principal Exports, f.o.b., 2000-07

	2000	2001	2002	2003	2004	2005	2006	2007
(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	3,407	1,343	1,009	1,274
Volume	159	120	112	83	38	78	60	73
Unit value	25,818	45,000	60,000	110,000	89,658	17,218	16,817	17,452
Clove buds								
Value	2,012	2,433	2,112	1,563	2,883	2,059	2,054	2,866
Volume	1,556	1,106	1,616	2,605	2,880	1,500	1,670	2,722
Unit value	1,293	2,200	3,000	600	1,001	1,373	1,230	1,053
Ylang-ylang								
Value	887	999	1,033	644	825	1,000	913	711
Volume	40	40	58	43	33	40	40	31
Unit value	22,175	24,975	17,810	15,442	25,000	25,000	22,825	20,677
Other products								
Value	259	312	312	338	267	545	114	114
Total value	7,263	9,144	10,057	11,675	7,382	4,947	4,090	4,965
Memorandum item:								
Export price index 1/	165	261	258	453	299	174	166	155

Source: General Directorate of Customs.

1/ Index 1990=100; Fund staff calculations.

Table 27. Comoros: Volume and Value of Principal Imports, c.i.f., 2000-07

	2000	2001	2002	2003	2004	2005	2006	2007
alue in millions of Comorian francs; volume in metric tons; unit value in Comorian francs per kilogra								
Rice								
Value	3,888	4,053	3,417	2,866	4,777	4,504	4,321	5,147
Volume	30,000	35,000	29,293	28,753	40,620	33,500	32,137	38,281
Unit value	130	116	117	100	118	134	134	134
Meat								
Value	2,362	2,537	2,191	2,807	3,284	3,778	3,044	3,359
Volume	3,200	3,200	3,149	3,443	4,786	5,132	4,995	5,116
Unit value	738	793	695	815	686	736	609	657
Petroleum products								
Value	4,641	5,494	5,610	5,949	7,085	8,395	9,888	10,649
Volume	33,338	45,103	42,563	44,662	49,016	47,042	55,132	35,837
Unit value	139	122	131	133	145	178	179	297
Cement								
Value	1,260	1,403	1,168	1,563	2,209	2,686	3,129	2,432
Volume	36,015	40,000	38,926	44,255	61,101	55,868	66,823	41,508
Unit value	35	35	30	35	36	48	47	59
Iron and steel 1/								
Value	601	718	1,092	1,172	1,344	1,032	2,763	1,133
Volume	2,234	2,481	4,459	4,516	5,190	3,294	6,673	3,167
Unit value	269	289	244	259	259	313	414	358
Other products								
Value 2/	17,259	17,737	20,839	23,435	21,525	27,161	28,165	26,996
Total value 2/	30,011	31,942	34,316	37,792	40,224	47,556	51,310	49,716
Memorandum item:								
Import price index 3/	183.7	178.1	172.8	170.7	175.0	193.5	197.9	231.6

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 28. 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 29. Comoros: External Debt Outstanding by Creditors, 2000-07

(In millions of U.S. dollars)

