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**INTERNATIONAL FINANCE CORPORATION**

**AND MULTILATERAL INVESTMENT GUARANTEE AGENCY**

**COUNTRY PARTNERSHIP FRAMEWORK**

**FOR**

**THE UNION OF COMOROS**

**FOR THE PERIOD FY20-FY24**

**June 17, 2020**

**Southern Africa Country Management Unit 2  
Africa Region  
The International Finance Corporation  
Multilateral Investment Guarantee Agency**

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The date of the last Country Partnership Strategy Progress Report (FY12-FY16) was January 2019.

### CURRENCY EQUIVALENTS

Currency Unit:  
US\$1 = 444 Comorian Francs

### FISCAL YEAR

January 1 – December 31

### ABBREVIATIONS AND ACRONYMS

AAA	Analytical and Advisory Assistance	IEG	Independent Evaluation Group
AML	Anti Money Laundering	KMF	Comorian Franc
ASA	Advisory Services and Analytics	IMF	International Monetary Fund
BCC	Central Bank of Comoros	M&E	Monitoring and Evaluation
CERC	Contingent Emergency Response Component	MFD	Maximizing Finance for Development
CLR	Completion and Learning Review	MIGA	Multilateral Investment Guarantee Agency
CPF	Country Partnership Framework	MSMEs	Micro, Small and Medium Enterprises
CPS	Country Partnership Strategy	NDS	National Development Strategy
CRW	Crisis Response Window	PLR	Performance and Learning Review
DSA	Debt Sustainability Analysis	PER	Public Expenditure Review
DRM	Disaster Risk Management	PIM	Public Investment Management
EFF	Extended Fund Facility	SCD	Systematic Country Diagnostic
ESF	Environmental, Social and Governance	SIDS	Small Island Developing States
FAO	Food and Agriculture Organization	SME	Small and Medium Enterprise
FCV	Fragility, Conflict and Violence	SMP	Staff Monitored Program
FDI	Foreign Direct Investment	SOE	State-owned Enterprise
FIRST	Financial Sector Reform and Strengthening Initiative	SORT	Standard Operations Risk-rating Tool
GBV	Gender Base Violence	SSA	Sub-Saharan Africa
GDP	Gross Domestic Product	SWIOFish	South West Indian Ocean Fisheries
GEF	Global Environment Facility	TA	Technical Assistance
GFDRR	Global Facility for Disaster Reduction and Recovery	UN	United Nations
ICT	Information and Communication Technology	UNDP	United Nations Development Program
IBRD	International Bank for Reconstruction and Development	UNECA	United Nations Economic Commission for Africa
IFC	International Finance Corporation	WBG	World Bank Group
		WTO	World Trade Organization

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**FY20-FY24 COUNTRY PARTNERSHIP FRAMEWORK FOR  
THE UNION OF COMOROS**

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**FY20-FY24 COUNTRY PARTNERSHIP FRAMEWORK  
FOR  
THE UNION OF COMOROS**

**I. INTRODUCTION**

1. **The FY20-FY24 Country Partnership Framework for the Union of Comoros seeks to accompany the country in finding a sustainable growth path and building the resilience of its population against multidimensional shocks.** The Government has issued a longer-term Comoros Emergence Plan (CPE) and a shorter-term National Development Strategy (SCA2D) that puts forth ambitious goals that imply a major shift in the approach to economic development. The strategy seeks to mobilize resources and carry out policy reforms to break the constraints that have held back the country in the past. The World Bank Group (WBG) has increased its involvement in Comoros considerably through lending, Advisory Services & Analytics (ASA), and presence on the ground with the opening of a World Bank Country Office in Moroni. This has improved the quality and effectiveness of the dialogue and has equipped the WBG to better support the needs of Comoros. IFC has a dedicated staff focused on FCV countries, based out of Madagascar since end-2015, who is supporting and coordinating IFC interventions in Comoros. The CPF seeks to contribute to the twin goals and to address the factors that keep the country fragile through its interventions and in collaboration with development partners.

2. **The CPF will focus on building resilience, strengthening human capital and fostering inclusive growth, as well as addressing the urgent need arising from the impacts of COVID-19 and Cyclone Kenneth.** Coming less than one year after Cyclone Kenneth, COVID-19 is expected to further drive economic growth down to -1.4 percent in 2020. The economic slowdown, impact of social distancing measures as well as sharp drops in remittances and diaspora-based tourism are all expected to contribute to an increase in poverty. The CPF thus incorporates an important COVID-19 response, by reallocating and reorienting the existing portfolio and planned pipeline. The CPF will focus on (i) crisis response and building resilience, which will include investing in human capital, disaster recovery and disaster risk management; and (ii) economic recovery and inclusive growth, which will include improving governance and business environment, fostering private sector growth and improving connectivity. The support for inclusive growth comprises better access to electricity while reducing the carbon footprint and facilitating inter and intra island transport and logistics. The CPF will also extend technical assistance on governance and revenue mobilization, while assisting the government in its intended reforms. In terms of addressing fragility and vulnerability, the CPF will seek to ensure a fair and equitable allocation of resources across and within the islands as well as empowering women to leverage their existing prominent role within households and communities.

**II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA**

**A. Political Context**

3. **Political instability remains a concern for growth as well as for national and social cohesion.** Historical tensions and mistrust between the islands that make up the Comoros have been a recurring source of political instability, while spatial inequalities and regional imbalances between them have further deepened divides. While conflict in Comoros has generally been low intensity, the country has experienced political volatility and instability, including more than 21 successful and attempted military coups. Tensions peaked in 1997, when Anjouan and Mohéli attempted to secede from the Union, followed by a similar attempt by Anjouan again in

2007.<sup>1</sup> The country has adopted more than ten constitutions since independence, with varying degrees of success in creating workable power-sharing agreements between the central state and the islands. A national reconciliation agreement in 2001—the Fomboni Accord—introduced the “*tournante*” system of a rotating presidency between the islands, helping to pave the way for successive peaceful and democratic handovers since 2002. Tensions between the islands reemerged during the constitutional referendum held on July 30, 2018, which introduced changes to the Presidential rotation system.

4. **Presidential elections in March 2019 gave a clear majority to the incumbent President Azali and a new five-year term under the new constitution.** Elections were accompanied by bouts of civil unrest and criticism from international observers. Though contained, this has once again highlighted the high degree of fragility of the country and potential for instability.

## **B. Country Context**

5. **Comoros’ development performance since 1975 has been shaped by three defining characteristics:** First, the country has a challenging economic geography. The smallness, remoteness, and inaccessibility of its territory has led Comoros to suffer, like other small island developing states, from the challenges of diseconomies of scale, highly concentrated markets, lack of competition, high transport and trading costs, and high cost of living. Second, political instability, the weakness of formal institutions, and a disconnect between the state and citizens have further fragmented an already small country. The central state, the islands, and local communities offer competing governance structures that often impede productive collaboration. Third, remittances have contributed to deepening a consumption driven growth trajectory and uneven progress towards shared prosperity. While remittances have raised many Comorians out of poverty, those who cannot rely on diaspora networks have often been left behind.

6. **These characteristics have resulted in a low growth-moderate poverty paradox.** This paradox is to a large degree explained by significant remittance flows from the growing diaspora. In an environment of stagnating GDP per capita growth, political and institutional fragility, the country has thus achieved a reduction in poverty rates that compares well with those of other lower-middle income countries. Close to 40 percent of households receive remittances and those households that do benefit from remittances are on average 11 percentage points less likely to be poor than those that cannot rely on transfers from a family member. However, as remittance flows are highly localized in one of islands, they also deepen existing disparities between islands.

7. **Comoros is highly vulnerable to exogenous shocks,** including to international price fluctuations such as the price of oil. Natural hazards have historically had a dire impact on the archipelago, making it susceptible to climate variability and natural disasters, including volcanic eruptions, cyclones, floods, landslides, and tidal waves. Most recently, in April 2019, the country was hit by Cyclone Kenneth, which left 6 dead and more than 200 injured, with considerable damage to houses, agriculture and infrastructure. A year later, Comoros has been hit by COVID-19, with first cases tested and officially confirmed in April 2020.

## **C. Recent Economic Development and Outlook**

8. **Impact of COVID-19 is expected to shape economic growth and outlook, with dramatic fiscal and financial consequences in the case of a large coronavirus outbreak.** Although the last debt sustainability assessment (December 2019) classifies Comoros as being at moderate risk of debt distress, it also shows that it

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<sup>1</sup> The national reconciliation agreement (Accords de Fomboni) was signed in February 2001. A new secessionist attempts from Anjouan occurred in 2007, when Mohamed Bacar refused to leave office after reaching his constitutional term limit. This prompted the intervention of a military force led by the African Union to remove him from power.

has limited fiscal space to absorb shocks, which would limit the fiscal response in the case of a large COVID-19 outbreak.

9. **COVID-19 is expected to bring down economic growth to –1.4 percent in 2020, offsetting any positive impact from reconstruction efforts after cyclone Kenneth.** The large expected drop in remittances and tourism (both heavily linked to France’s economy, a country highly impacted by the health crisis) would have a wide negative effect on domestic demand as well as on exports. This current shock would heavily affect most economic sectors, with trade and tourism related sectors expected to be hit the hardest.

10. **Comoros was already hit hard by Cyclone Kenneth in April 2019, with economic growth falling to an estimated 1.9 percent in 2019 as a result, from 3.6 percent in 2018.** The economy suffered from supply disruptions due to damages to the agricultural sector and to a lesser extent, damage to electricity, water, education and health facilities, as well as telecommunications. These disruptions were partially offset by higher public and private spending (mainly external aid and private remittances) for reconstruction and social transfers. Spending on affected populations, State-owned enterprises (SOEs), infrastructure and building repairs. Supply constraints raised inflation, which reached 3.3 percent in 2019, up from 1.7 percent in 2018.

**Table 1: Selected Macroeconomic Indicators and Projections**  
(In percentage of GDP, unless otherwise indicated)

	2018	2019e	2020f	2021f	2022f	2023f	2024f
<b>National income, prices, and credit</b>							
Real GDP growth	3.6	1.9	-1.4	3.2	3.7	3.7	3.8
Inflation (Consumer Price Index, % change y-o-y)	1.7	3.3	1.8	2.0	2.0	2.0	2.1
Credit to the private sector	1.2	2.0	2.1	3.4	5.6	6.2	6.4
<b>Government budget</b>							
Total revenues and grants	13.9	16.1	17.2	17.4	17.4	17.4	17.4
<i>of which</i>							
Tax revenues	8.3	7.0	5.2	7.5	8.0	8.1	8.2
Grants	2.5	7.5	10.6	8.3	7.8	7.2	6.8
Other revenues	3	1.7	1.4	1.5	1.6	1.6	1.7
Total expenditure	14.9	18.4	21.1	20.2	20.0	19.1	18.9
<i>of which</i>							
Current expenditure	11.3	10.6	13.1	12.2	12.1	11.8	11.8
Capital expenditure	3.6	7.8	8.0	8.0	7.9	7.3	7.1
Fiscal Balance	-1	-2.3	-3.9	-2.8	-2.6	-1.7	-1.5
<b>External Sector</b>							
Exports of goods and services	12.9	12.3	11.9	12.1	12.2	12.6	12.7
Imports of goods and services	30	32.6	31.6	31.3	31.1	30.2	29.9
Current Account Balance	-2.8	-3.6	-6.5	-5.5	-4.5	-4.0	-3.6
Net private remittances	12.3	12.3	9.4	11.5	12.3	12.1	12.1
<b>Miscellaneous</b>							
Public debt	19.6	23.8	30.1	32.7	33.4	34.2	34.5
Gross international reserves (end of period) (in months of imports)	6.7	6.6	6.1	5.9	5.7	5.7	5.7
GDP per capita (nominal in US dollars)	1,386	1,357	1,330	1,379	1,426	1,472	1,521

Source: World Bank. Note: e = estimate, f = forecast.

11. **Both Government and SOE revenues are expected to experience serious shortfalls due to much lower economic activity arising from COVID-19.** Domestic revenues are expected to fall by 2.1 percentage points of GDP (or by about US\$ 25 million) compared to 2019. In addition, a further deterioration of Comores Telecom’s

financial situation could push this SOE into debt distress, with the State being forced to bail-out the public enterprise (the SOE's debt is guaranteed by the State and represents about 40 percent of the total government's stock of debt and guaranteed debt).<sup>2</sup> The financial sector could experience serious solvency issues in case of an extensive outbreak, with the *Société Nationale des Postes et des Services Financiers* (SNPSF), a postal bank, currently facing severe liquidity and solvency problems.<sup>3</sup>

12. **Comoros' fiscal balance had remained mostly under control in recent years, but it had continued to be highly dependent on external grants.** Over the period 2016-2019, total expenditures exceeded total revenues, generating on average a fiscal deficit of 1.9 percent of GDP. Without significant and continuous support from external donors, the overall fiscal deficit would have exceeded 10 percent for most of this period. The large share of the wage bill in the budget (61 percent of domestically generated revenue in 2019) leaves very little room for spending on social services, education or infrastructure projects. Prior to COVID-19, fiscal policy implementation was particularly challenging in 2019 due to financial difficulties at SOEs and due to liquidity constraints associated with the cyclone.

13. **Chronic heavy reliance on private remittances and receipts from international tourism is expected to exacerbate the impact of COVID-19.** The downturn in the world economy during the pandemic is expected to have a strong negative impact on tourism (mainly from the Comorian diaspora) and on remittances. Comoros' capacity in goods export is very limited, with high concentration in just three agricultural products representing 90 percent of total goods exports (vanilla, ylang-ylang, and cloves). Limited capacity in goods exports will make it difficult to make up for the losses in services exports (of which tourism represents a large share) and the significant loss in remittances (expected to fall by 30 percent this year). In the recent past, net remittances from the diaspora and external grants averaged at 11 percent and 5.6 percent of GDP, respectively, over 2016-2019 and had helped to partly offset persistently large trade balance deficits.

14. **Although some tax administration measures were implemented in recent years, tax revenue collection remains very low.** Comoros' tax effort is less than half the average for Sub-Saharan African (SSA) countries<sup>4</sup>. A low level of economic activity, different regimes of tax exemptions and a large informal sector restricts the tax base and weakens domestic revenue performance. Inefficient revenue administration aggravates the situation further. Tax revenues only cover 72.6 percent of current expenditures (over 2011-2019). Nevertheless, since 2016, reforms in customs administration notable improvements in customs valuation procedures and reductions in customs exemptions have pushed tax revenues upward.<sup>5</sup>

15. **In the last two decades, a surge in services contributed the most to economic growth, while the agricultural and secondary sectors' contributions remained low.** In recent years, services have become by far the most important sector in the Comorian economy, with commerce and public-sector services accounting for half of value added. Commerce is dominated by simple, mostly informal retail commerce. The agricultural and secondary sectors' contribution to growth has remained low and at times even negative. Indeed, although the

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<sup>2</sup> Comoros doesn't have a borrowing limit set by the IMF on external debt. However, as an IDA-grant eligible and post-MDRI country, Comoros is subject to IDA's Non-concessional Borrowing Policy (NCBP).

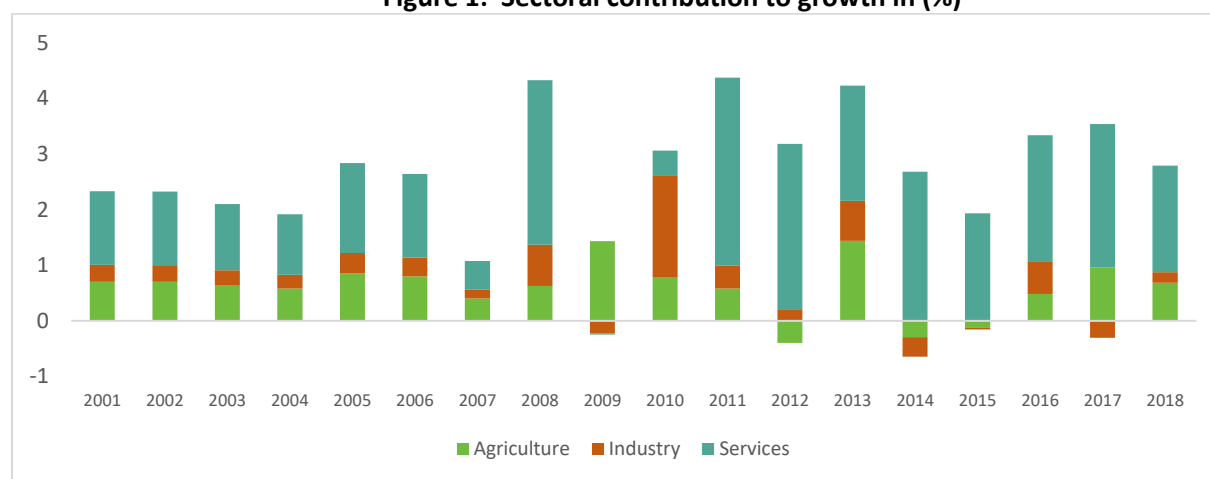
<sup>3</sup> SOEs' debt burden constitutes a significant fiscal risk in Comoros. Indeed, it has been estimated that the cumulative debt of all the SOEs reaches 21 percent of the GDP as of November 2019. Since SOEs also contribute strongly to government's domestic revenues (31 percent in 2018), a deterioration of SOE's fiscal situation could strongly affect public finances.

<sup>4</sup> 7.1 percent for 2011-2017, compared to 15.9 percent of GDP for Sub Saharan African Countries

<sup>5</sup> The implementation of SYDONIA ++, and the first steps in the implementation of SYDONIA WORLD, improved considerably the custom administration efficiency as well as the decrease in discretionary customs exonerations.

agriculture sector's share has often been twice the SSA average, its share in the whole economy is slowly decreasing.<sup>6</sup>

**Figure 1: Sectoral contribution to growth in (%)**



16. **Inflation has been generally low and stable, due to a monetary policy anchored in an agreement between the Central Bank of Comoros and France.** The Comorian Franc was initially pegged to the French Franc and subsequently to the Euro since 1994. The Comorian Franc is guaranteed by the French Treasury. While such an agreement implies a de facto surrender of an independent monetary policy in Comoros, conditions under this agreement have helped the Central Bank maintain low levels of inflation (especially compared to SSA countries) as well as adequate levels of foreign reserves (6.6 months of imports in 2019). Price administration policy for staple goods (e.g. rice) are weakly enforced and most likely have no significant effect on inflation rates. The peg to the Euro has not produced a sustained and/or significant overvaluation of the currency during the last 5 years.<sup>7</sup>

17. **Fishing rights granted to foreign vessels have historically generated significant government revenues, but governance failures brought this revenue stream to a halt in 2017.** Tuna is fished in Comoros predominantly by Distant Water Fishing Nations (DWFN), as well as vessels flagged in the region, from Seychelles and Mauritius. No landing or transshipment takes place in Comoros. Hence, the benefits to the Comorian economy consist largely of payments to the Government for access of foreign vessels to national waters. In 2017, a large part of this revenue stream ended when Comoros was sanctioned by the EU (which pays half of the foreign fishing rights) for lack of cooperation in fighting illegal, unreported and unregulated (IUU) fishing. This currently prohibits any fisheries products to be exported to the EU, nor can EU vessels fish in Comorian waters, along with a loss of 900,000 Euros (about 1 percent of domestic revenues) of yearly income from the agreement.

18. **Comoros currently does not have an IMF program but there are signs of enhanced desire from the government for closer engagement.** A six-month Staff-Monitored Program (SMP) was signed in November 2016, but neither of the reviews could be completed since the program was suspended in 2017 when the conditions were not met. IMF 's recent engagement with Comoros and traction of policy advice have been

<sup>6</sup> The bulk of agricultural production comes from small family-owned and operated farms that produce a range of food crops destined mainly for home consumption. Commercial agriculture is underdeveloped and revolves around the production of vanilla, ylang ylang (ylang-ylang's aromatic oil is used in the perfume industry), and cloves that are mostly destined for export.

