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INTERNATIONAL DEVELOPMENT ASSOCIATION AND
INTERNATIONAL MONETARY FUND

UNION OF THE COMOROS

Enhanced Initiative for Heavily Indebted Poor Countries
Completion Point Document and Multilateral Debt Relief Initiative

Prepared by the Staffs of the International Development Association and the International Monetary Fund

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November 29, 2012

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List of Acronyms

AfDB	African Development Bank
AfDF	African Development Fund
AMF	Arab Monetary Fund
APR	Annual Progress Report
BADEA	Arab Bank for Economic Development in Africa
BCC	Central Bank of Comoros
CF	Comorian franc
COMESA	Common Market for Eastern and Southern Africa
CREF	*Cellule de Réformes Economiques et Financières* (Economic and Financial Reforms Unit at the Ministry of Finance)
COTECNA	Pre-shipment inspection company
DND	National Debt Directorate
DRA	Debt Relief Analysis
DSA	Debt Sustainability Analysis
EC	European Commission
ECF	Extended Credit Facility (formerly PRGF, IMF)
EIB	European Investment Bank
EPCA	Emergency Post-Conflict Assistance (IMF)
ESF-RAC	Exogenous Shocks Facility-Rapid Access Component (IMF)
EU	European Union
FDI	Foreign direct investment
FSF	Fragile States Facility (AfDB Group)
FSAP	Financial Sector Assessment Program
GFS	Government Finance Statistics
HIPC	Heavily Indebted Poor Country
I-CSN	Interim Country Strategy Note (AfDB Group)
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation (World Bank Group)
IMF	International Monetary Fund
IsDB	Islamic Development Bank
ISN	Interim Strategy Note (World Bank Group)
JSAN	Joint Staff Advisory Note
LDC	Least Developed Countries
LIC	Low-income country
MAMWE	Comoros Water and Electricity Company
MDG	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
ODA	Official Development Assistance
OPEC	Organization of the Petroleum Exporting Countries
OFID	OPEC Fund for International Development
PASEC	*Programme d'analyse des systèmes éducatifs de la CONFEMEN* (*Conférence des Ministres de l'Education des pays ayant le français en partage*)
PCCF	Post-Conflict Country Facility (AfDB Group)
PEM	Public Expenditure Management
PFM	Public Financial Management

PRGF	Poverty Reduction and Growth Facility
PRSP/PRGSP	Poverty Reduction (and Growth) Strategy Paper
PV	Present value
REER	Real effective exchange rate
SCRP	Stratégie de Croissance pour la Réduction de la Pauvreté
SIGFIP	Integrated Public Finance Management System
SCH	Société Comorienne des Hydrocarbures

EXECUTIVE SUMMARY

- **In June 2010, the Executive Boards of IDA and the IMF agreed that the Union of the Comoros (hereafter "Comoros") had met the requirements for reaching the decision point under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative.** The amount of debt relief committed at the decision point was US$144.8 million in PV terms at the end of 2009, calculated to reduce the present value (PV) of eligible external debt to the threshold of 150 percent exports ratio at end-2009. The relief implied a common reduction factor of 56.3 percent.

- **In the view of the IDA and IMF staffs, Comoros has fulfilled the conditions for reaching the HIPC Initiative completion point.** All key decisions, actions, and measures required to achieve all but one of the floating completion point triggers have been taken, including broadly satisfactory implementation of the poverty reduction strategy in the last two years; achievement of gains in fiscal consolidation and macroeconomic stability; progress in improving public financial and debt management; and advances in restructuring the public utilities. The authorities have also developed new institutional frameworks aimed at achieving improved outcomes in procurement and governance, and in better tackling corruption. In the education and health sectors, new schools have been built and required vaccination campaigns undertaken. The authorities have requested a waiver for the nonobservance of the missed completion point trigger, in the education sector, which the staffs of IDA and IMF support.

- **As a result of the debt reconciliation exercise for the completion point, the PV of eligible external debt at end-2009 after traditional debt relief has been revised upward from US$257.4 million to US$258.6 million.** However, as this adjustment is small, in line with HIPC guidelines, staffs recommend that the required HIPC assistance in end-2009 PV terms be kept at the level determined at the decision point of US$144.8 million, and the common reduction factor at 56.3 percent. So far, financing assurances have been provided by creditors representing 98.1 percent of HIPC debt relief estimated at the decision point.

- **The IDA and IMF staffs are of the view that the Comoros does not qualify for topping-up under the Enhanced HIPC Initiative based on end-2011 debt data.** After full delivery of HIPC assistance committed at the decision point and additional bilateral debt relief beyond the HIPC Initiative, the PV of debt-to-exports ratio at end-2011 would decline to 141.6 percent, below the HIPC threshold of 150 percent.

- **Upon reaching the completion point under the enhanced HIPC Initiative, Comoros will also qualify for additional debt relief under the Multilateral Debt Relief Initiative (MDRI).** Debt relief under the MDRI would imply a stock of debt reduction of US$77.1 million (net of HIPC assistance) in nominal terms, saving the country US$83 million in debt service over a period of 29 years. This additional relief would be provided via debt stock reductions at the completion point by IDA (US$46.9 million) and the African Development Fund (AfDF) (US$30.2 million), with no MDRI assistance from the IMF.

- **Full delivery of HIPC assistance together with additional bilateral assistance beyond HIPC and MDRI debt relief at the completion point would reduce Comoros' external debt burden significantly.** The PV of debt-to-exports ratio would decline from 343 percent as of end-December 2009 to 78.9 percent at end-2012; and the PV of debt-to-GDP ratio would decline from 33.5 percent at end-2011 to an average of 16.8 percent in 2012–21. However, the sensitivity analysis shows that the country remains vulnerable to shocks to exports and GDP. This is confirmed by the Debt Sustainability Analysis under the Low-Income Country framework (LIC-DSA) that shows a slight improvement in Comoros's risk of debt distress from "in debt distress" to "at high risk of debt distress" rating.

- **The staffs recommend that the Executive Directors of IDA and the IMF approve the completion point for the Union of the Comoros under the enhanced HIPC Initiative.**

I. Introduction

1. **In this document, IDA and IMF staffs discuss Comoros' achievements in the quest for the floating completion point under the Enhanced Highly Indebted Poor Countries (HIPC) Initiative.** In light of the efforts and progress made toward implementing the related triggers, staffs recommend that Executive Directors of the International Development Association (IDA) and the International Monetary Fund (IMF) approve the completion point for Comoros under the HIPC Initiative. Staffs consider that all triggers have been met, except one trigger for which authorities are requesting a waiver.

2. **In June 2010, the Executive Boards of IDA and IMF determined that Comoros had reached the decision point for the Enhanced HIPC Initiative.**[1] Executive Directors also agreed on the triggers for the floating completion point. At the decision point, the present value (PV) of debt relief required to reduce the external public debt of Comoros to a sustainable level was estimated at $144.8 million calculated as of end-December 2009, corresponding to an overall reduction of 56.3 percent of all public and publicly-guaranteed external debt as at end-2009 after the application of traditional debt relief. Concomitantly, the two Boards approved interim debt relief to Comoros.

3. **HIPC debt relief from IDA would amount to $44.9 million and assistance from the IMF would total $4.3 million, in PV terms**. Since the decision point, IDA has provided $6.3 million in end-2009 PV terms as interim relief in the form of a reduction of debt service. At the completion point, IDA is assumed to provide the remaining amount of relief through a 65 percent reduction of the Comoros's debt service to IDA through December 2030. There has been no HIPC interim assistance from the IMF following the approval of the decision point by the IDA and IMF Boards, as no principal payments are due until 2014, and interest obligations on concessional lending to all low-income member countries have been waived by the IMF through end-2012. IMF HIPC relief will be given at completion point through a stock-of-debt operation in an amount of about SDR 3 million.

4. **The rest of the document is organized as follows.** Section II assesses Comoros's performance in meeting the requirements for reaching the completion point under the enhanced HIPC Initiative. Section III provides an updated debt relief analysis (DRA). Section IV summarizes the main conclusions, and Section V presents issues for discussion by Executive Directors.

II. Assessment of Requirements for Reaching the Completion Point

5. **In the view of the staffs of IDA and the IMF, Comoros has met the requirements for reaching the floating completion point for the HIPC Initiative (Box 1) subject to obtaining a waiver of one missed trigger.** To reach the completion point under the framework, Comoros committed to: prepare a Poverty Reduction Strategy Paper and satisfactorily implement the strategy for at least one year; maintain macroeconomic stability; undertake key public financial management, governance, and structural and debt management reforms; and implement measures in the social sectors to be monitored under

[1] See "Comoros-Enhanced Heavily Indebted Poor Country Initiative-Decision Point Document," IDA/R2010-0224 and EBS/10/110.

the Initiative, as agreed at the decision point. As detailed below, all but one out of the sixteen specified triggers have been met. Especially noteworthy have been the broadly satisfactory implementation of the poverty reduction strategy in the last two years; the achievement of gains in fiscal consolidation and macroeconomic stability; progress made in improving public financial and debt management; and advances registered in restructuring the public utilities. The authorities have also developed new institutional frameworks aimed at achieving improved outturns in procurement and governance, and in better tackling corruption. In the education and health sectors, new schools have been built and required vaccination campaigns undertaken. The trigger on the education sector (#11) has only been partially implemented, but the authorities' objectives in the area were maintained and are likely to be achieved in the period ahead. On that basis, the authorities have requested a waiver. The case for proceeding to the completion point despite its non-implementation is set out in section II.D and II.E.

Box 1. Status of Floating Triggers (as of October 2012)

Triggers	Assessment
Poverty Reduction	
1. Satisfactory implementation for at least one year of the full PRSP, as evidenced by an Annual Progress Report (APR) submitted by the government to IDA and the IMF	**Met.** The Poverty Reduction and Growth Strategy Paper (PRGSP, 2010–2014) was adopted in September 2009. A first one-year progress report on implementation of the strategy during 2010 was completed in mid-2011; the second year progress report was submitted to the World Bank and the IMF in October 2012. Together with the second annual progress report, a Joint Staff Advisory Note (JSAN) confirming satisfactory implementation of the PRSP during 2011 is being presented to the Boards of IDA and the IMF in parallel with this Enhanced HIPC Initiative completion point report.
Macroeconomic stability	
2. Maintenance of macroeconomic stability as evidenced by satisfactory implementation of the Extended Credit Facility-supported program.	**Implemented.** On June 15, 2012, the IMF Board concluded the third review and extended the ECF arrangement for Comoros to end-2013. IMF staff will recommend that the fourth ECF review be completed together with the HIPC completion point document.
Public financial management and governance	
3. Regularly produce detailed quarterly budget execution reports for a period of at least 12 months prior to reaching the completion point.	**Met.** The publication of quarterly budget reports started in the last quarter of 2011. The reports for the first three quarters of 2012 have also been issued.
4. Adopt the terms of reference for a feasibility study for a comprehensive computerized public financial management system, including an estimate of the cost	**Met**. The authorities have completed a feasibility study for a comprehensive computerized public financial management (PFM) system, which provides indications on

Triggers	Assessment
and a timetable for the installation of the proposed system.	the proposed system's cost and timetable for implementation.
5. Adopt by law a public procurement code consistent with relevant COMESA[2] norms and develop related implementing regulations; and successfully implement the new code prior to the country's attainment of the HIPC Initiative completion point.	**Met.** The law on public procurement was promulgated in February 2012 and is consistent with relevant COMESA norms. It is being operationalized by decrees that have been issued to implement the public procurement oversight and regulatory authority, the public procurement management entity, and to appoint the Director of the National Directorate of Public Procurement. Also, Entities Tender Committees have been in place for all 23 units to which the law is applicable since end-October 2012 Some of these entities have already launched tenders in accordance with the new provisions.
6. Adopt a revised set of organic frameworks (organigram and staffing plans), consistent with the 2009 constitutional amendments, for all ministries.	**Met.** The revised organic frameworks were adopted under the 2012 Budget Law (end 2011) and posted on the CREF's website in May 2012. Preparations are underway for implementation as from January 2013.
7. Government approval and submission to Parliament of a draft law establishing the constitutionally-mandated Chamber of Accounts for external control of budget operations.	**Met**. Prior to the adoption of the revised Constitution, public accounts were subject to the oversight of the *Commission de Vérification des Comptes* (CVC), established pursuant to Ordinance No. 00-007 and dated April 5, 2000. With the adoption of the revised constitution and the passage of the organic law on the Supreme Court, the CVC has been effectively superseded by the *Section des Comptes (SC)*---a judicial section of the Supreme Court. The SC includes three chambers (account verification, budget discipline and judgment). The members of Section of Accounts were nominated in April 2012. Training has been provided to relevant personnel, and the organ is operational.
Structural reform	
8. Officially adopt reform strategies to strengthen management of *Comores Télécoms* (telecommunications), *Société Comorienne des Hydrocarbures* (SCH, oil import and storage), and the Water and Electricity Company (MAMWE (electricity); and issue calls for expressions	**Met.** The authorities are implementing an IFC-approved restructuring strategy for *Comores Télécoms*. The government's energy strategy approved by the Cabinet in August 2012, outlines the reform agenda for MAMWE and SCH. A call for expressions of interest for the privatization of *Comores Télécoms* was

[2] Common Market for Eastern and Southern Africa.

Triggers	Assessment
of interest to identify a strategic partner for at least one of the three companies.	launched in November 2012. A call for expressions of interest in the management of MAMWE was issued in September 2012.
Education: Strengthen efforts towards achieving MDG 2	
9. Construct and equip 210 primary school classrooms following agreed standards (22 on Moheli, 126 on Anjouan, and 62 on Ngazidja).	**Met.** 501 classrooms have been built or rehabilitated since 2010 (236 on Moheli, 173 on Anjouan, and 92 on Ngazidja).
10. Construct 100 separated latrines for improved hygiene and promotion of girls' participation.	**Met**. In total, 125 separated latrines were constructed.
11. Provide 300,000 textbooks and 25,000 school kits (including basic school supplies) for vulnerable children.	**Not met. Waiver requested.** A total of 39,250 textbooks and 110,722 school kits were delivered. In 2012, Government adopted new policy on schools textbooks and manuals. Donors working on education support the new policy as it efficiently focuses on improving learning quality.
Health: Strengthen efforts towards achieving MDGs 4 and 6	
12. Conduct a national measles vaccination campaign for children 9–47 months to achieve 90-percent coverage nationwide (and thus consolidate progress in reducing infant mortality).	**Met.** The 90 percent measles vaccination rate has been achieved for the MDG-relevant cohorts of 6–47 month old infants. A report on the 2010 Supplemental Immunization Activities (SIA) Campaign confirmed that 84 percent of children from 9–47 months were covered by the SIA. Together with routine vaccination programs, this campaign has resulted in an improvement of the coverage of measles vaccination for a larger cohort (6–47 months), with the coverage ratio increasing from 79 percent in 2009 to 89.6 percent in December 2011.
13. Carry out a national survey on risk factors for non-communicable diseases (NCD) to guide the development of a national strategy to reduce the growing burden of non-communicable diseases.	**Met.** The survey was conducted and the report on survey results was finalized in September 2011. This survey informed the development of the new NCD strategy adopted in October 2012.
Debt management	
14. Improve public debt management systems, particularly adopting effective debt management software.	**Met.** Performing debt management software (CS-DRMS 2000+) was installed in July 2012 and the entire debt database has been transferred. The National Debt Directorate (DND) personnel have received extensive training and have demonstrated that they have adopted the system.

Triggers	Assessment
15. Produce detailed annual reports on external and domestic debt no later than six months after year end, including data on existing stocks, new loans, and debt service due and paid. At least one such report should be available prior to Comoros reaching the HIPC completion point.	**Met.** The DND produced the public debt reports for 2010 and 2011 within the required deadlines of end of June 2011 and 2012, respectively; with contents as agreed in the trigger. These reports were sent to government institutions and development partners.
16. Amend the 2003 decree (*décret* N°03-62/PR) establishing the debt management office to refocus its mandate and activities, consistent with the office's capacity limitations.	**Met.** A new decree and associated *arrêté* have restructured the DND into four offices with well-defined functions, in accordance with good practice. The capacity of the DND's personnel has improved since the HIPC decision point, both in terms of number and quality of (trained) staff.

A. Poverty Reduction Strategy Paper

Trigger 1: Satisfactory implementation for at least one year of the full PRSP, as evidenced by an Annual Progress Report submitted by the government to IDA and the IMF.

6. **Staffs consider this trigger to have been met**. The authorities have submitted to IDA and the IMF two APRs, covering the first and the second years of implementation of the PRSP. The Poverty Reduction and Growth Strategy Paper (PRGSP) was officially adopted by the Government of the Union of the Comoros on September 10, 2009. It covers the period 2010-2014 and continues the efforts begun under the Interim-PRSP to stabilize the economy, to promote private sector growth and to improve delivery of social services. The General Commissariat of Planning led the preparation of the PRGSP document as well as the two APR documents, with a technical committee formed by the PRGSP Unit and the statistics office. The PRGSP is structured around the following six core strategy pillars: (i) stabilize the economy and lay the groundwork for strong equitable growth; (ii) strengthen key sectors by focusing on institution-building and ensuring a broader role for the private sector; (iii) strengthen governance and social cohesion; (iv) improve the health status of the general public; (v) promote education and vocational training with the aim of developing human capital; and (vi) promote environmental sustainability and civilian security. Staff of IDA and IMF had prepared a JSAN on the PRGSP in March 15, 2010.[3]

7. **While in 2010 the APR reported mixed progress,[4] the implementation of** PRGSP **in 2011 was more satisfactory, as reported in the JSAN accompanying this report.** The first APR was officially transmitted to the IDA and the IMF in May 2011, while the second APR was delivered in early October 2012. With regard to the 2010 APR, limited but encouraging progress was achieved, particularly with respect to a timid recovery in economic

[3] See www.imf.org and www.worldbank.org, Comoros – Joint Staff Advisory Note for the Poverty Reduction and Growth Strategy Paper, July 2010.

[4] See IMF Staff report, third review under the EFC program, May 2012. P13

growth, improvements in political governance, greater women's inclusion in the labor force, and a reduction of maternal and infant mortality rates. In 2011, the report highlighted improved macroeconomic and fiscal performance; and progress made by the government in implementing structural reforms aiming at strengthening overall economic competitiveness, notably by securing donor assistance in restructuring the public utilities and improving the business environment. The preparation of 2011 APR followed a fully participatory process involving a wide-range of stakeholders.

B. Macroeconomic Stability

Trigger 2: Maintenance of macroeconomic stability as evidenced by satisfactory implementation of the ECF-supported program.

8. **Staffs consider this trigger to have been met.** In September 2009, the IMF Board approved a three-year ECF arrangement in support of Comoros' medium-term economic recovery efforts. Overall performance has so far been broadly satisfactory, despite temporary slippages in the fiscal and structural areas in early 2011. A public sector pay raise in October 2010 beyond the government's revenue capacity, lower-than-programmed tax collection, and delays in the structural reform agenda had caused the program to go off-track during the run-up to and aftermath of the December 2010 presidential elections and delayed the IMF Board discussion of the third and fourth ECF reviews. But on taking office in June 2011, the administration of newly elected President Ikililou adopted bold measures to steer the program back on track. These included stepped-up efforts to strengthen domestic revenue mobilization and the reversal of the October 2010 unsustainable public wage increase. On the structural front, the authorities completed a long-delayed census of the civil service; adopted new ministry personnel frameworks aimed at streamlining and achieving a financially viable civil service payroll; and, developed a roadmap for the privatization of the public telecommunication company (*Comores Télécoms*) with technical assistance from the World Bank. As a result, nearly all program performance targets for end-December 2011 were met, permitting the conclusion in June 2012 of the third ECF review and extension of the ECF arrangement to end-2013 by the IMF Board. IMF Board consideration of the fourth review in December 2012 would be followed by the fifth and sixth reviews in June and December 2013, respectively.

9. **Macroeconomic developments have been broadly satisfactory since the decision point.** Since 2009, real GDP growth has increased by nearly two percentage points, reaching an estimated 2.2 percent in 2011. The main drivers of economic growth have been favorable performances of the agriculture sector, some pickup in FDI from the Gulf Region, continued support from donors, and resilient remittances from the diaspora. Economic activity remains nonetheless sluggish, constrained by weak external competitiveness, major infrastructure bottlenecks—particularly in the energy and transport sectors, a shrinking export base, and a poor business environment (see section II.D). The bulk of domestic consumption and investment demand is met with imported goods, leading to a structural external current account deficit averaging 34 percent of GDP between 2009 and 2012 (excluding official and private transfers). Against this background, international price fluctuations of commodities, such as fuel and food products, affect inflation although inflationary pressures have been broadly contained thanks to Comoros' membership in the Franc Zone.

10. **Fiscal performance has improved markedly**. With the exception of the period around the December 2010 presidential elections, the government's budget policy has been broadly consistent with the objectives of the Fund-supported program under the ECF. As a result, the domestic primary budget deficit is projected to decline to 0.9 percent of GDP (a surplus of 2.2 percent of GDP, including exceptional revenue under the Economic Citizenship Program, *ECP*) in 2012 (2.6 percent of GDP in 2009).[5] Key revenue-enhancing actions have included deep changes in management leadership in the fiscal agencies; a more rigorous management of the taxpayer database for the Large Tax Payer Unit (*Service de la Fiscalité des Enterprises*, SFE), which has doubled in size reaching 530 taxpayers by mid-2012; and implementation and close adherence to ASYCUDA++[6] and a move away from specific to ad valorem taxation of imports at Customs. With technical assistance from the IMF and the African Development Bank Group, the government is also expediting the establishment of the new, functionally more integrated, General Administration of Taxes and Government Property (*Direction Générale des Impôts et des Domaines*). Reflecting stronger ties with partners in the Gulf region, non tax-revenue under the ECP has significantly increased with windfalls averaging 3 percent of GDP in 2011-12. On the expenditure side, the government has enhanced control over the wage bill–including through rigorous use of a new payroll management software (*Gestion Informatisée des Structures des Effectifs*, GISE) and a census of civil service personnel. The authorities have also adhered more closely to spending limits under the budget law facilitated by the routine operation of Budget and Treasury Committees established in 2009.

11. **Monetary and debt management policies have been generally prudent.** Government borrowing from the banking system has been well within the statutory limits, allowing for adequate expansion of credit to the private sector. Following a considerable expansion over the last three years, broad money has somewhat stabilized in 2012. The reserve requirement ratio continues to be the only instrument for liquidity management. In 2012, it was brought to 20 percent (from 25 percent) in a context of excess bank liquidity and a gradual decline in demand for credit. The central bank of the Comoros has strengthened its banking supervision capacity, with technical assistance from the IMF and the *Banque de France*. Overall, the Comorian banking system is generally sound; with resident financial institutions comfortably observing most required prudential ratios. The government continues to seek grants and loans under highly concessional conditions (see section II.F and III.A).

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[5] The ECP is a 2008 arrangement whereby the government grants citizenship (in exchange for 1 million Comorian francs) to foreigners willing to make large investments in Comoros.

[6] Automated System for Customs Data.