	2000	2001	2002	2003	2004	2005	2006	2007
Multilateral loans	120.8	158.3	135.4	149.3	164.8	155.6	151.6	213.1
International Development Association	70.6	79.0	84.5	97.9	109.5	107.6	107.6	124.3
International Fund for Agricultural Development	5.8	6.0	6.2	7.0	7.0	8.0	8.0	8.7
African Development Fund	1.7	39.3	36.5	36.5	38.2	33.3	30.1	42.6
African Development Bank	34.6	13.8	0.0	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	0.0	31.9
International Monetary Fund	1.5	0.8	0.5	0.2	0.0	0.0	0.0	--
Islamic Development Bank	4.8	10.9	6.8	6.8	9.2	6.1	5.4	5.0
Organization of Petroleum Exporting Countries Special Fund	0.2	6.4	0.0	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	0.0	--
European Development Fund/European Investment Bank	0.9	2.1	0.9	0.9	0.9	0.6	0.5	0.6
Bilateral loans	20.1	40.0	24.5	24.5	30.6	15.5	29.2	47.3
Abu Dhabi	...	0.0	0.0	0.0	0.0	0.0	0.0	0.0
China	2.7	1.2	1.2	1.2	1.2	0.0	0.1	0.0
France	2.4	3.1	2.1	2.1	8.2	4.5	4.8	4.5
Kuwait	13.4	20.1	21.2	21.2	21.2	9.9	10.7	27.7
Saudi Arabia	1.6	15.6	0.0	0.0	0.0	0.0	13.6	14.2
Mautius	...	...	...	...	...	1.0	0.0	0.9
Total 1/	140.9	143.9	159.9	173.8	195.4	171.1	180.8	260.5
Arrears								
Principal	57.1	...	47.5	49.6	55.6	62.9	70.4	10.5
Interest	26.6	26.6	22.2	24.0	26.0	29.8	33.3	5.0
Total arrears	83.7	83.3	69.7	73.6	81.6	92.7	103.7	15.5
Stock of debt	224.6	227.2	229.6	247.4	277.0	263.8	284.5	276.0

Source: Ministry of Finance.

1/ Disbursed, outstanding, and not yet due.

Table 30. Comoros: External Debt Payment Arrears by Creditors, 2000-07

(In millions of U.S. dollars)

	2000	2001	2002	2003	2004	2005	2006	2007
Multilateral creditors	54.5	51.2	49.6	52.7	56.8	61.8	71.7	11.9
International Development Association	0.0	0.0	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	0.0	0.0
African Development Bank Group	15.5	19.8	20.4	23.4	25.5	28.7	32.9	0.0
<i>Of which: African Development Fund</i>	3.9	13.8	5.8	7.7	9.1	10.6	12.1	0
Arab Bank for Economic Development in Africa	24.4	11.1	25.6	25.6	25.6	26.2	29.5	0.1
International Fund for Agricultural Development	0.0	0.0	0.0	0.0	0.0	0.1	0.3	0.0
OPEC Special Fund	3.4	3.6	3.4	3.5	3.5	3.5	3.5	3.6
Islamic Development Bank	11.2	2.9	0.2	0.2	2.2	3.3	5.4	7.0
Arab Fund for Economic and Social Development	...	...	...	...	...	...	...	1.2
Bilateral creditors	29.2	32.1	20.8	21.0	24.6	30.8	32.0	3.5
France	0.3	1.0	0.0	0.0	2.4	0.0	0.0	0.7
Belgium	....	...	1.0	1.0	1.0	0.0	...	...
China	3.6	1.8	0.0	0.0	0.0	1.2	1.2	1.5
Kuwait	10.1	12.7	5.5	6.4	7.4	15.0	16.0	0.0
Saudi Arabia	14.1	15.5	13.2	13.4	13.6	13.4	13.6	0.0
United Arab Emirates	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.3
Mauritius								
Total	83.7	83.3	69.7	73.7	81.6	92.6	103.7	15.5
<i>Of which:</i>								
Principal	57.1	...	47.5	49.7	55.6	62.9	70.4	10.5
Interest	26.6	...	22.2	24.0	26.0	29.8	33.3	5.0

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

Table 31. Comoros: External Debt-Service Payments by Creditors, 2000-07

(In millions of U.S. dollars)