<sup>7</sup> IMF's 2014, 2016, and 2018 Article IV.



limited. Discussions towards an SMP (which began in December 2019 during the most recent Article IV mission) have been postponed due to the current uncertainties and practical challenges for engaging with the authorities on policy issues during the pandemic. To respond to the COVID-19 health crisis, the IMF has provided financial assistance under the Rapid Credit Facility (RCF) and the Rapid Financing Instrument (RFI) of US\$12.2 million (equivalent to 50 percent of quota). In addition, the IMF Board approved a suspension on debt service payments for six months (equivalent to US\$1.3 million) with a possibility to be extended up to 2 years.

19. **Sustained recovery to a higher, more inclusive growth path will require urgent actions to address the present crisis while implementing key reforms and managing downside risks.** Urgent action is required to contain the negative impact of the COVID-19 crisis while paving the way for Comoros to attain positive real growth in the near future. Over the last decade, economic growth rates have hardly exceeded population growth rates, which has been high at 2.5 percent. Implementation of programs, especially focusing on human capital and complementary reforms outlined in this CPF is expected to assist recovery and impact growth rates positively. Improvements in the business environment as well as investor engagement is likely to play an important role, especially in key value chains such as tourism and agriculture.

#### **D. Poverty and Inclusion**

20. **Between 2004 and 2014, weak economic growth translated into modest poverty reduction, while increasing inequality.** In 2014, around 40 percent of Comorians lived below the national poverty line compared with 54 percent 10 years earlier.<sup>8</sup> Nearly one fourth of the population is extremely poor, unable to buy enough food to meet the minimum nutritional requirements of 2,200 kilocalories per person per day. During the period 2004-14, poverty responded sluggishly to economic growth, with a one percent increase in consumption reducing the poverty headcount by only 0.7 percent. With no redistribution effects, this has resulted in an increase in inequality, with the same pattern observed at the national as well as rural-urban and island levels. Measured against the US\$3.20 per capita per day international poverty line, 38 percent of Comorians are classified as poor, a rate that is below the average for Lower-Middle Income (LMICs) and SSA countries (44 percent and 66 percent, respectively).

21. **One in four of the Comorian poor has a consumption level just below the poverty line, with a good chance to escape poverty.** One fourth of the poor in Comoros currently live right below the national poverty line and could move out of poverty if their consumption level increased by around KMF 167 per capita (or US\$ 0.37) per day<sup>9</sup>. However, about 10 percent of the population is at risk of falling below the national poverty line in the event of unexpected economic shocks.

22. **Unequal access to infrastructure services remains an important constraint for the poor, worsening imbalances especially in lagging areas.** Multi-dimensional poverty incidence (MPI) estimates improved by 12 percentage points between 2004 and 2014, as households experienced considerable improvements in housing conditions and modern amenities such as television sets, means of communication, ownership of means of transportation, and livestock. However, deprivation levels remained pronounced and even increased in access to cooking fuel, electricity, sanitation, and water. Between 2004 and 2014, access to safe drinking water improved slightly at the national level but deteriorated in urban zones. Some progress was made with respect

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<sup>8</sup> In order to address comparability problems related to changes in the methodology for the measurement of consumption aggregate, the poverty estimate for 2004 relies on an estimation approach that consists in re-estimating the consumption aggregates for 2004, using the same methodology as in 2014 and adjusting the 2014 poverty line by the changes in Consumer Price Index (CPI) between 2004 and 2014. However, this method cannot correct for variations in the survey's design that occurred between 2004 and 2014, such as the changes in the reference period for which consumption is reported and the changes in the degree of commodity detail. Such changes can be overcome by using the Small Area Estimation method that gives an estimate poverty headcount rate of 56.6 percent in 2004.

<sup>9</sup> The average consumption level of a poor Comorian is around 85 percent of the US\$3.20 per day (2011 PPP) international poverty line compared to 86 percent in other LMICs and 68 percent of other SSA countries.

to access to improved sanitation, but traditional/unimproved sanitation facilities remain the most common feature. Use of wood and charcoal for cooking increased among urban and rural households. Significant achievements were made with remarkable expansion in education enrollment, particularly in upper secondary and tertiary levels.

**23. Remittance flows contributed to raising living standards through acquisition of assets.** The increase of household consumption was mainly driven by their improved endowments. Remittances contributed significantly to asset acquisition and to raising households' consumption levels. In 2014, close to 40 percent of Comorian households received remittances, representing on average 22 percent of recipient revenues. Remittances increased per capita consumption by 22 percent and reduced the likelihood of being poor by 11 percentage points.

**24. A demographic transition to lower fertility rates and dependency ratios has the potential to accelerate poverty reduction and boost growth in Comoros.** Poor households in Comoros are typically larger in size, with an average of 6 members compared to an average of 4 members in non-poor households. This translates into lower consumption levels and higher poverty, because a larger number of children and dependents threatens the ability of poor households to cover basic food needs. High rates of fertility and population growth place a significant burden on the earnings capacity of households.

### *Gender and Youth*

**25. The reality of gender issues in Comoros is complex.** While Comorian society is matrilineal, giving women an important role in society in terms of asset ownership,<sup>10</sup> gender inequalities in Comoros are entrenched. Women represent the matrilineal household and own the corresponding family house and property, which is built for them by their uncles and brothers. Women also hold informal power within communities and are at the forefront of social change. However, the traditional system tends to exclude women from formal decision-making processes. Despite having ratified the Convention on the Elimination of all Forms of Discrimination against Women, the Comoros continues to suffer from underrepresentation of women in all spheres of political and socio-economic activities. Heads of villages positions are traditionally held by men. Currently, 90 percent of mayor positions are held by men. Female representation at the national political level remains very low as well. Women hold only two parliamentary seats despite increasing numbers of female candidates and ranks 179 out of 190 in the Inter-Parliamentary Union.<sup>11</sup> Women are under-represented in the civil service, where a gender-biased patronage system works against them.<sup>12</sup> Furthermore, in the private sphere where social and customary norms dominate, there is significant gender *inequality*. This is also true of assigned roles and associated powers within the household and in relationships, such as in marriage (including divorce and gender-based violence) and in the division of roles in decision-making, effective control and partition of assets between partners or spouses.

**26. Gender inequality is also reflected in educational outcomes and limited economic opportunities.** According to the Comoros Poverty Assessment (2018), only one-third of women are in the labor force, compared to an activity rate of 57 percent for men. Women are also over-represented in self-employment and informal

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<sup>10</sup> Although, even if according to custom and granted by favorable laws, women have access to property, they do not always have the use rights of these assets. According to article 82 of the Family Code Comorian custom dictates that, each girl is entitled, at the time of her marriage, to receive a house from her parents. In principle, these assets available to women can be used as collateral and, therefore, could promote their access to credit and finance. However, in practice, assets tend to go to their husbands, maternal uncles or their brothers. A poor land registration system and matrilineal system which affirms the indivisibility and inalienability of the land, limits in practice women's ability to use their own land to access bank loans.

<sup>11</sup> Inter-Parliamentary Union, Women in Politics, 2019.

<sup>12</sup> Despite having ratified the Convention on the Elimination of all Forms of Discrimination against Women, Comoros continues to suffer from underrepresentation of women in all spheres of socio-economic activities, including national (3 percent) and local politics, in administration, and in the legal and judiciary profession judiciary.

trade activities, while men have better access to wage employment. In addition, data show that women's wages suffer from a "marriage penalty". For married men, the average wage increases from US\$1.67 (average wage for single men) to US\$1.73. By contrast, married women earn on average US\$1.45 versus US\$1.64 for single women.<sup>7</sup> There are also relatively large disparities between men and women in education, with 47 percent of women in the uneducated labor force compared to only 36 percent of men. Primary school completion rates for boys versus girls are in the range of 90 versus 70 percent. Early marriage and adolescent pregnancies contribute to girls' low completion rates. Adolescent pregnancies are more frequent in Comoros than in other small island states and two to three-times higher than in aspirational peer countries.

**27. The number of female-headed households has increased from 21.5 percent in 2004 to 27.8 in 2014.<sup>7</sup>** Many female-headed households rely on remittances as the only source of income. Additionally, the percentage of households headed by a single woman (single, divorced or widow) is 40.2 percent compared to 2.8 percent of households headed by a single man.<sup>13</sup> The 2012 Demographic and Health Survey showed that 59 percent of women own land, compared to 42 percent of men.<sup>14</sup>

**28. At 4.2 births per woman in 2014, Comoros has only recently initiated its demographic transition.** High fertility rates and population growth pose a significant burden on households as the number of dependents living in poor households in Comoros is high.<sup>15</sup> As one of the most densely populated countries in the world,<sup>16</sup> high fertility also increases land pressures which can undermine the sustainability of growth.<sup>17</sup> Lowering dependency ratios not only alleviates earning pressures in poor households, it can also raise the potential for savings which supports growth further.<sup>18</sup> Furthermore, improving the quality and quantity of and access to education, especially for women, has been shown to decrease fertility rates both by delaying first-time pregnancies and by raising the opportunity costs of childbearing.<sup>19</sup>

**29. The growing youth population in Comoros has limited educational options, scarce opportunities in the formal sector, little social mobility, and few avenues for political voice and expression.** High rates of unemployment have contributed to frustration among the youth (with 53 percent of the population under the age of 20) and helped to drive outward migration and reliance on the informal sector. In 2014, one in two young Comorians of working age were unemployed. Only 3 percent of youth have found fixed employment in the formal sector. The key source of formal employment in the country—the civil service—is saturated. High rates of youth unemployment and limited opportunities also represent a social risk with respect to narcotics trafficking and extremism.

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<sup>13</sup> Green Climate Fund, Gender Assessment FPO94: Ensuring climate resilient water supplies in the Comoros Islands, 10 January 2019.

<sup>14</sup> UNECA (2017). Comoros Country Profile. Addis Ababa, Ethiopia: UNECA.

<sup>15</sup> The bottom 40 percent of households in Comoros have on average 3.5 children and have significantly higher dependency ratios.

<sup>16</sup> Comoros is one of the most densely populated countries in the world 25th, with 328 people on average living on a square kilometer.

<sup>17</sup> Jayne, Chamberlin, and Headey (2014)

<sup>18</sup> Globally, it has been found that a 1 per cent fall in the dependency rate is associated with a 0.75 percentage point fall in headcount poverty and increase of one percentage point in the share of the working population will boost economic growth by between 1.1 and 2.0 percentage points (World Bank 2016, Marcio Cruz S. Amer Ahmed 2016).

<sup>19</sup> Following declines in infant and child mortality, a subsequent decline in fertility will increase the share of the working-age population. With fewer dependents and more people at work, growth per person will be accelerated, even when the output per person of working age remains constant (Bloom and Williamson 1997a) Second, a decline in fertility might lead to an increase in female labor-force participation, further boosting the pro-growth effect. Not only will the share of the working-age population increase, the economically active labor force would increase even more, raising the output per person of working age. Third, with fewer children, families (and the state) will have the opportunity to spend more per child on their welfare and education. As these children come of working age, and enter the workforce, the productivity of the workforce will increase—a result of the increase in health and educational attainment. In this way, the demographic transition is associated with an increase in the productivity of the workforce, which can be described as the 'skills effect' of the demographic transition.

## Fragility

30. **Protracted political instability since independence in 1975 has made it challenging for formal institutions to consolidate their presence and capacity.** Unlike traditional governance systems, which are deeply rooted in local norms and values, formal state institutions have struggled with institutional capacity and resource constraints to build credibility and legitimacy among the population, which has contributed to recurring political instability. The disconnect between the state and the citizens is exacerbated by the scarcity of state-delivered services. Meanwhile, social accountability mechanisms—such as citizens’ independent monitoring of public actions—need to be further developed.

31. **A weak sense of unity across the archipelago has also undermined the creation of a cohesive nation-state.** Since precolonial times, there has been little in the way of constructing an explicit sense of national identity among the Union’s inhabitants, despite the unifying forces of Islam, a common language and shared socio-cultural practices. Geographic barriers and limited connectivity between the islands have reduced opportunities for the population to interact beyond their physical territory, further perpetuating a sense of local identity across the islands. Within islands, the territorial hierarchy that has developed between cities and villages according to their history of population settlement is an additional source of stratification.<sup>20</sup>

32. **The centrality of the village and robust traditional institutions in Comoros that act as a crucial source of resilience and cohesion also complicate the quest for nationhood and a sense of national identity.** The village (*mdji*) is the basic geographic unit of identification in the Comoros and is the glue that holds the community together. It is the basis for the multiple forms of societal organization (social stratification, territorial organization, and religious hierarchy) and is the source of Comorians’ sense of belonging, trust, and identity. Individuals self-identify with their family, clan, village, region, and island, in that order. Local observers at times refer to the country as a “*confederation of villages*” rather than a nation state. Local communities rely heavily on traditional governance structures and their own financing sponsored directly by the diaspora.

33. **Incomplete efforts to decentralize power envisioned under the 2001 constitution have hampered the emergence of a unified nation state by sharpening the disconnect between the central state and the islands.** Many laws required to implement the constitution—specifically regarding budget expenditures and devolving functions—were not enacted. The formula for sharing state revenues with the islands was not fully respected, and financial transfers from the center were often negotiated on an ad hoc basis. This reinforced a sense of mistrust and played into perceptions of neglect and marginalization of the islands. Further, the legislature and judiciary have struggled to provide the requisite checks and balances over the executive branch, with a divided parliament, scarce budget oversight, and the ability of the executive branch to overrule ratified legislation.

## E. Development Challenges

34. The Systematic Country Diagnostic (SCD)<sup>21</sup> proposes three pathways to lift Comoros out of its low-growth equilibrium and achieve sustained poverty reduction with greater shared prosperity: i) overcoming the investment gap, ii) raising human capital, and iii) protecting and leveraging natural resources. These pathways will support citizen and community participation and strengthening capacity of key formal institutions across the three pathways.

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<sup>20</sup> Villages are classified into four different categories: *mdji wa yezi* (villages of power), *mdji mhuu* (big villages), *mdji ndze* (rural villages) and *itreya* (peripheral villages inhabited by fishermen and the descendants of slaves).

<sup>21</sup> *Comoros - Towards a More United and Prosperous Union of Comoro : Systematic Country Diagnostic*. Washington, D.C. : World Bank Group, 2019.

### ***Pathway No. 1: Overcoming the Investment Gap***

35. **Comoros needs to increase public and private investment.** Investment in Comoros is chronically low and lagging. With an average investment rate of 16.7 percent of GDP, Comoros has been respectively 4.6 and 7 percentage points short of SSA and structural peer countries, respectively, since the beginning of the century.

36. **Comoros' low investment challenge emanates mainly from institutional capacity and governance issues.** The state's low capacity in macro-economic and fiscal management has impeded its ability to mobilize domestic revenue. Weak financial and judicial systems have furthermore discouraged private sector investors, both foreign and domestic. The SCD highlights the need for reforms to the investment code and customs procedures and efficiency to lessen the burden on the private sector. DB ranking and score marginally improved from the last year, 160th in 190 countries with score at 47.9 in DB2020 and 164th in 190 countries with score at 47 in DB2019. The private sector is currently too small with the formal private sector absorbing only 2 percent of the labor force versus 19 percent for the public sector. SCD consultations have revealed that the private sector was interested in an enhanced and more regular dialogue with government on key issues and in greater transparency regarding public procurement contracts. Access to credit, lack of long-term financing and high electricity costs were raised among the most important constraints.

37. **Increased investment will help to address fragility.** Underinvestment in basic service delivery – and lack of transparency, accountability, and participation in decisions related to the delivery of services - are an important factor of fragility. Infrastructure and basic service provision of health and education are uneven across the islands and risk exacerbating existing grievances and sense of disconnect between the islands. Perceptions of disparities in service provision contribute to the desire of each island to assert its own financial interests when in power in central government, adding yet another dimension to the politicization of resource allocation. Low levels of public investment also encourage local communities to make up for the absence of the State using diaspora funds. The uneven receipt of diaspora funds across the islands further accentuates disparities. Based on discussions with diaspora focus groups in France, SCD found that there are several obstacles to attracting diaspora investment, such as: (i) inadequate infrastructure; (ii) lack of trust; (iii) absence of institutions that engage with the diaspora for investing in projects; (iv) lack of business development support for projects; (v) cost of financing and lack of access to financial products; and (vi) lack of skilled labor.

38. **Basic infrastructure, access to energy and connectivity are vital for enabling inclusive economic growth.** Investment in inter- and intra-island connectivity should be prioritized to support economic integration, services and commerce, and to raise productivity. Surplus production basins are segmented from growing urban markets creating unnecessary pockets of poverty. The strongest predictors of poverty in Comoros are lack of access to basic services such as electricity, health centers, and markets.

### ***Pathway No. 2: Raising Comoros' Human Capital***

39. **Raising Comoros' human capital will help in accelerating growth, reducing poverty and fostering social inclusion.** Investing in human capital is an imperative for growth and poverty reduction. Given the human capital conditions existing in Comoros, a child born today will only be 41 percent as productive as she could be if she had enjoyed complete education and health.

40. **Comoros needs a major boost in its human capital.** While Comoros compares reasonably well with lower middle-income countries (LMIC) in SSA, the country's Human Capital Index (HCI) - at 0.41 – lags behind the global average for lower-middle income countries. Children in Comoros can expect to complete 8.4 years of schooling by age 18, two years less than their peers in other LMIC peers. Girls receive significantly less education than boys, and the rate of adolescent pregnancies is two to three-times that of aspirational peer

countries. Chronic malnutrition<sup>22</sup> leads to 31 out of 100 children growing up stunted, which aggravates existing inequalities in the country.

41. **Comoros has higher child mortality and stunting rates compared to lower middle-income countries.** While health outcomes in Comoros have improved since 2012, neonatal mortality rate (24 per thousand) and under-five mortality rate (50 per thousand) are double the corresponding SDG targets set for 2030. This is also above the average for LMIC for under-five mortality rate of 40 per thousand.

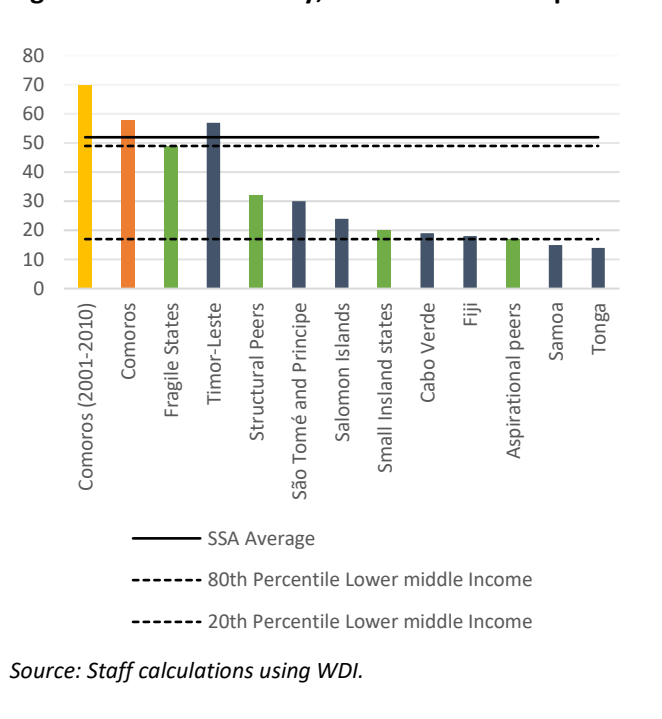
**Pathway No 3: Protecting and leveraging Comoros’ natural resource base**

42. **Natural resources are at the center of livelihoods and economic activity in Comoros.** Approximately 39 percent of Comoros’ GDP is generated in activities for which land, sea and nature are important inputs. Comoros’ economy is more dominated by agriculture than any comparator country or group being 31.6 percent of total GDP (2011-2017), of which 7.5 percentage points reflects fisheries<sup>23</sup>. An additional 44 percent of GDP is generated in light agroindustry, which depends on agricultural output. Finally, while small by comparison but of great potential, the tourism sector contributes another 3.4 percent of GDP to the economy. However, the sector is far from reaching its potential; because of a weak environment for attracting investment – which the first pathway, if unlocked, could help address.

43. **Despite traditionally being the main drivers of growth in Comoros, agriculture and fisheries sectors perform at very low productivity compared to peer countries.** Agriculture performs poorly due to soil degradation, increased water scarcity, outdated farming practices, lack of improved outputs and the absence of value chains. Fisheries sector remains artisanal and limited because of safety issues, lack of cold-chain and specialized services. Foreigners are important users of Comoros’ fishing grounds with limited economic benefit for the country. Weak fisheries management framework has led to an over-exploitation of many species.