Text Table 1. Selected Economic and Financial Indicators, 2009–17

	2009	2010	2011	2012		2013	2014	2015	2016	2017
				Prog 3rd Review	Proj.	Projections				
(Annual percentage change, unless otherwise indicated)										
National income and prices										
Real GDP	1.8	2.1	2.2	2.5	2.5	3.5	4.0	4.0	4.0	4.0
GDP deflator	4.6	4.4	4.7	3.2	2.9	3.1	3.2	3.2	3.3	3.2
Consumer price index (annual averages)	4.8	3.9	6.8	5.6	6.0	4.3	3.4	3.3	3.3	3.1
Consumer price index (end period)	2.2	6.6	7.0	4.3	5.0	3.6	3.2	3.4	3.2	3.1
Money and credit										
Net foreign assets	9.7	4.2	17.2	-1.5	12.0	10.5	8.3	10.5	10.0	9.6
Domestic credit	35.3	17.8	4.9	13.0	4.2	17.2	11.6	5.7	5.7	9.4
Net credit to government (treasury)	13.4	-7.5	12.3	22.2	-25.5	47.5	11.9	-18.0	-26.4	-7.1
Broad money	13.3	19.4	9.6	1.0	5.5	2.4	7.7	7.6	7.4	7.4
Velocity (GDP/end-year broad money)	3.3	2.9	2.9	3.0	2.9	3.0	3.0	3.0	3.0	3.0
External sector										
Exports, f.o.b.	116.7	15.0	16.4	5.8	5.9	6.6	8.5	8.5	8.4	4.7
Imports, f.o.b.	1.6	9.7	7.2	5.8	7.8	1.8	2.6	2.5	6.2	3.3
Export volume	54.1	-0.7	-24.7	2.5	2.5	1.6	3.3	3.3	3.1	4.6
Import volume	11.3	0.4	-7.1	-0.8	0.6	2.6	3.4	3.0	6.7	3.3
Terms of trade	12.5	-1.1	5.0	-1.8	-1.7	3.8	3.6	3.2	3.1	1.2
(In percent of GDP, unless otherwise indicated)										
Investment and savings										
Investment	12.4	15.4	14.9	17.9	18.4	19.1	19.9	20.4	21.2	21.8
Public	4.7	5.7	5.4	7.9	8.3	8.6	8.9	8.9	9.2	9.2
Private	7.7	9.7	9.5	10.0	10.1	10.6	11.0	11.5	12.0	12.5
Gross national savings	4.6	9.7	5.9	7.6	11.5	13.1	11.3	12.7	13.8	14.9
Public	3.8	11.6	8.7	6.8	13.4	8.7	5.5	5.7	6.0	5.9
Private	0.8	-1.9	-2.8	0.8	-1.9	4.4	5.8	7.0	7.9	9.0
Government budget										
Total revenue and grants	23.6	29.2	23.6	25.3	28.4	49.2	24.0	24.2	24.4	24.6
Domestic Revenue [1]	13.9	14.3	16.1	14.0	18.2	14.5	14.8	15.2	15.4	15.6
Total grants [2]	9.7	14.9	7.5	11.4	10.2	34.7	9.2	9.0	9.0	9.0
Total expenditure	22.8	22.1	22.0	24.5	25.4	24.9	25.0	24.8	24.8	24.7
Current expenditure	18.1	16.4	16.6	16.6	17.1	16.3	16.1	15.9	15.6	15.4
Domestic primary balance [1]	-2.6	-1.6	1.6	-1.1	2.2	-0.9	-0.5	0.0	0.3	0.6
Change in arrears	0.2	-6.2	-3.4	-0.5	-0.7	-0.9	-0.8	-0.7	-0.7	-0.5
External interest	-0.1	-2.0	-0.8	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
Domestic	0.4	-4.2	-2.6	-0.5	-0.6	-0.9	-0.8	-0.7	-0.7	-0.5
Overall balance (cash basis)	0.8	0.9	-1.9	0.1	1.9	23.4	-1.8	-1.4	-1.1	-0.6
Excluding grants	-8.9	-14.0	-9.4	-11.2	-8.3	-11.2	-11.0	-10.4	-10.1	-9.6
Financing	-0.7	1.1	0.3	-0.1	-1.9	-21.3	0.6	-0.9	-1.0	-0.3
Foreign (net)	-1.3	1.4	-0.2	-1.1	-1.1	-22.8	0.1	-0.1	-0.2	-0.2
Domestic (net)	0.6	-0.4	0.5	1.0	-0.8	1.4	0.5	-0.8	-0.9	-0.2
Errors and omissions [3]	-0.2	-1.9	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap	0.0	0.0	0.0	0.0	0.0	-2.1	1.2	2.2	2.1	0.9
Financing gap, excluding UFR	0.9	0.5	0.4	0.8	0.8	-1.3	1.1	2.0	1.8	0.5
External sector										
Exports of goods and services	14.5	15.7	16.2	15.7	16.8	17.1	17.5	17.9	18.2	18.0
Imports of goods and services	47.7	49.9	50.2	51.6	52.0	49.8	47.8	45.9	45.3	43.9
Current account balance	-7.8	-5.7	-9.0	-10.4	-6.9	-6.0	-8.6	-7.7	-7.4	-6.9
Excl. official and private transfers	-33.3	-34.6	-34.0	-36.1	-35.4	-32.7	-30.4	-28.2	-27.1	-25.7
External debt, PV in percent of GDP [4]	46.2	38.9	33.1	31.8	10.0	11.8	13.1	14.3	15.2	15.8
External debt, PV in percent of exports of goods and services [4]	329.7	248.6	203.9	202.7	58.0	68.9	74.9	80.2	83.6	87.5
External debt service (in percent of exports of goods and services) [4]	13.5	11.4	10.0	6.3	4.7	0.3	1.2	2.1	2.6	2.8
Overall balance of payments (in millions of U.S. dollars)	12.3	-44.3	-11.0	-5.8	-5.8	2.6	5.9	3.1	3.6	13.5
Official grants and loans (percent of GDP)	9.7	15.1	7.5	11.4	10.2	34.9	9.4	9.2	9.2	9.2
Gross international reserves (end of period)										
In millions of U.S. dollars	146.0	144.2	170.1	158.0	187.5	194.5	207.0	223.1	239.2	255.9
In months of imports of goods & services	6.8	6.4	6.7	6.2	7.2	7.7	7.9	8.3	8.5	8.7
Real effective exchange rate (2000=100)	103.9	97.7	97.9	...	...	...	...	...	...	...
Exchange rate CF/US$ (period average)	353.2	370.8	353.6	...	...	...	...	...	...	...
Memorandum items:										
GDP (nominal, in bilions of CF)	189.5	201.8	216.0	228.3	227.8	243.3	261.1	280.0	300.8	322.9

Sources: Comorian authorities; and IMF staff estimates and projections.

[1] Revenue for 2011-12 includes exceptional "economic citizenship program" receipts (about 3 percent of GDP each year).

[2] Includes interim HIPC assistance (2010-12) and expected debt relief under HIPC and MDRI upon completion point at end-2012.

[3] Data for 2010 and 2011 reflect 2010 revenues collected in early 2011.

[4] External debt ratios after full HIPC, MDRI and beyond HIPC relief from end-2012. Ratios from LIC-DSA (Appendix II - Table 1a) produced with a different methodology than those from HIPC-DRA (Appendix II - Paragraph 1).

C. Public Financial Management and Governance

Trigger 3: Regularly produce detailed quarterly budget execution reports for a period of at least 12 months prior to reaching the completion point.

12. **Staffs consider this trigger to have been met.** Launched in the fourth quarter of 2011, the production of budget execution reports continues. Each of the four reports issued to date provides a detailed account of revenues, expenditures and debt accumulation during the quarter. After deteriorating in the aftermaths of the decision point, the fiscal situation has strengthened since end-2011 (see paragraph 10) As committed under the ECF arrangement, the authorities rigorously abide by a zero-ceiling rule on the accumulation of external debt service arrears, except for a minor amount of 0.02 per cent of GDP at end-2010 and due to weaknesses in external debt management. In January 2012, the authorities started observing the same rule regarding domestic payments arrears.

Trigger 4: Adopt the terms of reference for a feasibility study for a comprehensive computerized public financial management system, including an estimate of the cost and a timetable for the installation of the proposed system.

13. **Staffs consider this trigger to have been met.** At end-September 2012, the government, with the support of the World Bank, completed a feasibility study for an ambitious computerized public financial management system. The new system is scheduled to become operational by June 2013; its installation is estimated to cost US$1.5 million which is entirely funded by the AfDB Group. Once finalized, the system will permit real-time data-sharing among public financial administrations and ensure the traceability of all revenue collected and payments orders issued. Together with the customs software (ASYCUDA++) and the payroll management software, it will improve significantly the efficiency of the public finance information management.

Trigger 5: Adopt by law a public procurement code consistent with relevant COMESA norms and develop related implementing regulations; and successfully implement the new code prior to the country's attainment of the HIPC Initiative completion point.

14. **Staffs consider this trigger to have been met.** The Public Procurement Law was passed by the National Assembly on December 29, 2011 and promulgated by the decree in February 2012.[7] This Law is consistent with relevant Common Market for Eastern and Southern Africa (COMESA) norms. Moreover, on May 31, 2012, the President approved a decree to operationalize the Law.[8] This decree creates the Procurement Regulation Authority (*Autorité de Régulation des Marchés Publics*, ARMP). The same decree creates the ARMP Board, its Permanent Secretariat, and the National Directorate of Public Procurement *(Direction Nationale de Contrôle des Marchés Publics*, DNCMP). On September 15, 2012, the President issued a decree[9] appointing the four public sector representatives for the ARMP Board. On July 14, 2012, the Chamber of Civil Society Organizations (MOSC) appointed two representatives of the civil society to be part of the ARMP Board. In August 17, 2012 the

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[7] Law No.11/-27/AU and Decree No. 12-027/PR, respectively.

[8] Decree No. 12-131/PR.

[9] Decree No. 12-182/PR.

Confederation of Chambers of Commerce, Industries and Agriculture (*Union des Chambres de Commerce d'Industrie et d'Agriculture des Comores*, UCCIA) acting on behalf of the private sector appointed its four representatives to the ARMP Board. On October 8, 2012, the ARMP Board elected its President and Vice-President for a three-year mandate. The DNCMP was established by an *arrêté* issued by the Vice-President in Charge of Finance on October 4, 2012.[10] October 13, 2012, the President appointed the Director of the DNCMP by decree.[11] On October 2, 2012, the position of Permanent Secretary of the ARMP was advertised in two newspapers calling for candidates. The recruited candidate was appointed by Presidential decree on October 13, 2012.[12]

15. **The Public Procurement Reform Steering Committee (CCSRSPM), has recently issued instructions for the creation of Entities Tender Committees.**[13] The CCSRPM, acting as ARMP (Article 71 of decree 12-131/PR), on September 7, 2012 issued instructions for the creation of Entities Tender Committees (Cellule de Gestion des Marchés Publics - CGMP) within each department or institution/public enterprises for which the law is applicable. The CGMP will use the COMESA set of standard bidding documents, properly customized for use in Comoros. This set of bidding documents has been finalized and issued by ARMP. Implementation of CGMPs has been completed for all required 23 institutions.

16. **The staffs believe that the new and robust public procurement system addresses effectively the lack of a formal public procurement system in Comoros.** All the reforms described above have led to the establishment of a public procurement regulatory and oversight body and the institutions required to fully implement the Public Procurement Code. This lays the foundation for improving governance and transparency in the use of public resources and promoting value for money and accountability of public institutions. On this basis, before end-2012, some CGMPs will launch tenders following the new provisions.

Trigger 6: Adopt a revised set of organic frameworks (organigram and staffing plans), consistent with the 2009 constitutional amendments, for all ministries.

17. **Staffs consider this trigger to have been met.** In December 2011, Parliament adopted the law establishing budgeted ministry positions broken down by grade and administrative entities, consistent with the 2009 constitution for all ministries. Implementation of these civil service personnel frameworks aims to streamline and achieve a leaner, more effective, and financially viable public administration over the medium term. Initially planned for July 2011, the launch of the key reform has been rescheduled to early January 2013, as the government addresses various related upstream challenges. Especially time consuming has been the matching of the budgeted job positions with the mandated skill requirements. The reform is complemented by rigorous adherence to a new payroll management software and a comprehensive census of government employees conducted with assistance from the World Bank.

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[10] *Arrêté* No 12-098/VP-MFEBICEP/CAB.

[11] Decree No. 12-199/PR.

[12] Decree No. 12-198/PR.

[13] Comité de Coordination et de Suivi des Reformes sur le Système de Passation des Marchés (CCSRSPM).

Trigger 7: Government approval and submission to Parliament of a draft law establishing the constitutionally mandated Chamber of Accounts for external control of budget operations

18. **Staffs consider this trigger to have been met.** The Chamber of Accounts has been established, and its president and core staff appointed. The institution is charged with verifying the accuracy and reliability of revenues and expenditures as reported in the public accounts, with a view to insuring appropriate use of financial resources under the management of both central and local administration bodies. Consistent with its general mandate, the Chamber of Accounts audits the books of public institutions managing taxpayer money or benefiting from guarantees from the government, or any legal entity governed by public law.

D. Structural Reforms

Trigger 8: Officially adopt reform strategies to strengthen management of Comores Télécoms (telecommunications), Société Comorienne des Hydrocarbures (oil import and storage), and MAMWE (electricity); and issue calls for expressions of interest to identify a strategic partner for at least one of the three companies.

19. **Staffs consider this trigger to have been met.** The government has made significant progress in advancing the reform of the three main state-owned enterprises (SOEs). After some moderate progress, the momentum of reform in the three areas targeted under the trigger has picked up with the new administration that took office in mid-2011. In August 2012, the government updated and approved its reform strategies for the three SOEs. Effective implementation should lead to significant improvements in company and sector performance over the medium term in all three critical areas. This would contribute to strengthening overall economic competiveness and invigorate growth.

20. **As regards *Comoros Telecoms* (CT), the strategic option taken by the authorities already in 2009 and confirmed in 2012 is that of an outright privatization.** The IFC was contracted in May 2012 to assist the government in carrying out the transaction. The authorities have since clarified the main parameters of ownership, legal and regulatory conditions under which a new foreign private investor would operate as strategic partner for CT, holding 51 percent of the company's shares. In early November 2012, the government issued a call for expressions of interest from potential investors, following approval in October of a social plan for the company. The government is keen on enlisting involvement of a strategic partner of international repute in management in 2013. It also plans to open the sector to competition through the transparent and competitive issuance of a second mobile license, and to improve connectivity by seeking investment in submarine cable infrastructure under terms of open access and private participation.

21. **The authorities are determined to advance restructuring of MAMWE and have taken early steps towards this objective.** Under the reform strategy adopted in August 2012, new investments are to be made in electricity generation and distribution. However, the strategy singles out poor management and weak revenue collection performance as the critical root causes of MAMWE's financial distress—it is estimated that only about a third of the value of electricity billed is collected from customers. Restoring the company's financial viability is thus viewed as a precondition for putting it on a path to sustainability and paving the way for future growth, which requires significant improvements in management and

governance. To that end, the government issued in late September a call for expression of interest to enlist a strategic partner of international repute in the management of MAMWE.

22. **The reform strategy for *Société Comorienne des Hydrocarbures* (SCH) calls for continued full government ownership and substantial improvements in management.** Given SCH's narrow potential profit margins, a recent World Bank analysis revealed limited private sector interest in the company. The company's prospects are clouded by several negative factors, including (i) the serious financial and operational difficulties facing MAMWE––its main customer, and (ii) considerable safety hazards and risks associated with the establishment of SCH's gasoline storage facilities in the center of Moroni, the capital city. Under the circumstances, the Government's reform program aims at restructuring SCH into a fully-fledged commercial company over time, operating under a proper regulatory framework for pricing, addressing existing safety concerns, and overhauling operations so as to significantly enhance efficiency.

E. Social Sectors

Education: Strengthen efforts towards achieving MDG 2

Trigger 9: Construct and equip 210 primary school classrooms following agreed standards (22 on Moheli, 126 on Anjouan, and 62 on Ngazidja).

23. **Staffs consider this trigger to have been met.** Significant progress has been made in primary school construction and equipment, and the total number of classrooms meeting required standards has increased beyond the national and island targets specified in the completion point trigger. In total, 205 primary school classrooms were built, distributed as follows: 40 in Moheli, 106 in Anjouan and 59 in Ngazidja (also known as Grande Comore). However, a 2010 evaluation of the existing infrastructures showed that an important number of highly deteriorated buildings were placing the security of children and teachers at risk. Therefore, parallel to the building of new schools to keep the pupil/classroom ratio below 40, the authorities rehabilitated a number of deteriorated existing ones. As a result, 296 primary school classrooms were rehabilitated among which 196 in Moheli, 67 in Anjouan and 33 in Ngazidja. In total, as of September 2012, there are respectively 236, 173 and 92 constructed and rehabilitated classrooms in Moheli, Anjouan and Ngazidja, totaling 501. All newly built and rehabilitated classrooms are equipped with school furniture. School constructions and rehabilitations comply with the pupil teacher ratio and a new strategy of school construction developed by the government in 2012. This new strategy, owned by all stakeholders (local education partners including donors and NGOs, the Governorates and related decentralized system, the Ministry of Education and its representatives at decentralized level, parents and community) aims at assuring coordination and respect of the school map. This new strategy will be formally adopted early in 2013.

24. **Nationwide classroom construction contributed to increase primary education access.** Primary enrollment increased by about 17 percent during the 2010–11 school year. This compares favorably with the increase of less than 4 percent in previous years. The Gross

Enrollment Rate at primary level has increased from 103.3 percent to 107.9 percent between 2009 and 2011.[14]

Trigger 10: Construct 100 separated latrines for improved hygiene and promotion of girls' participation.

25. **Staffs consider this trigger to have been met.** Significant efforts were deployed to improve school hygiene and increase girls' participation in school activities. To this end, 125 separated latrines have been constructed and 6 rehabilitated, thus meeting the completion point trigger. In addition, more than 58 fountains have been built inside schoolyards. Fountains improve not only hygiene in general but are key for an effective use of latrines. In its new school construction strategy, the government requires that school constructions provide for separated latrines for boys and girls. In addition, the strategy establishes guidelines for the appropriate provision of fountains. The government has been demonstrating commitment to rigorous implementation of the new strategy. The existence of separated latrines has had a proven impact on girls' attendance. The number of girls enrolled in primary school increased by 10 percent between 2008 and 2012 and the gender parity index improved from 0.85 in 2008 to 0.95 in 2011[15]. Although this average number at national level is higher than several Sub-Saharan African countries, there is a gender disparity among the three islands, with participation of girls in Anjouan being slightly lower at 0.92.

Trigger 11: Provide 300,000 textbooks and 25,000 school kits (including basic school supplies) for vulnerable children.

26. **Staffs consider this trigger not met. Staffs support the authorities' request of a waiver.** At decision point, the government had committed to providing 300,000 textbooks for primary school students, aiming to achieve a target of three books per pupil. In the event, a total of 39,250 textbooks were distributed to public primary schools. Given that most schools operate double shift classes, these new textbooks effectively meet part of the textbook needs of an additional 80,000 students (out of a total student population of about 115,000), still below the 300,000 target. The shortfall against the target reflects mainly a shift in the government's strategy, based on recommendations from analytical work and close dialogue with donors. Given good progress on access and class size, the strategy has a new focus on improving learning outcomes, and aims at addressing issues of teacher quality and the development of a curriculum and relevant learning material that are better adapted to the local educational, cultural and linguistic context.

27. **The government's new strategy draws on analytical work that has highlighted learning quality as the highest priority for the education sector in Comoros.** Efforts should continue to be sustained to ensure universal education of school age children, especially girls. Nevertheless, with good progress on school construction and a pupil/classroom ratio equal to 32—one of the lowest in Sub-Saharan Africa—, a focus on learning quality at the primary school level has emerged as a core priority. The 26 percent

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[14] Education country status report (RESEN) 2012

[15] Source: Tableau de Bord du MEN (2008 and 2011)

repetition rate at primary in 2011 is very high compared with the average of about 15 percent for Sub Saharan Africa countries. The results of the international learning assessment, PASEC[16], carried out in 2009 and discussed for policy development in subsequent years, were relatively low for Comoros compared to the other 15 comparator countries, with scores of 33.3 in Mathematics and French versus 38.7 for the same subjects in other countries, whose scores themselves are low by international standards. The PASEC also highlighted the need for a broader approach to improving learning outcomes, covering not only learning materials and other school inputs, but other key issues such as learning time and teacher performance and motivation. Analytical work for the preparation of an Education Country Status Report (RESEN) suggested that existing learning materials had not had the expected impact on learning outcomes, reflecting both the inadequacy of imported textbooks, and teacher training and use of textbooks. On this basis, the staffs support the view of the authorities that the target of purchasing 300,000 imported textbooks is no longer appropriate to foster the objectives of improving the quality of primary education for Comorian children.

28. **Against this background, the government has adopted a new strategy in its interim education sector plan.** Under the new policy agenda, priority is given to the quality of textbooks supporting a more country-specific curriculum, away from past emphasis on the quantity of mostly high-cost imported books that are not adapted to the local context. Accordingly, the bulk of school manuals and textbooks will henceforth be developed locally, with funding and technical assistance from development partners and the strong involvement of local experts. The new policy framework was successfully tested in 2011 with the production of a new history textbook. The sector plan aims at achieving a goal of one manual per child by 2015, along with teacher training. Donors in the education sector have fully endorsed the focus on improving learning quality and support the new policy.

29. **The education interim strategy plan, which constitutes the reference document of all education programs in Comoros, was developed jointly by government and donors.** In support of this strategy, the authorities are submitting a request for funding under the Global Partnership for Education, for a grant in the amount of US$4.6 million. The formal endorsement of the interim sector plan is planned for mid-December 2012 and the submission of the request to the GPE secretariat for March 2013. Under this plan, the authorities have also committed to increasing the share of education recurrent spending in total recurrent spending from 20 percent in 2010 to 23 percent in 2015, implying a real increase of the recurrent budget for education of 5 percent per annum.

30. **As for the 25,000 school kits, the target has been met. Significant efforts were carried out to improve the availability of pupil school supplies.** In collaboration with UNICEF, 110,722 school kits were distributed to primary school children. The supply of more than four times of the number of kits initially targeted is explained by the quick response to natural disasters that affected the country in 2010 and 2012. The kits included basic school supplies aiming at preserving school attendance and at decreasing the costs to families. As the country is highly exposed to natural disasters, especially cyclones and floods, addressing the issue of recurrent vulnerability will receive constant attention from the

[16] Programme d’analyse des systèmes éducatifs de la CONFEMEN (Conférence des Ministres de l’Education des pays ayant le français en partage).

government and its partners through provision of school kits for the priority needs of children and schools.

Health: Strengthen efforts towards achieving MDGs 4 and 6

Trigger 12: Conduct a national measles vaccination campaign for children 9–47 months to achieve 90-percent coverage nationwide (and thus consolidate progress in reducing infant mortality).

31. **Staffs consider this trigger to have been met.** The coverage of measles vaccination for the MDG-relevant cohorts of children at age 6–47 months increased from 79 percent in 2009 to 89.6 percent in December 2011. This larger cohort (6–47 months) is the standard routine measure of coverage of measles vaccination, and the target for the routine vaccination programs in the Comoros. To achieve this objective, going beyond routine programs, the authorities conducted a national Supplemental Immunization Activities (SIA) for measles control campaign, among children 9–47 months, in line with the trigger. The considerable impact of the SIA campaign reflects the success of an approach internationally recognized as an efficient way to reduce measles, one of the main causes of infant mortality.

32. **The national Supplemental Immunization Activities (SIA) for measles control campaign was conducted in October 2010 with the purpose of reaching a 95-percent coverage nationwide for the 9–47 month age group.** This SIA campaign achieved a measles immunization coverage rate for this age group of 84 percent, well within usual success rates for SIAs in low-income countries. The campaign on the island of Anjouan was most effective, achieving a 105- percent coverage for the vaccine against measles, followed by Mohéli at 85 percent, whereas Ngazidja only reached 66 percent. Coverage exceeded 90 percent at the district level for 8 out of 17 districts. Those of Grande Comore were less efficient, with coverage ranging between 61 percent and 77 percent.

33. **Additional vaccinations activities will be undertaken in the period ahead as the government has already mobilized donor support to conduct a new SIA campaign during April 2013.** To significantly reduce risks of measles mortality, the country has to either introduce a second dose campaign of vaccine against measles or routinely continue delivering wide-ranging immunization services. The Global Immunization Vision and Strategy for 2006–2015 (GIVS) recommends that countries establish measles immunization coverage of at least 90 percent at national level, and at least 80 percent in each health district. The staffs believe that the Government's actions address effectively the goal of reducing significantly the risk of measles epidemic outbreaks.

Trigger 13: Carry out a national survey on risk factors for non communicable diseases to guide the development of a national strategy to reduce the growing burden of noncommunicable diseases.