	2000	2001	2002	2003	2004	2005	2006	2007
Principal due	5.96	4.35	4.33	4.64	5.49	5.86	5.66	5.74
<i>Of which:</i> paid	...	...	...	2.2	2.1	3.08	2.44	4.26
Multilateral creditors	3.89	3.62	3.60	3.93	4.78	4.62	4.43	4.42
International Development Association	0.69	0.83	1.19	1.22	1.64	2.10	1.98	2.33
International Monetary Fund	0.30	0.30	0.33	0.36	0.18	0.00	0.00	0.00
African Development Bank	1.20	1.27	0.93	0.91	0.96	1.09	1.09	1.12
<i>Of which:</i> African Development Fund	0.53	0.60	0.60	0.91	0.96	1.09	1.09	1.12
Arab Bank for Economic Development in Africa	0.70	0.13	0.00	0.00	0.00	0.00	0.00	0.00
International Fund for Agricultural Development	0.05	0.05	0.05	0.11	0.11	0.26	0.24	0.29
Organization of Petroleum Exporting Countries Special Fund	0.00	0.02	0.08	0.00	0.00	0.00	0.00	0.00
Islamic Development Bank 1/	0.42	0.42	0.42	0.42	0.93	1.17	1.12	0.70
Arab Fund for Economic and Social Development	...	...	...	...	...	...	...	...
Bilateral creditors	2.07	0.73	0.73	0.71	0.71	1.24	1.24	1.32
France 2/	0.00	0.00	0.00	0.00	0.00	0.50	0.50	0.50
Belgium 2/	0.00	0.00	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	0.00	0.00
Kuwait	0.71	0.71	0.71	0.71	0.71	0.74	0.74	0.74
Saudi Arabia	1.36	0.00	0.00	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	0.00	0.00
Mauritius	...	...	...	...	...	...	...	0.09
Interest due	2.62	2.46	2.53	2.70	3.14	2.43	2.53	1.61
<i>Of which:</i> paid	...	...	...	0.69	0.87	1.28	1.31	1.19
Multilateral creditors	2.30	2.05	2.11	2.28	2.72	2.01	2.11	1.19
International Development Association	0.59	0.52	0.58	0.58	0.76	0.94	1.00	0.91
International Monetary Fund	0.00	0.00	0.00	0	0	0.00	0.00	0.00
African Development Bank	0.86	0.81	0.81	1.00	1.07	0.80	0.80	0.00
<i>Of which:</i> African Development Fund	0.34	0.30	0.30	0.29	0.3	0.00	0.00	0.00
Arab Bank for Economic Development in Africa	0.36	0.35	0.35	0.35	0.35	0.00	0.00	0.00
International Fund for Agricultural Development	0.05	0.05	0.05	0.05	0.06	0.08	0.08	0.07
OPEC Special Fund	0.10	0.02	0.02	0.01	0.01	0.00	0.00	0.00
Islamic Development Bank	0.00	...	...	0	0.17	0.19	0.24	0.20
Arab Fund for Economic and Social Development	...	...	...	...	...	0.00	0.00	0.00
Bilateral creditors	0.32	0.41	0.42	0.42	0.42	0.42	0.42	0.42
France	0.00	0.00	0.00	0.00	0.00	0.20	0.20	0.20
China	0.00	0.00	...	...	...	...	...	...
Kuwait	0.00	0.00	0.01	0.01	0.01	0.00	0.00	0.00
Saudi Arabia	0.20	0.21	0.21	0.21	0.21	0.22	0.22	0.22
United Arab Emirates	0.10	0.18	0.18	0.18	0.18	0.00	0.00	0.00
Mauritius	0.02	0.02	0.02	0.02	0.02	0.00	0.00	0.00
Total debt service due	8.58	6.81	6.86	7.34	8.63	8.29	8.19	7.35
<i>Of which:</i> paid	...	...	...	...	...	4.36	3.75	5.45
Multilateral creditors	6.19	5.67	5.71	6.21	7.5	6.63	6.54	5.61
International Development Association	1.28	1.35	1.77	1.80	2.40	3.04	2.97	3.24
International Monetary Fund	0.30	0.30	0.33	0.36	0.18	0.00	0.00	0.00
African Development Bank	2.06	2.08	1.74	1.91	2.03	1.89	1.89	1.12
<i>Of which:</i> African Development Fund	0.87	0.90	0.90	1.20	1.26	1.78	1.78	1.78
Arab Bank for Economic Development in Africa	1.06	0.48	0.35	0.35	0.35	0.00	0.00	0.00
International Fund for Agricultural Development	0.10	0.10	0.10	0.16	0.17	0.33	0.32	0.36
OPEC Special Fund	0.10	0.04	0.10	0.01	0.01	0.00	0.00	0.00
Islamic Development Bank 1/	0.42	...	0.42	0.42	1.10	1.37	1.36	0.89
Arab Fund for Economic and Social Development	...	...	...	...	...	...	...	...
Bilateral creditors	2.39	1.14	1.15	1.13	1.13	1.65	1.65	1.74
France	0.00	0.00	0.00	0.00	0.00	0.70	0.70	0.70
Belgium	0.00	0.00	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	0.00	0.00
Kuwait	0.91	0.92	0.92	0.92	0.92	0.95	0.95	0.95
Saudi Arabia	1.46	0.18	0.18	0.18	0.18	0.00	0.00	0.00
United Arab Emirates	0.02	0.04	0.04	0.02	0.02	0.00	0.00	0.00
Mauritius	...	...	...	...	...	...	...	0.09