44. **Greater productivity of the resource-based economy can contribute to poverty reduction and inclusion.** Comoros imports an exorbitant share of its food needs (39.4 percent of all merchandise imports versus 18.7 percent in SSA). This high dependence on imported food makes the country vulnerable to price shocks, places a burden on Comoros’ growth potential by discouraging private investment in the agricultural sector and stresses its foreign exchange reserves. It also renders consumers vulnerable to food insecurity – as happened in 2008<sup>24</sup> - and constitutes a missed opportunity for poverty reduction and higher economic growth through import substitution. Food staples have been shown to offer larger growth multipliers and greater poverty to growth elasticities than an equal amount of productivity growth in cash crops (Diao et al. 2012),

**Figure 2: Infant Mortality, Comoros and Comparators**



Source: Staff calculations using WDI.

<sup>22</sup> Stunting is an important proxy as it reflects on the overall health environment in a country and compromises the long-term potential of individuals to contribute productively to the development of a country.

<sup>23</sup> 38 percent of employment is generated by agriculture and fisheries, where 50 percent of the poor find their livelihoods.

<sup>24</sup> Comoros imports a large share of its food consumption needs and is particularly exposed to the instability in global food markets. Following a long period during which international prices of food staples were low and stable, volatility has returned since 2008.

because they are currently being produced by most rural households and because productivity in these commodities is still very low.

45. **Comoros' natural resource base is increasingly vulnerable to frequent and costly shocks.** The high population density of population of 465 inhabitants per square kilometer places intense pressure on natural resources and the environment. Growing urbanization and unsustainable agricultural practices have resulted in a drop of the forest cover from 26.3 percent in 1990 to 19.9 percent in 2015<sup>25</sup> as well as substantial soil erosion. Rising sea levels have raised salinity levels of the ground water. Fishing grounds are unprotected from illegal, unreported and unregulated (IUU) fishing and some are in danger of over-exploitation. Due to its location and topography Comoros is among the most climate vulnerable countries in the world, and 54.2 percent of the population live in at-risk areas.

46. **Climate change impacts – in terms of temperature, sea-level and rainfall - will have an adverse effect on Comoros.** Such changes will result in amplified coastal erosion, floods, heavy rainfalls, landslides, droughts and tropical cyclones and increased vulnerability of local communities. An estimated 20 cm rise in sea level is expected along the coastline by 2050, which will result in the displacement of at least 10 percent of the population. The agricultural sector, which is largely rainfed, is highly vulnerable to climate change, with multiple adverse effects on crop growth cycles. Climate change will also affect negatively the fisheries sector by reducing the maximum catch potential in Comoros waters by 26 to 46 percent under a High GHG emission scenario<sup>26</sup>.

#### ***SCD Cross cutting issues: Citizen and Community Empowerment and Accountability of Formal Institutions***

47. **Supporting citizen and community participation and empowerment is an important cross-cutting theme across the three SCD pathways.** Several meta-analyses have shown that there is a comparatively significant decrease in poverty in fragile and conflict-affected contexts, when communities are provided with the expertise to overcome the fragility trap via community-led development. Furthermore, community-led approaches and use of local knowledge are more effective as a mechanism by which to address climate shocks.<sup>27</sup>

<sup>28</sup>

48. **Strengthening transparency and accountability of formal institutions is key to building legitimacy and strengthening state-society linkages.** The mobilization of savings and investment flows into productive activities in Comoros is limited by high levels of uncertainty created by political instability, low levels of domestic revenue mobilization, and weak macro-economic management. Feeble rule of law undermines confidence that returns on investments can be realized. World Bank interventions should therefore aim at supporting the transparency and accountability of formal institutions. Examples include increasing the transparency and the consultative nature of the budget process with Parliament, publishing the financial accounts of the Leading SOEs, and greater transparency regarding public procurement contracts. The knowledge base for evidence-based decision making in the formal sector needs to be improved by strengthening the statistics system.

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<sup>25</sup> Comoros has lost an average of 490ha of forest/year in the past 25 years, i.e. deforestation rate of 1% per year since 1990.

<sup>26</sup> At the nexus of climate change and marine fisheries: assessing vulnerability and strengthening adaptation capacity in Africa

<sup>27</sup> World Bank. 2013. "Designing Community-Driven Development Operations in Fragile and Conflict-Affected Situations. Lessons from a Stocktaking." World Bank, Washington, DC.

<sup>28</sup> Arnold, Margaret, Robin Mearns, Kaori Oshima, and Vivek Prasad. 2014. "Climate and Disaster Resilience: The Role for Community-Driven Development." Social Development Department. World Bank, Washington, D.C

### III. WORLD BANK GROUP COUNTRY PARTNERSHIP FRAMEWORK

#### A. The Government Medium Term Development Strategy

49. **The new vision of the Government is to make Comoros an emerging middle-income economy by 2030.** This vision was launched in December 2019 at the Round Table in Paris as “Plan for Emerging Comoros” (PCE), a medium-term strategy to cover the period 2020-2030. PCE builds on the shorter-term Revised National Development Strategy (SCA2D), covering the period 2018-21, which was approved in December 2018.

50. **PCE is organized around three axes:**

- a) **Necessary conditions:** (i) Sound macroeconomic framework; (ii) Resilience to climate change and disasters, and (i) Renewed framework for policy dialogue.
- b) **Essential catalysts:** (i) Stable political and institutional framework and associated reforms; (ii) Sound infrastructure; (iii) Human capital; (iv) Structural reforms for a competitive environment; (v) Comoros as an actor in the digital revolution.
- c) **Strategic Pillars:** (i) Tourism and crafts; (ii) Blue Economy; (iii) Comoros as a financial hub for Indian Ocean; (v) Modernized agriculture for food security; and, (v) Industrial niches to diversify the economy.

#### B. Proposed World Bank Group Partnership Framework

##### *Lessons Learned from Previous World Bank Group Engagement and Stakeholder Consultations*

51. **The proposed CPF draws on lessons learned during implementation of the FY14-19 CPS:**

- a) **An enhanced country presence can facilitate implementation in a fragile country context.** Establishment of a World Bank Country Office in Comoros in August 2017 and a dedicated IFC resource based out of Madagascar responded to the need for strengthening supervision and dialogue at the country level. Consistent with the WBG’s strategy for increasing its presence in client countries, management may consider further boosting technical presence on the ground as the program gains traction and expands. An enhanced field presence of key technical staff is needed to facilitate improved project design and effective delivery in a fragile context. Upon successful launch of the IFC ICRP program, IFC will dedicate a Comoros-based consultant to manage the program. Support from various IFC industries teams will continue to be provided from the regional IFC hubs.
- b) **Greater selectivity is needed at the project and country program level.** Under the CPF, the WBG will exercise greater selectivity, by sharpening the focus and adjusting the scope of future operations to the highest impact areas, with fewer and bigger operations. Selectivity will also be exercised both with respect to objectives and interventions and built on strong government ownership and donor coordination. During the previous CPS, lack of ownership for key sector reforms (such as issuance of a second telecom operator license), in some cases, led to significant delays in project implementation. Looking ahead, the CPF will devote greater efforts to building political buy-in for projects and associated reforms and avoiding engagements in areas with high political or stakeholder risks.
- c) **More careful attention must be paid to capacity constraints in designing Bank operations.** Project designs need to be simple with realistic timeframes and technical and/or managerial capacity gaps must be identified and closed in a timely way. In some cases, projects were delayed by capacity constraints and the need to recruit international experts. These constraints were compounded by frequent changes in counterparts and revision to project implementation arrangements. Under the CPF, project design will include significant support for project coordination and implementation to help speed



implementation. For ongoing projects, enhanced supervision resources will be provided as needed to ensure that teams are able to provide timely support.

- d) **The WBG can work together to deliver transformative results around well-articulated objectives of Maximizing Finance for Development (MFD), through the cascade approach, even in a small, isolated, and fragile economy.** WBG field presence has been catalytic in facilitating and increasing the IFC and MIGA engagement on the ground, resulting in the first-ever IFC project (Telco SA) in Comoros. The MFD approach has proven successful in this engagement, with the World Bank working upstream on improving the regulatory and institutional framework, advising on legal and regulatory reforms, and supporting an international competitive bid process for the issuance of a second telecoms license; co-financing an undersea cable; and stimulating demand by subsidizing internet connectivity. This was followed by IFC financing of a EUR13 million loan to Telco SA, the second mobile operator to receive a license in Comoros to support expansion of the company's country-wide network.

52. **The CPF reflects the results of stakeholder consultations.** Consultations to inform the CPF were held between November 5 and 11, 2019 with various stakeholders including the government, private sector, civil society, academia, women and youth, with representatives drawn from across the islands. A consultation webpage was also set up to collect input from a wider range of stakeholders. The principal constraints identified by most participants were (i) energy; (ii) inadequate water, sanitation and waste management systems; (iii) opacity of legal framework and administrative barriers to doing business; (iv) absence of a public hospital and quality healthcare; and, (v) a limited education system, especially at secondary and tertiary levels. Opportunities for development identified during consultations included (i) agriculture and fisheries, with a focus on value chain development including processing for local consumption and exports; (ii) tourism; (iii) financial and ICT services, infrastructure and roads, which all require a technically qualified and trained workforce. Further details on consultations are provided in Annex 4.

### ***Overview of the World Bank Group Strategy***

53. **The overall goal of the CPF is to accompany Comoros in launching a path of higher economic growth, investing in its human capital and building the resilience of its population, while in the near term addressing the impacts of the global COVID-19 pandemic and Cyclone Kenneth.** The CPF objectives are organized around two focus areas:

- (i) Focus Area I center on responding to the two overriding crises, boosting resilience and building human capital. The response to the COVID-19 pandemic includes the emergency health response coupled with direct measures to protect the poor and vulnerable. Disaster recovery and resilience from the recent Cyclone Kenneth includes enhancing the resilience of infrastructure, coastal protection, social housing, as well as support to the poorest affected communities while strengthening Disaster Risk Management. Improving health outcomes is part of a broader effort to build human capital with the cooperation of other development partners. Contributing to a healthier population includes improving access to and quality of primary health services including at community health centers and better education for young girls and women; curtailing the incidence of malnutrition and stunting, as well as contributing to improving living conditions, habitat and public hygiene of the poorest populations with strategic interventions.
- (ii) Focus Area II seeks to strengthen the foundations for economic recovery and inclusive growth. It aims to address the immediate economic crisis arising from COVID-19, while paving the way for recovery and growth. It will aim to address the low levels of private and public investment that have stifled inclusive economic growth while impeding the economic, political and social integration of Comoros as a country. The focus area aims to assist government in overcoming the current crisis while undertaking reforms,

strengthening the private and financial sectors to withstand the crisis, facilitating improvements in governance and business climate, financing system and value chains to enable the emergence of a transformative private sector that generates jobs. It will also address the investment gap by improving connectivity across multiple dimensions – transport, energy and telecommunications – to equitably reduce the infrastructure investment gap on and among the different islands, while enhancing the unity of the country through greater inter-island connectivity and economic integration.

54. **The CPF is aligned with IDA19 Priorities.** The CPF’s priorities in the area of private sector growth, increasing resilience and addressing fragility are closely aligned with IDA19 Special Themes<sup>29</sup>.

#### *Addressing External Shocks: COVID-19 and Cyclone Kenneth*

55. **This CPF incorporates a major response to two overriding exogenous shocks, namely the global COVID-19 pandemic and Cyclone Kenneth.** Finalization of the CPF was delayed in order to reflect the COVID-19 outbreak and adjust the program to incorporate a response across the country program, including reorientation of activities in the active portfolio (See Annex 3). Response to COVID-19 includes the emergency health response, as well as actions to protect the poor and the vulnerable, support businesses, accelerate recovery and strengthen economic resilience. The response to Cyclone Kenneth is gathered under a single CPF objective.

#### *Addressing Fragility*

56. **Addressing factors of fragility is important both in CPF design and implementation.** In the short and medium term, CPF interventions will include measures to incorporate conflict sensitivity and build in gender considerations and address related social norms. Fragility considerations applied to the CPF means attention to inclusion through (a) improving interconnectivity between and across the islands; (b) implementing national rather than pilot programs and ensuring that project activities take place across all the islands; (c) contributing to job creation; (d) improving service delivery in critical areas, including energy, in an equitable manner across the islands; (e) inclusion of the most vulnerable specifically youth and women; and (f) strengthening community engagement and empowerment.

57. **The CPF proposes to account for the key drivers of fragility – as outlined in the Risk and Resilience Assessment (RRA) – that could continue to fuel political instability and fragmentation and derail economic and developmental gains.** The team will ensure that each intervention incorporates an awareness of the potential risks and challenges (through a robust social assessment, political economy assessment, or conflict analysis ahead of project design) and will actively seek to address drivers of fragility and to shore up resilience. More broadly across the portfolio, citizen engagement tools, grievance redress mechanisms and feedback loops will be systematically used in program design and monitoring to ensure that projects are responsive to the needs and demands of citizens, and to incorporate their feedback. The CPF will address key risks in the following ways:

- Challenges of territorial fragmentation and geographic inequality will be addressed through a push for improved connectivity and economic integration across the islands, while ensuring that services are delivered in a transparent, equitable, and consultative manner to mitigate perceptions of inequality and exclusion. At the project level, this will include the Inter-island Connectivity Project, as well as equitable allocation of WBG project investment and activities among the islands.
- Challenges related to infectious diseases, climate variability and natural hazards will be addressed through the objective to support disaster recovery and enhancing resilience. This will be done through the detailed COVID-19 response as well as reconstruction and upgrading of assets damaged by Cyclone

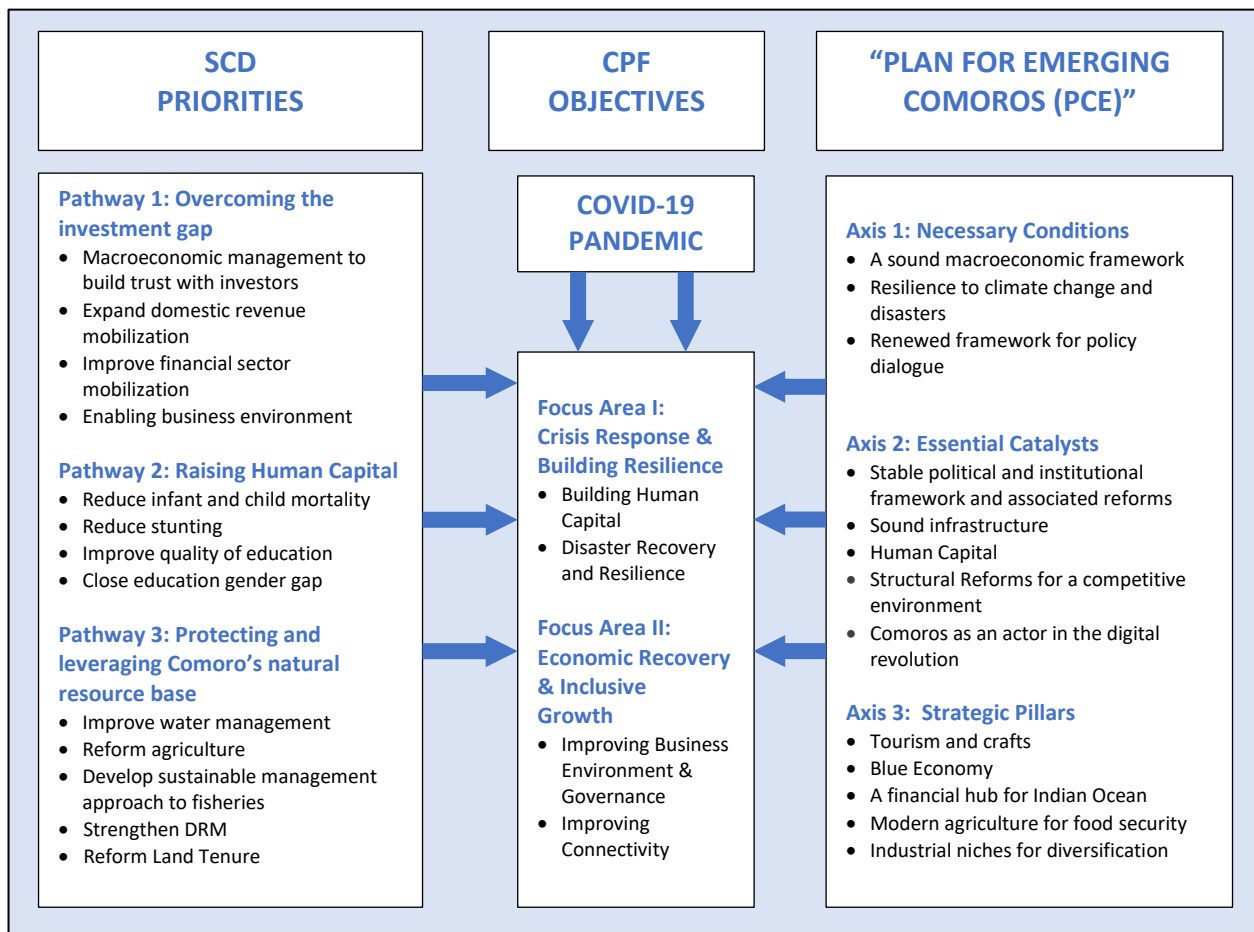
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<sup>29</sup> CPF program includes interventions aligned with the special themes of Jobs and Economic Transformation; Gender and Development; Climate Change; and Fragility, Conflict and Violence.

Kenneth including coastal degradation, supporting affected poor households, and bolstering national capacity for infectious diseases, climate change and natural events. At the project level, this will include the Social Safety Net and the Post-Kenneth Recovery and Resilience Projects.

58. **The CPF recognizes the case for inclusive local development in Comoros and the role of community level engagement in addressing fragility.** There is an enabling environment in which villages are already mobilizing, pooling funds, implementing and managing development interventions on their territory. The Comorian population has a strong sense of community solidarity. Communities have demonstrated their cohesiveness, dynamism, interest in the development process, willingness to pay for services, and ability to manage community development concerns. Villages have shown their commitment, seriousness, and interest in their development. This can be attributed to the fact that they are tightly knit communities with their own strong safety nets, thereby creating foundations for a sustainable and inclusive local development. While previous approaches have focused on village by village interventions, there is an opportunity under this CPF to consider inter-village interventions for regional and sustainable development.

**Figure 2 Alignment of SCD and CPF with Government Priorities**



59. **To the extent possible in the fragile context of Comoros, the CPF design aims to facilitate community empowerment and accountability of institutions especially at the traditional community level.** Local communities are traditionally strong, but they are not properly connected with the central and local government, leading to a lack of coordination, loss of accountability and a dispersion of development efforts. During this CPF cycle, technical assistance will assist government on local governance so that traditional local

communities and local government can be better connected and can work together more effectively. Most projects will take place at the community level, including the Health Project, agriculture components of PIDC, Social Safety Net Project and the Post-Kenneth Project where decision making at community levels will be vital. Rethinking local governance may lead to local governance reforms or redefining the geographical boundaries of existing local governments, to be better aligned with the territories of traditional local communities. Furthermore, technical assistance will be provided to strengthen capacity to facilitate CDD work in line with the expressed government demand.

### *Addressing Gender*

60. **The CPF recognizes that different social, cultural, political and economic barriers exist for youth and women.** Women are affected by social norms, access to decision making mechanisms and gender-based violence whereas youth are affected by factors such as limited economic opportunities and lower educational attainment.

61. **The CPF design is gender sensitive, with a specific focus on youth and women.** Specific challenges will be addressed by mainstreaming women and youth throughout the portfolio. Focus on community engagement is also intended to support an increase in social engagement by women and youth at the community level. In terms of specific objectives, Objective 1 is at the heart of women's empowerment through attention to reproductive health, support during pregnancy and child delivery, and practices that promote adequate levels of nutrition. Objective 3 will facilitate the participation of women in all aspects of economic activity, including easing restrictions in access to finance and entrepreneurship development. The IFC FCS Africa program will aim at supporting various IFC investment and advisory programs in Comoros, with an emphasis on gender aspects. The program has a dedicated staff based in Madagascar covering Comoros.