34. **Staffs consider this trigger to have been met.** In accordance with the Moscow Conference and Brazzaville Declaration in June 2011 on Non-communicable Diseases (NCDs), the Comorian Government reiterated its commitment to accelerate the fight against NCDs. To this effect, in 2011, the Ministry of Health conducted the national survey on risk factors for NCDs which allowed to develop evidence based policy and a strategic plan to prevent NCDs among adult 25 to 64 years old. The report on the national survey on NCD

risk factors was finalized in September 2011 and made public. This survey is a national descriptive transversal survey conducted under the World Health Organization (WHO) risk factors surveillance (STEPS) methodology, a simple, standardized method for collecting, analyzing and disseminating data in WHO member countries. By using the same standardized questions and protocols, all countries can use STEPS information not only for monitoring within-country trends, but also for making comparisons across countries. The approach encourages the collection of small amounts of useful information on a regular and continuing basis.

35. **The NCD survey allowed the Ministry of Health to prepare and adopt in October 2012 the new strategy for the prevention and fight against NCDs.** The results of the 2011 survey show that risk factors such as cholesterol, overweight, physical inactivity, smoking, low consumption of fruits and vegetables constitute a public health problem in the Union of the Comoros. The WHO has supported technically the development of the new national strategy.

F. Debt Management[17]

Trigger 14: Improve public debt management systems, particularly adopting effective debt management software.

36. **Staffs consider this trigger to have been met.** At the decision point all data was stored in separate Excel files. With financial support from the AfDB Group, a widely used debt management system, CS-DRMS 2000+, was installed in July 2012, and the entire database has been transferred.[18] Also, as the Comoros suffers from frequent power cuts, batteries were installed, allowing the National Debt Directorate (DND) to avoid data loss, and to continue working without interruption throughout the day. The DND has received extensive training on operating the system and analyzing the debt portfolio from a consulting firm, and the DND has demonstrated during the Bank-Fund debt data reconciliation mission that it has adopted the system.

Trigger 15: Produce detailed annual reports on external and domestic debt no later than six months after year end, including data on existing stocks, new loans, and debt service due and paid. At least one such report should be available prior to Comoros reaching the HIPC completion point.

37. **Staffs consider this trigger to have been met.** The DND has produced end-2010 and end-2011 public debt reports before the end of June 2011 and 2012, respectively, as agreed in the trigger. The reports cover the level and composition of existing external debt, debt service due and paid, the situation of technical arrears, and rescheduling agreements. There were no new loans or debt disbursements during the interim period. The reports also discuss the situation of domestic salary and suppliers arrears, even though these arrears do not constitute conventional domestic debt. The DND sent these reports to government institutions and partners.

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[17] See also Appendix I.

[18] CS-DRMS stands for Commonwealth Secretariat-Debt Recording and Management System.

Trigger 16: Amend the 2003 decree (décret N°03-62/PR) establishing the debt management office to refocus its mandate and activities, consistent with the office's capacity limitations.

38. **Staffs consider this trigger to have been met.** A recently approved decree[19] restructured the DND into four offices with well-defined functions in accordance with good practice: office for financing mobilization (front office), office for research and analysis (middle office), office for financial operations and office for database management (back office). An associated implementing *arrêté* further clarified the important role of the DND in monitoring and analyzing debt sustainability, loan rescheduling proposal and the risks in the debt portfolio.[20] Meanwhile capacity of the DND's personnel has improved both in terms of number of staff and training since the decision point: (1) compared to the decision point when there were only two staff, currently there are five agents, some contractors and several interns. Recently, an organic framework approved by Parliament made these five positions permanent; and (2) DND staff has also received training during the interim period, including Debt Management Performance Assessment (DeMPA), Debt Sustainability Analysis (DSA), portfolio risk analysis, and debt reporting. In order to sustain these improvements in debt management beyond the completion point, the authorities approved a debt management reform plan with World Bank assistance in 2012, based on a DeMPA evaluation in 2011.

III. Updated Debt Relief and Debt Sustainability Analysis

A. Revision of Data Reconciliation Exercise as of the Decision Point

39. **The stock of HIPC-eligible external debt in present value (PV) terms at end-2009 was revised upward from the decision point, following the debt reconciliation exercise.** The staffs of IDA and the IMF, together with the Comorian authorities, have reviewed the stock of debt at the end of December 2009 presented in the decision point document against recent creditor information. As a result, the nominal stock as of end-2009 has increased by US$5.3 million from US$286.8 million to US$292.2 million (Figure A1 and Table A2); and the PV of debt after traditional debt relief has been revised upward by US$1.2 million, from US$257.4 million to US$258.6 million. Most of this increase is attributable to revisions in the PV of debt owed to commercial and bilateral creditors.[21]

- **Multilateral creditors.** At end-2009, the PV of debt has increased by US$0.08 million to US$197.7 million, due to minor data corrections.

- **Paris Club creditors.** The PV of debt to Paris Club creditors after traditional debt relief has been revised downward from US$15.3 million to US$14.5 mil-lion at end-2009, mainly due to information received from Italy on the nominal stock of debt and loan details.

[19] Décret N°12-047/PR of February 20, 2012.

[20] Arrêté N° 12-093/VP-MFEBICEI/CAB of October 1, 2012.

[21] As of Dec 2009, commercial debt was revised to US$12.5 million from US$6.58 million due to a revision in the inclusion of interest in arrears to commercial creditors. Better quality of data for the bilateral creditors also allowed for some small revisions to the end-2009 stock data.

- **Other official bilateral creditors.** The PV of the stock of debt after traditional debt relief owed to other official bilateral creditors has increased from US$42.3 million to US$42.4 million at end-2009 mainly due to revision in the data for Saudi Arabia.

- **Commercial creditors.** The PV of the stock of debt after traditional debt relief owed to commercial creditors has doubled from US$2.2 million to US$4.1 million at end-2009 mainly due to revisions in data for *Banque Postale.*

- Estimates of exports of goods and services used to evaluate HIPC assistance at the decision point have also been revised upward from an annual average of $75 million for 2007–09 to $75.5 million.

B. Revision of HIPC Assistance as of the Decision Point and Status of Creditor Participation

40. **The original HIPC assistance calculated at the decision point will not be revised at the completion point.** The upward revisions made to the PV of debt as well as to the exports data has have resulted in an upward revision of the HIPC assistance calculated at the decision from US$144.8 million to US$145.4 million (Table A4). Even though the amount of HIPC relief can be revised in response to new information, the difference is not sufficiently large to warrant this revision, according to HIPC guidelines.[22] Hence, the staffs do not recommend a revision of Enhanced HIPC assistance at the completion point, and it will remain US$144.8 million.

41. **At the completion point, Comoros has received financing assurances of participation in the Enhanced HIPC Initiative from creditors accounting for 98.1 per-cent of the PV of HIPC assistance estimated at the decision point** (Table A11). Multilateral creditors representing 76.4 percent of the PV of multilateral HIPC assistance and bilateral creditors accounting for 21.7 percent of the PV of bilateral and commercial assistance have provided financing assurances. Several multilateral creditors and all Paris Club creditors have provided interim assistance. Some non-Paris Club creditors have also provided debt relief through rescheduling and cancellations.[23] Most multilateral and all Paris Club creditors have confirmed their participation. The authorities are working toward reaching agreements with all remaining creditors.

[22] Debt relief approved at the decision point may be adjusted either upward or downward on the basis of revised information at any time prior to the completion point, as long as the adjustment in US dollar terms of the PV of assistance is at least 1 percent of the targeted PV of debt after HIPC relief at decision point. In the case of the Comoros, the amount of adjustment is US$0.6 million, which is less than 1 percent of the targeted PV of debt after HIPC relief at the decision point of US$112.6 million (Table A4). The amount of HIPC relief determined at the decision point will be used with burden-sharing according to the shares of each creditor in the PV of debt determined at the completion point debt reconciliation. See “Information Reporting in the Context of the HIPC Initiative Assistance”, IDA/SecM2002-0131 and EBS/02/36 (April 2002).

[23] In 2007, the authorities reached rescheduling agreements for their claims (including arrears) with Saudi Arabia and Kuwait. Interest payment arrears accumulated from 2009 to September 2011 on the newly rescheduled loan from Saudi Arabia. Negotiations are underway to reschedule these arrears and other arrears owed to the Arab Funds. In October 2012, the United Arab Emirates transferred their claims to a non-refundable grant. The AfDB Group, the AMF and the OFID have fully delivered their share of HIPC relief. IDA, BADEA and the EU provided partial relief during the interim period.

Multilateral creditors

42. **All multilateral creditors have committed to provide their full share of assistance to the Comoros under the Enhanced HIPC Initiative.** The revised assistance from multilateral creditors amounts to US$111.1 million in end-2009 PV terms, constituting 76.4 percent of total HIPC assistance. Several creditors, representing 26 percent of total HIPC assistance, have fully delivered their share of HIPC relief, while others, representing 42.2 percent of HIPC assistance, have granted partial relief during the interim period. Negotiations with the IsDB on the terms of debt relief after the completion point are ongoing.

- **IDA.** Debt relief from IDA amounts to US$44.9 million in PV terms at the decision point. Of this amount, IDA has provided US$6.3 million in end-2009 PV terms as interim relief in the form of a reduction of debt service. At the completion point, IDA will provide the remaining amount of relief through a 65 percent reduction of the Comoros's debt service to IDA through December 2030, equivalent to annual average debt-service savings of US$3.2 million from January 2013–December 2030 (Table A9).

- **IMF.** Assistance from the IMF is estimated at US$4.3 million in end-2009 PV terms (equivalent to SDR 2.9 million). There has been no HIPC interim assistance from the IMF following the approval of the decision point by the IDA and IMF Boards, as no principal payments are due until 2014, and interest obligations on concessional lending to all low-income member countries have been waived by the IMF through end-2012. The IMF will deliver its total assistance under the HIPC Initiative at completion point through a stock-of-debt operation in an amount of about SDR 3 million (Table A10).

- **The African Development Bank Group.** HIPC debt relief from the AfDB Group amounts to US$34.4 million in PV terms, which has been covered entirely by the arrears clearance operations under the Post-Conflict Countries Facility (PCCF) in 2007.[24]

- **Assistance from other multilaterals.** The OPEC Fund for International Development (OFID) has fully delivered its share of HIPC relief of US$2.0 million through a concessional rescheduling. The Arab Monetary Fund (AMF) has fully delivered its share of US$0.6 million through a cancellation of remaining debt service in 2012 and 2013. HIPC debt relief from the EU amounts to US$0.8 million in PV terms, and has consisted of the freezing of existing arrears, and the payment of debt service during the interim period. At the completion point, it is assumed that the EU will provide the rest of HIPC debt relief.[25] HIPC relief from BADEA is US$15.4 million, which has been partly delivered by a concessional rescheduling;

[24] The PCCF provides partial funding for arrears clearance operation to countries which: (i) demonstrate respect for the AfDB Group's preferred creditor status; and (ii) are eligible for HIPC debt relief, but not yet reached the decision point under the Initiative.

[25] It is expected that any remaining obligation will be cancelled by the EU under the Least Developed Country (LDC) initiative, provided that Comoros is still classified as such.

and the institution is expected to offer full relief upon completion point. HIPC relief from the International Fund for Agricultural Development (IFAD) of US$3.2 million will be delivered upon completion point by cancelling debt service installments until full relief has been reached. The Islamic Development Bank has granted a moratorium on debt service payments until the completion point, and has informally confirmed that it intends to fully deliver HIPC debt relief of US$5.1 million at completion point.

Bilateral and commercial creditors

- **Paris Club creditors.** Paris Club creditors have agreed in principle to provide their share of enhanced HIPC assistance (US$8.6 million in end-2009 PV terms) in accordance with the revised HIPC assistance (Tables A2 and A4). Interim assistance has been provided through flow treatments on Cologne terms, agreed on August 13, 2010. Paris Club creditors declared their readiness in principle to provide their full share of assistance at the completion point through a stock-of-debt reduction. Paris Club creditors have also indicated their willingness to provide additional debt relief, which is estimated at about US$4.7 million in end-2011 PV terms. Italy has already cancelled its claims on the Comoros.

- **Non-Paris Club bilateral creditors.** Non-Paris Club bilateral creditors are assumed to provide relief on HIPC-eligible debt on terms comparable to those of the Paris Club. The PV of such relief in end-2009 terms is estimated at US$23.7 million. The major non-Paris Club creditor is Kuwait, comprising 9.1 percent of nominal HIPC-eligible debt, followed by Saudi Arabia (5.0 percent). In 2007, the Comorian authorities reached agreements with Saudi Arabia and the Kuwait Fund, respectively, to reschedule outstanding claim which represents a partial delivery of their respective share of HIPC relief. In September 2010, coordinated relief in the form of a grant for Comoros was discussed at a conference in Doha. The grant is to be managed by the IsDB and will be used for investment projects and repayment of arrears to the Arab Funds.

- **Commercial Creditors.** Negotiations with commercial creditors are ongoing. As of December 2009, the commercial debt is US$12.5 million held by three commercial creditors (*Banque Postale*, *Cotecna*, and *Hôpitaux de Paris*). Cotecna, a commercial creditor with a claim of US$2.1 million as of end-December 2009, has threatened to litigate.

C. Considerations for Exceptional Topping-Up Assistance

43. **The debt relief analysis (DRA) has been updated jointly by the authorities and the IMF and IDA staffs on the basis of loan-by-loan debt data, exchange rates and discount rates as of end-2011** (Table A3). At end-2011, the nominal stock of Comoros's external debt amounted to US$274.9 million. Multilateral creditors accounted for US$204.6 million or 74.4 percent of the total debt, of which IDA, the IMF and the AfDB group accounted for 39.9, 5.3 and 11.5 percent of total debt, respectively. Paris club creditors accounted for 5.5 percent of total outstanding nominal debt at end-2011, of which the main creditor remained France. Non-Paris club bilateral creditors accounted for 16.1 percent of

total debt, of which the main creditors were Kuwait and Saudi Arabia. Commercial creditors accounted for the remaining 4.1 percent of total debt.

44. **Comoros does not qualify for topping-up.** The PV of debt-to-exports ratio at end-2011—after full delivery of the HIPC assistance committed at the Decision Point—is now estimated at 147.7 percent, and would decline further to 141.6 percent after full delivery of additional bilateral debt relief beyond the HIPC Initiative (Table A7). This is below the HIPC threshold of 150 percent, although the debt-to-exports ratio after full delivery of HIPC assistance is above the end-2011 projection at the Decision Point of 143.8 percent by 3.9 percentage points. The increase of the ratio is mainly due to the changes in the discount rate since 2009 (accounting for a 17.5 percentage point increase).[26] This increase was nearly fully offset by lower-than-expected new borrowing––accounting for a 15.9 percentage point decrease (Table 2).

Text Table 2. Comoros: Breakdown of the increase of PV of Debt-to-Exports Ratio, end-December 2011[1]

	Percentage points	Percent of total increase
PV of debt-to-exports ratio (as projected at Decision Point)	**143.8**	
PV of debt-to-exports ratio (actual)	**147.7**	
Total increase	**3.9**	**100**
1. Due to changes in the parameters	**15.6**	**398**
o/w due to changes in the discount rates	17.5	446
o/w due to changes in the exchange rates	-1.9	-48
2. Due to unanticipated new borrowing	**-14.8**	**-378**
o/w due to higher than expected disbursements	-15.9	-405
o/w due to lower concessionality of the loans	1.1	27
3. Due to changes in exports	**-0.2**	**-5**
4. Due to changes in HIPC relief	0.0	**0**
5. Other factors[2]	3.3	**84**
PV of debt-to-exports ratio (actual)	147.7	
Bilateral debt relief beyond HIPC	6.1	
PV of debt-to-exports ratio after full delivery of HIPC assistance and bilateral debt relief beyond HIPC (actual)	141.6	

Sources: World Bank and IMF staff estimates and projections.

[1] PV of debt-to-exports ratio after full delivery of enhanced HIPC assistance.
[2] Due to revisions in the end-2009 database and changes in the timing and mechanisms of delivery of assistance compared to the assumptions in the decision point projections

[26] See Table A1 for discount rates and exchange rates at decision and completion point.

D. Creditor Participation in the Multilateral Debt Relief Initiative

45. **Contingent upon agreement by the IMF and IDA Executive Directors that Comoros has reached the completion point under the HIPC Initiative, Comoros would qualify for additional debt relief from the Multilateral Debt Relief Initiative (MDRI) from IDA and the AfDF.[27] There is no MDRI-eligible debt to the IMF.** Debt relief under the MDRI would imply a stock of debt reduction of US$77.1 million (net of HIPC assistance) in nominal terms, saving the country US$83 million in debt service over a period of 29 years.

- **Debt relief from IDA.** IDA would provide MDRI debt relief through a debt stock cancellation of debt disbursed before December 31, 2003 and still outstanding on December 31, 2012 after the application of full HIPC assistance.[28] This would reduce what the Comoros owes to IDA by US$46.9 million (Table A9). MDRI debt cancellation from IDA would save the Comoros average annual debt service (net of HIPC assistance) of US$1.7 million between 2012 and 2041. Total debt service savings from MDRI would amount to US$50 million (SDR 33 million).

- **Debt relief from the AfDF.** The AfDF will provide MDRI debt relief by cancelling loans disbursed before December 31, 2004 and still outstanding on December 31, 2012 after the application of full HIPC assistance. This would reduce what the Comoros owes to the AfDF by US$30.2 million. MDRI debt cancellation from the AfDF would save the Comoros average annual debt service (net of HIPC assistance) of US$1.1 million between 2012 and 2041. Total debt service savings from MDRI would amount to US$33 million.

- **Debt relief from the IMF.** Comoros did not have MDRI-eligible credit at the time of the decision point and, therefore, will not receive MDRI debt relief from the IMF (Table A10).

E. Debt Sustainability Outlook after HIPC and MDRI Assistance, 2012–31

46. **The future external debt position for Comoros is heavily influenced by the composition and terms of external assistance with most of the external financing assumed to be grants and the remaining borrowing to be on very concessional terms throughout the projection period.** The key assumptions are summarized in Box 2.

[27] For IDA, eligible debt covers debt disbursed and outstanding as of December 31, 2003. For the AfDF, eligible debt covers debt disbursed and outstanding as of December 31, 2004.

[28] See "IDA's implementation of the Multilateral Debt Relief Initiative", IDA/R2006-0042/2 (March 14, 2006).

Box 2. Macroeconomic Assumptions for 2011–32

Real GDP growth is projected to accelerate over the medium term to 4 percent per year, driven by continued macroeconomic stability, improvements in infrastructure, particularly increased and more reliable availability of electricity and intra-island transport services. Stronger performance of the agricultural and tourism sectors is expected, based on favorable international prices and additional investment. Economic activity would also benefit from improvement in the business climate.

Inflation over the long-term is projected to remain stable at around 3 percent per year, compatible with the fixed exchange rate regime under the Franc Zone arrangement, which constitutes an important anchor for price stability.

The current account deficit (including official grants) is expected to gradually decline, converging to about 7 percent of GDP over the projection period (compared to 9 percent in 2011) as food and consumer goods imports slacken. As a share of GDP, imports of goods are projected to revert to long-run historical averages reflecting the impact of terms of trade improvements and import substitution in agriculture and manufacturing from ongoing and envisaged investments in these sectors. By contrast, exports of goods are projected to grow in line with real GDP.

Remittances are projected to remain robust, although increasing at more moderate rates (on average 5 percent in nominal terms over the projection period, down from an annual of 6 percent in 2010/2012). Structural reforms, macroeconomic stability and improvements in overall governance are also expected to enhance the outlook for FDI compared to the recent past.

Fiscal consolidation is expected to continue over the medium term. The primary fiscal balance is projected to be in surplus from 2016 onwards, providing a strong anchor for long-term fiscal sustainability.

External financing is initially assumed mostly on grant terms, with less concessional loan financing gradually picking up (as shown in Figure 1 of Appendix II).

47. **After full delivery at the completion point of HIPC Initiative assistance, and additional bilateral assistance beyond HIPC and MDRI, Comoros's external public debt would be considerably reduced**, and external debt indicators would improve (Table A7).

48. **Traditional debt relief together with unconditional delivery of HIPC Initiative assistance drives down the Comoros' PV of debt-to-exports ratio from 342.6 percent as of end-December 2009 to 143.5 percent by 2012** (Table A7). With full delivery of relief from MDRI and additional bilateral relief from the Paris Club and some non-Paris Club creditors this ratio finally reaches 78.9 percent in 2012 (Table A7, scenario VI) although it is projected to rise to 145.3 percent at end-2031. The PV of debt-to-GDP ratio would decline from 33.5 percent at end-2011 to an average of 16.7 and 19.7 percent in 2012–21 and 2022–31 respectively. The PV of debt-to-revenue ratio would decline from 207.9 percent at end-2011 to an average of 106.6 percent in 2012-21 and 118.6 in 2022-31.

49. **In conjunction with the improvement in the debt ratios, Comoros' debt service ratios are also projected to improve** (Table A5). The debt service-to-exports ratio—after HIPC Initiative assistance and additional assistance beyond HIPC and MDRI— is projected to decrease to 0.9 percent in 2013. Thereafter it gradually increases to reach 4.1 percent and stays at an average of 3.5 percent thereafter over the projection period (Table A7, scenario IV).

F. Sensitivity Analysis and Long-Term Debt Sustainability

50. **A sensitivity analysis examines the movement of the debt burden indicators under two scenarios for Comoros.** A lower-exports scenario (Table A8, scenario II; also Figure A3) illustrates the movement of the debt burden indicators under a permanent reduction of the level of exports of goods and services to be lower by 30 percent (in dollar terms compared) to the baseline (Table A8, scenario I) until the end of the projection period. Under this scenario the PV of debt grows steadily to breach the HIPC threshold of 150 per-cent of exports in 2027. Debt service averages at 4 percent to exports ratio over the projection period, and 3.6 to revenue during the same time. When the output growth is permanently shocked by a 1.5 percentage point reduction compared to the baseline over the projection period (Table A8, scenario III; also Figure A3), the PV of debt to exports ratio remains below 150 percent for almost all of the projection period breaching it only in 2031. However, the PV of debt to revenue will be over 200 percent in the long term and is close to 250 percent towards the end of the projection period. The debt service averages 3.6 percent of exports of goods and services, and 5.2 percent of revenue during the projection period.

51. **The sensitivity analysis indicates that Comoros is vulnerable to shocks even after the substantial debt relief it is expected to receive at the completion point.** The debt indicators deteriorate under the alternative scenarios when compared to the baseline scenario, and breach 150 percent of exports in the first scenario in addition to coming very close to 250 percent of revenue threshold in the second scenario. In order to maintain debt ratios below these levels post-completion point, it will be important to maximize grant assistance and borrow only on highly concessional terms, and undertake further reforms to achieve higher output and export growth given a relatively small export base (including tourism). It is therefore very important that the government continues to strengthen debt management and maintain a very prudent and conservative borrowing policy in the medium and long term, especially if public expenditure is to give priority to achieving the MDGs.

IV. Conclusions

52. **In the view of the staffs of IDA and the IMF, Comoros has met the requirements established for reaching the completion point under HIPC Initiative.** The staffs of IDA and the IMF conclude that all but one completion point triggers have been met. The authorities are requesting a waiver of the missed completion point trigger, in the education sector, which the staffs of IDA and IMF support due to the satisfactory progress in implementing this trigger.

53. **The debt reconciliation exercise resulted in a slight upward revision of the HIPC-eligible external debt in present value (PV) terms at end-2009.** In view of the limited adjustment, the amount of HIPC debt relief required to reduce the PV of debt to 150 percent of exports on the basis of end-December 2009 has been maintained at the level of $144.8 million estimated at the decision point, with a common reduction factor of 56.3 percent. Assurances have been received regarding participation in the enhanced HIPC Initiative from creditors representing 98 percent of the PV of HIPC debt relief estimated at the decision point.

54. **The IDA and IMF staffs are of the view that the Comoros does not qualify for topping-up under the Enhanced HIPC Initiative based on end-2011 debt data.** After full

delivery of HIPC assistance committed at the decision point and additional bilateral debt relief beyond the HIPC Initiative, the PV of debt-to-exports ratio at end-2011 would decline to 141.6 percent, below the HIPC threshold of 150 percent.