Source: Ministry of Finance.

1/ Includes debt rescheduled in 1996.

2/ Includes debt cancellations in 1994.

Table 32. Comoros: Summary of the Tax System (as of November 30, 2008)

Tax	Nature of Tax	Exemptions and Deductions	Rates	
<b>1. Taxes on net income and profits</b>				
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 mobiliare)	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 32. Comoros: Summary of the Tax System (continued)

Tax	Nature of Tax	Exemptions and Deductions	Rates
<b>2. Property taxes</b>			
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.
<b>3. Taxes on goods and services</b>			
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	Consumption tax on <i>domestic</i>	Medical services;	Five rates: base rate, 10 percent;

Table 32. Comoros: Summary of the Tax System (continued)

Tax	Nature of Tax	Exemptions and Deductions	Rates
consommation)	<i>transactions</i> : Turnover tax levied on domestic services (hotels, restaurants, banks, electricity, water, telecommunications, import trade,...). 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.	Enterprises with turnover of CF 20 million or less; Exports, petroleum products, and publishing.	basic necessities, 0 percent; water, private schools, and inter-island airfares, 3 percent; electricity, telephone, hotel and restaurants, banking services, and international airfares, 5 percent, casino revenues, 25 percent.
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	Tax charge on insurance	Government, diplomats	3 percent of the policy value for life,

Table 32. Comoros: Summary of the Tax System (continued)

Tax	Nature of Tax	Exemptions and Deductions	Rates
(Taxe sur les contrats d'assurances)	policies.	cooperant missions.	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 magnétoscopes et les vidéoscopes)	Annual tax charged on use of TV, magnetoscope and videoscope sets.	None.	FC20,000 per set
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
<b>4. Taxes on international trade</b>			
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, 5, 15, and 20 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.

Table 32. Comoros: Summary of the Tax System (as of August 31, 2006)

Tax	Nature of Tax	Exemptions and Deductions	Rates
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
4.7 Excises, or Special fiscal duty (TSVF)	Levied on alcoholic beverages, tobacco products, and cement.		Rates: 3, 5, 10, 15, 100, 200, and 250 percent  Spirits: 250 percent; wine and beer: 250 percent; tobacco products, 200 percent. Cement: 15 percent of c.i.f. value.
4.8 Export duty	Cloves, vanilla, and Ylang-ylang		zero rated.
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 2.25 million 40 ft container: FC 3.425 million
<b>5.0 Additional centimes</b>	Levied on behalf of the Chamber of Commerce (UCCIA)		1 percent of export value, f.o.b., less export duties.