62. **At activity level, teams will ensure that each intervention is looked at in detail through the gender perspective.** This will be done through gender impact evaluations, gender analysis, related social norms and actively incorporates resulting adjustments in the project design and in any associated policy measures to address gender issues in a practical and effective manner including, where necessary, the questioning of cultural gender norms. All projects approved in FY20 have been gender tagged.

### *Mobilizing Private Investment*

63. **The CPF aims to help mobilize private investment in line with cascade principles.** WBG experience in Comoros has shown that the Bank Group can help create the conditions for the private sector to play a role in addressing Comoros investment gap. Building on the experience in the telecom sector where Bank and IFC engagement have helped to mobilize significant private sector investment to expand access to and quality of service, projects will seek to create additional opportunities to attract private investment. For example, the Comoros Solar Energy Integration Platform project will support investment by private operators in renewable energy, by financing key prerequisites for private investment. In transport, IDA investments in inter-island connectivity will aim to attract domestic and foreign investors, with possibilities for formalizing and developing community ports as well as exploring potential to develop the port of Moheli. IFC and MIGA will play key roles in furthering these objectives. IFC is keen on supporting the financial sector to enact reforms conducive to private sector involvement and will seek funding to re-engage in investment climate reforms to boost Comoros' competitiveness and private sector development. MIGA is working to support Telco SA with the provision of a guarantee to cover the company's equity investments for the rolling out and network expansion of the second mobile network operations in Comoros. MIGA is seeking IDA Private Sector Window (PSW) support under the MIGA Guarantee Facility for this operation. MIGA is also exploring innovative off-grid renewable energy opportunities. Here as well, the IDA-PSW MGF could facilitate a potential MIGA engagement.

## ***Selectivity Filters***

64. **Prioritization under this CPF reflects the standard filters of government program, SCD priorities, and WBG comparative advantage.** In addition, the CPF considers the impact of the program on addressing fragility risks and on mobilizing resources for investment and development. CPF also reflects the findings and recommendations of the RRA.

65. **The selected focus areas and objectives of the CPF are the intersection of the Government program and SCD recommendations, in the context of the overriding need to address exogenous shocks presently affecting Comoros.** There is considerable overlap between the Government and SCD priorities to move towards the twin goals. The PCE and the SCD both prioritize human capital, health and nutrition. The SCD emphasizes significant public and private sector investment gaps in Comoros, whereas the PCE calls for developing the quality infrastructure to support economic growth and development. Both emphasize strengthening economic and administrative management, which includes attention to a sound macroeconomic framework and the quality of the business environment. Emphasis on sustainable development of agriculture and productive fisheries is likewise salient. Focus Area I covers two high priorities in the SCD and SCA2D: health, nutrition and DRM. Focus Area II develops the first pathway under the SCD, to reduce the private and public investment gap. Figure 4 illustrates the alignment between the SCD, PCE and CPF.

66. **The CPF reflects the Bank's comparative advantage by building on the experience of past and present WBG engagements, including analytical work.** WBG will be working in areas where there is high government ownership, building on WBG's previous work in sectors such as agriculture, fisheries, nutrition, energy and telecommunications, as well as newer sectors such as health, finance and connectivity, where it has accumulated substantial country-specific analytical work and in-depth knowledge. IFC has previously engaged on various investment climate initiatives, such as construction permit reform, financial sector framework, regulatory reforms and judiciary reforms which are worth capitalizing on.

67. **To sharpen selectivity, the CPF considers the engagement of other development partners, to create synergies and draw on the WBG's comparative advantage.** The CPF design is highly complementary with the work of development partners, and the WBG will work in coordination with development partners in each of the areas specifically identified in the CPF. As examples, this includes IMF in the financial sector; WHO, AFD and UNICEF in health and nutrition; and FAO, IFAD, AFD and UNDP in agriculture. In certain areas, however, where there is adequate support, concentration and engagement from other development partners, WBG will exercise a degree of selectivity. In the education sector, where there is significant concentration of development partners in pre-school and primary education, WBG efforts will specifically focus on girls' education as a part of a multisectoral women's empowerment and nutrition project. In the water sector, where a major project has already been initiated by UNDP with Green Climate Fund (GCF) finance, the WBG will stand ready to explore synergies with ongoing and pipeline Bank projects and to assist the government and UNDP as appropriate.

### **C. Objectives supported by the World Bank Group Program**

#### ***Focus Area I: Crisis Response and Building Resilience***

68. **Comoros is a very small open economy, highly vulnerable to external shocks, which has been hit by COVID-19 and Cyclone Kenneth.** External shocks include international price fluctuations, effects of climate change, infectious diseases and natural disasters. Vulnerability is further heightened by the country's dependence on food imports and remittances, high transport costs and limited accessibility, lack of territorial and urban planning, as well as impacts emanating from social, diplomatic or political domains. Both the SCD and the CPE assign high priority to improving resilience by building human capital and by enhancing capacity to manage the impact of external shocks and natural disasters.

## Objective 1: Building Human Capital

69. **Comoros needs a major boost to strengthen its human capital.** Ranking 122 out of 157 countries, Comoros is in the lowest quartile of the Human Capital Index, with a value of 0.411.

70. **Comoros has yet to make a full fertility transition and is still a long way from reaping the demographic dividend.** Over the last 15 years, population growth has averaged at 2.4 percent per year, higher than the average for LMIC. With around 4.2 children per woman, Comoros falls in the group of countries where the fertility transition has been initiated but where fertility rates remain high. Use of contraceptives remains low at 14 percent. The population is projected to increase by 50 percent and labor force will double over the next 15 years. These factors will produce major challenges in employment creation and poverty reduction – with attendant social pressures - as well as creating additional pressures on land and natural resources.

71. **Comoros faces multiple health challenges and lacks necessary facilities and services.** Comoros has weak institutions, and limited human and financial resources in the health sector. There is an absence of a basic health care system accessible to the population. Most health centers at local level are in a poor state, requiring physical rehabilitation and urgent quality improvements in service delivery. While each island has a secondary hospital, there is no tertiary hospital in the country. Out of pocket expenditures are high, contributing to two thirds of health expenditure, supported by remittances. Moreover, more than 70 percent of urban habitat is comprised of shanty towns. Lack of pit latrines, and the near absence of urban solid and liquid waste management and running water all pose serious health risks.

**Table 2: Health Outcomes, Service Coverage and Financing**

	Comoros		SSA	Lower middle income
	2000	Latest available year	Latest available year	Latest available Year
<b>Outcome Indicators</b>				
Under 5 mortality rate (per 1,000 live births)	102.9	73.3	78.3	50.7
Infant mortality rate (per 1,000 live births)	73.8	55.0	53.3	38.3
Neonatal mortality rate (per 1,000 live births)	41.6	32.8	27.7	24.8
Maternal mortality ratio (per 100,000 live births)	509	335	547	254
Total fertility rate (children per woman)	5.4	4.2	4.9	2.8
Stunting (height for age <-2SD, %)	46.9	32.1	37.5	36.7
Underweight (weight for age <-2SD, %)	25.0	16.9	19.4	25.2
Severe wasting (weight for height <-2SD, %)	7.2	4.4	2.4	4.1
<b>Service Coverage Indicators</b>				
Skilled birth attendance (% of pregnant women)	61.8	82.2	55.3	71.4
Contraceptive prevalence rate (modern methods) (% of women ages 15-49 years)	25.7	19.4	23.7	45.1
DPT immunization (% of children age 12-23 months)	70	91	73.6	82.0
Children who slept under an ITN last night (% of under-5 children)	9.0	41.1	NA	NA
<b>Health Financing Indicators</b>				
Health expenditure per capita (current US\$)	13.1	56.7	98.2	92.0
Health expenditure, public (% of total health expenditure)	42.8	32.8	42.6	37.1
Health expenditure, public (% of government expenditure)	9.3	8.7	11.9	6.9

72. **The CPF aims to improve the utilization of quality primary health care (PHC) and strengthen the capacity of institutions.** The CPF, through the Comprehensive Approach to Health System Strengthening Project (P166013) will support strengthening the foundational elements of a quality PHC system: infrastructure, workforce, service delivery platforms, governance, institutions for quality and citizen engagement, with the aim to bring quality PHC closer to people across Comoros.

73. **Within this framework, the CPF will focus on improving the quality of maternal/child health care and malnutrition.** The CPF program will build on the experience of the Comoros Social Safety Net Project (P150754), in which poor communities increased their access to nutrition services. The CPF will support implementation of the National Community Health Strategy 2018-2022 by recruiting, training, supervising and monitoring community health workers to deliver a package of health, nutrition and early years development services at the community level. The CPF will also explore the impact of urban habitat and living conditions on health outcomes with a view to identifying policy options and, where possible, undertake preliminary measures to curtail these risks.

74. **As part of the CPF focus on women's empowerment, in addition to the focus on health and nutrition, interventions will also support young girls' education.** CPF will encourage and support young girls, especially among the poorest families, to remain in school, pursue their education and avoid teenage pregnancies. A study will be carried out during the CPF period, analyzing the current status and bottlenecks in the education sector in Comoros, from pre-school to the tertiary level, building on previous knowledge work, in collaboration with other development partners.

## **Objective 2: Disaster Recovery and Resilience**

75. **COVID-19 pandemic comes less than one year after Cyclone Kenneth, itself a powerful reminder of Comoros' exposure to natural disasters.** Comoros is at the beginning of the social and economic impact of COVID-19 pandemic. Poor families and the informal sector are already hit by the economic slow-down, decline in remittances, disappearance of diaspora-based tourism as well as by social distancing measures. This impact is worsened by the fact that Comoros was hit by tropical cyclone Kenneth on April 24, 2019, directly affecting over 345,000 people, with 185,900 people in need of humanitarian aid. Waves of 6 to 9 meters also struck the costal lines of Ngazidja, Anjouan and Mohéli, washing away and destroying houses, schools, crops, electricity poles and health centers. In June 2019, the Government reported 6 deaths, 153 injuries, 11,869 displaced persons, 4,854 destroyed houses, 7,013 damaged houses, 147 destroyed or damaged water tanks, 608 damaged classrooms as well as 44,800 primary and secondary school students unable to attend school. The results of a Global Rapid Post-Disaster Damage Estimation (GRADE) showed an initial estimate of total damages at US\$80-118 million, with reconstruction needs of US\$ 120M-180 million. Economic growth was negatively impacted by supply constraints due to damage to agricultural plants and to a lesser extent, damage to electricity, water, education and health facilities, and telecommunication networks.

76. **The CPF aims to assist Comoros in the immediate health response to COVID-19.** Under the World Bank emergency health response to COVID-19, CERC component has been activated under the Comprehensive Approach to Health System Strengthening Project, to address immediate health needs and emergencies in Comoros. Even among African countries, Comoros is extremely ill prepared for the onslaught of a pandemic. Due to slow progress on rebuilding the El Maarouf hospital, Comoros currently lacks a tertiary hospital, which is vital for assisting serious cases. The country also lacks quarantine and testing facilities for infectious diseases.

77. **The CPF will assist in the economic and social recovery of the poor households, and prevention and awareness-raising campaigns in the COVID-19 crisis.** The scope of the existing Social Safety Net Project, geared to bringing economic recovery and resilience to the poorest families who were hit by Cyclone Kenneth, is being widened to include the poorest households hit by COVID-related economic impact and lockdown measures.

Funds will be made available to assist the poorest households impacted by social distancing policies and by the economic downturn, through cash transfers and if necessary, food packages. The Post-Kenneth Recovery and Resilience Project will be adapted to contribute to the COVID-19 Response through prevention campaigns, communications and DRM.

**78. The WBG will support the reconstruction and upgrading of assets damaged by Cyclone Kenneth while bolstering the national and local institutional capacity to prepare for and manage natural events, whose frequency is likely to increase with climate change.** Priority attention will be given to the poorest families in affected areas to help them resume productive activity through livelihood grants and to increase their resilience. Support will be provided to rebuild/rehabilitate community-level basic infrastructure to contribute to restoring access to social and economic services in affected areas. Assistance will be provided to support recovery and resilience in the housing sector, transport (e.g. roads and port facilities), flood protection (e.g. dykes) and drainage infrastructure in areas affected by the cyclone. Coastal communities who were affected will receive support to rehabilitate and construct climate-smart fisheries infrastructure. Rehabilitation and “cyclone-proofing” of damaged electricity infrastructure will be part of a broader effort to improve the quality and reliability of electricity services.

**79. Disaster recovery activities will employ gender-sensitive approaches.** Global evidence shows that natural disasters have a disproportionate impact on women, by exacerbating inequalities that prevailed in the pre-disaster context. In this light, activities supported under the Safety Net Project and the Post-Kenneth Recovery and Resilience Project will focus on overcoming constraints that women face in the post-disaster context<sup>30</sup>. Both projects will work to increase representation and participation of women in post-disaster activities by involving women’s groups to ensure that women’s concerns are reflected in the decision-making process for reconstruction and recovery activities. By default, safety net grants will be transferred to female heads of households. Women beneficiaries will be targeted for life skills training and dedicated mentoring with the aim of empowering and fostering the economic inclusion of women. The project will promote women’s participation in infrastructure rehabilitation and construction activities; through gender sensitization of contractors; outreach activities regarding reconstruction job opportunities and training that target women (e.g., through local women’s networks and events); and by requiring a quota for women in the bidding documents for contractors (while ensuring women are protected from harassment and exploitation on the jobsite). The projects will also provide skills training for women in operations and administration located in project areas. Projects will use an intermediate results indicator to monitor the number of local job opportunities created by the project of which women are beneficiaries, fostering their participation and leadership at all levels.

**80. IFC disaster recovery interventions aim to complement the WBG resilient recovery funding by addressing medium-term private sector liquidity needs.** This will include short-term funding to help families and MSMEs purchase basic goods; trade finance facilities to help increase the volume of affordable food and construction material imports to the affected regions; and agricultural finance and MSME risk sharing facilities, to assist financial institutions increase their lending to the affected sectors in the region over the medium term. WBG support will be coordinated with other development partners to ensure complementarity and avoid duplication. In that context, potential areas of direct WBG support could include rebuilding urban infrastructure

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<sup>30</sup> In countries where women’s socioeconomic status is low, women’s mortality rates can be higher than men’s (for instance, in Bangladesh during the 1991 cyclone, women were 14 times more likely to die than men), and women are subject to indirect impacts that occur in the aftermath of a disaster and compound their impact (deterioration in access to social services, unequal access to social assistance, GBV, early and forced marriages, loss of livelihood and access to education, increases in workload, and so on). UNDP (United Nations Development Program). 2010. *Gender and Disasters. Bureau for Crisis Prevention and Recovery.* <https://www.undp.org/content/dam/undp/library/crisis%20prevention/disaster/7Disaster%20Risk%20Reduction%20-%20Gender.pdf>. World Bank. *Gender Equality and Women’s Empowerment in Disaster Recovery. Disaster Recovery Guidance Series.* GFDRR. <https://www.gfdrr.org/sites/default/files/publication/gender-equality-disaster-recovery.PDF>.



to prevent further deterioration of an already fragile habitat and providing coastal flood protection from rising sea levels.

81. **The CPF will support the efforts of the Government towards adopting an integrated and more proactive approach to disaster risk management** and guiding policies to reduce the country's vulnerability to the impacts of infectious disease, climate variability and climate change, gradually shifting towards a culture of disaster risk prevention. The areas that need strengthening in the short, medium and long term include: disaster risk management institutional, legal and operational frameworks; integration of risk reduction criteria into territorial and sector planning processes and operational tools; improving and enforcing land use regulations and construction practices; and a financial management strategy that allows for rapid mobilization and disbursement of resources in case of a disaster while protecting fiscal accounts. The Urbanization Review expected to be developed over FY20-FY21 will be a critical analytical piece that will have disaster risk reduction and urban resilience as a central element of analysis. It will provide data and analytics to support the development of programs, policies and investments to improve the urban living environment and access to basic service provision, as well as avenue for improvements in local governance.

### ***Focus Area II: Economic Recovery and Inclusive Growth***

82. **Comoros needs to overcome the COVID-19 induced economic crisis while narrowing the longstanding investment gap in private and public sectors, which is a major constraint identified in the SCD.** This gap exists in infrastructure as well as in industry, services and agriculture. The limited levels of investment (average of 16.7 per cent of GDP since 2000) have resulted in low growth and scarce generation of quality jobs and opportunities. It has also been an important driver of fragility, undermining an already delicate social contract between the islands. Addressing this investment gap equitably will help reduce fragility, giving each island a real opportunity to build a competitive, high-value economy. Increased inter-island connectivity and economic integration will also create stronger social and political bonds across the islands.

### **Objective 3: Improving Business Environment and Governance**

83. **The COVID-19 crisis will have a significant macro-economic impact on Comoros, affecting prospects for private sector development in the short to medium term.** A decline in international agricultural commodity prices, falling remittances and reduced seasonal diaspora tourism as well as social distancing measures have already manifested their impact through a substantial shortfall of incomes in the formal and informal sectors. Due to the global nature of the crisis, remittance flows may not easily recover, and additional development finance may not be forthcoming.

84. **The Government requires support to tackle COVID-19 while pursuing reforms on revenue mobilization to expand fiscal space and address critical issues related to SOE's.** Prior to COVID-19, the government had an ambitious budget and investment program coupled with limited revenue mobilization, despite recent improvements in the customs<sup>31</sup>. Moreover, the economic situation of several SOE's, which were adding to the state's financial burden, are now expected to worsen. The Government-owned Postal Bank (see

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<sup>31</sup> Government wants to improve the management of public expenditures and revenue. The 2019 budget was however still very ambitious, even if less unrealistic than in previous years. The budget called for a large increase in tax revenue (by 1.3 % of GDP relative to 2018) and a significant growth in public investment (3-4% GDP). Draft budget for 2020 shows major cuts, both in terms of revenue and expenditures, as a response to the over-optimistic projections in the past.

Box 1) is not only a drain on public resources but also a critical issue for the banking sector while Comoros Telecom, once a cash earner, is now a liability, with a large surplus of personnel and a large foreign debt.

### **Box 1: A frail banking system limits the availability of financial resources**

The Comoros financial sector faces challenges common to small island states, including low private credit to GDP, high lending-deposit spread, lack of economies of scale, insufficient competition, and dependence on remittances. The financial sector is comprised of four banks, three microfinance institutions (MFIs), three financial intermediaries, including the postal bank, Société Nationale des Postes et des Services Financiers (SNPSF), and an electronic money issuer. The Government is the largest shareholder in two of the four banks and is the sole shareholder in the SNPSF. The sector represented 26 percent of GDP in 2017 and the three largest financial institutions account for 63 percent of the total deposits, and 58 percent of financial sector assets (including SNPSF). Private credit to GDP ratio stood at 27.3 percent in 2017. The intermediation of deposits into credit is increasing (81 percent in 2017), due to the expansion of credit to individuals, but the lack of long-term loans (only 5 percent of loans granted in 2017) hinders productive investments to foster private sector activity.

The banking sector faces stability challenges centered around persistently high and increasing Non-Performing Loans (NPLs) and low profitability. For most banks, NPLs represent more than 30 percent of their exposure, which dampens their willingness to lend and leads to structural excess liquidity. SNPSF is of systemic importance (with 21 percent of deposits, hosting government and state-owned enterprise accounts as the channel for paying government and military salaries) and is insolvent. SNPSF has faced major operational difficulties for many years and has been loss making for more than a decade. Other financial services, such as insurance, pensions, and capital markets sectors, are small, underdeveloped, and unregulated. Access to financial services is extremely limited and lags most benchmarks. Only nine percent of the adult population have bank accounts with just 136 bank accounts per 1,000 adults. Financial sector infrastructure is underdeveloped, including electronic payment systems, which presents challenges for issues like digital payments, including interoperability.

85. **Strengthened governance and a sound macro-economic framework are essential for initiating, supporting and sustaining private sector development in the Comoros.** The weakness of formal institutions coupled with a deficient macro-framework are reflected in insufficient public and private investment, as well as inadequate funding at central, island and local levels. These deficiencies contribute to fragility by reinforcing perceptions of inequality and marginalization among the islands, undermining the legitimacy of the state and dampening business confidence.