55. **Full delivery of HIPC debt relief, additional bilateral assistance beyond HIPC, and MDRI, would considerably reduce Comoros's external public debt.** The country would move to a "high risk of external debt distress" ranking under the Debt Sustainability Analysis for Low-Income Countries (LIC-DSA, Appendix II), having been assessed as "in debt distress" in the 2010 and June 2012 LIC-DSAs. However, the recurrence of external shocks and/or policy slippages as in the past and the resumption of non-concessional borrowing could lead to the reemergence of unsustainable debt. Improving the quality of debt management, strengthened capacity to evaluate potential government liabilities, sound macroeconomic policies, and improvements in the business environment will be crucial to achieving and maintaining a sustainable debt level over the long term.

56. **In light of the above, the staffs of IDA and IMF recommend that the Executive Directors determine that Comoros has reached the completion point under the Enhanced HIPC Initiative.**

V. Issues for Discussion

57. **The Executive Directors may wish to consider the following questions**:

- **Completion point.** Do Directors agree that Comoros has reached the completion point under the Enhanced HIPC Initiative?

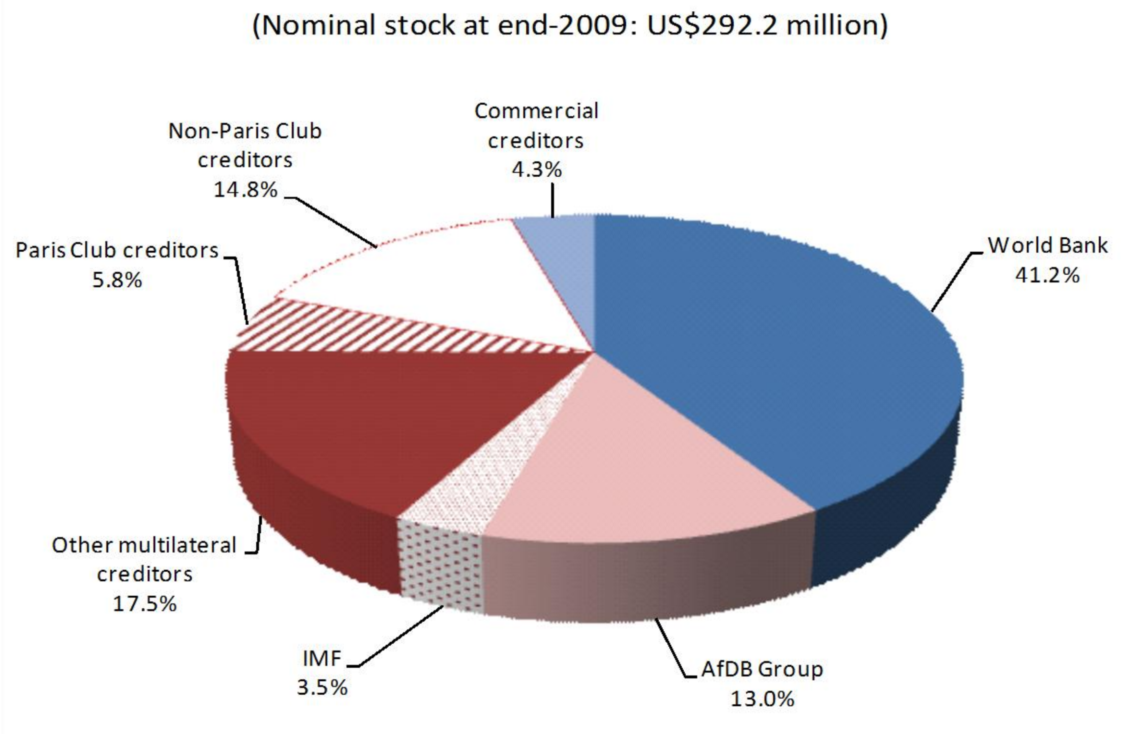
- **Amount of HIPC assistance.** Do Directors agree with staffs' recommendation that the amount of HIPC assistance of US$144.8 million in PV terms be provided to Comoros?

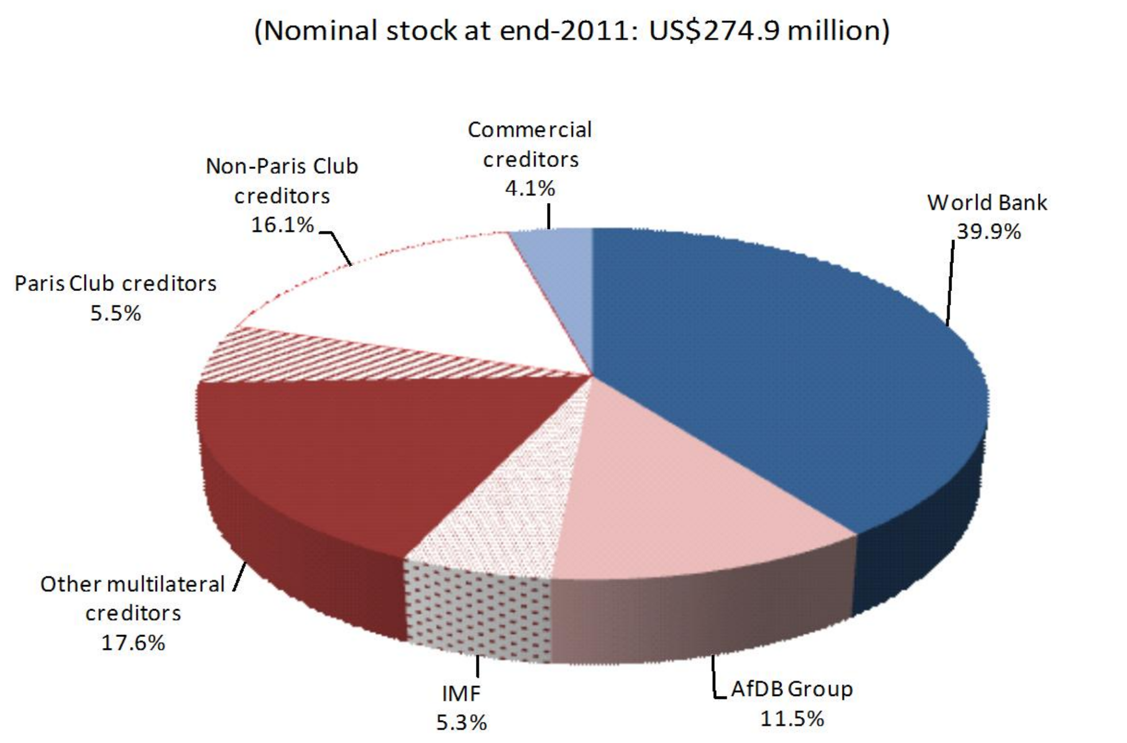
- **Topping-up.** Do the Directors agree that Comoros has not met the requirements for exceptional topping-up at the completion point?

- **Creditor Participation.** Do Directors agree that Comoros' creditors have given sufficient assurances to irrevocably commit HIPC Initiative assistance to Comoros?

Figure A1. Comoros: Composition of External debt by Creditor Groups, End-2009 and End-2011

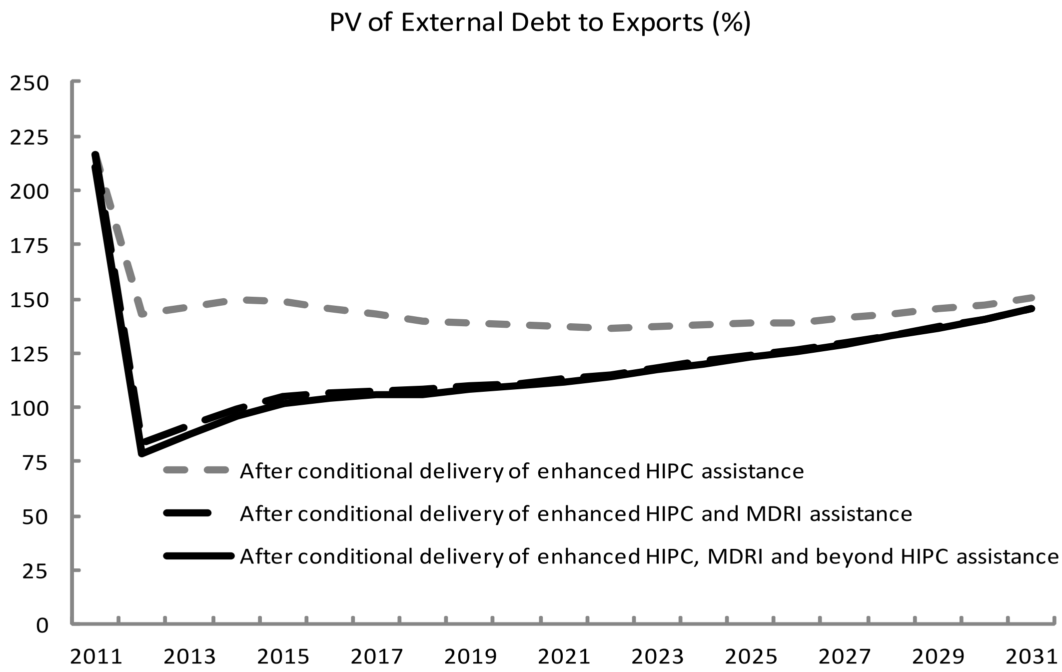
(in percent total)

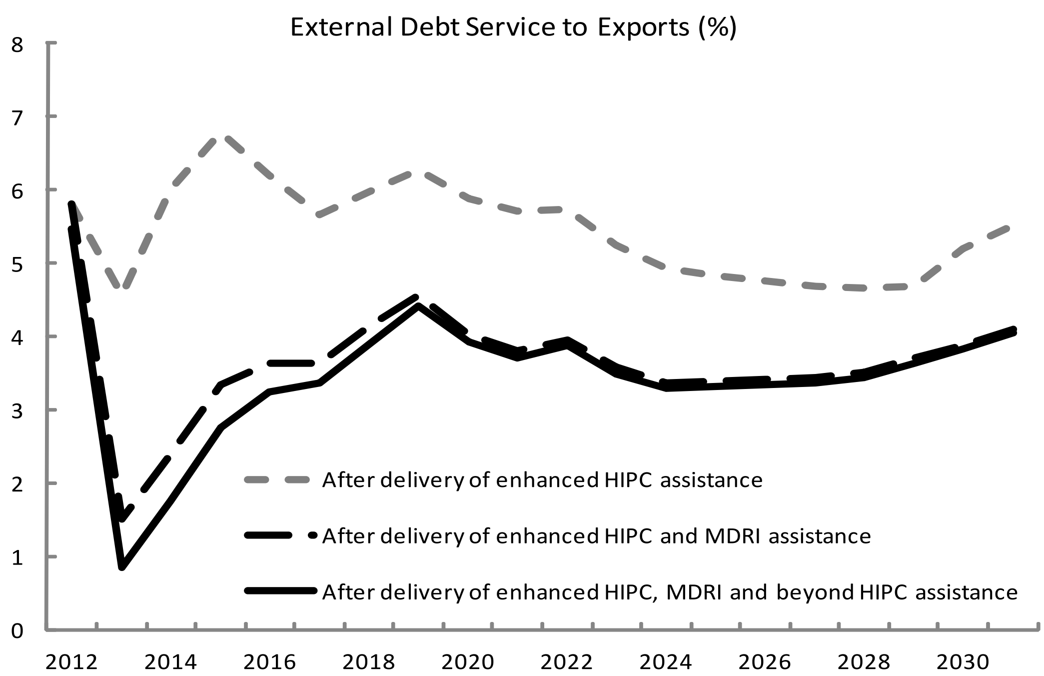




Sources: Comorian authorities, and World Bank and IMF staff .

Figure A2. Comoros: External Debt and Debt Service Indicators for Medium- and Long-Term Public Sector Debt, 2011-31

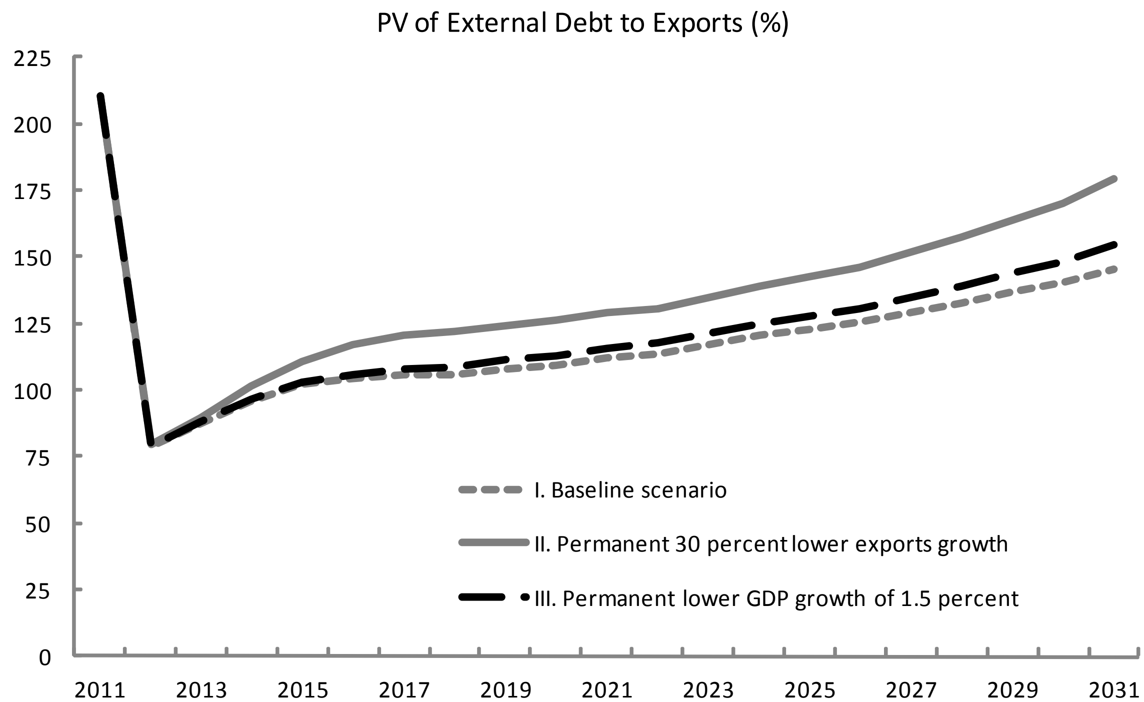


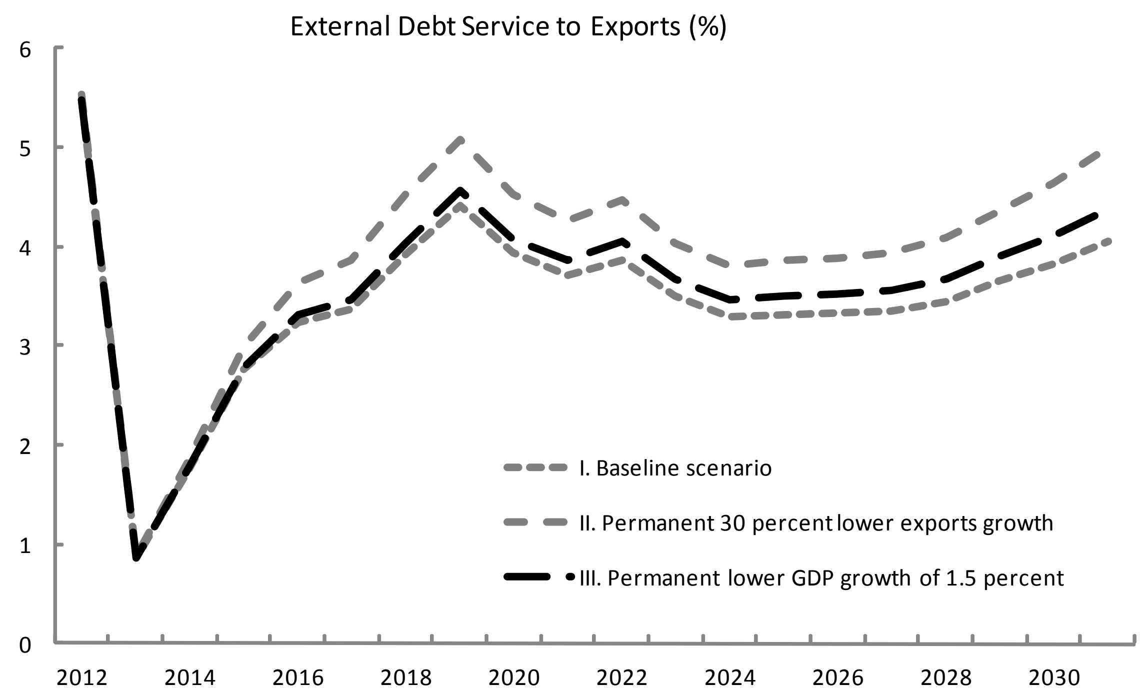


Sources: Comorian authorities, and World Bank and IMF staff estimates and projections.

Conditional delivery means that the PV of debt at end-2011 only assumes delivery of interim HIPC relief in 2012 until the completion point without any HIPC debt relief after the completion point, whereas the PV of debt from 2012 onwards assumes full delivery of HIPC relief.

Figure A3. Comoros: Sensitivity Analysis, 2011-31





Sources: Comorian authorities, and World Bank and IMF staff estimates and projections.

Table A1. Comparison of Discount Rate and Exchange Rate Assumptions

	Discount Rates[1] (in percent per annum)		Exchange Rates[2] (currency per U.S. dollar)	
	At decision point End-Dec. 2009	At completion point End-Dec. 2011	At decision point End-Dec. 2009	At completion point End-Dec. 2011
Currency				
UAC, ISD[3]	3.91	3.09	0.64	0.65
AAD[4]	3.91	3.09	0.21	0.22
Swiss Franc	2.85	2.05	1.03	0.94
Comorian Franc[5]	4.31	3.52	341.50	380.22
Euro	4.31	3.52	0.69	0.77
Great Britain Sterling	4.23	3.37	0.62	0.65
Japanese Yen	1.97	1.63	92.06	77.72
Kuwaiti Dinar6	3.91	3.09	0.29	0.28
Saudi Arabia Riyal[7]	4.09	2.96	3.75	3.75
Special Drawing Rights	3.91	3.09	0.64	0.65
United Arab Emirates[7]	3.91	3.09	3.67	3.67
United States Dollar	4.09	2.96	1.00	1.00

Sources: OECD; IMF, International Financial Statistics.

[1] The discount rates used are the average commercial interest reference rates (CIRRs) for the respective currencies over the six-month period ending in December 2011 for the completion point and in December 2009 for the decision point.

[2] End-of-period exchange rates.

[3] Unit of Account of the AfDB Group and Islamic dinar of the IsDB, respectively. UAC 1=ISD 1=SDR 1. Apply the discount rate for SDR.

[4] Arab Accounting Dinar of the AMF. AAD 1=SDR 3. Apply the discount rate for SDR.

[5] Apply the discount rate for EUR.

[6] Apply the discount rate for SDR

[7] Apply the discount rate for USD.

Table A2. Revised Nominal Stocks and Present Value of Debt at Decision Point by Creditor Groups as of end-2009[1]

	Nominal Debt Stock at End-2009				PV of Debt Before Rescheduling[2]				PV of Debt After Rescheduling[2]			
	At Decision Point		Revised At Completion Point		At Decision Point		Revised At Completion Point		At Decision Point		Revised At Completion Point	
	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total
Total	286.8	100.0	292.2	100	247.4	100	253.9	100	257.4	100	258.6	100
Multilateral institutions	219.6	76.6	219.6	75.2	197.6	79.9	197.7	77.8	197.6	76.8	197.7	76.4
World Bank (IDA)	120.4	42.0	120.4	41.2	80.1	32.4	80.1	31.6	80.1	31.1	80.1	31.0
AfDB Group	38.1	13.3	38.1	13.0	61.5	24.8	61.5	24.2	61.5	23.9	61.5 [3]	23.8
IMF	10.1	3.5	10.1	3.5	7.6	3.1	7.6	3.0	7.6	2.9	7.6	2.9
Arab Monetary Fund	0.9	0.3	0.9	0.3	1.2	0.5	1.2	0.5	1.2	0.4	1.2 [4]	0.4
BADEA	27.6	9.6	27.6	9.4	27.6	11.2	27.6	10.9	27.6	10.7	27.6	10.7
European Union	1.6	0.6	1.6	0.6	1.4	0.6	1.4	0.6	1.4	0.5	1.4	0.5
IFAD	8.0	2.8	8.0	2.7	5.6	2.3	5.6	2.2	5.6	2.2	5.6	2.2
IsDB	9.4	3.3	9.4	3.2	9.1	3.7	9.1	3.6	9.1	3.5	9.1 [5]	3.5
OFID	3.6	1.3	3.6	1.2	3.6	1.5	3.6	1.4	3.6	1.4	3.6	1.4
Official bilateral and commercial	67.2	23.4	72.5	24.8	49.8	20.1	56.3	22.2	59.8	23.2	60.9	23.6
Paris Club	17.8	6.2	16.8	5.8	17.5	7.1	16.6	6.5	15.3	6.0	14.5 [6]	5.6
Post-cutoff date	1.7	0.6	1.7	0.6	1.6	0.7	1.6	0.6	1.6	0.6	1.6	0.6
Pre-cutoff date, *of which:*	16.1	5.6	15.1	5.2	15.9	6.4	15.0	5.9	13.7	5.3	12.8	5.0
ODA	2.3	0.8	2.3	0.8	2.1	0.8	2.1	0.8	1.6	0.6	1.6	0.6
Non-ODA	13.8	4.8	12.8	4.4	13.9	5.6	12.9	5.1	12.1	4.7	11.2	4.3
Of which:												
France	15.9	5.5	15.8	5.4	15.8	6.4	15.7	6.2	13.7	5.3	13.7	5.3
Italy	1.4	0.5	0.6	0.2	1.4	0.6	0.6	0.2	1.4	0.6	0.6	0.2
EEC-IDA administered loans	0.4	0.1	0.4	0.1	0.3	0.1	0.3	0.1	0.2	0.1	0.2	0.1
Non-Paris Club Official Bilateral	42.9	14.9	43.2	14.8	25.8	10.4	27.2	10.7	42.3	16.4	42.4	16.4
Of which:												
Mauritius	1.0	0.3	0.9	0.3	0.9	0.4	0.8	0.3	0.9	0.3	0.8	0.3
Kuwait	26.4	9.2	26.5	9.1	14.4	5.8	14.4	5.7	25.1	9.8	25.1 [7]	9.7
Saudi Arabia	14.1	4.9	14.5	5.0	9.2	3.7	10.7	4.2	15.3	6.0	15.5 [8]	6.0
United Arab Emirates	1.3	0.4	1.3	0.4	1.3	0.5	1.3	0.5	1.0	0.4	1.0	0.4
Commercial	6.6	2.3	12.5	4.3	6.5	2.6	12.5	4.9	2.2	0.8	4.1 [9]	1.6

Sources: Comorian authorities, and World Bank and IMF staff estimates.

1 Including arrears. Information based on latest data available at completion point.

2 Stock of debt operation on Naples terms from official bilateral and commercial creditors.

3 The relief resulting from the 2007-09 arrears clearance mechanism were added back to the PV of debt stock as of end-2009.

4 The relief resulting from the March 2008 rescheduling and interest penalty waiver were added back to the NPV of debt stock as of end-2009.

5 The relief resulting from the October 2009 moratorium on debt service payments and arrears were added back to the PV of debt stock as of end-2009.