86. **Comoros' low investment dilemma emanates from the low quality of business environment and the limited credibility and capacity of formal institutions.** Comoros has ranked 160 out of 190 countries in DB2020. Comoros is an outlier with respect to the lower middle-income group in three critical indicators relevant for investment: enforcing contracts, paying taxes, and resolving insolvency. Difficulties emanating from the judicial system as well as inconsistent decisions by successive governments have resulted in an onerous business environment and a weak financial system.

87. **Comoros is far from using its economic potential in many sectors which warrant increased investment.** Comoros has the natural endowment to drive high quality tourism like other islands in Africa: Zanzibar, Mauritius and Cabo Verde. Furthermore, high-value perishables which account for more than 62 percent of food expenditure, such as meat and eggs, fish and dairy, have significant unrealized commercial agriculture potential, provided that corresponding value chains were suitably reinforced. The three main export products – cured vanilla, cloves, and ylang-ylang oil – have well-established segments and links along their value chains. Targeted upstream investments can enable the smallholder base to renew aging plantations, improve

quality, and secure higher revenues through price premiums. There is a backlog of economic opportunities, including in the processing and retail sectors, that investors would gladly exploit in an improved investment environment.

**88. The CPF will aim to assist the government in tackling COVID-19, strengthening governance and establishing a sound macro-economic framework.** A planned emergency DPO, together with support from the IMF, will aim to address urgent financing needs related to COVID-19 as well as the decline in government revenues. Government reforms will be further supported through a combination of analytical works in governance, restructuring and privatization of SOE's, public financial management (PFM) and revenue mobilization. These may be coupled with a DPO at a later stage, if the macro framework is sound, in addition to the emergency DPO in the context of COVID-19. The Bank will support ongoing initiatives in improving debt sustainability and in providing technical assistance in debt management. Technical assistance and analytical work will focus on strengthening government capacities for macroeconomic and debt management. The CPF will mainstream governance across the program through activities that strengthen transparency, accountability, and citizen engagement to reinforce the link between the state and citizens and shore up the legitimacy of the state. This will be done through greater community empowerment and engagement in ongoing and planned IPF projects.

**89. Analytical work will particularly address and facilitate SOE reforms and restructuring including in the financial sector.** In depth analysis of the two critical SOE's - SNPSF (the postal bank) and Comores Telecom - are already being conducted. Both SOE's are within sectors where the WBG is fully engaged, in terms of project, analytical, macroeconomic and DSA work.

**90. The CPF will aim to assist the government in improving the business environment to contribute to increased economic activity.** The entire WBG, including IFC and MIGA, will assist in removing obstacles affecting business development, encouraging domestic and direct foreign investment through technical assistance and advisory services. The WBG will advise and assist the government in improving its Doing Business Index, while encouraging potential investors to engage in collaboration with IFC and MIGA. IFC will explore the launch of a new Investment Climate Reform Program ("ICRP") over the CPF period that will focus on enacting regulatory reforms to increase private sector participation in the economy. Potential areas of intervention could include, inter alia, reforms to streamline business incorporation, licensing and registration procedures; support to strengthen legal and regulatory frameworks for insolvency resolution and construction permitting; and support to build the capacity of stakeholders, including Government agencies, the newly established commercial court system as well as private sector associations. WBG will also aim to encourage Public-Private Dialogue as an instrument, presided over by government, to help build trust and capacity to implement bold reforms.

**91. WBG will help sustain economic growth through critical support to private sector.** WBG shall assist the private sector during the COVID-19 crisis by strengthening value chains and giving direct support to private sector firms and SME's through the Comoros Integrated Development and Competitiveness Project. Informal sector entities will be assisted through the support provided through the Social Safety Net to poorer households affected by the COVID-19 economic downturn and social distancing measures.

**92. WBG interventions during the CPF period will encourage sustained inclusive growth through strategic interventions to enable the emergence of a transformative private sector.** This will include building strong and stable financial institutions able to finance both working capital and investment, major advances in financial inclusion and fintech, modernize the payment structure of the country. The WBG can assist the Government to address the challenges of the Postal Bank (SNPSF); to enhance institutional capacity to supervise licensed financial entities; and to formulate and implement basic reforms in the banking sector. IFC's interventions in the financial sector will primarily be advisory in nature given the need for capacity building and structural improvements. To enhance access to finance, and build a stable, inclusive financial sector, the CPF, through the

Comoros Financial Inclusion Project, will support: i) the digitization of financial services, including establishment of modern payment systems infrastructure (i.e. ATS and national switch) and increasing access to accounts and digital payments, with a focus on women and agriculture; and ii) investments in supervisory IT (e.g., bank supervision application and credit registry), enhancing BCC's capacity, and implementing recommendations from the National Risk Assessment.

93. **The CPF vision is to help the Government accelerate the transformation of agriculture and fisheries, fostering productivity, sustainability, transparency, resilience, and inclusion.** The CPF will aim to deliver early gains by completing and strengthening selected value chains in sectors such as agriculture, fisheries, tourism and transport, in collaboration, where possible with IFC. In agriculture, this will include support for agricultural cooperatives, agricultural SMEs, and the private sector, through the Integrated Development and Competitiveness Project. Building on global best practices, the Bank will work on strengthening market linkages for excluded rural populations with attention to investments in climate-smart agriculture. In fisheries, WBG will assist fisherfolk communities and strengthen sectoral governance, through the South West Indian Ocean Fisheries Governance and Shared Growth Project - SWIOFish1, while IFC will explore selective and opportunistic engagements. In strengthening specific value chains, the program will aim to increase female labor force participation. Projects will provide targeted financial and technical support to foster female entrepreneurship and strengthen women-led MSMEs with firm-level support earmarked for women-led/owned enterprises.

94. **The CPF, through analytical work and technical assistance, will study options and pathways for developing a blue economy framework for Comoros and where possible undertake preliminary steps.** Comoros has a maritime area almost 85 times larger than its terrestrial area and is situated in the Indian Ocean, an important seaway for trade and commerce. Comoros lags considerably behind its neighbors in the adoption and application of a blue economy strategy, due to serious structural constraints. The archipelago, however, has longer-term potential to explore an integrated blue economy approach in tourism, fisheries, maritime transport, waste management and marine litter.

#### **Objective 4: Improving Connectivity**

98. **The CPF seeks to enhance internal and external connectivity through strategic investments in transport, telecommunications, and renewable energy.** The focus on transport will be on ports and on inter-island connectivity. In electricity, CPF interventions will seek to improve access and, most importantly, reduce costs and improve quality by increasing the availability of solar energy.

99. **Comoros' poor connectivity internally and with the rest of the world is a major driver of fragility.** In Comoros, inter-island transport costs are high compared to other Small Island Developing States (SIDS) and result in sharp price differentials between production and consumption centers. Such fragmentation has impeded economic integration among the islands, as well as the capture of economies of scale and increased productivity. Poor connectivity has not only resulted in high transaction costs but also contributed to economic isolation and high levels of fragility. Safe, reliable, and cost-effective connectivity is critical to making Comoros a unified and well-functioning economy.

100. **Most inter-island passenger transport is done through extremely unsafe kwasa-kwasa boats through informal community ports without basic facilities.** Almost all other inter-island passenger traffic is by air because of the lack of scheduled sea passenger transport. Air travel costs are very high, discouraging inter-island and international travel, and hindering the development of tourism. Comoros' port infrastructure (Moroni and Mutsamudu) does not meet minimal safety standards and is not compatible with the type of vessels that are operating in the islands. Among the islands, Moheli does not have a port which can receive containers, requiring any container to be opened and contents transported to the island through small vessels.

101. **In the energy sector, diversification away from the diesel-based mix towards renewable energy is essential for decreasing costs and improving reliability.** This poorly performing sector is dependent on Government transfers due to high fuel costs and limited billing and collections. Despite government subsidies, the high average tariff (US\$33 cents/kWh) leads to a low level of consumption and reliance on biomass, currently making up 70 percent of the energy use in Comoros. Availability of electricity in 2016 stood at 12-20 hours per day for the capital and 6 hours for the rest of the country. While the overall access rate is above the regional average, deployment of off-grid solutions and revision of tariff structure are necessary to achieve further increases. Access rates are also a source of inequality among the islands, with Grande Comore, Moheli and Anjouan standing at 80, 53 and 44 percent respectively. In addition, the project will generate significant climate change co-benefits by laying the infrastructure and institutional foundation for the displacement of fossil fuels with renewable energy generation and directly support the GoC's intended nationally-determined contribution commitment to expand renewable energy generation.

102. **The CPF supports strategic investments/interventions in renewable energy and inter-connectivity following the Cascade approach to optimize the use of both public and private resources.** Through the planned Comorsol project, the WBG will focus on building a robust, technical and institutional platform for future independent power producers (IPPs) on renewable energy, thereby encouraging and enabling private sector investment. On inter-island connectivity, the Inter-island Connectivity Project will focus on improving inter-island cargo and passenger travel, through technical assistance, operations as and MFD approaches, to improve (i) formal sea ports to enable efficient access to the islands of Grand Comore, Anjouan and Moheli; and (ii) informal community ports/landing sites, currently used for fisherfolk and kwasa-kwasa passenger and small cargo traffic. Technical assistance will be provided to help Comoros reduce its exorbitant international air travel costs. On road connectivity, initial attention will focus on rehabilitating a priority network of rural feeder roads linked to key value chains supported under Objective 4 to facilitate access of produce to markets, under the Integrated Development and Competitiveness Project.

103. **The CPF program will expand ongoing support in the telecommunications sector.** With WBG support, Comoros has built the infrastructure needed to exploit the possibilities of a digital economy. In addition to financing expanded connectivity, the WBG program has facilitated market and policy reform, supporting the progressive liberalization of the local telecoms market and unlocking sector development. Challenges remain vis-à-vis fostering an enabling environment, which hamper further investment. The CPF program will provide continued support, through the Regional Communications Infrastructure Program, to complete the reform agenda while strengthening the enabling environment for ICT business and innovation. A dedicated co-working space will be created that provides a conducive environment for ICT business innovation and training. Tailored TA will also help the government to create an enabling environment for initial government digitization, including developing relevant regulation, policy guidelines and governance frameworks, in areas such as cybersecurity, supporting interoperability and streamlining business processes in line with best practice. The planned ASA on Digital Economy Country Assessment will be a key piece of knowledge work to inform WBG support for Comoros' digital economy. MIGA will support Focus Area II by encouraging foreign direct investment in the energy and telecom sectors, through political risk insurance instruments.

## **D. Implementing the FY20-FY24 Partnership Strategy**

### ***Financial Envelope and Instruments***

104. **The CPF will be implemented over a five-year period.** Financing under the CPF program is expected to total about US\$247 million comprised of an indicative average annual IDA allocation of US\$27million per year plus the FY20 CRW IDA allocation of US\$45 million and the Fast Track Covid-19 Facility allocation of

US\$5 million<sup>32</sup>. The CPF will aim to leverage other financing sources as appropriate, including the IDA19 Regional Window, the Scale-Up Window, the IDA19 IFC-MIGA Private Sector Window, and development financing from other sources. Policy-based lending is expected to be used in assisting the government to respond to the COVID-19 crisis and implement its reforms including the restructuring of SOE's.

105. **A significant share of IDA resources, totaling an estimated \$94 million (about 47 percent of total expected IDA financing), will be directed toward cyclone recovery and COVID-19 response.** Resources to support Comoros' recovery from the impacts of Cyclone Kenneth and to increase its resilience to future floods and cyclones will come from the following sources: (i) undisbursed balances in existing projects currently in the portfolio to support the response to their maximum potential (up to US\$10 million); (ii) allocating the balance of uncommitted IDA18 funds as additional financing to existing programs/projects in the portfolio (replenishment of post-disaster and/or CERC components such as under the Social Protection Project -- US\$18 million); and (iii) allocation of US\$45 million from the IDA Crisis Response Window towards a dedicated emergency recovery operation. Additional resources to respond to COVID-19 will mainly come from (i) an AF to the Compass Project (US\$5 million); (ii) a second AF to the Social Safety Net Project (\$US6 million) and; (iii) an Emergency DPO (\$US10 million).

**Table 3 Indicative Lending Program**

CPF Focus Area	FY20	FY21-24
<b>Focus Area I: Increase Resilience</b>		
Health Systems Strengthening <sup>(g)</sup>	30	
Social Protection AF * <sup>(g)</sup>	18	
Social Protection AF2 (COVID-19 response) <sup>(g)</sup>		6
Post-Kenneth Resilience and Recovery Project * <sup>(g)</sup>	45	
Nutrition and Women's Empowerment		20
Health Systems Strengthening AF (COVID-19 response)		5
<b>Focus Area II: Inclusive Growth</b>		
Renewable Energy Transition and Integration Platform	40	
Financial Inclusion		20
Comoros Inter-island Connectivity Project		25
Emergency DPO (COVID-19 response)		10
Unprogrammed		28
<b>Total</b>	<b>133</b>	<b>114</b>

\* Financing for Cyclone Recovery and Reconstruction

(g) Gender-tagged

106. **The CPF will build on the current well-performing WBG portfolio while managing growth of the portfolio through larger projects and the use of additional financing.** As of end-FY20, the active portfolio comprised seven active projects, two of which are regional, with total commitments of US\$220 million. The pace of project disbursements has been robust with a disbursement ratio exceeding 30 percent since FY16, well above the Africa and Bank-wide averages. Currently there are no problem projects. Planned commitments will rise compared with the FY14-19 strategy reflecting the increased IDA18 allocation for small and FCV states as well as the allocation of IDA CRW resources in response to Cyclone Kenneth. Using additional financing and

<sup>32</sup> Referenced IDA volumes are indicative. Actual PBA allocations will be determined annually and will depend on: (i) total IDA resources available; (ii) the number of IDA-eligible countries; (iii) the country's performance rating, per capita GNI, and population; (iv) implementation of IDA's forthcoming Sustainable Development finance Policy (SDFP) and (v) the performance and other allocation parameters for other IDA borrowers

larger projects, the size of the portfolio is projected to remain stable, reaching eight projects by the FY21 but with a substantial increase in average project size (see Table 4).

**Table 4 Portfolio Trends FY19-22 (projected)**

	2019		2020*		2021*		2022*		2023*		2024*	
	#	US\$	#	US\$	#	US\$	#	US\$	#	US\$	#	US\$
National Projects	3	34	5	175	7	195	7	220	6	190	5	150
Regional Projects	2	31	2	45	1	13	0	0	0	0	0	0
<b>Total</b>	<b>5</b>	<b>65</b>	<b>7</b>	<b>220</b>	<b>8</b>	<b>173</b>	<b>7</b>	<b>220</b>	<b>6</b>	<b>190</b>	<b>5</b>	<b>150</b>
Avg Commitment Amt	13		31		22		31		32		30	

\*Projected

107. **The ASA program will seek to deepen the knowledge base for facilitating engagement in Comoros.** The preliminary list of planned and ongoing ASAs and TAs are given in Table 5 below. Analytical work will be undertaken to understand better how community-based structures rooted in traditional governance frameworks can be linked to formal structures and institutions, and to identify entry points and incentives by which to strengthen collaboration; strengthening of local governance; educational and training opportunities for girls as well as women’s employment, with a focus on barriers to women’s access to economic opportunities. A GBV contextual and portfolio review for Comoros will be developed through a programmatic ASA on GBV, Social Inclusion, and Social Risk Management with activities in Mozambique, Madagascar and Comoros. Work will also be undertaken on the potential of the blue economy approach for Comoros. ASA’s will scope urban development, including the status of slum areas and living conditions, and the corresponding impact on health and environment. Attention to connectivity may focus on better understanding the opportunities in this sector.

**Table 5: Indicative ASA and TA for FY20-FY24**

Task Name
Formulation of National Agriculture Investment Plan
Comoros Payments System Regulatory Framework
Comoros Local Governance and Institutional Assessment
Comoros Urbanization Review
Comoros FIRST-Funded Capacity Building for the Financial Institutions Supervisor and Resolution Authority TA
CDD approaches and traditional community governance
Blue Economy framework
Advisory Services on International Connectivity/Air Transport
Technical Assistance in Debt Management and Transparency
Education sector in Comoros from preschool to tertiary education with a focus on girls’ education
Infrastructure Sector Assessment Program (InfraSAP)
Digital Economy Country Diagnostic
IFC Advisory Investment Climate Reforms program (ICRP)
Women’s Employment: Barriers to Women’s Access to Economic Opportunities.
GBV Diagnostic
Detailed Gender Analysis and Assessment of WB Portfolio and Pipeline

***Coordinating with the Development Partners***

108. **The WBG will continue working alongside the other DPs to build an effective platform for regular dialogue with government.** Development Partners Forum (FPAD) was established in 2017 as a framework for

consultation and internal consultation to promote the coordination, coherence and efficiency of interventions among development partners in line with national priorities. Key DPs in Comoros include French Development Agency (Agence Française de Développement, AFD), European Union, African Development Bank (AfDB), Global Environment Facility (GEF), United Nations agencies as well as China, Japan, Kuwait, Saudi Arabia, South Africa, Turkey and the United Arab Emirates. During the December 2019 Paris Round Table on the PCE, Development Partners pledged a total of US\$1.6 billion, including the current commitments.

109. **The WBG will support evolving government efforts to use consultative approaches in implementing the National Development Plan.** As part of the CPE follow-up and SCA2D review process, the Government intends to bring together representatives of the government, civil society, private sector and development partners to support implementation of the national development plan. The Government is also currently considering a proposal by donors to transform the Development Partners Forum (FPAD) into a more permanent, higher level institutional footing.

110. **Partnerships with other development partners and MFD approaches are key to successful realization of the CPF objectives.** The WBG, working through its staff in country, will:

- continue to collaborate closely with other DPs. This has already resulted in parallel financing, joint missions, and regular consultations on ongoing and pipeline projects.
- work towards building a more effective development coordination framework in collaboration with other DPs to achieve Government's CPE objective of becoming an emerging middle-income economy.
- maximize private finance for development, building on the success of the WBG engagement in the Comoros telecom sector, where substantial foreign direct investment (FDI) in Comoros has already been leveraged through WBG support.

### ***Delivering the program***

111. **The World Bank will continue to make use of project implementation units (PIUs), alongside accompanying measures to build capacity within the civil service.** The World Bank will continue working with PIUs, under the oversight of respective steering committees. This arrangement has so far been deemed to be the best possible option by the Government and the Bank, considering the scarcity of skills in specialized areas such as project coordination, financial management, procurement and safeguards, as well as the limited capacity of the public sector institutions.

112. **Bolstering the capacity of PIU's and the associated line ministries will continue.** The Bank will build capacity in PIU's and in line ministries through regular supervision missions, training and exchange visits. A Country Portfolio and Performance Review (CPPR) is expected to take place at beginning of CPF cycle. WBG will continue to encourage the Government to opt for competitive recruitment of key PIU staff rather than the direct appointment of ministry officials. This is expected to avoid the possibility of unrelated resignations or political removal of high-level officials who are concurrently heads of PIU.

113. **The Government has established a clear and transparent structure for day-to-day technical interaction of development partners with government, in line with WBG recommendations.** Presidential Decree No. 18-056/PR of July 09, 2018 established Government procedures related to DP project missions, with clear designation and coordination among government institutions and ministries. This has eliminated inefficiencies and misunderstandings, while enabling an effective collaborative framework in harmony with WBG procedures.



## Gender

114. **CPF design and implementation integrates fragility with renewed emphasis on the inclusion of the most vulnerable, specifically youth and women.** The country program will support women's economic empowerment through improved livelihoods in agriculture and fisheries, as well as women's employment generation through grant schemes, enhanced financial inclusion and MSME's. The CPF will seek to strengthen existing women's networks and improve basic services and connectivity to allow women's access to economic opportunities, markets and entrepreneurship, including through the Integrated Development and Competitiveness Project and through the Financial Inclusion Project. Furthermore, the CPF will aim to improve the lives of women and children through improved maternal, reproductive and child health, and boost nutrition through the Comprehensive Approach to Health Systems Strengthening and the planned Women's Empowerment and Nutrition Project. The CPF will also take the preliminary steps in improving habitat, sanitation and living conditions, through its analytical work on Urban Development and the Post-Kenneth Recovery and Resilience Project. Vulnerable groups, women and youth will be central in designing the response to Cyclone Kenneth. ASA will also be undertaken to deepen Bank's understanding and engagement in gender issues and related social norms, GBV, barriers to women's access to economic opportunities including social norms and skills; and youth employment and engagement.

## Climate Change

115. **The CPF will support Government's efforts to build capacity for climate change and environmental management through its portfolio and pipeline.** In line with corporate climate commitments, including the Action Plan on Climate Change Adaptation and Resilience and the upcoming Climate Change Action Plan (CCAP) 2021-2025, the proposed work program and results areas under the CPF program will be delivered addressing the country's climate vulnerability and priorities. Climate change issues will be addressed by assisting and promoting (a) recovery from climate-change induced disasters (Post-Kenneth Recovery and Resilience Project); (b) disaster risk management and urban resilience (Post-Kenneth Recovery and Resilience Project and Urban Development ASA); (c) climate-smart agriculture (Integrated Development and Competitiveness Project, Analytical Work and Technical Assistance); (d) good governance and best practices in community-based fisheries (SWIOFish1 Project); (e) blue economy approaches (Analytical Work and Technical Assistance); and (f) renewable energy (Comorsol Project).

## Safeguard and Fiduciary Issues

116. **The CPF will seek to reinforce national procurement and fiduciary systems.** The 2004 Procurement Code is largely consistent with good public and international practices. An assessment of Comoros' national procurement system concluded that fundamentally nothing stands in the way of utilizing the National Procurement Commission to carry-out prior reviews and post procurement reviews on WBG-financed projects. A set of strategic axes for new policy implementation and capacity development was developed in partnership with the Government. These include the separation of the control and regulation authorities, adoption and implementation of a professionalization strategy of the public procurement function which requires the formulation of a new procurement code. As a result, a new Procurement Code was prepared, submitted to the Parliament and promulgated in January 2017. In terms of fiduciary management, the 2014 PEFA assessment pointed that there are still significant risks due to the lack of transparency and accountability in the use of public funds. The WBG is opting for gradual use of the country's PFM systems using a risk-based approach. Mitigation measures will include development of project manuals which provide clarity of roles and responsibilities, a

process to implement and report on project activities, strengthening the control environment, and monitoring and evaluation systems, and increased frequency of WBG implementation support.

#### IV. RISKS TO THE CPF PROGRAM

117. **The overall risk rating for the Comoros is Substantial.** (Table 6). Small Island Developing States can indeed have highly complex political economies. Other risks together with proposed mitigation measures are summarized below.

118. **Political and governance risk is Substantial.** Comoros remains exposed to risks stemming from the tense relations between the Government of the Union and governments of the autonomous islands, particularly in the wake of controversial constitutional changes altering the previous presidential rotation and governance practices. Sudden shifts in policy priorities or even political instability could affect delivery of the new operations or disrupt implementation of ongoing operations. The increased WBG presence on the ground, including the World Bank Resident Representative stationed in Moroni, is enabling it to establish a more effective line of dialogue and partnership, helping to evaluate and mitigate these risks and assist better in capacity-building. The increased presence of task team leaders (TTLs) and technical and fiduciary staff in neighboring country offices (including Madagascar, Kenya and Mauritius) allow staff to support WBG Comoros program and facilitates more regular interaction with Comorian counterparts, through frequent, timely and on-demand missions. The WBG will also continue to maintain close collaboration, analytical work and concerted action with DPs as well as the United Nations, African Union and the European Union, to mitigate these risks.

119. **Macroeconomic risk is Substantial.** There are four main sources of macroeconomic risk facing Comoros: a) dependence on external grants and private remittances; b) possible impact of other bilateral and multilateral partners and financial institutions on Debt Sustainability (through either non-concessional credit or erratic grant funding leading to unrealistic expectations); c) a business environment unfavorable to the development of the private sector, depriving the State of tax revenues for public services; d) mismanagement of SOEs (SNPSF, a postal bank, and Sonelec, the energy utility) and the rapidly rising publicly guaranteed debt of Comoros Telecom (the telecom public company) affecting the provision of services and damaging the State's debt sustainability; and, e) its low exports capacity, with exports representing about a third of imports. Poor debt management could reduce access to IDA allocation as Comoros is subject to the newly implemented Sustainable Development Finance Policy (SDFP). CPF objectives to boost growth through an improved business environment could be undermined by weak investment in key infrastructures and low provision of public services (e.g. electricity), which could result from persistently low domestic revenue mobilization. The WBG is mitigating these risks by working closely with the Government and as other DPs on a reform agenda that includes improving debt management and transparency, supporting telecom, energy and financial sectors to develop the private sector, and promoting exports through assistance in sectors such as fisheries and key value chains. The IMF is planning to support this agenda initially with a Staff-Monitored Program.

120. **Institutional capacity risk is Substantial.** The CPF identified institutional capacity constraints as a critical challenge for implementation. In recent years, project implementation has been hampered by weak sector governance and frequent staff changes in counterpart agencies and implementing units, such as the Energy Sector and Social Protection projects. To mitigate these risks, projects under the CPF will feature enhanced support for coordination and implementation, with a focus on improved standards for procurement, project, and tender management, to ensure satisfactory disbursement performance and avoid implementation delays. As competitively selected consultants are less prone to political interference, the WBG and Government have recently agreed on the competitive recruitment of heads of PIUs rather than appointing high-level ministry officials. The increased WBG presence on the ground will enable identifying and offsetting institutional risks more effectively in the future.

121. **Fiduciary risk is Substantial.** Based on continued weaknesses in Comoros financial management and procurement systems as documented in the PEFA and other assessments, fiduciary risks remain substantial. Several cases of ineligible expenditures in WBG projects have been seen. The CPF program will continue to target improved public financial management through future ASAs. Continued attention to building fiduciary capacity in implementation units will also help to manage this risk.

122. **Environmental and social risks are Substantial.** Comoros is affected by climate change and soil degradation. Natural hazards are expected to intensify and increase in frequency with climate change, include cyclones, floods, landslides and tidal waves. Seismic activity and volcanic eruptions are also possible given the presence of an active volcano near the capital city. Cyclone Kenneth and the COVID-19 pandemic have caused substantial physical and economic losses, with approximately 65,000 people affected and damages totaling approximately US\$20 million in 2019. Achieving CPF objectives could be negatively affected by further disasters. The ongoing Post-Kenneth Resilience and Recovery Project and associated technical assistance to improve disaster risk management is expected to help mitigate climate change related risk.

**Table 6: Systematic Operations Risk Rating Tool - Comoros**

	<b>Risk Category</b>	<b>Rating (H, S, M, L)</b>
1	Political and governance	S
2	Macro-economic conditions	S
3	Sector strategies and policies	M
4	Technical design of project/program	M
5	Institutional capacity for implementation and sustainability	S
6	Fiduciary risk	S
7	Environmental and social risks	S
8	Stakeholders	M
	<b>Overall</b>	<b>Substantial</b>

(L = Low; M = Moderate; S=Substantial; H=High)

## **Annex 1. Results Matrix**

<b>Focus Area I: Crisis Response and Building Resilience</b>
<p>Focus Area I center on (i) boosting resilience by building human capital focusing primarily on health, girls' education and nutrition and (ii) supporting recovery from COVID-19 Pandemic and Cyclone Kenneth while increasing resilience to infectious diseases, climate shocks through improved infrastructure and capacity for disaster risk management.</p> <p>COVID-19 response includes emergency health measures coupled with direct measures for social and economic protection of the poor and vulnerable.</p> <p>To address one of the drivers of fragility, interventions will aim to make health and nutrition service delivery more equitable across the islands. COVID-19 and Cyclone Kenneth responses will focus on rapid recovery while increasing resilience to disaster risks.</p>
<b>Objective 1: Building Human Capital</b>
<p><b>Intervention logic</b></p> <p>The program targets improved accessibility and quality of essential health and nutrition services as well as women's empowerment through the Comprehensive Approach to Health System Strengthening Project and the planned Women's Empowerment and Nutrition Project. Planned ASA on Girls' Education will also provide a framework for addressing issues around human capital. Improving health outcomes is part of a broader effort to improve the human capital index with the cooperation of other development partners. Contributing to a healthier population includes improving access to and quality of primary health services with a focus on immunization, maternal health, and basic nutrition services. The approach will focus on strengthening the quality of care delivered at the community health centers.</p> <p>The CPF will also aim to reduce Comoros' high fertility rate through greater women's empowerment (e.g., increased access to family planning, secondary education and employment). Over the longer term, the aim is to raise the productivity of future generations as more children grow into productive adults.</p>

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><b>Quality of health system as measured by the quality of care available to people</b>            Percentage of health providers at primary health care achieving satisfactory level on the service delivery indicator score.            Baseline: 0 per cent            Target: 60 per cent at end of 4 years</p> <p><b>Percentage of children aged 0-5 who are chronically malnourished</b>            Baseline: 30 per cent in 2019            End target: 40 percent decrease in numbers in geographical areas of intervention (sex-disaggregated,)</p>	<p><b>Number of primary health care facilities with accreditation Level 2 (number)</b>            Baseline:0.00            End target: 40.00</p> <p><b>Number of functional Community Health Sites (Number)</b>            Baseline: 69            End target: 172</p> <p><b>Number of households benefiting from recovery grant</b>            Baseline:00            Target: 10,000</p> <p><b>People who have received essential health, nutrition and population services under the WB project</b>            Baseline: 0.00            End target: 106,500</p>	<p><b>Lending</b></p> <p><b>Ongoing</b></p> <p>Comprehensive Approach to Health System Strengthening Project (P166013)</p> <p><b>Planned</b></p> <p>Nutrition and Women’s Empowerment (including supporting girls’ education and avoiding teenage pregnancies)</p> <p><b>ASA</b></p> <p><b>Planned:</b></p> <p>Education sector in Comoros from preschool to tertiary education with a focus on girls’ education</p>
<p><b>Objective 2: Supporting Disaster Recovery and Resilience</b></p>		
<p><b>Intervention logic</b></p> <p>The CPF engagement places a high priority on assisting the Comoros to address the impacts associated with Cyclone Kenneth and the COVID-19 pandemic. The program will support immediate pandemic response through activation of the Contingency Emergency Response Component (CERC) under the Comprehensive Approach to Health System Strengthening Project as well as through Additional Financing of the Comoros Social Safety Net Project, by putting in place emergency health measures against the pandemic and taking direct measures for ensuring the social and economic protection of the poor and vulnerable.</p>		

The program will also support recovery and reconstruction in the aftermath of Cyclone Kenneth through the Post-Kenneth Recovery and Resilience Project, by financing housing reconstruction, infrastructure rehabilitation, and investments in coastal resilience. Additional Financing to the Comoros Social Safety Net Project will assist the affected poor families in disaster affected communities through recovery grants and an integrated support package including livelihood support services and adult learning as well as rehabilitation of selected small community-based infrastructure damaged by the cyclone. To build resilience, the program will strengthen DRM at national and local levels, provide institutional support to national and community organizations in charge of disaster risk reduction, and improve cross sectoral coordination in key sectors. CPF will also support, through the ongoing analytical work, the identification of urban hazard risks and their socio-economic impacts, to inform programs, policies and investments to improve the urban living environment, access to basic services and local governance.

CPF Indicators	Supplementary Progress Indicators	WBG program
<p><b>Proportion of district health facilities and regional referral hospitals with personal protective equipment and infection control products and consumables</b> with no stock-outs in the previous two weeks Baseline: 0 Target: 75 per cent</p> <p><b>Number of Beneficiary households receiving unconditional cash transfer in response to COVID19</b> Baseline: 0.00 Target: 12,500</p> <p><b>Number of people benefiting from housing reconstruction assistance activities and neighborhood improvements</b> (Number)</p>	<p><b>Houses rebuilt with resilient standards and practices with reconstruction grants (Number)</b> Baseline: 0 End target: 1,000.00 Of which women are heads of households: 400</p> <p><b>Number of strategic and operational Documents or Tools updated or developed supporting urban system enhancement</b> (Number) Baseline: 0 End target: 3</p> <p><b>Number of awareness-raising/education campaigns contributing to increasing infrastructure resilience and road safety (Number)</b> Baseline: 0 End target: 10</p>	<p><b>Lending</b></p> <p>Comoros Post-Kenneth Recovery and Resilience Project (P171361)</p> <p>Additional Financing to the Comoros Social Safety Net Project (P150754)</p> <p>AF Comprehensive Approach to Health System Strengthening Project (P174227)</p> <p><b>ASA</b></p> <p>Comoros Urbanization Review (P171576)</p>

<p>Baseline: 0.00 Target: 209,500.00</p> <p>of which percentage of women: Baseline: 0.00 Target: 40.00</p> <p><b>Number of people protected with resilient coastal defense system (Number, sex-disaggregated)</b> Baseline: 0.00 Target: 25,800.00</p> <p><b>Houses rebuilt with resilient standards and practices with reconstruction grants (Number)</b> Baseline: 0 End target: 1,000.00 Of which women are heads of households: 400</p>	<p><b>Number of people trained in integrated Disaster Risk Reduction (Number, sex-disaggregated)</b> Baseline: 0.00 Target: 1,200.00</p>	
<p><b>Focus Area II: Economic Recovery and Inclusive Growth</b></p>		
<p>The CPF engagement aims to assist Comoros to overcome the impact of the COVID-19 economic crisis while addressing the chronic investment gap in the private and public sectors. The investment gap is a major constraint to economic growth, persisting in infrastructure, industry, services and agriculture, impeding the generation of quality jobs and job opportunities. It is also an important driver contributing to fragility, undermining an already delicate social contract between the islands. Addressing the investment gap equitably will help reduce fragility, as each island will have a real opportunity for having a competitive, high-value economy. Improving governance and business environment, increasing inter-island connectivity and promoting economic integration will enhance equitable growth, create stronger bonds across the islands and consolidate national unity.</p>		

### **Objective 3: Improving Business Environment and Governance**

#### **Intervention logic**

The CPF program will aim to assist the government in tackling the current economic crisis as well as strengthening governance and improving the business environment. An emergency DPO will aim to address supplemental government expenditure and loss of revenue related to COVID-19. Government reforms will be supported through a combination of analytical works on governance, on restructuring and privatization of SOE's, public financial management (PFM) and revenue mobilization, and possibly with a DPO at a later stage, in addition to the emergency DPO in the context of COVID-19. Technical assistance and analytical work will also focus on strengthening government capacities for macro framework and debt management.

During economic crisis and recovery, the engagement will aim to assist the private sector through the Integrated Development and Competitiveness Project, by strengthening value chains and by direct grants to MSME's. The program will also indirectly assist the informal sector through income support to poor and vulnerable households affected by the COVID-19 negative economic impact, through the Social Safety Net Project. The CPF program will also help the Government accelerate the transformation of agriculture and fisheries, through the ongoing Integrated Development and Competitiveness Project and South West Indian Ocean Fisheries Governance and Shared Growth Project. The CPF will aim to deliver early gains by strengthening selected value chains, in collaboration, where possible with IFC. The projects will provide targeted financial and technical support to foster women entrepreneurship and strengthen women-led MSMEs with firm-level support earmarked for women-led/owned enterprises.

WBG, together with IFC and MIGA, will assist the government to improve the business environment through technical assistance and advisory services, while encouraging potential investors to engage. IFC will explore the launch of a new Investment Climate Reform Program ("ICRP"). The Bank will encourage sustained inclusive growth through strategic interventions to build strong and stable financial institutions through the Financial Inclusion Project, by supporting the digitization of financial services, modernization of payment systems infrastructure, by increasing access to accounts and digital payments and to address the situation of the Postal Bank (SNPSF) through technical assistance. IFC's interventions in the financial sector will primarily be an advisory-led intervention given the need for capacity building and structural improvements.



CPF Indicators	Supplementary Progress Indicators	WBG program
<p><b>Improve Comoros Doing Business Index - Distance to Frontier</b> Baseline: 47.87 in 2019 Target: 52</p> <p><b>Increase Net FDI inflows in Comoros</b> Base line: 0.4 percent of GDP (average over 2017-2019) Target: 1.5 percent of GDP (or about \$20M) (connected either with IFC/MIGA operations or as an FDI in a sector WBG is already engaged in through IPF, TA or policy reforms (Data by island))</p> <p><b>Increase in local food production and marketing especially in meat and poultry</b> Baseline Subsistence production for meat and poultry Target: 15 percent of marketed meat and poultry to be produced locally.</p> <p><b>Volume of digital payments</b> Baseline 0 Target 5,000,000</p>	<p><b>Automated Transfer System (ATS) &amp; National Switch</b> (interoperability) established and operational</p> <p><b>Number of new financial product(s) launched (e.g., Basic Transaction Account)</b> Baseline: 0 End target: 2</p> <p><b>Number of value chain platforms for export crops and livestock established or upgraded (Number)</b> Baseline: 00 End target: 7.00</p> <p><b>Number of established firms/cooperatives that receive matching grants, with breakdown for women-owned companies (Number)</b> Baseline: 00 End target: 300.00</p> <p><b>Number of young entrepreneurs who receive cash grants and technical assistance (Number, sex-disaggregated)</b> Baseline: 00 End target: 100.00</p>	<p><b>Lending Pipeline</b> Comoros Financial Inclusion Project (P166193)</p> <p><b>Ongoing</b> Integrated Development and Competitiveness Project (P164584) AFR RI-South West Indian Ocean Fisheries Governance and Shared Growth Project 1 SWIOFish (P132123) Comoros Statistics Project (P159437)</p> <p><b>Planned</b> DPO (TBD)</p> <p><b>ASA</b> IFC Investment Climate Advisory services Comoros Payments System Regulatory Framework (P170411) FIRST Phase 4 -Comoros Capacity Building for the Financial Institutions Supervisor and Resolution Authority TA (P170412) Advisory Services for Formulation of National Agriculture Strategy (P168124) IFC Advisory Investment Climate Reforms program (ICRP) Blue Economy framework TA on Debt Management and Transparency</p>

**Objective 4: Improving Connectivity**

**Intervention logic**

The CPF, through the on-going operations on Regional Communication Infrastructure Program, Integrated Development and Competitiveness Project, and the planned Solar Energy Integration Platform Project and Comoros Inter-Island Connectivity Project, will enhance connectivity through strategic investments in transport, telecoms and energy sectors. On transport, the CPF will include operations which focus on feeder roads, inter-island connectivity, including ports development, inter-island cargo and passenger travel. These interventions will also be accompanied by technical assistance and analytical works, as well as Cascade approaches, and may include development of (i) formal seaports to enable efficient access; (ii) informal community ports/landing sites, for fisherfolk, kwasa-kwasa passengers and small cargo traffic. On electricity, the CPF will capitalize on the planned ComorSol Project to focus on building a platform for future IPPs; strengthening the Power Utility (Solenec), transmission network and energy storage, thereby expanding the use of cheaper renewable energy, increasing general access while reducing energy costs. In telecoms, CPF, through the Regional Communication Infrastructure Program will support efforts to increase access and reduce the costs of broadband internet connections while fostering the expansion of digital government applications, as well as support for cybersecurity, digital entrepreneurship and digital skills.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><b>Number of people provided with improved electricity service</b>— measured as the number of people that benefit from improved electricity services (number of hours per day, by island, sex-disaggregated where possible)</p> <p><b>Inter-island passenger traffic</b> – Measured by the number of ferry passengers who arrived at Moroni Port from Moheli Baseline: 871 [in 2018)</p>	<p><b>Grid-connected PV generation capacity installed</b> Baseline: 0 MW Target: 10 MW (<b>data by island</b>)</p> <p><b>The price of Mbps in dollars</b> 20 percent decrease over baseline.</p> <p><b>Direct beneficiaries of the road rehabilitation</b> (sex-disaggregated and by island) Baseline: 14,100 Indirect beneficiaries: 28,200</p> <p><b>Inter-island freight traffic</b> – Measured by port throughput at Port Fomboni</p>	<p><b>Lending Ongoing</b> 4th Phase of the Comoros Regional Communications Infrastructure Program (P166737) Integrated Development and Competitiveness Project (P164584)</p> <p><b>Planned</b> Comoros Solar Energy Integration Platform (P162783) Comoros Inter-Island Connectivity Project (P173114)</p> <p><b>ASA</b> Infrastructure Sector Assessment Program (InfraSAP) Digital Economy Country Diagnostic International Connectivity including reference to Air Transport Costs</p>

<p>Target: 2,500 <sup>33</sup> (sex-disaggregated where possible)</p> <p><b>Number of unique mobile broadband subscribers as a percentage of the population by island</b> (by island, sex-disaggregated where possible)</p> <p>Baseline: 31.8 percent Target: 50 percent</p>	<p>Baseline: 33,512 tons [in 2017] End target: 45,000 tons<sup>34</sup></p>	
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<sup>33</sup> Under the assumption that a formal ferry would operate between Moroni and Moheli once a week, additional 1,700 people would use the formal ferry transportation rather than kwasa-kwasa, which is 1.5% (i.e., available only one day per week and for one hour out of 10 hours a day) of the total current kwasa-kwasa passengers estimated at 3,400 people between Hoani and Chindini (and Ouroveni) per day.