6 Does not include the implementation of the November 2009 Paris Club agreement.

7 The relief resulting from the 2007 rescheduling agreements were added back to the NPV of debt stock as of end-2009.

8 The increase in the commercial debt stock is due to the revision to the debt stock of Dette Postale.

Table A3. Nominal and Present Value of External Debt outstanding at End-December 2011[1]

(In millions of $, unless otherwise indicated)

	Legal Situation[2]				Present Value of Debt[3]		
	Nominal Debt	Percent of total	PV of debt	Percent of total	After enhanced HIPC relief	After additional bilateral relief	After additional bilateral relief (In percent of total debt)
Total	274.9	100.0	217.2	100.0	129.2	123.9	100.0
Multilateral institutions	204.6	74.4	158.3	72.9	98.1	98.1	79.2
World Bank (IDA)	109.8	39.9	81.8	37.7	39.2	39.2	31.7
AfDB Group	31.6	11.5	25.3	11.6	25.3	25.3	20.4
IMF	14.7	5.3	12.3	5.7	8.0	8.0	6.5
Arab Monetary Fund	0.3	0.1	0.3	0.1	0.3	0.3	0.2
BADEA	28.5	10.4	22.3	10.3	16.4	16.4	13.2
European Union	0.5	0.2	0.3	0.2	0.0	0.0	0.0
IFAD	7.1	2.6	5.4	2.5	2.0	2.0	1.6
IsDB	9.2	3.3	8.5	3.9	4.9	4.9	3.9
OFID	3.0	1.1	2.0	0.9	2.0	2.0	1.6
Official bilateral and commercial	70.4	25.6	58.9	27.1	31.2	25.8	20.8
Paris Club[4]	15.0	5.5	14.8	6.8	5.2	0.4	0.4
Post-cutoff date	1.6	0.6	1.5	0.7	1.4	0.2	0.1
Pre-cutoff date	13.5	4.9	13.3	6.1	3.8	0.3	0.2
ODA	1.8	0.7	1.7	0.8	2.0	0.0	0.0
Non-ODA	11.7	4.2	11.6	5.3	1.8	0.2	0.2
By country:							
France	14.7	5.3	14.5	6.7	…	…	…
Italy	0.0	0.0	0.0	0.0	…	…	…
EEC-IDA administered loans	0.4	0.1	0.3	0.1	…	…	…
Other official bilateral	44.2	16.1	32.9	15.2	24.3	23.7	19.1
Mauritius	0.9	0.3	0.8	0.4	0.4	0.4	0.3
Kuwait	27.2	9.9	18.0	8.3	14.2	14.2	11.4
Saudi Arabia	14.7	5.3	12.8	5.9	9.2	9.2	7.4
United Arab Emirates	1.3	0.5	1.3	0.6	0.6	0.0	0.0
Commercial	11.1	4.1	11.1	5.1	1.7	1.7	1.4

Sources: Comorian authorities, and World Bank and IMF staff estimates.

[1] Figures are based on data as of end-2011.

[2] Includes Cologne flow from the Paris Club and interim relief from non-Paris Club creditors.

[3] Assumes full delivery of HIPC assistance as of end-2011.

[4] Paris Club creditors deliver their share of assistance as a group. Actual delivery modalities are defined on a case-by-case basis.

Table A4. Revised Nominal and Present Value of Debt at Decision Point by Creditor Groups as of end-1999[1]

(In millions of U.S. dollars in end-June 2009 PV terms, unless otherwise indicated)[2]

	Debt Outstanding[3,4] (PV terms) end-1999 (A)		Debt Outstanding (PV terms) Post-HIPC (B)		Reduction of the PV of Debt due to HIPC (A-B)[5]	
	At decision point	Revised at completion point	At decision point	Revised at completion point	At decision point	Revised at completion point
Total	257.4	258.6	112.6	113.2	144.8	145.4
(as percent of exports)	342.9	342.6	150.0	150.0	192.9	192.6
of which:						
Multilateral	197.6	197.7	86.4	86.6	111.2	111.1
Bilateral and Commercial	59.8	60.9	26.1	26.7	33.6	34.2
Paris Club	15.3	14.5	6.7	6.3	8.6	8.1
Other Official Bilateral	42.3	42.4	18.5	18.6	23.8	23.8
Commercial	2.2	4.1	0.9	1.8	1.2	2.3
Memorandum Items:						
Common reduction factor (percent)[3]	56.3	56.2				
3-year exports average (millions of USD)[6]	75.0	75.5				

Sources: Comorian authorities, and World Bank and IMF staff estimates.

[1] Assumes proportional burden-sharing as described in "HIPC Initiative: Estimated Costs and Burden-Sharing Approaches" (EBS/97/127, 7/7/97, and IDA/SEC M97-306, 7/7/97), that is, after full application of traditional debt relief mechanisms.

[2] Using six-month backward-looking discount rates at end-December 2009, and end-2009 exchange rates.

[3] After a hypothetical stock-of-debt operation on Naples terms at end-2009.

[4] Based on the latest data available at the completion point after full application of traditional debt relief mechanisms.

[5] As the adjustment in the estimated debt relief needed to reduce the PV of debt to 150 percent of exports as of end-2009 of US$0.6 million is less than 1 percent of the targeted PV of debt after HIPC relief at the Decision Point of US$112.6, the amount of HIPC relief determined at the decision point will be used with burden-sharing according to the shares of each creditor in the PV of debt determined at the completion point debt reconciliation. See “Information Reporting in the Context of the HIPC Initiative Assistance”, IDA/SecM2002-0131 and EBS/02/36 (April 2002).

[6] Based on the latest annual data on the three-year average of exports of goods and nonfactor services at the Decision Point (2007–09).

Table A5. External Debt Service

(In millions of U.S. dollars, unless otherwise indicated)

	Projections								Annual Averages	
	2012	2013	2014	2015	2016	2021	2026	2031	2012–21	2022-31
I. After traditional debt-relief mechanisms[1]										
Total	5.8	16.5	9.7	12.8	13.4	15.1	16.9	19.1	13.3	17.3
Existing debt	5.7	16.3	9.4	12.3	12.8	10.6	11.1	8.5	11.7	10.6
Multilateral	4.4	14.9	8.0	11.0	11.6	9.4	9.2	5.9	10.5	8.7
World Bank	1.5	4.1	4.6	4.7	4.7	5.3	5.5	4.5	4.5	5.3
IMF	0.0	0.0	0.7	2.0	2.7	0.2	0.0	0.0	1.5	0.0
AfDB Group	1.7	1.7	1.7	1.7	1.7	1.6	1.5	1.0	1.6	1.4
Other multilateral	1.2	9.1	1.0	2.5	2.5	2.3	2.2	0.4	2.8	2.1
Official bilateral	1.4	1.4	1.4	1.4	1.2	1.2	1.9	2.6	1.2	1.8
Paris Club	0.5	0.5	0.5	0.5	0.4	0.3	0.4	0.7	0.4	0.5
Other official bilateral	0.7	0.7	0.7	0.7	0.7	0.7	1.1	1.4	0.7	1.0
Commercial	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.5	0.2	0.4
New debt	0.0	0.2	0.3	0.5	0.6	4.5	5.8	10.6	1.6	6.7
Debt service-to-exports ratio	6.1	16.2	9.1	11.2	10.7	8.7	7.1	5.6	10.2	6.9
Debt service-to-revenue ratio	5.3	18.6	10.0	12.1	11.7	8.9	6.4	5.1	10.9	6.4
II. After enhanced HIPC assistance										
Total	5.5	4.6	6.4	7.8	7.8	9.9	11.4	18.9	7.8	12.8
Existing debt	5.5	4.5	6.1	7.3	7.1	5.4	5.6	8.3	6.2	6.0
Multilateral	4.4	3.3	4.8	6.0	6.0	4.7	4.8	7.0	5.2	5.1
World Bank	1.5	1.5	1.6	1.7	1.7	1.9	1.9	4.5	1.7	2.3
IMF	0.0	0.0	0.7	1.8	1.8	0.2	0.0	0.0	1.0	0.0
AfDB Group	1.7	1.7	1.7	1.7	1.7	1.6	1.5	1.0	1.6	1.4
Other multilateral	1.2	0.1	0.9	0.9	0.9	1.0	1.3	1.5	0.9	1.4
Official bilateral	1.1	1.2	1.3	1.3	1.1	0.8	0.8	1.4	1.0	0.9
Paris Club	0.8	0.6	0.7	0.7	0.5	0.1	0.2	0.2	0.4	0.2
Other official bilateral	0.4	0.5	0.6	0.6	0.6	0.5	0.5	1.0	0.5	0.6
Commercial	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1
New debt	0.0	0.2	0.3	0.5	0.6	4.5	5.8	10.6	1.6	6.7
Debt service-to-exports ratio	5.8	4.6	6.0	6.8	6.2	5.7	4.8	5.5	5.9	5.0
Debt service-to-revenue ratio	5.1	5.2	6.6	7.3	6.8	5.8	4.3	5.1	6.2	4.7
Reduction in debt service as a result of										
HIPC Initiative assistance[2]	0.2	11.8	3.3	5.0	5.7	5.2	5.5	0.2	5.5	4.5
III. After enhanced HIPC and MDRI assistance										
Total	5.5	1.5	2.6	3.8	4.6	6.6	8.2	14.1	4.9	9.3
Existing debt	5.5	1.4	2.3	3.4	3.9	2.1	2.4	3.5	3.4	2.6
Multilateral	4.4	0.2	1.0	2.1	2.8	1.4	1.6	2.2	2.3	1.7
World Bank	1.5	0.1	0.1	0.2	0.1	0.2	0.3	0.7	0.3	0.3
IMF	0.0	0.0	0.0	1.1	1.8	0.2	0.0	0.0	1.0	0.0
AfDB Group	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
Other multilateral	1.2	0.1	0.9	0.9	0.9	1.0	1.3	1.5	0.9	1.4
Official bilateral	1.1	1.2	1.3	1.3	1.1	0.8	0.8	1.4	1.0	0.9
Paris Club	0.8	0.6	0.7	0.7	0.5	0.1	0.2	0.2	0.4	0.2
Other official bilateral	0.4	0.5	0.6	0.6	0.6	0.5	0.5	1.0	0.5	0.6
Commercial	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1
New debt	0.0	0.2	0.3	0.5	0.6	4.5	5.8	10.6	1.6	6.7
Debt service-to-exports ratio	5.8	1.5	2.4	3.3	3.6	3.8	3.4	4.1	3.7	3.6
Debt service-to-revenue ratio	5.1	1.7	2.6	3.6	4.0	3.9	3.1	3.8	3.8	3.4
Reduction in debt service as a result of										
MDRI assistance[3]	0.0	3.1	3.8	3.9	3.2	3.3	3.2	4.8	2.8	3.4
IV. After enhanced HIPC, MDRI and bilateral beyond HIPC assistance[4]										
Total	5.2	0.9	1.9	3.2	4.1	6.4	8.0	13.9	4.5	9.1
Existing debt	5.2	0.7	1.6	2.7	3.4	2.0	2.2	3.3	3.0	2.4
Multilateral	4.4	0.2	1.0	2.1	2.8	1.4	1.6	2.2	2.3	1.7
World Bank	1.5	0.1	0.1	0.2	0.1	0.2	0.3	0.7	0.3	0.3
IMF	0.0	0.0	0.0	1.1	1.8	0.2	0.0	0.0	1.0	0.0
AfDB Group	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
Other multilateral	1.2	0.1	0.9	0.9	0.9	1.0	1.3	1.5	0.9	1.4
Official bilateral	0.8	0.6	0.6	0.6	0.6	0.6	0.6	1.2	0.6	0.7
Paris Club	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other official bilateral	0.4	0.5	0.5	0.5	0.5	0.5	0.5	1.0	0.5	0.6
Commercial	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1
New debt	0.0	0.2	0.3	0.5	0.6	4.5	5.8	10.6	1.6	6.7
Debt service-to-exports ratio	5.5	0.9	1.8	2.8	3.2	3.7	3.3	4.1	3.3	3.6
Debt service-to-revenue ratio	4.8	1.0	1.9	3.0	3.5	3.8	3.0	3.7	3.4	3.3
Memorandum items:										
Exports of goods & services (3-year mvg. avg.)[5]	95.1	101.5	106.6	114.7	125.3	173.6	239.4	343.1	131.4	254.2
Government revenue[6]	109.3	88.6	96.9	106.1	115.0	170.4	266.2	371.6	125.3	276.3

Sources: Comorian authorities, and World Bank and IMF staff estimates and projections.

[1] Assumes a stock-of-debt operation on Naples terms (67 percent PV reduction) as of end of 2011, and at least comparable action by other official bilateral and commercial creditors.

[2] The reduction is measured as the difference between the projected debt service after full use of traditional debt relief and debt service after the application of HIPC relief.

[3] The reduction is measured as the difference between the projected debt service after application of HIPC relief and after application of MDRI relief.

[4] Includes additional debt relief provided on a voluntary basis by the Paris Club beyond the requirements of the enhanced HIPC framework as specified in Table 12A.

[5] As defined in IMF, Balance of Payments Manual, 5th edition, 1993.

[6] Revenue is defined as central government revenue, excluding grants.

Table A6. Present Value of External Debt[1]

(In millions of U.S. dollars, unless otherwise indicated)

		Projections								Annual Averages	
	2011	2012	2013	2014	2015	2016	2021	2026	2031	2012–21	2022–31
I. After traditional debt-relief mechanisms[2]											
PV of total debt	204.6	213.9	216.3	225.9	234.4	242.5	275.9	348.0	511.7	243.6	375.3
PV of outstanding debt	204.6	205.0	194.8	191.3	184.8	177.7	141.0	106.1	65.7	172.7	101.1
Multilateral	158.3	158.7	148.6	145.2	138.6	131.3	93.7	60.0	25.6	126.2	56.1
World Bank	81.8	82.9	81.3	79.2	76.9	74.5	59.4	40.4	19.8	72.4	38.1
IMF	12.3	12.7	13.1	12.8	11.1	8.8	0.0	0.0	0.0	6.9	0.0
AfDB Group	25.3	24.3	23.3	22.3	21.3	20.3	14.9	8.9	3.5	19.7	8.4
Other multilateral	38.9	38.9	30.9	30.9	29.3	27.7	19.5	10.6	2.3	27.1	9.6
Official bilateral and commercial	46.3	46.3	46.2	46.1	46.2	46.4	47.2	46.2	40.2	46.6	45.0
Paris Club	12.9	12.6	12.3	12.0	11.8	11.8	11.4	10.3	7.8	11.9	9.9
Other official bilateral	29.8	30.0	30.2	30.5	30.7	30.9	32.5	33.6	32.3	31.2	33.2
Commercial	3.7	3.7	3.7	3.7	3.7	3.6	3.2	2.2	0.0	3.5	1.8
PV of new borrowing		8.9	21.5	34.6	49.6	64.8	134.9	241.9	446.0	70.9	274.2
II. After conditional delivery of enhanced HIPC assistance[3]											
PV of total debt	189.1	136.3	148.2	159.1	170.8	182.7	238.5	333.2	516.7	187.1	362.6
PV of outstanding debt	189.1	127.4	126.8	124.5	121.2	117.9	103.6	91.3	70.7	116.2	88.5
Multilateral	158.3	96.7	96.3	94.4	91.2	88.0	73.1	59.8	40.5	85.9	57.4
World Bank	81.8	39.0	38.7	38.3	37.8	37.3	33.8	29.2	19.8	36.8	28.1
IMF	12.3	8.3	8.5	8.1	6.5	4.9	0.0	0.0	0.0	4.3	0.0
AfDB Group	25.3	24.3	23.3	22.3	21.3	20.3	14.9	8.9	3.5	19.7	8.4
Other multilateral	38.9	25.1	25.7	25.7	25.6	25.5	24.4	21.7	17.3	25.2	20.9
Official bilateral and commercial	30.9	30.8	30.5	30.1	30.0	30.0	30.6	31.5	30.2	30.2	31.1
Paris Club	4.5	4.1	3.6	3.1	2.7	2.5	1.8	1.4	0.7	2.6	1.3
Other official bilateral	24.6	24.9	25.1	25.3	25.5	25.7	27.0	28.7	28.8	25.9	28.5
Commercial	1.8	1.8	1.8	1.8	1.8	1.8	1.7	1.4	0.7	1.8	1.3
PV of new borrowing		8.9	21.5	34.6	49.6	64.8	134.9	241.9	446.0	70.9	274.2
III. After unconditional delivery of enhanced HIPC assistance[4]											
PV of total debt	129.2	136.6	148.5	159.4	171.0	182.7	238.3	333.1	517.2	187.1	362.7
PV of outstanding debt	129.2	127.7	127.1	124.9	121.4	117.9	103.4	91.2	71.2	116.2	88.5
Multilateral	98.1	96.7	96.3	94.4	91.2	88.0	73.1	59.8	40.5	85.9	57.4
World Bank	39.2	39.0	38.7	38.3	37.8	37.3	33.8	29.2	19.8	36.8	28.1
IMF	8.0	8.3	8.5	8.1	6.5	4.9	0.0	0.0	0.0	4.3	0.0
AfDB Group	25.3	24.3	23.3	22.3	21.3	20.3	14.9	8.9	3.5	19.7	8.4
Others	25.5	25.1	25.7	25.7	25.6	25.5	24.4	21.7	17.3	25.2	20.9
Official bilateral and commercial	31.2	31.0	30.8	30.5	30.1	30.0	30.3	31.4	30.6	30.3	31.1
Paris Club	5.2	4.6	4.1	3.6	3.1	2.7	1.9	1.5	0.8	2.9	1.4
Other official bilateral	24.3	24.6	24.9	25.1	25.3	25.5	26.7	28.4	28.9	25.6	28.3
Commercial	1.7	1.8	1.8	1.8	1.8	1.8	1.7	1.5	0.9	1.8	1.4
PV of new borrowing		8.9	21.5	34.6	49.6	64.8	134.9	241.9	446.0	70.9	274.2
IV. After conditional delivery of enhanced HIPC and MDRI assistance											
PV of total debt	189.1	79.8	93.1	106.2	120.3	133.8	197.0	302.2	499.8	138.2	333.2
PV of outstanding debt	189.1	70.9	71.7	71.6	70.6	69.0	62.0	60.4	53.8	67.3	59.1
Multilateral	158.3	40.2	41.2	41.5	40.7	39.1	31.5	28.8	23.6	37.1	28.0
World Bank	81.8	6.5	6.6	6.7	6.8	6.8	7.1	7.2	6.4	6.8	7.1
IMF	12.3	8.6	8.9	9.1	8.3	6.8	0.0	0.0	0.0	5.1	0.0
AfDB Group	25.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	38.9	25.1	25.7	25.7	25.6	25.5	24.4	21.7	17.3	25.2	20.9
Official bilateral and commercial	30.9	30.8	30.5	30.1	30.0	30.0	30.6	31.5	30.2	30.2	31.1
Paris Club	4.5	4.1	3.6	3.1	2.7	2.5	1.8	1.4	0.7	2.6	1.3
Other official bilateral	24.6	24.9	25.1	25.3	25.5	25.7	27.0	28.7	28.8	25.9	28.5
Commercial	1.8	1.8	1.8	1.8	1.8	1.8	1.7	1.4	0.7	1.8	1.3
PV of new borrowing		8.9	21.5	34.6	49.6	64.8	134.9	241.9	446.0	70.9	274.2
V. After conditional delivery of enhanced HIPC and MDRI assistance and bilateral beyond HIPC assistance[5]											
PV of total debt	184.1	75.1	88.9	102.5	117.0	130.8	194.5	300.3	498.6	135.0	331.4
PV of outstanding debt	184.1	66.2	67.5	68.0	67.3	66.0	59.6	58.4	52.6	64.1	57.2
Multilateral	158.3	40.2	41.2	41.5	40.7	39.1	31.5	28.8	23.6	37.1	28.0
World Bank	81.8	6.5	6.6	6.7	6.8	6.8	7.1	7.2	6.4	6.8	7.1
IMF	12.3	8.6	8.9	9.1	8.3	6.8	0.0	0.0	0.0	5.1	0.0
AfDB Group	25.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	38.9	25.1	25.7	25.7	25.6	25.5	24.4	21.7	17.3	25.2	20.9
Official bilateral and commercial	25.8	26.0	26.2	26.5	26.7	26.9	28.1	29.5	28.9	27.0	29.2
Paris Club	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other official bilateral	24.1	24.3	24.5	24.7	24.9	25.1	26.4	28.1	28.2	25.3	27.9
Commercial	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.4	0.7	1.7	1.3
PV of new borrowing		8.9	21.5	34.6	49.6	64.8	134.9	241.9	446.0	70.9	274.2
Memorandum items:											
VI. After unconditional delivery of enhanced HIPC and bilateral beyond HIPC assistance											
PV of total debt	123.9	131.3	143.8	155.2	167.3	179.4	235.8	331.0	515.7	183.6	360.7
PV of outstanding debt	123.9	122.5	122.4	120.7	117.7	114.6	100.9	89.1	69.7	112.7	86.5
Multilateral	98.1	96.7	96.3	94.4	91.2	88.0	73.1	59.8	40.5	85.9	57.4
Official bilateral and commercial	25.8	25.8	26.0	26.2	26.5	26.7	27.8	29.2	29.2	26.8	29.1
Paris Club	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other official bilateral	23.7	24.1	24.3	24.5	24.7	24.9	26.1	27.8	28.3	25.1	27.7
Commercial	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.5	0.9	1.7	1.4
PV of new borrowing		8.9	21.5	34.6	49.6	64.8	134.9	241.9	446.0	70.9	274.2

Sources: Comorian authorities, and World Bank and IMF staff estimates and projections.

[1] Refers to public and publicly guaranteed external debt only and is discounted on the basis of the average commercial interest reference rate for the respective currency, derived over the six-month period prior to the latest date for which actual data are available (December 2011, see Table A1).

[2] Assumes a stock-of-debt operation on Naples terms (67 percent PV reduction) as of end-2011, and at least comparable action by other official bilateral and commercial creditors.

[3] Assumes interim relief under the enhanced HIPC Initiative from July 2010 to December 2012 and full delivery of assistance at Completion Point.

[4] Assumes full delivery of estimated HIPC initiative debt relief.

[5] Includes additional debt relief provided on a voluntary basis by the Paris Club beyond the requirements of the enhanced HIPC framework as specified on Table A12.