<sup>34</sup> At least achieving the amount of cargo handled by the port before the reduction in port traffic started in 2014.

## ***Annex 2. Country Partnership Strategy Completion and Learning Review FY 2014-19***

Date of Country Partnership Strategy: April 16, 2014 (Report no. 82054-KM)  
Date of Progress Report: December 7, 2018  
Period Covered by the CPS CLR: FY14-19

### **I. Introduction**

**This Country Partnership Strategy Completion and Learning Review (CPS CLR) provides a self-assessment by the World Bank Group (WBG) country team of its Comoros Country Partnership Strategy (CPS) for FY14-FY19.** The assessment rates the overall effectiveness of the CPS program in achieving the WBG program’s stated objectives as well as the design and implementation of the program. In addition, the alignment of the CPS with the WBG corporate strategy is assessed and lessons drawn to guide preparation of the forthcoming Country Partnership Framework (CPF).

**Comoros is a fragile state that borrows from IDA on small-economy terms.** Following independence from France in 1974, the country experienced protracted political instability characterized by political power struggles and strained relations between the central and island governments. Dialogue and constitutional reforms in the 2000s eventually led to an incremental return to political stability and smoother transitions of political power. A window of opportunity for expanded WBG engagement opened in 2009 when Comoros began to implement a series of macro-stabilization and structural reform programs supported by development partners. Macroeconomic management was underpinned by a three-year Extended Credit Facility (ECF) program with the International Monetary Fund (IMF). Implementation of structural reforms enabled the country to reach the Heavily Indebted Poor Countries (HIPC) completion point in December 2012 and thus benefit from the Multilateral Debt Relief Initiative (MDRI). Successful HIPC completion fostered greater political stability and led to increased support from development partners, with the possibility of accelerated reform, growth, and poverty alleviation.

**In this context, the CPS, approved in April 2014, aimed to support Comoros in consolidating progress made in reaching HIPC completion.** The CPS Strategy rested on two pillars: (i) Increased Public Sector Capacity; and (ii) Shared Growth and Increased Employment. The strategy built on the advances made during the Highly-Indebted Poor Country (HIPC) process and directly supported the Government’s stated objectives to strengthen economic governance and promote private sector growth and job creation--both of which were incorporated in the Poverty Reduction and Growth Strategy Paper (PRGSP) 2010-2014. This strategy remains salient within the framework of the poverty reduction strategy, “Accelerated Growth and Sustainable Development Strategy,” (SCA2D), covering FY2015-FY2019. The CPS thus provided timely support to Comoros based on a strengthened partnership with the government and other donors that evolved from the HIPC process.

**The overall performance of the CPS program (FY12-19) is rated Moderately Satisfactory.** Table 1 provides an overview of CPS Outcomes and Ratings. The Program achieved (3) or mostly achieved (3) 6 of 9 objectives and 19 of 27 milestones (indicators) during the CPS period, with notable development impact in several key areas, including disaster risk management, telecommunications development, improving performance of the power utility, and fisheries management, among others, as delineated below. IDA lending through FY19 totaled US\$120.3, of which US\$32.2 million was regional IDA. (See Annex 2.)

**Table 1. CPS Strategic Objectives and Performance Ratings**

Strategic Objectives	Performance Ratings
<b>Pillar 1. Increased public sector capacity:</b>	<b>Moderately Unsatisfactory</b>
Objective 1. Improved Public Financial Management.	<i>Partially Achieved</i>
Objective 2. Strengthened Civil Service Management	<i>Achieved</i>
Objective 3. Increased capacity to gather and release statistics in accordance with international standards.	<i>Partially Achieved</i>
Objective 4. Improve knowledge base and management of natural hazard, disasters, and climate risks	<i>Mostly Achieved</i>
<b>Pillar 2. Shared growth and increased employment:</b>	<b>Moderately Satisfactory</b>
Objective 5. Improved effectiveness of social safety net and active labor market programs:	<i>Mostly Achieved</i>
Objective 6. Improvement in the commercial and financial performance of the financial and electricity sectors.	<i>Achieved</i>
Objective 7. Increased access and voice/internet connectivity	<i>Achieved</i>
Objective 8. Strengthened capacity of governments and coastal communities to effectively manage selected priority fisheries	<i>Mostly Achieved</i>
Objective 9. Improved policy and regulatory environment in targeted areas:	<i>Partially Achieved</i>

**World Bank performance in designing and implementing the Comoros strategy was good.** The design and implementation of the CPS contributed to the achievement of key program objectives. The two CPS pillars were germane, closely aligned with Government priorities, and informed by the World Bank Group’s comparative advantage as well as the programs of development partners. The Bank engaged with counterparts strategically through a planned series of four Development Policy Operations (DPO’s). The overall objectives of the CPS were in line with the WBG’s twin goals of poverty reduction and shared prosperity, as well as the PRGSP and the SCA2D. Program Implementation Performance was good based on delivery of lending in line with CPS plans and good portfolio performance. There was good collaboration within the WBG and at the PLR stage, the results framework was strengthened. The World Bank’s Advisory Services and Analytics (ASA) program helped widen the knowledge base in Comoros and subsequently strengthen the SCA2D.

## **II. Progress Toward CPF Development Outcomes**

### **A. Country Context**

**At the inception of the CPS, economic activity in Comoros had improved since bottoming out in 2009 and real GDP growth reached 3.5 percent in 2013--mainly driven by a good agricultural harvest and increased investments in infrastructure and construction.** Nevertheless, the fiscal position remained fragile while weak public financial management systems and limited transparency and accountability represented key constraints to development. Growth and job creation continued to be restrained by a high cost environment, particularly in relation to securing reliable access to electricity and connectivity through modern telecommunication services. Pressures relating to these factors, particularly in the electricity sector, reduced the rate of economic growth to 2 percent when the CPS was launched in 2014.

**Macroeconomic performance during implementation of the FY14-FY17 CPS was below expectations.** The CPS projected annual gross domestic product (GDP) growth of 4 percent from 2014 to 2016. However, a crisis in the energy sector and slow progress in reform implementation, including in the telecommunication sector, led to a deceleration of GDP growth in 2014 and 2015. Weak fiscal management and over reliance on shrinking non-tax revenues coupled with the ongoing crisis in the electricity sector and slower-than-expected

implementation of the public investment program were the main factors behind the growth deceleration to just one percent in 2015, well below the annual population growth rate of 2.5 percent. The government also began accumulating civil service salary arrears as the public-sector wage and salary bill continued its upward trend. An unprogrammed disbursement from the Saudi Government provided budget support in the form of a grant of €40 million in mid-December 2015 enabling the authorities to clear the wage and salary arrears before the end of the year and record an overall fiscal surplus of 2.9 percent of GDP; however, this was a one-off disbursement; thus, a fiscal deficit driven by underlying revenue and expenditure pressures was expected in the subsequent years. This also led an interruption in IMF support. A rebound began in 2016, supported by an improvement in electricity supply and the initiation of infrastructure projects. GDP growth increased to 2.7 percent in 2017 and reached 3.0 percent in 2018. However, this trend was interrupted by Cyclone Kenneth that struck in 2019 when growth is projected to have declined to 1.9 percent. Recovery and reconstruction are expected to lead to a recovery in 2020 when growth is forecast to reach 3.7 percent.

**Despite its relatively weak growth performance, Comoros made good progress on poverty reduction.** In the 2014 household survey (National Survey of Employment and the Informal Sector in the Comoros (*Enquête sur l'Emploi, le Secteur Informel et la Consommation*), (EESIC)), 42.4 percent of the population was reported to be living below the national (basic needs) poverty line of KMF 25,341 (approximately US\$63) per person per month. This has fallen from an estimated 53.7 percent in the 2004 National Household Survey (*Enquête Intégrale auprès des Ménages*, EIM). Measured against the US\$3.20 per capita per day international poverty line, 38 percent of Comorians are classified as poor, a rate that is below the average for Lower-Middle Income (LMICs) and Sub-Saharan African (SSA) countries (44% and 66%, respectively). Despite its consistently weak growth performance, Comoros has achieved lower-middle income country status (GNI per capita of 1,280 dollars in 2017, atlas method). This paradox is to a large degree explained by the significant remittance flows from Comoros' growing diaspora. Close to 40 percent of households receive remittances and those households that do benefit from remittances are on average 11 percentage points less likely to be poor than those that cannot rely on transfers from a family member.

## **B Program Performance**

**The overall objectives of the CPS were aligned with the WBG's twin goals of poverty reduction and shared prosperity, as well as the PRGSP and the SCA2D.** The CPS Strategy rested on two mutual reinforcing pillars: (i) Increased Public Sector Capacity; and (ii) Shared Growth and Increased Employment. Overall, the CPS's program performance is rated Moderately Satisfactory. The following section introduces the CPS pillars and assesses progress on each CPS outcome.

### ***Pillar 1: Increased Public Sector Capacity—Moderately Unsatisfactory***

Activities under Pillar 1 of the CPS aimed to enhance public sector capacity to deliver results by: (a) building the capacity to mobilize and effectively allocate public resources; and (b) strengthening mechanisms for addressing vulnerability at the national and household levels. This pillar of the CPS program sought to address the key drivers of fragility, namely the lack of trust between the islands and the Union, the resulting administrative inefficiencies and lack of accountability, and the consequent inability to effectively deliver services and public goods. This pillar of the CPS also sought to reduce vulnerability to climate change and natural disasters at both the national and household levels.

## **CPS Objective 1: Improved public financial management—Partially Achieved**

**Objective 1 was supported by a technical assistance operation (P102376 and P144381 (AF)) and two development policy grants (P131688 and P150924) as well as four Advisory Services and Analytics (ASA) reports.** Some progress was made in achieving the objectives in that two of four indicators were met. Budget credibility improved as demonstrated by the Public Expenditure and Financial Accountability (PEFA) assessment, which saw the PI-2 rating (comparing expenditure outturn with original budget) increase from D (2007) to C+ (2016) (Indicator 1.1). Treasury management was also improved as shown by the implementation of cash management plans that integrated the union and island treasuries (Indicator 1.3) Indicators *not* achieved included: (1.2) publication of a budget execution report, where only two of the six elements of PEFA PI-10 were in compliance; namely, a) publication of the draft Budget Law 2015 (LDF); and b) the intra-annual reports on budget execution. Comprehensiveness of the budget remains an issue and impedes PFM reforms. Basic accounting and financial management capacity still need to be strengthened to address the poor quality of financial information that constrains reliable budget performance analysis.

**CPS activities provided a foundation for improved budget preparation and reporting, significantly improving accountability in public financial management.** Structuring activities were implemented to overhaul the PFM framework. Key achievements included the review of the existing regulatory framework, the adoption of a new organic PFM law, the reorganization of the financial administration to reflect the new organic law with the creation of the DGCPT and Directorate of Financial Control, and the preparation and implementation of a communication strategy on the CREF reforms (completed March 2016). The project, and notably the new Integrated Financial Management Information System (IFMIS), has helped improve timeliness of budget preparation and decrease budgetary adjustments during the fiscal year. The IFMIS became effective in January 2017 but users still perform a parallel accounting approach in some cases using the legacy system. However, the system was implemented and is being used, and the AfDB and AFD are providing additional support to the Government in this regard.

**Against the backdrop of not having cash management plans that integrated the Union and Island treasuries, the DPO series and the Economic Governance TA operation supported efforts to improve treasury management.** This was to be done by effectively making operational the Directorate of Public Accounts and Treasury (DGCPT) that plays a key coordinating role in consolidating (union and island) cash plans and financial statements. To that end, a high priority was given to the preparation of a timely and accurate table of consolidated government financial operations (TOFE). Computerization of public finances was done through the IFMIS rollout with the accounting and budget software SIMBA5 in use since mid-2016 for implementation by the Union and Island Governments to automate budget execution, accounting, and reporting. Despite this progress, the full utilization of SIMBA is still hampered by the lack of a legal basis to enforce the use of the system for capturing all critical budget transactions. Furthermore, a fire that took place on March 4, 2017, in the Treasury building in Moroni interrupted the Union's access to the server for a several months creating delays in budget management and reporting. Notwithstanding these constraints, the Treasury was able to prepare (manually) integrated cash balance statements that were incorporated into the budget laws, contributing to achieving the PDO of stronger economic management.

**Transparency in public finance improved marginally.** The expected outputs were twofold: (a) the publication and accessibility of the public to at least three of the key budget documents elements and (b) the publication of 90 percent of public tender procurement notices for any procurement financed by the national budget or by donors, according to law 11- 027/AU. None of the planned outputs were produced. According to the 2016 PEFA evaluation, the administration did not make accessible any of the six elements to satisfy the PEFA criteria, and SIMBA, the information management system did not support and institutionalize cost-effective publication of

key PFM documents. Although the documents published did not meet the PEFA indicator target, the MOF's website did provide some budget execution reports and finance laws. In 2016, the Government eliminated the Anti-Corruption Commission (established by Law) through a Presidential Decree.

**Finally, the target for asset declaration by senior officials (1.4) was below expectations, which sought an increase from 30 to 80 percent.** An important part of public sector anti-corruption campaigns aimed at transparency is asset declaration by senior government officials. In 2014 only 8 of 57 senior officials had completed the Asset Declaration Form, while in 2015 only 2 of 60 had complied. That so few participated in declaring assets signals the possibility of compromises in public sector financial management accountability by public officials

#### **CPS Objective 2: Strengthened Civil Service Management—Achieved**

**The civil service management indicator was supported by two lending operations: Economic Governance TAL (P102376) and Economic Governance TAL (AF) P144381.** The indicator for Objective 2 was to ensure 90 percent of civil servants were paid through an automated payroll system, compared to the baseline of 50 percent in 2010.

**The target was exceeded.** By March 2017, more than 95 percent of civil servants were paid through the Government Human Resource Management Information System (GISE). The GISE became operational in January 2016 as an integrated personnel and payroll management system for the Union and Island Governments. As a result, wage bill management significantly improved with public sector wage payments for the Union of the Comoros, Grande Comore, and Moheli being handled through a single system replacing the previous separate systems for each island.

#### **CPS Objective 3. Increased capacity to gather and release statistics in accordance with international standards—Partially Achieved**

**This objective was partially achieved with support from ASA, “Strengthening the Statistical Development in Comoros” (P131684) and the Comoros Statistics Project (P159437).** With project support a long overdue national census (the first since 2003) was carried out and its results have been released. Preparation for a new household survey is well advanced. The survey will be carried out using a more modern approach for collecting poverty data using computer assisted data collection. Progress against the three indicators was as follows: 3.1: Final results of the fourth population and housing census were released (FY19); 3.2: the General Population and Housing Census was released and results published, however implementation of the Household Poverty and Living Standards survey was delayed, largely due to delays in co-financing, but is on track to be achieved in 2020; and 3.3: the proportion of statistical outputs supported by the project that are disseminated based on the statistical release calendar reached 30 percent vs. the target of 70 percent. Altogether, the capacity of the National Statistics Office (INSEED) has been considerably strengthened allowing it to manage collection, analysis and dissemination of important statistical data in line with international best practices.

#### **CPS Objective 4. Improve knowledge base and management of natural hazards, disasters, and climate risks—Mostly Achieved**

**This objective was supported by a national Disaster Risk Assessment providing a strategy and action plan in 2015.** A natural hazard impact and vulnerability was also completed. This allowed substantial progress to be made in improving the knowledge base and management of natural hazards, disasters and climate risks. Analytical work underpinning the assessment included: Mainstreaming Disaster Risk Reduction for Sustainable



Poverty Reduction in the Union of Comoros (P126857), Regional Project to Strengthen DRM Capacity and Knowledge Exchange (P146637), and Regional Disaster Risk Assessment (P149096).

**Progress against the three indicators was as follows.** Indicator 4.1: A national Disaster Risk Reduction (DRR) strategy and action plan were adopted and disseminated in 2015, meeting the indicator target. Indicator 4.2: A national multi-hazard disaster profile was developed based on a hazard impact and sustainability study, the SWIO-RAFI study, that was carried out in 2017. The resulting risk assessment databases--a national reference, a territorial inventory on Moheli island, and a Desinvayar program database--were completed in 2017 and are available. However, the data platform is not yet operational and available to all and hence the indicator is partially achieved. Indicator 4.3: an early warning system for meteorological and geological risks became operational as well, although further work is underway to ensure full coverage and greater automation of systems. The indicator is mostly achieved. Comoros' improved knowledge base and management of disasters and climate risks was demonstrated during cyclone Kenneth in April 2019 where the Government's actions in advance of the storm's arrival were effective in limiting human impacts; information was widely circulated, and evacuation was organized in all three islands.

Overall, Pillar I is rated Moderately Unsatisfactory with half of the objectives achieved or mostly achieved and half partially achieved. Nevertheless, important progress was made in achieving objectives and laying the groundwork for further work to be undertaken in subsequent engagements. For example, targeted objectives in statistics and disaster risk management, while partially achieved, were significant, including successful conduct of the population census and increased capacity to manage natural disasters, as reflected in the response to Cyclone Kenneth.

## ***Pillar 2. Shared Growth and Increased Employment – Moderately Satisfactory***

Pillar 2 of the CPS focused on strengthening the foundation for diversified and sustainable economic growth. The CPS program under this pillar featured investment lending to address critical economy-wide infrastructure constraints to growth and job creation (energy, telecoms) and reforms to strengthen the environment for private investment in sectors with the potential to generate sustained economic growth and employment (tourism, agriculture and fisheries). The program built on recent and planned IFC advisory work intended to strengthen the enabling environment for private sector investment.

### **CPS Objective 5: Improved effectiveness of social protection programs to enhance the resilience of poor to shocks—Mostly Achieved**

**This objective was supported by three lending operation and one ASA, as follows:** Social Safety Net Project (P150754) and Promoting Youth Employment on Comoros (P156195), Comoros Emergency Food Security and Unemployment Support through Cash-for-Work (P121550) and ASA Poverty and Gender Assessment (P156542). The Social Safety Net Project supported both cash-for-work activities and community-based infrastructure sub-projects. It provided affected households with cash and helped communities to organize for subsequent cleanup and rehabilitation. Three of the four indicators were achieved. First, (Indicator 5.1) the Social Protection Policy was revised and adopted in 2015. Second, (Indicator 5.2) the number of people benefitting from the cash-for-work program and the community-based infrastructure program significantly increased, from 43,000 to 67,926, exceeding the 2016 target of 53,000. Finally, by end-June 2019, the project had created 685,560 person-days of employment and the number of poor communities with access to safety-net and nutrition services reached 69 compared to a target of 60 (Indicator 5.4). The project has also provided preventive nutrition services in the same 69 villages where the productive safety net activities were implemented. Indicator 5.3 was not achieved by 2019 as the target was reduced to take account of the fact that the original target was based on the

expectation that a natural disaster would occur. Subsequently, Cyclone Kenneth struck Comoros and the project was extended with a substantial additional financing to support cyclone recovery by financing economic recovery grants to 10,000 selected poor households as well as rehabilitation and reconstruction of damaged infrastructure.