Table A7. Key External Debt Indicators, 2011-31

(in percent, unless otherwise indicated)

		Projections								Annual Averages	
	2011	2012	2013	2014	2015	2016	2021	2026	2031	2012–21	2022–31
I. After traditional debt-relief mechanisms											
PV of debt-to-GDP ratio	33.5	36.5	35.4	34.5	33.5	32.4	25.8	22.3	22.1	31.4	22.7
PV of debt-to-exports ratio[1]	233.8	224.8	213.0	211.8	204.4	193.6	158.9	145.3	149.2	189.7	148.0
PV of debt-to-exports ratio (existing debt only)[1]	233.8	215.4	191.9	179.4	161.1	141.8	81.2	44.3	19.2	139.9	43.1
PV of debt-to-revenue ratio[2]	207.9	195.7	244.1	233.0	220.9	210.8	161.9	130.7	137.7	199.6	137.0
Debt service-to-exports ratio[1]	…	6.1	16.2	9.1	11.2	10.7	8.7	7.1	5.6	10.2	6.9
Debt service-to-revenue ratio[2]	…	5.3	18.6	10.0	12.1	11.7	8.9	6.4	5.1	10.9	6.4
II. After conditional delivery of enhanced HIPC assistance											
PV of debt-to-GDP ratio	31.0	23.2	24.2	24.3	24.4	24.4	22.4	21.4	22.3	23.7	21.7
PV of debt-to-exports ratio[1]	216.2	143.3	146.0	149.2	149.0	145.9	137.4	139.2	150.6	143.1	141.8
PV of debt-to-exports ratio (existing debt only)[1]	216.2	133.9	124.9	116.8	105.7	94.1	59.7	38.1	20.6	93.2	36.9
PV of debt-to-revenue ratio[2]	192.2	124.7	167.3	164.1	161.0	158.9	140.0	125.2	139.0	150.7	131.1
Debt service-to-exports ratio[1]	…	5.8	4.6	6.0	6.8	6.2	5.7	4.8	5.5	5.9	5.0
Debt service-to-revenue ratio[2]	…	5.1	5.2	6.6	7.3	6.8	5.8	4.3	5.1	6.2	4.7
III. After unconditional delivery of enhanced HIPC assistance											
PV of debt-to-GDP ratio	21.2	23.3	24.3	24.4	24.4	24.4	22.3	21.4	22.4	23.7	21.7
PV of debt-to-exports ratio[1]	147.7	143.5	146.3	149.5	149.1	145.9	137.3	139.1	150.7	143.1	141.8
PV of debt-to-exports ratio (existing debt only)[1]	147.7	134.2	125.2	117.1	105.8	94.1	59.6	38.1	20.7	93.3	36.9
PV of debt-to-revenue ratio[2]	131.3	124.9	167.7	164.5	161.1	158.9	139.9	125.1	139.2	150.8	131.1
Debt service-to-exports ratio[1]	…	5.8	4.6	6.0	6.8	6.2	5.7	4.8	5.5	5.9	5.0
Debt service-to-revenue ratio[2]	…	5.1	5.2	6.6	7.3	6.8	5.8	4.3	5.1	6.2	4.7
IV. After conditional delivery of enhanced HIPC and MDRI assistance											
PV of debt-to-GDP ratio	31.0	13.6	15.2	16.2	17.2	17.9	18.5	19.4	21.6	17.2	19.8
PV of debt-to-exports ratio[1]	216.2	83.9	91.8	99.6	104.9	106.8	113.4	126.2	145.7	103.7	129.2
PV of debt-to-exports ratio (existing debt only)[1]	216.2	74.6	70.6	67.2	61.6	55.1	35.7	25.2	15.7	53.9	24.3
PV of debt-to-revenue ratio[2]	192.2	73.0	105.1	109.6	113.3	116.4	115.6	113.5	134.5	109.4	119.3
Debt service-to-exports ratio[1]	…	5.8	1.5	2.4	3.3	3.6	3.8	3.4	4.1	3.7	3.6
Debt service-to-revenue ratio[2]	…	5.1	1.7	2.6	3.6	4.0	3.9	3.1	3.8	3.8	3.4
V. After conditional delivery of enhanced HIPC and MDRI assistance and bilateral beyond HIPC assistance [3]											
PV of debt-to-GDP ratio	30.1	12.8	14.5	15.7	16.7	17.5	18.2	19.3	21.6	16.7	19.7
PV of debt-to-exports ratio[1]	210.4	78.9	87.6	96.2	102.0	104.4	112.0	125.4	145.3	101.1	128.4
PV of debt-to-exports ratio (existing debt only)[1]	210.4	69.6	66.5	63.7	58.7	52.7	34.3	24.4	15.3	51.2	23.5
PV of debt-to-revenue ratio[2]	187.1	68.7	100.4	105.8	110.2	113.7	114.2	112.8	134.2	106.6	118.6
Debt service-to-exports ratio[1]	…	5.5	0.9	1.8	2.8	3.2	3.7	3.3	4.1	3.3	3.6
Debt service-to-revenue ratio[2]	…	4.8	1.0	1.9	3.0	3.5	3.8	3.0	3.7	3.4	3.3
Memorandum items:											
VI. After unconditional delivery of enhanced HIPC and bilateral beyond HIPC assistance [4]											
					(in percent)						
PV of debt-to-GDP ratio	20.3	22.4	23.5	23.7	23.9	24.0	22.1	21.2	22.3	23.2	21.6
PV of debt-to-exports ratio[1]	141.6	138.0	141.7	145.6	145.9	143.2	135.8	138.2	150.3	140.3	140.9
PV of debt-to-exports ratio (existing debt only)[1]	141.6	128.7	120.5	113.2	102.6	91.5	58.1	37.2	20.3	90.4	36.1
PV of debt-to-revenue ratio[2]	125.9	120.2	162.3	160.1	157.7	156.0	138.4	124.3	138.8	147.8	130.3
					(in millions of U.S. dollars)						
GDP	610.9	586.3	611.5	654.5	699.5	748.6	1,067.3	1,558.9	2,313.3	793.7	1,665.6
Exports of goods and services[1]	99.1	100.7	104.7	114.4	124.9	136.5	184.5	255.9	370.1	140.0	272.2
Exports of goods and services (3-year mvg. avg.)[1]	87.5	95.1	101.5	106.6	114.7	125.3	173.6	239.4	343.1	131.4	254.2
Government revenue[2]	98.4	109.3	88.6	96.9	106.1	115.0	170.4	266.2	371.6	125.3	276.3

Sources: Comorian authorities, and World Bank and IMF staff estimates and projections.

[1] As defined in IMF, Balance of Payments Manual, 5th edition, 1993.

[2] Revenue is defined as central government revenue, excluding grants.

[3] The ratios for the key external debt indicators vary from those presented in the LIC DSA (Table 1a) given the different methodologies (Appendix II - Paragraph 1) in computing these figures for these two DSAs.

[4] The PV of debt-to-exports ratio after unconditional delivery of enhanced HIPC and additional bilateral beyond HIPC assistance is the base for assessing whether topping-up assistance is warranted. The ratio at end-2011 also appears in text Table 2.

Table A8. Sensitivity Analysis, 2011-31[1]

(in percent, unless otherwise indicated)

	Projections									Annual Averages	
	2011	2012	2013	2014	2015	2016	2021	2026	2031	2012–21	2022–31
I. Baseline scenario											
PV of debt-to-GDP ratio	30.1	12.8	14.5	15.7	16.7	17.5	18.2	19.3	21.6	16.7	19.7
PV of debt-to-exports ratio[2]	210.4	78.9	87.6	96.2	102.0	104.4	112.0	125.4	145.3	101.1	128.4
PV of debt-to-revenue ratio[3]	187.1	68.7	100.4	105.8	110.2	113.7	114.2	112.8	134.2	106.6	118.6
Debt service-to-exports ratio[2]	…	5.5	0.9	1.8	2.8	3.2	3.7	3.3	4.1	3.3	3.6
Debt service-to-revenue ratio[3]	…	4.8	1.0	1.9	3.0	3.5	3.8	3.0	3.7	3.4	3.3
II. Permanent 30 percent lower exports growth											
PV of debt-to-GDP ratio	30.1	12.8	14.6	15.9	17.0	17.9	19.0	20.4	23.2	17.1	20.8
PV of debt-to-exports ratio[2]	210.4	79.6	89.8	101.4	110.7	116.9	128.8	146.1	179.5	112.1	151.6
PV of debt-to-revenue ratio[3]	187.1	68.8	101.4	107.8	113.2	117.6	121.3	122.9	152.8	110.5	130.3
Debt service-to-exports ratio[2]	…	5.5	0.9	1.9	3.0	3.6	4.3	3.9	5.0	3.7	4.2
Debt service-to-revenue ratio[3]	…	4.8	1.0	2.0	3.1	3.7	4.0	3.3	4.3	3.6	3.6
III. Permanent lower GDP growth of 1.5 percent											
PV of debt-to-GDP ratio	30.1	12.9	14.9	16.5	18.0	19.3	22.6	27.2	35.5	18.8	28.5
PV of debt-to-exports ratio[2]	210.4	79.0	87.9	96.8	103.2	106.1	115.8	130.5	154.8	103.0	134.3
PV of debt-to-revenue ratio[3]	187.1	69.3	104.5	114.1	123.0	131.4	157.4	191.1	348.1	126.9	222.8
Debt service-to-exports ratio[2]	…	5.5	0.9	1.8	2.8	3.3	3.9	3.5	4.4	3.4	3.8
Debt service-to-revenue ratio[3]	…	4.8	1.0	2.1	3.3	4.1	5.2	5.2	9.8	4.1	6.3

Sources: Comorian authorities, and World Bank and IMF staff estimates and projections.

[1] All debt indicators are defined after conditional delivery of enhanced HIPC and MDRI assistance and bilateral beyond HIPC assistance (item V of Table A7)
[2] Based on a three-year moving average of exports of goods and services, as defined in IMF, Balance of Payments Manual, 5th edition, 1993.
[3] Revenue is defined as central government revenue, excluding grants.

Table A9. Delivery of IDA Assistance Under the Enhanced HIPC Initiative and the MDRI, 2010-2044[1]

(In millions of U.S. dollars, unless otherwise indicated)

	2010													Cumulative	
	Jan-Jun	Jul-Dec	2011	2012	2013	2014	2015	2016	2017	2018	2023	2033	2043	2010-23	2010-43
I. Relief under the Enhanced HIPC Initiative															
Debt service before HIPC assistance 1/	1.9	1.9	4.1	4.2	4.2	4.7	4.8	4.8	4.9	5.3	5.4	3.8	0.6	65.9	131.5
of which principal	1.4	1.4	3.2	3.4	3.4	3.9	4.1	4.1	4.2	4.6	4.9	3.6	0.6	56.4	118.6
of which interest	0.5	0.4	0.9	0.9	0.8	0.8	0.8	0.7	0.7	0.7	0.5	0.1	0.0	9.5	12.9
Debt service after HIPC assistance 1/	1.9	0.7	1.4	1.5	1.5	1.6	1.7	1.7	1.7	1.9	1.9	3.8	0.6	23.2	65.7
of which principal	1.4	0.5	1.1	1.2	1.2	1.4	1.4	1.4	1.5	1.6	1.7	3.6	0.6	19.8	60.6
of which interest	0.5	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.1	0.0	3.4	5.2
Savings on debt service to IDA 2/	0.0	1.2	2.7	2.8	2.7	3.0	3.1	3.1	3.2	3.4	3.5	0.0	0.0	42.7	65.8
of which principal	0.0	0.9	2.1	2.2	2.2	2.5	2.6	2.6	2.7	3.0	3.2	0.0	0.0	36.5	58.1
of which interest	0.0	0.3	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.3	0.0	0.0	6.2	7.7
II. Relief under the MDRI 3/															
Projected stock of IDA credits outstanding at implementation date 4/				110.6											
Remaining IDA credits after MDRI				15.6											
Debt stock reduction on eligible credits 3/ 5/				95.0											
Due to HIPC relief 6/				48.1											
Due to MDRI				46.9											
Debt service due after HIPC relief and the MDRI					0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.7	0.6	1.6	11.9
Memorandum item:															
Debt service to IDA covered by HIPC assistance (in percent) 7/	-	65.1	65.1	65.1	64.8	64.8	64.8	64.8	64.8	64.8	64.8	-	-	64.8	50.0
Debt service to IDA covered by HIPC assistance and MDRI (in percent) 8/					98.7	97.8	96.8	96.8	96.9	97.0	97.0	81.7	-	97.6	91.0
IDA debt service relief under the MDRI (in SDR) 9/					1.0	1.0	1.0	1.0	1.0	1.1	1.2	2.0	-	12.0	33.5

Source: IDA staff estimates.

1/ Principal and interest due to IDA correspond to prorated projections on disbursed and outstanding debt as of end-December 2009, converted to U.S. dollar.
2/ Enhanced HIPC assistance from June 2010 to December 2012.
3/ Stock of debt and debt service denominated in SDRs are converted into U.S. dollar by applying the end-2009 exchange rate.
4/ Stock of debt outstanding on January 1, 2013.
5/ Debt disbursed as of December 31, 2003 and still outstanding at the December 31, 2012.
6/ HIPC relief is assumed to proportionally reduce repayments of principal and charges on IDA credits disbursed as of end-December 2003 and still outstanding as of December 31, 2012.
7/ Based on debt disbursed and outstanding as of end-2009.
8/ Based on debt disbursed and outstanding as of end-2003.
9/ For SDR denominated credits, debt relief under the MDRI is estimated as debt service on SDR denominated credits minus USD-based HIPC debt relief on these credits. HIPC debt relief is converted into SDR equivalent amounts, from July 2009 onwards, by applying the IDA16 foreign exchange reference rate of 1.50233 U.S. dollars per SDR. For USD denominated credits, debt relief under the MDRI is estimated as debt service on USD denominated credits minus USD-based HIPC debt relief on these credits. The resulting MDRI debt relief amounts are converted into SDR equivalent amounts by applying the IDA15 foreign exchange reference rate.

Table A10. Possible Delivery of IMF Assistance under the Enhanced HIPC Initiative and the MDRI, 2010-2022[1]

(In millions of SDRs, unless otherwise indicated)

	2010 Jul-Dec	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
I. Pre-MDRI Debt relief (under the HIPC Initiative only) 2/													
HIPC-eligible debt service due on IMF obligations 3/	-	-	-	0.0	0.5	1.3	1.8	2.1	2.2	1.8	0.9	0.5	0.2
Principal	-	-	-	-	0.4	1.3	1.8	2.1	2.2	1.8	0.9	0.5	0.2
Interest 4/	-	-	-	0.01	0.03	0.03	0.02	0.02	0.01	0.01	0.00	0.00	0.00
HIPC assistance--deposits into member's Umbrella Account													
Principal	-	-	-										
Completion point disbursement 5/			3.0										
Completion point assistance			2.9										
Completion point interest 6/			0.1										
IMF assistance--drawdown schedule from member's Umbrella Account	-	-	-	-	0.0	0.1	0.6	0.9	1.0	0.6	0.2	-	-
IMF assistance without interest	-	-	-	-	0.0	0.1	0.3	0.8	1.0	0.6	0.1	-	-
Estimated interest earnings 6/	-	-	-	-	0.0	0.0	0.3	0.1	0.1	0.0	0.0	-	-
Debt service due on IMF obligations after IMF assistance	-	-	-	0.01	0.4	1.2	1.2	1.2	1.2	1.2	0.8	0.5	0.2
Delivery schedule of IMF assistance (in percent of the total assistance; on a flow basis)	-	-	-	-	0.0	3.0	10.0	28.0	34.0	20.0	5.0	-	-
Share of debt service due on IMF obligations covered by HIPC assistance (in percent)	-	-	-	-	5.7	8.6	32.4	42.5	46.2	33.6	19.0	-	-
Proportion (in percent) of each repayment falling due during the period to be paid by HIPC assistance from the principal deposited in Umbrella Account	-	-	-	-	0.1	6.7	16.5	39.1	44.2	32.5	15.4	-	-
II. Post-MDRI Debt relief (under both MDRI and HIPC Initiatives)			**3.0**										
Projected pre MDRI cutoff date debt at completion point 7/ 8/			-										
Delivery of debt relief (on stock basis):													
from the MDRI-II Trust			-										
from the HIPC Umbrella Account			-										
Delivery of remaining HIPC assistance for post MDRI cutoff date debt (on stock basis)			3.0										
Completion point disbursement			3.0										
Umbrella account balance			-										
III. Debt service due to the IMF after HIPC and MDRI debt relief 9/	-	-	-	-	0.0	0.7	1.2	1.5	1.6	1.6	0.9	0.5	0.2
Principal	-	-	-	-	-	0.7	1.2	1.5	1.6	1.6	0.9	0.5	0.2
Interest	-	-	-	-	0.02	0.02	0.02	0.02	0.01	0.01	0.00	0.00	0.00

Source: Fund staff estimates and projections.

1/ Total IMF assistance under the enhanced HIPC Initiative amounts to SDR 2.89 million (equivalent to US$4.27 million using exchange rate on 6/21/10) in NPV terms. This amount excludes interest earned in Comoros's Umbrella account and on committed but undisbursed amounts as described in footnote 6. Completion point (CP) is assumed on December 20, 2012.
2/ Estimated delivery of HIPC assistance in the absence of MDRI decision.
3/ Data are actual through end-September 2012. Forthcoming obligations after September 2012 are based on schedules in effect as of end-September 2012. Interest obligations exclude net SDR charges and assessments.
4/ On December 1, 2011 the IMF Board extended through December 31, 2012, the waiver of interest payments for concessional loans that was introduced on January 7, 2010. For 2013, interest rates will be zero percent for ECF and RCF loans, and 0.25 percent per annum for the SCF and ESF loans. After 2013, projected interest charges are based on 0.25/0.25/0.5/0.25 percent per annum for the ECF, RCF, SCF, and ESF, respectively. The Fund will review the PRGT interest rate mechanism by end-2013 and every two years thereafter.
5/ A final amount of about SDR 3 million will be deposited into Comoros's Umbrella Account at CP expected on December 20, 2012.
6/ Includes estimated interest earned in Comoros's Umbrella account and interest earnings on amounts committed but not yet disbursed. The projected interest earnings are estimated based on assumed interest rates, which are gradually rising to 4.5 percent in 2017 and beyond; actual interest earnings may be higher or lower.
7/ Credit outstanding at end-2004 that has not been repaid by the member or with HIPC assistance at the completion point and is not scheduled to be repaid by HIPC assistance, as defined in the MDRI-II Trust Instrument.
8/ Comoros did not have MDRI-eligible debt to the Fund.
9/ Data prior to CP represent actual debt service paid and projected debt service as of end-December 2012. Debt service data after CP include repayments of ECF approved on 09/21/2009. HIPC CP debt relief applies to the oldest obligations. The entire outstanding obligations under ESF-RAC disbursed on 12/24/2008 will be liquidated at CP. Interest obligations exclude net SDR charges and assessments.

Table A11. Status of Creditor Participation Under the Enhanced HIPC Initiative[1]

	Debt Relief in NPV Terms (US$ million)[2]	Percentage of Total Assistance	Satisfactory Reply to Participate in Initiative	Modalities to Deliver Debt Relief
World Bank (IDA)	44.9	31	Yes	IDA has given a 65 percent nominal debt service reduction from July 2010 until completion point. The remaining HIPC relief will be given after completion point through continued debt service reduction until 2030.
AfDB Group	34.4	24	Yes	HIPC debt relief from the AfDB Group was given entirely by the December 2007 to April 2009 arrears clearance operations under the PCCF.
IMF	4.3	3	Yes	The IMF will deliver total assistance under the HIPC Initiative at completion point through a stock-of-debt operation in an amount of about SDR 3 million.
Arab Monetary Fund	0.6	0	Yes	The AMF has fully delivered its share through a cancellation of remaining debt service in 2012 and 2013, having earlier rescheduled and cancelled debt service in 2008.
BADEA	15.4	11	Yes	BADEA has delivered partial debt relief through a concessional rescheduling, and is expected to give full relief after completion point.
European Union	0.8	1	Yes	Debt relief from the EU has consisted of the freezing of existing arrears, and the payment of debt service during the interim period. At the completion point, it is assumed that the EU will provide the rest of HIPC debt relief.
IFAD	3.2	2	Yes	HIPC relief from IFAD will be delivered after completion point by debt service installments until full relief has been reached.
IsDB	5.1	4	Yes	The IsDB has granted a moratorium on debt service payments until the completion point, and is expected to deliver full relief atfer completion point.
OFID	2.0	1	Yes	OFID has fully delivered its share of HIPC relief through a concessional rescheduling.
Total multilateral	**110.7**	**76**		
Paris Club creditors	8.1	6	Yes	Paris Club creditors will provide relief based on Cologne terms. Italy has already cancelled all claims.
Non-Paris Club creditors	23.7	16		
Mauritius	0.4	0	No	No agreement has been signed.
Kuwait	14.1	10	Yes	Partial relief via rescheudling agreement signed in 2007[3]
Saudi Arabia	8.7	6	Yes	Partial relief via rescheudling agreement signed in 2007[3]
United Arab Emirates	0.5	0	Yes	In Oct 2012, United Arab Emirates transferred their claims to a non-refundable grant.
Commercial creditors	2.3	2	No	No agreement has been signed.
Total bilateral and commercial	**34.1**	**24**		
Total	**144.8**	**100**		

Sources: Comorian authorities, and World Bank and IMF staff estimates.

[1] Based on the latest data available at the completion point after full application of traditional debt relief mechanisms.

[2] As the adjustment in the estimated debt relief needed to reduce the PV of debt to 150 percent of exports as of end-2009 of US$0.6 million is less than 1 percent of the targeted PV of debt after HIPC relief at the Decision Point of US$112.6 (Table A4), the amount of HIPC relief determined at the decision point will be used with burden-sharing according to the shares of each creditor in the PV of debt determined at the completion point debt reconciliation. See "Information Reporting in the Context of the HIPC Initiative Assistance", IDA/SecM2002-0131 and EBS/02/36 (April 2002).

[3] The Doha Conference held in Sept 2010 concluded in coordinated relief in the form of a grant for Comoros from Qatar and other Arab governments. The grant is to be managed by the Islamic Development Bank (IsDB) and will be used for investment projects and repayment of arrears to the Arab Funds.

Table A12. Paris Club Creditors' Delivery of Debt Relief under Bilateral Initiatives Beyond the HIPC Initiative[1]

Countries Covered		ODA (In percent)		Non-ODA (In percent)		Provision of Relief	
		Pre-cutoff Date Debt	Post-cutoff Date Debt	Pre-cutoff Date Debt	Post-cutoff Date Debt	Decision Point (In percent)	Completion Point
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Australia	HIPCs	100	100	100	100 [2]	[2]	[2]
Austria	HIPCs	100	-	100	-	Case-by-case, flow	Stock
Belgium	HIPCs	100	100 [3]	100	-	100 flow	Stock
Canada	HIPCs	100	100	100	100	100 flow	Stock
Denmark	HIPCs	100	100 [4]	100	100 [4]	100 flow	Stock
France	HIPCs	100	100	100	-	100 flow [5]	Stock
Finland	HIPCs	100	- [6]	100	- [6]	-	-
Germany	HIPCs	100	100	100	100 [7]	100 flow	Stock
Ireland	-	-	-	-	-	-	-
Italy	HIPCs	100	100 [8]	100	100 [8]	100 flow	Stock
Japan	HIPCs	100	100	100	-	-	Stock
Netherlands, the	HIPCs	100 [9]	100	100	-	90-100 flow [9]	Stock
Norway	HIPCs	[10]	[10]	[11]	[11]	-	-
Russia	HIPCS	- [12]	- [12]	100	100	-	Stock
Spain	HIPCs	100	100 [13]	100	100 [13]	-	Stock
Sweden	HIPCs	-	- [14]	100	-	-	Stock
Switzerland	HIPCs	- [15]	- [15]	100 [16]	-	100 flow [16]	Stock
United Kingdom	HIPCs	100	100	100	100 [17]	100 flow [17]	Stock
United States[18]	HIPCs	100	100	100	100	100 flow	Stock

Source: Paris Club Secretariat.

[1] Columns (1) to (7) describe the additional debt relief provided following a specific methodology under bilateral initiatives and need to be read as a whole for each creditor. In column (1), "HIPCs" stands for eligible countries effectively qualifying for the HIPC process. A "100 percent" mention in the table indicates that the debt relief provided under the enhanced HIPC Initiative framework will be topped up to 100 percent through a bilateral initiative.

[2] Australia: Australia cancelled all HIPC claims.

[3] Belgium: cancellation at completion point 100 percent of ODA loans contracted before December 31, 2000.

[4] Denmark provides 100 percent cancellation of ODA loans and non-ODA credits contracted and disbursed before September 27, 1999.

[5] France: cancellation of 100 percent of debt service on pre-cutoff date commercial claims on the government as they fall due starting at decision point. Once countries have reached completion point, debt relief on ODA claims on the government will go to a special account and will be used for specific development projects.

[6] Finland: no post-Cutoff date claims

[7] If not treated in the Agreed Minutes at Completion Point, debt cancellation of 100 % only on a case by case basis.

[8] Italy: cancellation of 100 percent of all debts (pre- and post-cutoff date, ODA and non-ODA) incurred before June 20,1999 (the Cologne Summit). At decision point, cancellation of accrued arrears and maturities falling due in the interim period. At completion point, cancellation of the stock of remaining debt.

[9] The Netherlands: 100 percent ODA (pre- and post-cutoff date debt will be cancelled at decision point); for non-ODA: in some particular cases (Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Mali, Mozambique, Nicaragua, Rwanda, Tanzania, Uganda and Zambia), the Netherlands will write off 100 percent of the consolidated amounts on the flow at decision point; all other HIPCs will receive interim relief up to 90 percent reduction of the consolidated amounts. At completion point, all HIPCs will receive 100 per cent cancellation of the remaining stock of the pre-cutoff date debt.

[10] Norway has cancelled all ODA claims.

[11] Due to the current World Bank/IMF methodology for recalculating debt reduction needs at HIPC completion point, Norway has postponed the decisions on whether or not to grant 100% debt reduction until after HIPCs' completion point.

[12] Russia has no ODA claims

[13] Spain provides 100 percent cancellation of ODA and non-ODA claims contracted before January 1, 2004

[14] Sweden has no ODA claims.

[15] Switzerland has cancelled all ODA claims.

[16] Switzerland usually writes off 100 percent of government-owned claims of the remaining debt stock at Completion Point and provides at least full HIPC debt relief of claims held by the ECA (100% cancellation of all remaining claims with the exception of Honduras and Cameroon).

[17] United Kingdom: "beyond 100 percent" full write-off of all debts of HIPCs as of their decision points, and reimbursement at decision point of any debt service paid before the decision point.

[18] United States: cancellation of 100 percent of all debts (pre- and post-cutoff date, ODA and non-ODA) incurred before June 20, 1999 (the Cologne Summit). At decision point, cancellation of accrued arrears and maturities falling due in the interim period. At completion point, cancellation of the stock of remaining eligible debt.

Table A13. HIPC Initiative: Status of Country Cases Considered Under the Initiative, October 30, 2012

Country	Decision Point	Completion Point	Target NPV of Debt-to- Exports (in percent)	Gov. revenue (in percent)	Assistance Levels 1/ (In millions of U.S. dollars, present value) Total	Bilateral and commercial	Multilateral Total	IMF	World Bank	Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)
Completion point reached under enhanced framework (34)											
Afghanistan	Jul. 07	Jan. 10	150		582	446	136	-	76	51	1,280
Benin	Jul. 00	Mar. 03	150		265	77	189	24	84	31	460
Bolivia					1,302	425	876	84	194		2,060
original framework	Sep. 97	Sep. 98	225		448	157	291	29	54	14	760
enhanced framework	Feb. 00	Jun. 01	150		854	268	585	55	140	30	1,300
Burkina Faso					553	83	469	57	231		930
original framework	Sep. 97	Jul. 00	205		229	32	196	22	91	27	400
enhanced framework	Jul. 00	Apr. 02	150		195	35	161	22	79	30	300
topping-up	…	Apr. 02	150		129	16	112	14	61	24	230
Burundi	Aug. 05	Jan. 09	150		833	127	706	28	425	92	1,366
Cameroon	Oct. 00	Apr. 06	150		1,267	879	322	37	176	27	4,917
Central African Rep.	Sept. 07	Jun. 09	150		578	186	362	27	207	68	804
Congo Rep. of	Mar. 06	Jan. 10		250	1,575	1,462	113	8	47	31	1,738
Congo, Democratic Rep. of	Jul. 03	Jul. 10	150		7,252	4,618	2,633	471	854	82	11,105
Cote d'Ivoire	Mar. 09	Jun. 12		250	3,109	2,398	711	39	413	24	3,129
Ethiopia					1,982	637	1,315	60	832		3,275
enhanced framework	Nov. 01	Apr. 04	150		1,275	482	763	34	463	47	1,941
topping-up	…	Apr. 04	150		707	155	552	26	369	31	1,334
Gambia, The	Dec. 00	Dec. 07	150		67	17	49	2	22	27	112
Ghana	Feb. 02	Jul. 04	144	250	2,186	1,084	1,102	112	781	56	3,500
Guinea	Dec. 00	Sep. 12	150		639	256	383	36	174	36	876
Guinea-Bissau					554	279	275	12	139		933
enhanced framework	Dec. 00	Dec. 10	150		422	218	204	12	93	86	703
topping-up	…	Dec. 10	150		133	61	71	-	46	40	230
Guyana					591	223	367	75	68		1,354
original framework	Dec. 97	May 99	107	280	256	91	165	35	27	24	634
enhanced framework	Nov. 00	Dec. 03	150	250	335	132	202	40	41	40	719
Haiti	Nov. 06	Jun. 09	150		140	20	120	3	53	15	213
Honduras	Jul. 00	Mar. 05	110	250	556	215	340	30	98	18	1,000
Liberia	Mar. 08	Jun. 10	150		2,739	954	1,421	730	374	90	4,607
Madagascar	Dec. 00	Oct. 04	150		836	474	362	19	252	40	1,900
Malawi					1,057	171	886	45	622		1,628
enhanced framework	Dec. 00	Aug. 06	150		646	164	482	30	333	44	1,025
topping-up	…	Aug. 06	150		411	7	404	15	289	35	603
Mali					539	169	370	59	185		895
original framework	Sep. 98	Sep. 00	200		121	37	84	14	43	9	220
enhanced framework	Sep. 00	Mar. 03	150		417	132	285	45	143	29	675
Mauritania	Feb. 00	Jun. 02	137	250	622	261	361	47	100	50	1,100
Mozambique					2,023	1,270	753	143	443		4,300
original framework	Apr. 98	Jun. 99	200		1,717	1,076	641	125	381	63	3,700
enhanced framework	Apr. 00	Sep. 01	150		306	194	112	18	62	27	600
Nicaragua	Dec. 00	Jan. 04	150		3,308	2,175	1,134	82	191	73	4,500
Niger					663	235	428	42	240		1,190
enhanced framework	Dec. 00	Apr. 04	150		521	211	309	28	170	53	944
topping-up	…	Apr. 04	150		143	23	119	14	70	25	246
Rwanda					696	65	631	63	383		1,316
enhanced framework	Dec. 00	Apr. 05	150		452	56	397	44	228	71	839
topping-up	…	Apr. 05	150		243	9	235	20	154	53	477
São Tomé and Príncipe					124	31	93	1	47	128	263
enhanced framework	Dec. 00	Mar. 07	150		99	29	70	-	24	83	215
topping-up	…	Mar. 07	150		25	2	23	1	23	45	49
Senegal	Jun. 00	Apr. 04	133	250	488	212	276	45	124	19	850
Sierra Leone	Mar. 02	Dec. 06	150		675	335	340	125	123	81	994
Tanzania	Apr. 00	Nov. 01	150		2,026	1,006	1,020	120	695	54	3,000
Togo	Nov. 08	Dec. 10		250	282	127	155	0.3	102	20	272
Uganda					1,003	183	820	160	517		1,950
original framework	Apr. 97	Apr. 98	202		347	73	274	69	160	20	650
enhanced framework	Feb. 00	May 00	150		656	110	546	91	357	37	1,300
Zambia	Dec. 00	Apr. 05	150		2,499	1,168	1,331	602	493	63	3,900
Decision point reached under enhanced framework (2)											
Chad	May. 01	Floating	150		170	35	134	18	68	30	260
Comoros	Jun. 10	Floating	150		145	33	111	4	45	56	122

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and staff calculations.
1/ Assistance levels are at countries' respective decision or completion points, as applicable.
2/ In percent of the net present value of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanisms.
3/ Equivalent to SDR 2181.98 million at an SDR/USD exchange rate of 0.640563, as of January 27, 2010.

APPENDIX I: DEBT MANAGEMENT CAPACITY

1. **Debt management in the Comoros has improved since the decision point, mainly in the areas covered by the Completion Point triggers.** These areas are debt recording system and hardware, debt reports, organizational structure and staff capacity. Each of these areas is discussed in the main text on the triggers (Section II.F).

2. **However, many weaknesses remain,** as observed by a Debt Management Performance Assessment (DeMPA) mission sent by the World Bank in February 2011.[1]

3. In the area of **governance and strategy**, the main weakness is the lack of data sharing between the cabinet, the Economic and Financial Reforms Unit[2] (CREF), and the National Debt Directorate (DND). There are no external or internal audits of debt management operations, and there is no evaluation of debt management operations to Parliament.

4. In the area of **coordination with macroeconomic policies**, neither the DND nor the Technical Committee of the National Public Debt Committee (CNDP) of the DND is the secretariat has the capacity to independent conduct a debt sustainability analysis (DSA) to calculate the impact of a new loan. There is no frequent information sharing with the central bank on transactions affecting the liquidity in the system.

5. Although **borrowing** activity is low, and the country will rely mostly on grants and highly concessional loans with well-known conditions in the next few years, it still has to conduct several loan rescheduling negotiations, which require coordination within the Ministry of Finance, and the analytical capacity to evaluate the conditions of rescheduling. On the domestic side, the authorities have not yet adopted a strategy to clear domestic payments arrears, which is necessary to start rebuilding its reputation to eventually make (limited) use of the domestic financial market.

6. **Cash management** is done only at a very basic level, leading to liquidity rationing and the accumulation of substantial domestic payments arrears.

7. In the area of **operational risk**, the installation of the new debt recording system has led to certain improvements, such as establishing a unique database for external debt, audit trails to track which agents made certain changes. In the near future, it will also allow the agents to have different levels of access depending on their function, and systematic back-ups (which currently only happen on an ad-hoc basis).

8. **Recording and reporting** has improved thanks to the new database, which contained all loans, and could be considered up-to-date and exhaustive at the time of the HIPC debt data reconciliation. However, the main weakness remains the limited information sharing

[1] http://siteresources.worldbank.org/INTDEBTDEPT/Resources/468980-1226602826665/DeMPAComorosFinal_FR.pdf.

[2] *Cellule de réformes économiques et financières*

between Project Implementation Units within the technical ministries with the DND on loan disbursements. This makes it difficult to precisely estimate future debt service payments.

9. **The completion point provides a good opportunity to improve debt management**. HIPC and MDRI debt relief at the completion point will significantly reduce the stock of external debt and provides a clean slate for the country. At the same time, a reduced debt burden may eventually lead to a gradual easing of the limits placed on less concessional financing. It is therefore recommended that the Comoros continues to take steps to improve debt management in order to be prepared for this new era.

10. **The authorities have produced a sequenced debt management reform plan with help from the World Bank**,[3] which should maintain the reform momentum after the completion point until 2014. The plan focuses on three main areas: (i) **governance**: to ensure that the right institutional, legal and regulatory framework for borrowing activities is in place at both the political and technical level; ii) **debt management strategy and borrowing activities**: to strengthen the analytical functions of the DND; to prepare a simple debt management strategy to guide future borrowing decisions; to strengthen the analysis of the costs and risks of new external loans and loan rescheduling proposals; and to solve the problem of arrears to restore the state's credibility; and iii) **reduction of operational risk**: to strengthen the recording and validation of new loans in a new debt management system; to improve safety of data and documents; improve the internal organization of the DND; and to develop a training plan to improve the staff's technical capacity.

[3] February 2012.

APPENDIX II: JOINT WORLD BANK/IMF DEBT SUSTAINABILITY ANALYSIS

The results of this debt sustainability analysis for low-income countries (LIC-DSA) indicate that Comoros would be facing a high risk of debt distress in the post-HIPC/MDRI era.[1] *The country would no longer experience debt repayment difficulties after receiving full HIPC, MDRI, and beyond-HIPC debt relief; but the debt-to-exports ratio reveals a protracted breach of the relevant threshold under the baseline, and the external debt dynamics would remain vulnerable to shocks over time. Against this background, maintaining prudent fiscal and debt management policies would be critical to ensuring that Comoros does not fall back into debt distress.*

A. BACKGROUND

1. **This debt sustainability analysis (LIC-DSA) assesses Comoros' external and public debt using the forward-looking debt sustainability framework (DSF) for low-income countries.** The LIC-DSA and the HIPC Initiative Debt Relief Analysis (HIPC-DRA) share the same macroeconomic assumptions for the baseline scenario, but they differ methodologically. The LIC-DSA compares the evolution over the projection period of debt burden indicators against policy-dependent indicative thresholds. In contrast, under the HIPC-DRA, the historical debt burden indicators are compared to uniform thresholds in order to calculate the amount of HIPC debt relief that Comoros qualifies for under the HIPC Initiative. In addition, the LIC-DSA uses uniform discount rate and exchange rate projections, and same-year exports to calculate debt ratios, whereas the HIPC-DRA uses currency-specific discount rates, base-year exchange rates, and three-year average exports.

2. **The last LIC-DSA prepared in June 2012 for the third review under the ECF-arrangement concluded that Comoros was in debt distress.** Consistent with guidelines in the DSF, the baseline scenario did not reflect the full delivery of HIPC and MDRI assistance following achievement of the HIPC Initiative completion point in 2012, but rather assumed interim HIPC assistance throughout the period of the ECF-arrangement.

3. **This updated LIC-DSA incorporates three new elements.** First, the baseline scenario assumes HIPC, MDRI and beyond-HIPC assistance following the achievement of the completion point under the HIPC Initiative in December 2012. Second, the DSA uses a reconciled debt database that was updated as of December 2011 for the HIPC-DRA.[2] Hence, the quality of the data is much improved. Finally, the discount rate used to derive the PV of debt stocks was downwardly revised, in October 2012, from 4 percent (its level since

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[1] The country was in debt distress prior to reaching the HIPC Initiative Completion Point. This DSA has been prepared by Fund and World Bank staff using the Debt Sustainability Framework (DSF) for Low Income Countries (see "Applying the Debt Sustainability Framework for Low-Income Countries Post Debt Relief", (http://siteresources.worldbank.org/INTDEBTDEPT/PolicyPapers/21154573/DMSDR1S3149398v1DSFPaperforweb.pdf). Comoros' quality of policies and institutions, as measured by the average World Bank's Country Policy and Institutional Assessment (CPIA) for the period 2009–11 places it as a "weak performer". The corresponding indicative thresholds for the external debt indicators are 30 percent for the PV of debt-to-GDP ratio, 100 percent of the PV of debt-to-exports ratio, 200 percent for PV of debt-to-revenue ratio, 15 percent for the debt service-to-exports ratio, and 18 percent for the debt service-to-revenue ratio. The fiscal year is from January 1 to December 31.

[2] A joint World Bank/IMF mission conducted a debt reconciliation exercise in Moroni in September 2012.

September 2009) to 3 percent due to the evolution of U.S. dollar long-term commercial interest reference rate (CIRR).[3]

4. **The bulk of Comoros' public and publicly guaranteed debt is owed to non-resident creditors.** At end-2011, the stock of external debt amounted to 42.1 percent of GDP, compared with about 3 percent of GDP in domestic debt.

5. Multilateral creditors accounted for 74.4 percent of total external debt, with IDA, the AfDB Group and BADEA accounting for 39.9 percent, 11.5 percent and 10.4 percent, respectively. Paris Club creditors accounted for 5.5 percent of the external debt, while non-Paris Club and Commercial creditors made up the rest (see Figure A1).

B. Baseline Assumptions

6. **The macroeconomic assumptions for the current DSA are broadly consistent with those used in both the HIPC-DRA and the June 2012 LIC-DSA.** The macro-economic framework underlying the current ECF arrangement constitutes the basis for the assumptions, including the key features described in Box 2 above (HIPC Initiative Completion Point Document, paragraph 44). In addition, the baseline scenario takes into account available HIPC, MDRI, and beyond-HIPC assistance following the HIPC completion point.

C. External Debt Sustainability Analysis

Baseline

7. **Under the baseline scenario, one external debt indicator for Comoros reveals a protracted breach of the related debt threshold in the long term** (Table 1a, Figure 1). The present value (PV) of public and publicly guaranteed (PPG) external debt to exports ratio is projected to be about 60 percent in 2012, and to move above the 100 percent threshold from 2024 onward. However, both the PV of external debt-to-GDP ratio and the PV of external debt relative to revenue are projected to stay well below their respective indicative thresholds throughout the projection period. Nevertheless, under the baseline scenario, these two indicators increase moderately over the projection period. Indicators related to debt service remain below the respective thresholds throughout the period of analysis.

Sensitivity Analysis

8. **The external debt outlook remains vulnerable to shocks, especially shocks to non-debt creating flows (e.g. FDI and remittances) and a combination of several other shocks** (Table 1b, Figure 1). The policy threshold for PV of external debt-to-exports ratio is breached under the most extreme stress tests for a prolonged period of time. More precisely, the PV of debt-to-exports ratio is vulnerable to a single exports shocks and a combined-shock scenario entailing weaker GDP growth, lower exports, and subdued non-debt creating flows.

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[3]The rules of the DSF require the discount rate to be changed when the U.S. dollar CIRR (six-month average) diverges from the discount rate by at least 100 basis points for a continuous period of at least six months. When this occurs, the magnitude of the change in the discount rate is required to be 100 basis points. See "A Review of Some Aspects of the Low-Income Country Debt Sustainability Framework."

Under the shock to non-debt creating flows the thresholds for the PV of debt-to-GDP and the PV of debt-to-revenue ratios are also breached, although only marginally.

9. **A shock on remittances has a moderate impact on the external debt outlook** (Figure 1 and Table 1b). Remittances (25.2 percent of GDP in 2009-11) are an important source of foreign exchange with limited impact on growth as they are mostly used to cover Comoros's hefty imports bill (49.3 percent of GDP in 2009-11); and this is expected to continue over the projection period. The related alternative scenario considers an average 30 percent fall in remittances between 2012 and 2032 compared to the baseline. The dynamics of the PV of external debt-to-GDP ratio are only slightly affected, with more noticeable changes on the patterns of PV of external debt-to-GDP ratio and the PV of external debt relative to revenue. However, as under the baseline, the PV of external debt-to-GDP ratio breaches the debt threshold over the long term.

10. **In light of the results from the baseline scenario and stress tests performed, especially the protracted breach of the PV of debt-to-exports ratio, while expecting that the country would no longer be facing debt repayment difficulties post HIPC-MDRI, staff concludes that Comoros' risk of debt distress has improved from "in debt distress" to "high risk of debt distress".**

D. Public Sector Debt Sustainability

Baseline

11. **The inclusion of Comoros' domestic public debt in the analysis does not significantly alter the dynamics of debt burden indicators** (Table 2a, Figure 2). Under the baseline scenario, the PV of total public debt-to-GDP and total public debt-to-revenue ratios are projected to increase steadily over time, but remain at rather low levels over the medium term. Total public debt is mostly driven by the dynamics of external debt.

Sensitivity Analysis

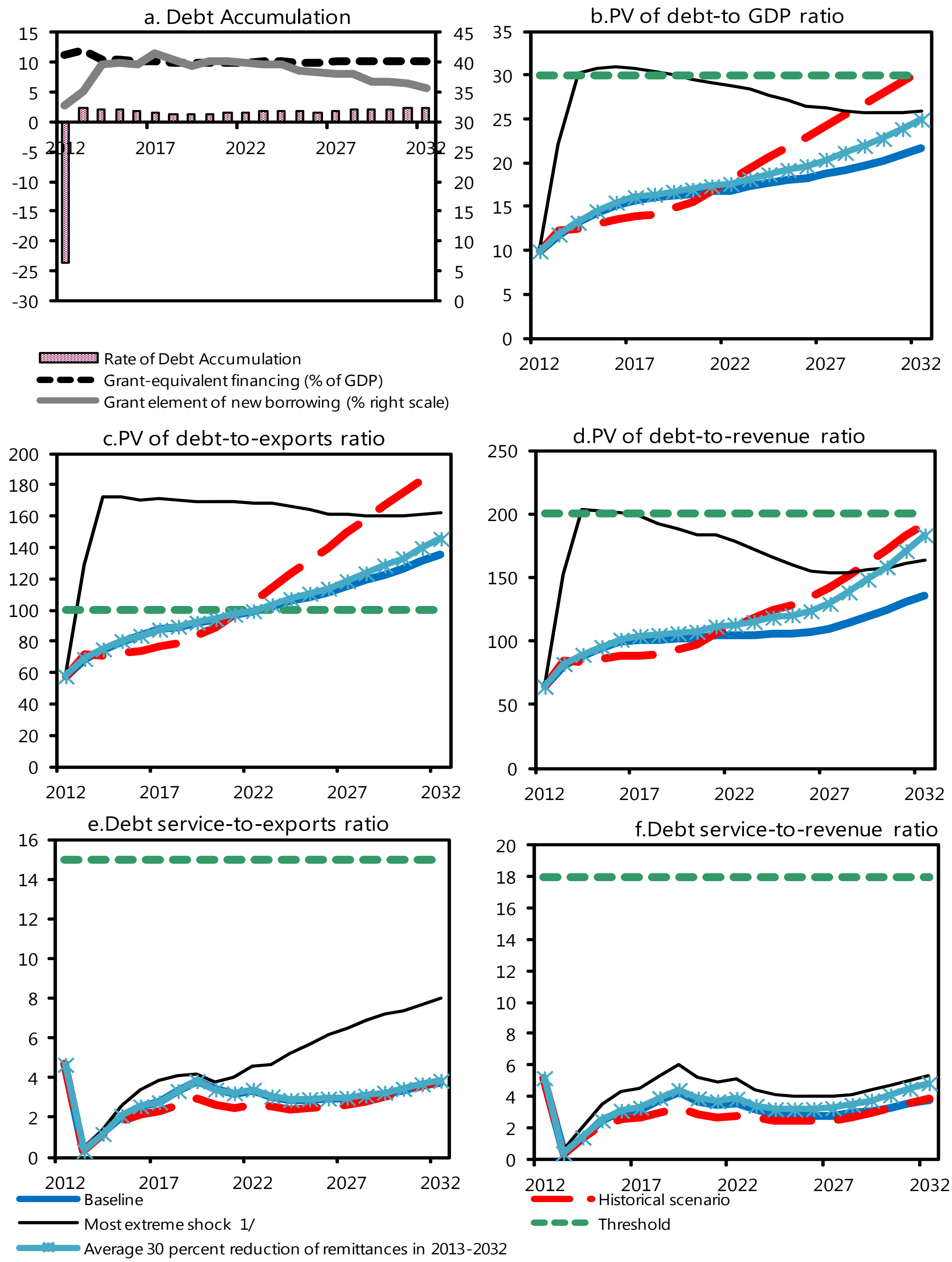
12. **The evolution of public debt indicators is sensitive to a wide range of shocks.** However, the public debt outlook stays at sustainable levels under the various shocks envisaged (Table 2b, Figure 2). The dynamics of debt appear unsustainable when key variables are kept at historical levels. This highlights the paramount importance of continued efforts in fiscal consolidation to ensure debt sustainability, and in structural reforms to improve the business environment, support investment, and achieve rapid growth.

E. Conclusion

13. **The DSA indicates that Comoros is at a high risk of debt distress.** Under the baseline scenario, all but one debt ratio remain below relevant thresholds over the projection period; and several other indicators display marginal breaches under realistic stress tests. These results point to the need for continued fiscal consolidation and prudent borrowing policies to retain long-term debt sustainability. The assumptions and conclusions of the DSA were discussed with the authorities, who broadly concurred with staff's assessment.

14. **Achieving the HIPC Initiative completion point has improved the external debt outlook.** The inclusion of Comoros' domestic debt in the analysis reinforces the conclusions of the external DSA and stresses the risks to debt prospects. In this context, it is essential that the authorities continue current efforts to strengthen public finance management, including debt management, reform state-owned enterprises, and improve the investment climate so as to lay the foundation for rapid sustainable economic growth.

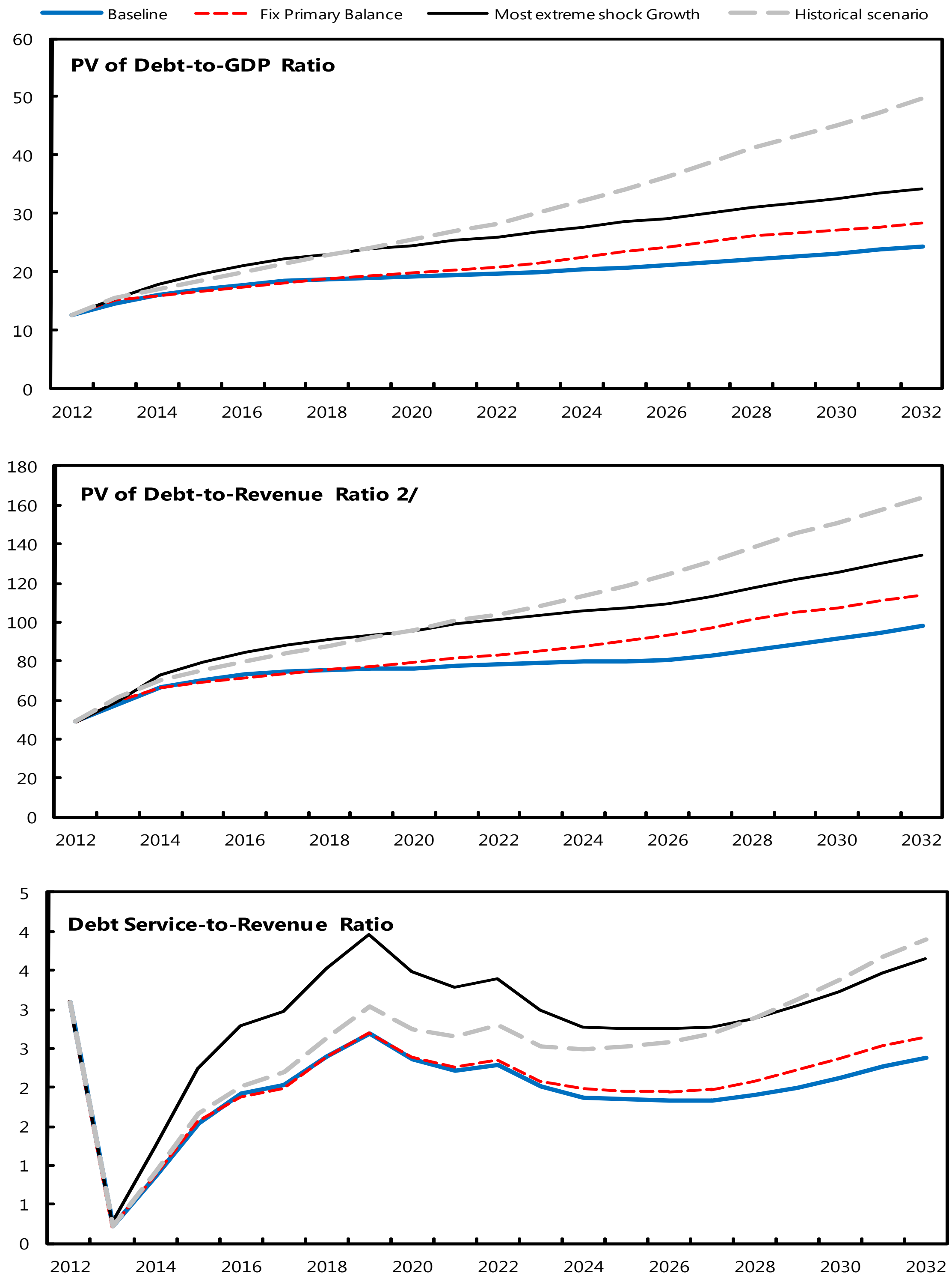
Figure 1. Comoros: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2012-2032 1/



Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in 2022. In figure b. it corresponds to a Non-debt flows shock; in c. to a Non-debt flows shock; in d. to a Non-debt flows shock; in e. to a Terms shock and in figure f. to a One-time depreciation shock

Figure 2. Comoros: Indicators of Public Debt Under Alternative Scenarios, 2012-2032 1/



Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in 2022.

2/ Revenues are defined inclusive of grants.

Table 1a. Comoros: External Debt Sustainability Framework, Baseline Scenario, 2009-2032 1/

(In percent of GDP, unless otherwise indicated)

	Actual			Historical 6/ Average	Standard 6/ Deviation	Projections									
	2009	2010	2011			2012	2013	2014	2015	2016	2017	2012-2017 Average	2022	2032	2018-2032 Average
External debt (nominal) 1/	**54.4**	**49.3**	**42.1**			**17.2**	**19.9**	**21.7**	**23.5**	**24.8**	**25.5**		**26.6**	**32.0**	
of which: public and publicly guaranteed (PPG)	54.4	49.3	42.1			17.2	19.9	21.7	23.5	24.8	25.5		26.6	32.0	
Change in external debt	-9.6	-5.1	-7.2			-25.0	2.8	1.8	1.8	1.3	0.7		0.1	0.8	
Identified net debt-creating flows	4.7	3.4	-0.1			3.0	2.6	5.2	4.4	4.2	3.8		1.7	1.0	
Non-interest current account deficit	**7.4**	**5.3**	**8.7**	**6.0**	**3.0**	**6.7**	**6.0**	**8.5**	**7.6**	**7.3**	**6.8**		**3.9**	**2.8**	3.8
Deficit in balance of goods and services	33.2	34.2	33.9			35.2	32.7	30.3	28.0	27.1	25.8		21.1	18.3	
Exports	14.5	15.7	16.2			16.8	17.1	17.5	17.9	18.2	18.0		17.1	16.0	
Imports	47.7	49.9	50.2			52.0	49.8	47.8	45.9	45.3	43.9		38.1	34.3	
Net current transfers (negative = inflow)	-25.5	-28.9	-25.0	-19.3	6.0	-28.5	-26.6	-21.8	-20.5	-19.7	-18.8		-16.9	-15.2	-16.6
of which: official	-2.2	-8.9	0.0			-1.1	-3.9	0.0	0.2	0.2	0.3		0.3	0.3	
Other current account flows (negative = net inflow)	-0.2	0.0	-0.3			0.1	0.0	0.0	0.0	-0.1	-0.3		-0.2	-0.2	
Net FDI (negative = inflow)	**-2.6**	**-1.5**	**-3.8**	**-1.2**	**1.2**	**-2.9**	**-2.8**	**-2.6**	**-2.5**	**-2.3**	**-2.2**		**-1.3**	**-0.6**	-1.1
Endogenous debt dynamics 2/	**-0.1**	**-0.4**	**-5.0**			**-0.9**	**-0.6**	**-0.7**	**-0.7**	**-0.8**	**-0.8**		**-0.9**	**-1.2**	
Contribution from nominal interest rate	0.3	0.4	0.3			0.2	0.0	0.1	0.1	0.1	0.1		0.2	0.2	
Contribution from real GDP growth	-1.1	-1.1	-1.0			-1.1	-0.6	-0.7	-0.8	-0.9	-0.9		-1.1	-1.4	
Contribution from price and exchange rate changes	0.7	0.3	-4.4			...	...	...	...	...	...		...	...	
Residual (3-4) 3/	**-14.3**	**-8.5**	**-7.1**			**-28.0**	**0.1**	**-3.4**	**-2.7**	**-2.9**	**-3.1**		**-1.5**	**-0.2**	
of which: exceptional financing	0.0	0.0	0.0			-24.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
PV of external debt 4/	...	...	33.1			9.7	11.8	13.1	14.3	15.2	15.8		16.9	21.6	
In percent of exports	...	...	203.9			58.0	68.9	74.9	80.2	83.6	87.5		98.7	135.0	
PV of PPG external debt	**...**	**...**	**33.1**			**9.7**	**11.8**	**13.1**	**14.3**	**15.2**	**15.8**		**16.9**	**21.6**	
In percent of exports	**...**	**...**	**203.9**			**58.0**	**68.9**	**74.9**	**80.2**	**83.6**	**87.5**		**98.7**	**135.0**	
In percent of government revenues	**...**	**...**	**252.5**			**64.5**	**81.4**	**88.4**	**94.5**	**99.2**	**101.3**		**104.6**	**136.0**	
Debt service-to-exports ratio (in percent)	**10.5**	**11.4**	**10.0**			**4.7**	**0.3**	**1.2**	**2.1**	**2.6**	**2.8**		**3.4**	**3.7**	
PPG debt service-to-exports ratio (in percent)	**10.5**	**11.4**	**10.0**			**4.7**	**0.3**	**1.2**	**2.1**	**2.6**	**2.8**		**3.4**	**3.7**	
PPG debt service-to-revenue ratio (in percent)	**11.0**	**12.5**	**12.4**			**5.2**	**0.4**	**1.4**	**2.4**	**3.0**	**3.2**		**3.6**	**3.7**	
Total gross financing need (Billions of U.S. dollars)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.1	
Non-interest current account deficit that stabilizes debt ratio	17.0	10.4	15.9			31.7	3.2	6.7	5.9	6.0	6.0		3.8	2.0	
Key macroeconomic assumptions															
Real GDP growth (in percent)	1.8	2.1	2.2	1.9	1.4	2.5	3.5	4.0	4.0	4.0	4.0	3.7	4.3	5.0	4.5
GDP deflator in US dollar terms (change in percent)	-1.0	-0.6	9.8	8.9	8.3	-4.1	-1.7	2.9	2.8	2.9	2.8	1.0	3.3	3.3	3.2
Effective interest rate (percent) 5/	0.5	0.8	0.8	0.5	0.2	0.4	0.2	0.3	0.4	0.4	0.5	0.4	0.6	0.8	0.7
Growth of exports of G&S (US dollar terms, in percent)	0.4	10.1	15.7	11.9	13.4	1.6	4.0	9.3	9.2	9.3	5.8	6.5	6.5	8.5	7.1
Growth of imports of G&S (US dollar terms, in percent)	-2.0	6.3	12.7	16.7	11.1	1.9	-2.4	2.8	2.6	5.7	3.5	2.3	5.3	7.6	6.2
Grant element of new public sector borrowing (in percent)	...	...	...	...	...	32.8	35.3	39.8	39.8	39.8	41.6	38.2	40.0	35.7	38.6
Government revenues (excluding grants, in percent of GDP)	13.9	14.3	13.1			15.1	14.5	14.8	15.2	15.4	15.6		16.1	15.9	16.4
Aid flows (in Billions of US dollars) 7/	0.1	0.1	0.0			0.1	0.1	0.1	0.1	0.1	0.1		0.1	0.3	
of which: Grants	0.1	0.1	0.0			0.1	0.1	0.1	0.1	0.1	0.1		0.1	0.2	
of which: Concessional loans	...	...	...			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.1	
Grant-equivalent financing (in percent of GDP) 8/	...	...	...			10.9	12.0	10.5	10.4	10.3	10.1		10.0	10.3	10.1
Grant-equivalent financing (in percent of external financing) 8/	...	...	...			88.1	85.4	84.4	83.4	84.3	86.4		87.1	81.7	85.3
Memorandum items:															
Nominal GDP (Billions of US dollars)	0.5	0.5	0.6			0.6	0.6	0.7	0.7	0.7	0.8		1.1	2.5	
Nominal dollar GDP growth	0.7	1.5	12.2			-1.7	1.8	7.0	6.9	7.0	6.9	4.7	7.7	8.4	7.9
PV of PPG external debt (in Billions of US dollars)			0.2			0.1	0.1	0.1	0.1	0.1	0.1		0.2	0.5	
(PVt-PVt-1)/GDPt-1 (in percent)						-23.7	2.3	2.2	2.2	2.0	1.6	-2.2	1.5	2.5	1.8
Gross workers' remittances (Billions of US dollars)	0.1	0.1	0.1			0.1	0.1	0.1	0.1	0.1	0.1		0.2	0.3	
PV of PPG external debt (in percent of GDP + remittances)	...	...	27.9			8.1	9.9	11.1	12.2	13.1	13.6		14.8	19.2	
PV of PPG external debt (in percent of exports + remittances)	...	...	95.1			26.9	32.6	36.9	41.0	43.7	46.2		53.8	75.7	
Debt service of PPG external debt (in percent of exports + remittance	...	...	4.7			2.2	0.2	0.6	1.1	1.3	1.5		1.8	2.1	

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt. Methology of LIC-DSA differs from HIPC-DRA's (see Paragraph 1).

2/ Derived as [r - g - ρ(1+g)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Assumes that PV of private sector debt is equivalent to its face value.

5/ Current-year interest payments divided by previous period debt stock.

6/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

7/ Defined as grants, concessional loans, and debt relief.

8/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

Table 1b. Comoros: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2012-2032

(In percent)

	Projections							
	2012	2013	2014	2015	2016	2017	**2022**	2032
PV of debt-to GDP ratio								
Baseline	10	12	13	14	15	16	**17**	22
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	10	12	12	13	14	14	**18**	30
A2. New public sector loans on less favorable terms in 2012-2032 2	10	13	15	18	19	21	**25**	35
A3. Average reduction of 30 percent in remittances over the period 2013-32	10	12	13	14	15	16	**18**	25
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	10	12	14	15	16	17	**18**	23
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	10	12	15	16	17	18	**18**	22
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	10	12	13	15	16	16	**17**	22
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	10	22	30	31	31	31	**29**	26
B5. Combination of B1-B4 using one-half standard deviation shocks	10	19	25	26	27	27	**25**	25
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	10	17	19	20	22	22	**24**	31
PV of debt-to-exports ratio								
Baseline	58	69	75	80	84	87	**99**	135
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	58	71	71	73	74	77	**105**	190
A2. New public sector loans on less favorable terms in 2012-2032 2	58	74	87	98	107	115	**147**	218
A3. Average reduction of 30 percent in remittances over the period 2013-32	58	69	75	80	84	88	**99**	146
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	58	69	75	80	83	87	**99**	135
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	58	76	102	108	111	115	**126**	162
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	58	69	75	80	83	87	**99**	135
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	58	129	173	172	170	171	**168**	162
B5. Combination of B1-B4 using one-half standard deviation shocks	58	113	150	151	150	152	**154**	159
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	58	69	75	80	83	87	**99**	135
PV of debt-to-revenue ratio								
Baseline	64	81	88	94	99	101	**105**	136
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	64	84	84	86	88	89	**112**	192
A2. New public sector loans on less favorable terms in 2012-2032 2	64	88	102	116	127	134	**156**	220
A3. Average reduction of 30 percent in remittances over the period 2013-32	64	82	89	95	101	104	**113**	183
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	64	84	94	101	106	108	**111**	145
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	64	85	103	108	112	114	**114**	139
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	64	81	90	97	101	104	**107**	139
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	64	153	204	202	201	198	**179**	163
B5. Combination of B1-B4 using one-half standard deviation shocks	64	132	171	172	173	171	**157**	155
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	64	116	126	134	141	144	**149**	193

Table 1b. Comoros: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2012-2032 (continued)

(In percent)

Debt service-to-exports ratio

Baseline	5	0	1	2	3	3	**3**	4
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	5	0	1	2	2	2	**3**	4
A2. New public sector loans on less favorable terms in 2012-2032 2	5	0	1	3	3	4	**5**	8
A3. Average reduction of 30 percent in remittances over the period 2013-32	5	0	1	2	3	3	**3**	4
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	5	0	1	2	3	3	**3**	4
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	5	0	1	3	3	3	**4**	5
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	5	0	1	2	3	3	**3**	4
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	5	0	2	3	4	4	**4**	6
B5. Combination of B1-B4 using one-half standard deviation shocks	5	0	2	3	3	4	**4**	5
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	5	0	1	2	3	3	**3**	4

Debt service-to-revenue ratio

Baseline	5	0	1	2	3	3	**4**	4
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	5	0	1	2	3	3	**3**	4
A2. New public sector loans on less favorable terms in 2012-2032 2	5	0	2	3	4	5	**5**	8
A3. Average reduction of 30 percent in remittances over the period 2013-32	5	0	1	2	3	3	**4**	5
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	5	0	1	3	3	3	**4**	4
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	5	0	1	3	3	3	**4**	4
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	5	0	1	3	3	3	**4**	4
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	5	0	2	4	4	4	**4**	6
B5. Combination of B1-B4 using one-half standard deviation shocks	5	0	2	3	4	4	**4**	5
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	5	1	2	3	4	5	**5**	5
Memorandum item:								
Grant element assumed on residual financing (i.e., financing required above baseline) 6/	36	36	36	36	36	36	**36**	36

Sources: Country authorities; and staff estimates and projections.

1/ Variables include real GDP growth, growth of GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
2/ Assumes that the interest rate on new borrowing is by 2 percentage points higher than in the baseline., while grace and maturity periods are the same as in the baseline.
3/ Exports values are assumed to remain permanently at the lower level, but the current account as a share of GDP is assumed to return to its baseline level after the shock (implicitly assuming an offsetting adjustment in import levels).
4/ Includes official and private transfers and FDI.
5/ Depreciation is defined as percentage decline in dollar/local currency rate, such that it never exceeds 100 percent.
6/ Applies to all stress scenarios except for A2 (less favorable financing) in which the terms on all new financing are as specified in footnote 2.

Table 2a. Comoros: Public Sector Debt Sustainability Framework, Baseline Scenario, 2009-2032

(In percent of GDP, unless otherwise indicated)

	Actual			Average 5/	Standard Deviation 5/	Estimate	Projections								
	2009	2010	2011			2012	2013	2014	2015	2016	2017	2012-17 Average	2022	2032	2018-32 Average
Public sector debt 1/	57.2	51.6	44.6			20.3	22.8	24.6	26.3	27.4	28.1		29.4	34.8	
of which: foreign-currency denominated	54.4	49.3	42.1			17.6	19.9	21.7	23.5	24.8	25.5		26.6	32.0	
Change in public sector debt	-9.9	-5.7	-7.0			-24.3	2.5	1.8	1.7	1.1	0.8		0.1	0.8	
Identified debt-creating flows	-1.6	-7.6	-4.4			-23.6	-1.5	-0.5	-1.0	-1.3	-1.7		-2.3	-2.5	
Primary deficit	-0.9	-7.4	1.2	0.6	3.2	0.2	-0.5	0.9	0.5	0.3	0.0	0.2	-0.3	-0.1	-0.5
Revenue and grants	23.6	29.2	20.6			25.9	25.3	24.0	24.2	24.4	24.6		25.1	24.9	
of which: grants	9.7	14.9	7.5			10.4	10.9	9.2	9.0	9.0	9.0		9.0	9.0	
Primary (noninterest) expenditure	22.7	21.7	21.8			26.0	24.8	24.9	24.7	24.7	24.5		24.8	24.8	
Automatic debt dynamics	-0.6	-0.2	-5.7			2.3	-1.0	-1.4	-1.5	-1.6	-1.7		-1.9	-2.4	
Contribution from interest rate/growth differential	-3.7	-3.1	-3.0			-2.1	-1.3	-1.5	-1.6	-1.7	-1.8		-1.9	-2.4	
of which: contribution from average real interest rate	-2.6	-1.9	-1.9			-1.0	-0.6	-0.6	-0.6	-0.7	-0.7		-0.7	-0.8	
of which: contribution from real GDP growth	-1.2	-1.2	-1.1			-1.1	-0.7	-0.9	-0.9	-1.0	-1.1		-1.2	-1.6	
Contribution from real exchange rate depreciation	3.1	2.9	-2.6			4.4	0.3	0.1	0.1	0.1	0.1		...	...	
Other identified debt-creating flows	0.0	0.0	0.0			-26.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Privatization receipts (negative)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Recognition of implicit or contingent liabilities	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Debt relief (HIPC and other)	0.0	0.0	0.0			-26.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Other (specify, e.g. bank recapitalization)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Residual, including asset changes	-8.3	2.0	-2.5			-0.7	4.0	2.3	2.6	2.4	2.5		2.4	3.3	
Other Sustainability Indicators															
PV of public sector debt	...	...	35.6			12.7	14.7	15.9	17.1	17.8	18.4		19.6	24.4	
of which: foreign-currency denominated	...	...	33.1			10.0	11.8	13.1	14.3	15.2	15.8		16.9	21.6	
of which: external	...	...	33.1			10.0	11.8	13.1	14.3	15.2	15.8		16.9	21.6	
PV of contingent liabilities (not included in public sector debt)	...	...	...			...	...	...	...	...	...		...	...	
Gross financing need 2/	3.0	-3.4	5.0			3.4	2.0	3.8	3.6	3.3	2.9		2.8	3.1	
PV of public sector debt-to-revenue and grants ratio (in percent)	...	...	173.0			48.9	57.9	66.3	70.6	73.1	74.9		78.1	97.9	
PV of public sector debt-to-revenue ratio (in percent)	...	...	271.5			81.9	101.3	107.7	112.6	116.0	118.2		121.8	153.4	
of which: external 3/	...	...	252.5			64.5	81.4	88.4	94.5	99.2	101.3		104.6	136.0	
Debt service-to-revenue and grants ratio (in percent) 4/	6.5	6.1	7.9			3.1	0.2	0.9	1.5	1.9	2.0		2.3	2.4	
Debt service-to-revenue ratio (in percent) 4/	11.0	12.5	12.4			5.2	0.4	1.4	2.4	3.0	3.2		3.6	3.7	
Primary deficit that stabilizes the debt-to-GDP ratio	8.9	-1.8	8.2			24.5	-3.1	-0.9	-1.1	-0.8	-0.8		-0.5	-0.8	
Key macroeconomic and fiscal assumptions															
Real GDP growth (in percent)	1.8	2.1	2.2	1.9	1.4	2.5	3.5	4.0	4.0	4.0	4.0	3.7	4.3	5.0	4.5
Average nominal interest rate on forex debt (in percent)	0.5	0.8	0.8	0.5	0.2	0.4	0.2	0.3	0.4	0.4	0.5	0.4	0.6	0.8	0.7
Average real interest rate on domestic debt (in percent)	-4.4	-4.2	-4.5	-3.8	...	-0.5	-5.3	-3.1	-3.1	-3.2	-3.1	-3.1	-3.2	-3.2	-3.1
Real exchange rate depreciation (in percent, + indicates depreciation	5.2	5.6	-5.7	-4.2	6.8	10.9	...	...	...	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	4.6	4.4	4.7	4.0	1.4	0.5	5.6	3.2	3.2	3.3	3.2	3.2	3.3	3.3	3.2
Growth of real primary spending (deflated by GDP deflator, in percer	-0.1	0.0	0.0	0.0	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Grant element of new external borrowing (in percent)	...	...	...	...	...	32.8	35.3	39.8	39.8	39.8	41.6	38.2	40.0	35.7	...

Sources: Country authorities; and staff estimates and projections.

1/ Public sector covers central government; net debt is used.

2/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period.

3/ Revenues excluding grants.

4/ Debt service is defined as the sum of interest and amortization of medium and long-term debt.

5/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

Table 2b. Comoros: Sensitivity Analysis for Key Indicators of Public Debt 2012-2032

	Projections							
	2012	2013	2014	2015	2016	2017	2022	2032
PV of Debt-to-GDP Ratio								
Baseline	13	15	16	17	18	18	20	24
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	13	16	17	19	20	21	28	50
A2. Primary balance is unchanged from 2012	13	15	16	17	17	18	21	28
A3. Permanently lower GDP growth 1/	13	15	16	17	18	19	22	31
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2013-20	13	15	18	20	21	22	26	34
B2. Primary balance is at historical average minus one standard deviations in 2013-201	13	17	20	21	22	22	23	26
B3. Combination of B1-B2 using one half standard deviation shocks	13	17	19	21	22	23	26	33
B4. One-time 30 percent real depreciation in 2013	13	19	19	20	20	20	19	22
B5. 10 percent of GDP increase in other debt-creating flows in 2013	13	21	22	23	23	24	24	27
PV of Debt-to-Revenue Ratio 2/								
Baseline	49	58	66	71	73	75	78	98
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	49	61	70	75	80	84	104	164
A2. Primary balance is unchanged from 2012	49	60	66	69	72	74	83	114
A3. Permanently lower GDP growth 1/	49	58	67	72	75	77	85	121
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2013-20	49	60	73	79	84	88	101	134
B2. Primary balance is at historical average minus one standard deviations in 2013-201	49	68	85	88	90	91	90	104
B3. Combination of B1-B2 using one half standard deviation shocks	49	65	79	84	88	92	101	129
B4. One-time 30 percent real depreciation in 2013	49	74	80	81	81	81	76	87
B5. 10 percent of GDP increase in other debt-creating flows in 2013	49	82	91	94	96	96	95	107
Debt Service-to-Revenue Ratio 2/								
Baseline	3	0	1	2	2	2	2	2
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	3	0	1	2	2	2	3	4
A2. Primary balance is unchanged from 2012	3	0	1	2	2	2	2	3
A3. Permanently lower GDP growth 1/	3	0	1	2	2	2	2	3
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2013-20	3	0	1	2	2	2	3	3
B2. Primary balance is at historical average minus one standard deviations in 2013-201	3	0	1	2	2	2	2	3
B3. Combination of B1-B2 using one half standard deviation shocks	3	0	1	2	2	2	3	3
B4. One-time 30 percent real depreciation in 2013	3	0	1	2	3	3	3	4
B5. 10 percent of GDP increase in other debt-creating flows in 2013	3	0	1	2	2	2	2	3

Sources: Country authorities; and staff estimates and projections.

1/ Assumes that real GDP growth is at baseline minus one standard deviation divided by the square root of the length of the projection period.

2/ Revenues are defined inclusive of grants.