**CPS Objective 6: 'Improvement in the commercial and financial performance of the electricity sector – Achieved**

**Objective 6 was supported by the Electricity Sector Recovery Project (P131659).** Growth and job creation were constrained by a high-cost environment, particularly in relation to securing reliable access to electricity and connectivity through modern telecommunication services. Pressures in the electricity sector was a key contributor to reducing economic growth to 2 percent in 2014. The project supported implementation of a Commercial Management System (CMS) in the national power utility, MAMWE to ensure greater security in the implementation of business procedures. The CMS also improved technical performance through a Load Management System module to record load-shedding and identify populations affected by power cuts. It also facilitated recording and managing customer complaints. The new system created a platform for additional customer services, such as automatic and personalized SMS communication (e.g., invoicing, reminder of a payment deadline, warning before cutoff, notice of litigation, information and commercial offers, and others); transmission, consultation and payment of invoices by telephone; and purchase of phone refills for prepaid STS meters. Thus, the launch of the CMS represented an important milestone in the upgrading of MAMWE's commercial performance, modernizing relations with customers and enabling better overall financial management of the company. As a result of the project the two indicators to improve the commercial and financial performance of the electricity sector were achieved. Indicator 6.1 MA-MWE collection rate was targeted to improve from 55 percent (2013) to 70 percent by 2018. As of December 31, 2016, this indicator exceeded the 2017 target, with a rate of 79 percent. Indicator 6.2 was also achieved as MA-MWE total losses were reduced from 45 percent 35 percent by April 2017, exceeding the target of 37.5 by 2018.

**CPS Objective 7. Increased access and voice/internet connectivity—Achieved**

**Objective 7 was supported by the Regional Communications Infrastructure Program (RCIP4) (P118213 and Additional Financing (P166737).** ASA involved IFC Transaction Advisory Services. The project has a solid track record of facilitating market and policy reform, successfully supporting the progressive liberalization of the local telecom market and unlocking sector development. Notable successes include the passage of the 2014 Communications Act, the licensing of a second operator in 2015 (Telma Comores), and the partial liberalization of the internet service provider market. With the introduction of competition, the penetration of mobile users has more than doubled (compared with figures recorded at the start of the project). In an economy otherwise dominated by state-owned enterprises and a legacy of little to no competition, the telecoms sector is now experiencing rapid, private sector-led growth for the first time, with improved prospects for foreign direct investment (FDI). The project has also leveraged over US\$90m in license fees and private sector led infrastructure investment.

All three indicators were met. First, the target number of increased internet subscribers (both fixed and mobile) was greatly exceeded: from 5,400 to 66,000 by FY17 and then to an estimated 253,200. Second, the number of licensed internet service providers were targeted to increase from one to four by 2018. There are now five licensed Internet services providers (ISPs) at the retail level, including the main mobile operators, Comores Telecoms and Telma. And last, the number of licensed telecom operators was to increase from one (2013) to two (2015). In December 2015, a second telephone service operator, Telma Mobile was licensed and began operations in December 2016.

**CPS Objective 8: Strengthened capacity of governments and coastal communities to effectively manage selected priority fisheries—Mostly Achieved**

**Objective 8 was supported by two lending operations: Coastal Resources Co-Management for Sustainable Livelihood (JSDF, P125301) and Southwest Indian Ocean Fisheries Project (SWIOFish1) (P132123--ongoing).**

The capacity of the government and coastal communities has increased considerably. Two indicators were achieved. First, Comoros entered two bilateral protocols on fisheries, one with the fishing authority of Madagascar and one between the competent health authority of the Comoros and the Pasteur Institute of Madagascar; second, five coastal management Plans with measures to control fishing efforts for five priority fisheries have been developed and implemented with 24 villages. An initial study on safety-at-sea in the artisanal fisheries sector including a survey of accidents at national level was completed. It confirms the scale of the problem and informs the SWIOFish1's support to the homologation of small fishing vessels. Security equipment for fishers will be distributed under the project.

**The capacity strengthening of the National Fishing school (Ecole Nationale des Pêches et de la Marine Marchande- NPMM) took place through a regional partnership.**

Training sessions to villagers were completed. The training was undertaken by the ENPMM with the support of its regional partner and the training package was assessed for replication under SWIOFish1. Sixty-seven micro-projects (40 infrastructures) were completed along with 8 additional ones by April 2017. Thirty-one communities benefitted from these projects. The initial targets were surpassed. The Social Development Fund (FADC) led to the creation of communitarian management groups (comités de gestion) for each infrastructure project.

**CPS Objective 9: Improved policy and regulatory environment in targeted areas—Partially Achieved**

**This objective was supported by five ASA products:** IFC Investment Climate Advisory Services; Private Sector Development Policy Notes (P147309); Comoros Strengthening Payments Systems and Financial Infrastructure (P150744); Comoros Financial Sector Dialog/TA (P152194); and Retail Financial Products for emittance Capture (P160687) (*Société à Responsabilité Limitée* (SARL)) and by 67 percent for firms classified as corporations (*société anonyme* (SA)). One indicator was achieved: the cost of registering a business declined by 77 percent for firms classified as limited liability (privately-owned) companies. The revision of the investment code by 2019 is not verified.

**Overall, development outcomes under Pilar II are rated as Moderately Satisfactory with two objectives achieved, two objectives mostly achieved, and one objective partially achieved.** Achievements in the Energy and telecoms sectors were particularly notable for their contributions in helping to overcome important bottlenecks to economic growth and job creation. Progress in strengthening safety net programs, particularly shock responsive programs have also proven to be important and have helped to shape the Bank response to Cyclone Kenneth.

**Overall, achievement of program objectives under the CPS is rated as Moderately Satisfactory.** Six out of nine CPS objectives were achieved. Important results include increased access and reduced cost of voice/internet connectivity, improved performance of the electricity sector, and strengthened civil service management through payroll automation. Results related to strengthened social safety nets and improved management of natural disasters are particularly notable in that they enabled an improved response to Cyclone Kenneth and facilitated rapid World Bank support for recovery during the first half of FY20 with additional IDA commitments of \$63 million by the end of CY2019.

### III. World Bank Group Performance

**Overall performance during the FY2014-2019 Comoros CPF was good.** The design and implementation of the program contributed to the achievement of the CPS objectives as restructured. The quality of the operations was generally adequate. The instruments through which the Bank engaged were tailored to the Comoros context as a fragile state. Close monitoring of activities and indicators and efforts to maintain close relationships with counterparts fluctuated with implementation capacity constraints and wavering political commitment. Adaptations to changing circumstances during implementation, were made as reflected in modification of CPS objectives and the program subsequently succeeded in regaining momentum.

#### B. Design and Relevance

**The design of the CPS was relevant in focusing on the Government's objectives to strengthen governance and promote private sector growth and job creation as outlined in the Accelerated Growth and Sustainable Development Strategy 2015–2019 (SCADD).** The program's focus on increasing public sector capacity and transparency (Pillar 1) built on the successes achieved and priorities identified during the successful HIPC completion process. Support under the second Pillar--Growth and Employment-- integrated ongoing and planned IFC advisory work initiated in 2011 under the Comoros Investment Climate Program. In addition, the program sought to expand economic opportunities by improving the delivery of electricity and facilitating connectivity through increased entry and competition in telecommunications.

**The CPS emphasized continued financing for ongoing operations and instruments that had shown results.** By emphasizing the use of tested delivery mechanisms--social protection, public financial management (PFM) reform, and development policy operations (DPOs)--the program sought to build on existing implementation capacity. The DPO series comprised a part of the Bank's strategic engagement with the Government's Program for 2012-2014 which was based on the Poverty Reduction and Growth Strategy Paper (PRGSP). The intent was to stabilize the economy, promoting private sector growth and improving the delivery of social services. At the same time, the program sought to address the lack of a strong analytical base by emphasizing core diagnostic ASA including a public expenditure review and a poverty assessment.

**The CPS program also sought to position Bank support in areas that were aligned with the efforts of other donors and where the Bank could make a unique and synergistic contribution.** The CPS recognized that the Bank's role in Comoros was smaller than that of other partners. For example, in the power sector, while the Bank's support to the sector was relatively small compared with that of other partners (US\$5 million--compared with US\$23 million from the AfDB, US\$10 million from Qatar and a line of credit of US\$41.6 million with Export-Import Bank of India) it was targeted to key policy-making institutions of the sector, further supported by DPOs. Similarly, support for key structural reforms and strengthening governance (especially PFM reforms) were aligned with that of other donors and therefore expected to have significant impact though the level of financing was modest. The program did not include sectors where other donors were active and could effectively respond, for example health, education, and transport.

**CPS interventions were aimed at outcomes that were considered realistic in light of Government priorities and commitment to reform at the time and considered achievable given assessed implementation capacity.** To enhance the realism, in the context of Comoros' low capacity and history of fragility, and because of the potential for reversal of reforms the CPS emphasized sustaining achievements under HIPC and the IMF program at the time. In addition, the program sought to help remove critical constraints to opportunities that had been already identified but where progress had been limited. However, the CPS set indicators that were precise and realistic even if not necessarily ambitious. The purpose was to set in motion a process, through concrete

achievements, that would lay the groundwork for larger undertakings later. As a result, the program included nine (9) objectives, which although not overly selective, was realistic.

**The CPS results framework results indicators provided baselines and targets in line with expected program outcomes.** Targets were modest and largely based on publicly-available data as the statistics system of the country was weak. Both the policy matrix and the corresponding results indicators were designed jointly with government counterparts, supporting the process of institutionalizing the monitoring and evaluation (M&E) arrangements in the public sector.

**The CPS identified critical risks and mitigation measures.** Institutional capacity constraints were considered a critical risk for implementation and these materialized in part due overestimation of local capacity. Contributing to implementation challenges was frequent staff changes in counterpart agencies and implementing units, e.g. the Energy Sector, Telecom Sector, Governance Sector, and Social Protection projects. The result was slow project implementation. The risk of natural disaster was identified, and CPS interventions helped mitigate to some extent the impact of cyclone Kenneth while at the same time demonstrating the need for greater engagement in this area.

Overall, the design and relevance of the CPS is rated as Good

### C. Program Implementation

**IDA lending was delivered generally in line with CPS plans except for planned DPO lending.** IDA lending through FY19 rose to US\$120.3 after restructuring in 2017, of which US\$32.2 million was regional IDA. The CPS originally projected lending of US\$60 million. The amount subsequently increased to US\$65.3 million after Program restructuring in 2017. Two planned DPOs for 2016 and 2017, at US\$3 million each, were dropped. The CPS had initially anticipated four DPOs, one each year of the program. The first two DPOs were delivered successfully in FY14 and FY15. A follow-on, stand-alone, DPO was requested by the Government to maintain momentum between the economic governance reform series and the inauguration of a new government in 2016. However, although prior actions were completed, due to a weakening of the macroeconomic environment following the 2016 elections, preparation of planned DPOs in FY16 or FY17 was not possible. The two DPOs that did not go forward were partially offset by increased support for social protection and capacity building in statistics. Annex 2 provides details of planned versus actual lending under the CPS. Add IFC financing

**The World Bank's increased presence on the ground, including the World Bank Resident Representative stationed in Moroni, enabled strengthened supervision, more productive dialogue, and stronger donor partnerships.** The World Bank established a Country Office on the ground in Comoros in August 2017 to strengthen supervision and dialogue at the country level. The increased presence of task team leaders (TTLs) and technical and fiduciary staff in neighboring country offices (e.g. Madagascar, Kenya and Mauritius) able to support the World Bank's Comoros is also facilitating more frequent interaction with Comorian counterparts. The WBG mitigated macroeconomic risk by working closely with the Government as well as other DPs to maximize efficiency, strengthening the regulatory environment required for private investment in sectors such as telecom, improving the commercial and financial performance of the state electricity utility, and helping to promote export sectors, such as fisheries, as well as to inform the Government and DPs on debt sustainability.

**Portfolio performance was good during most of the CPS period.** Project implementation slowed during the political transition in 2016-2017 resulting in two problem projects. However, issues were resolved without excessive delay and there were no problem projects by the end of the CPS period. Apart from FY15, the disbursement ratio exceeded 30% throughout the CPS period, well above regional and Bank-wide averages. To

address implementation challenges the Bank encouraged, and the Government has agreed, to move forward with an initiative to competitively recruit Project Implementation Unit (PIU) heads in lieu of the previous practice of appointing civil servants. Based on continued weaknesses in Comoros financial management and procurement systems as documented in the PEFA and other assessments, fiduciary risks remain substantial. There were two cases of ineligible project expenditures. Continued attention to building fiduciary capacity in implementation units will also be a priority to attenuate this risk.

**Though delayed by elections and an extended political transition, the PLR was used to adjust the program to take account of developments.** PLR preparation was delayed by the presidential election in May 2016 and subsequently by an extended period of uncertainty, during which political consensus was particularly elusive. During this time the Government undertook a review of its objectives and targets, including those supported by the World Bank and other Development Partners (DPs). This period also coincided with the new IDA cycle and a significant expansion of the Comoros IDA envelope requiring intensive discussions on IDA programming. Following a series of consultations, the Government agreed on a revised program set out in the PLR. The PLR simplified the results matrix (reducing the number of objectives from 12 to 9), proposed several new indicators, and extended target deadlines where appropriate. It also proposed an extension of the CPS by two years (2019) to give time to maximize the results expected under the existing set of CPS objectives.

**IFC and WBG cooperation was good.** Commitments included privatization of Comoros Telecom (CT), envisioned under the original program of RCIP4. However, this was postponed ahead of the 2016 elections because of feared job losses. A new market entrant, Telma Comores (Telco), requested an investment from the IFC of approximately US\$16 million to expand its national network and services. MIGA explored the feasibility of political risk insurance support. However, Telco's business plan was constrained by CT's reluctance to interconnect and its refusal to share network infrastructure. In FY17, IFC extended a EUR13 million loan to Telco SA, the second mobile operator that received the license in Comoros to support the company's network expansion country wide. The entry of Telco SA to Comoros has enabled the expansion of mobile and internet services across the three Comorian islands, bringing 4G LTE mobile broadband technology, lower prices, and high-quality services. This project has provided the platform for the introduction of other digital services including the commencement of mobile money which is crucial to the deepening and scaling up of financial inclusion. IFC financing was made possible thanks to World Bank and IFC working together with public and private partners to address multiple constraints, including facilitating access to entrants to the main telecommunications network. The MFD approach has proven successful in this engagement, with the World Bank working upstream on improving the regulatory and institutional framework, advising on legal and regulatory reforms, and supporting an international competitive bid process for the issuance of a second telecoms license; co-financing an undersea cable; and stimulating demand by subsidizing internet connectivity. Building on this initial success, IFC intends to assess the environment for mobile money and agency banking, and work with Telco SA to build its local capacity to embrace digital and further enhance financial inclusion. The experience illustrates the importance of a clear articulation of the objectives and constraints to isolate technical issues from larger political economy challenges that may be less tractable.

Overall, program implementation is rated as Good

#### **IV. Alignment with Corporate Goals**

**The CPS was aligned with both Bank Group and country strategies.** The Bank program (knowledge, finance, and partnership) was structured around two pillars: (i) Increased Public Sector Capacity; and (ii) Shared Growth and Increased Employment. These strategic priorities were aligned with the Government's PRGSP and the Bank Group's corporate strategic priorities specifically to reduce extreme poverty and increase shared prosperity.

Poverty reduction impact was tackled directly under Objective 5 that sought to increase the effectiveness of social protection programs to enhance the resilience of the poor. Objective 4 sought to improve the knowledge base and management of natural disasters, which are recurrent in Comoros and affect the poor and vulnerable disproportionately. The CPS prioritized enhancing opportunities for economic activity and employment improving delivery of electricity (Objective 6), increasing access to internet connectivity (Objective 7), improvements in the management of fishery resources (Objective 8) and improving the policy and regulatory environment for business (Objective 9). Improved availability of updated statistics on basic characteristics of the population (Objective 2) was to facilitate policy and program design as well as track impact, including on the poor and vulnerable.

## V. Lessons Learned

**1. Successful engagement in a low capacity, FCV context requires simple, well targeted interventions, combined with close supervision and a flexible approach to adapt projects to changing circumstances.** During the CPS, projects in the energy and telecommunications sectors were able to achieve project objectives but this required more time than originally envisioned as well as streamlining of project activities through restructuring. Avoiding overly ambitious implementation timelines and activities that are not critical to project outcomes is essential in the FCV context. *Lesson: The bank should sharpen the focus to areas of highest impact and adjust the scope of future operations accordingly taking into account institutional weakness and technical capacity-building needs. Additionally, the initial assessment of the technical capacity of counterparts to carry out the project as designed is crucial for successful project implementation.*

**2. Increased WBG presence on the ground can facilitate dialogue with the authorities and resolution of implementation challenges.** Before the establishment of the Comoros Country Office in August 2017, Bank supervision teams were constrained by the lack of presence in country to address issues when they arose. While Project Implementation Units (PIUs) have been delivering, turnover among PIU staff at critical junctures of CPS implementation directly affected delivery of program objectives as designed and planned. During the period of the original CPS (FY14-17), coordinators from three World Bank Project Implementation Units (PIUs) resigned and/or were removed for apparently political reasons, with direct consequences on the pace of program delivery. An increased field presence was indeed needed to enable ongoing dialogue with country counterparts to facilitate effective delivery in a fragile country like Comoros. *Lesson: The establishment of a World Bank Country Office on the ground in Comoros in August 2017 has responded to this need by strengthening supervision and dialogue at the country level. Additionally, the Country Office was able to maximize finance for development, by facilitating the first ever IFC and MIGA project negotiations in Comoros. What is required now is sustaining and building on this positive development to broaden the Bank's dialog with government officials and sector counterparts in ensuing country partnership frameworks. A further increase in the size of the Resident Mission would help to ensure successful implementation of WBG CPS activities and objectives.*

**3. Coordination among donors is a major component of successful development programs for the country as well as for the strategic deployment of targeted program resources.** Successful operations (e.g., in energy and telecommunications) during the CPS considered the respective roles of other partners. Looking ahead, an important challenge will be further strengthening cooperation given differing priorities among donors. *Above all, the Government of Comoros should be encouraged to coordinate with the donor community, i.e., with all Development Partners, to optimize the effectiveness of policies and programs and to ensure a unified development agenda as to maximize development impact through coordinated deployment of technical, financial, and economic resources.*

**4. The need for realism and selectivity is greatest in governance-related areas.** Selectivity of CPS objectives was based on Government priorities and commitment to reforms that were considered achievable. However, PFM and governance reforms stalled after the IMF program went off-track and CPS objectives were adjusted accordingly. What was not achieved included, for example, comprehensiveness of the budget, which remains an issue and impedes PFM reforms. Basic accounting and financial management capacity still needed to be strengthened to address the poor quality of financial information that impedes reliable budget performance analysis publication of the national budget. *Deeper gains in this area might have been made in by zeroing in a narrower range of objective.*



## Annex 1: Status of Comoros FY14-19 CPF Results Matrix

CPS Indicators (FY14-FY19)	Results	Supporting WBG Program
<b>Pillar 1: Increased public sector capacity (Moderately Unsatisfactory)</b>		
<b>Objective 1: Improved public financial management: (Partially Achieved)</b>		
<i>Country goals:</i> Enhanced PFM in terms of increased efficiency and accountability in the use of public and donor resources. In 2012 the National Assembly adopted the PFM Bill aimed at defining a clear and transparent fiscal relationship between the islands and federal state.		
<i>Development challenges:</i> PFM information systems are rudimentary and obsolete. Budget preparation is delayed, and the process is non-participatory.		
<p>Indicator 1.1: The composition of budget expenditure deviates from the original budget by less than 5 percent. PEFA PI-2 rating increases from D (2007) to D+ (2016) Baseline [2007]: D Target [2016]: D+ Source: Comoros Economic Governance TAL (FY14)</p> <p>Indicator 1.2: Budget execution reports are published (on the web or national media) regularly and include social sectors and/or priority sectors Baseline [2013]: Reports not published Target [2017]: Reports published Source: Comoros Economic Governance TAL (FY14)</p> <p>Indicator 1.3: Cash management plans integrating the Union and island treasuries are operational by 2016 Baseline [2013]: cash management plan not operational Target [2017]: cash management plan operational Source: Comoros Economic Governance TAL (FY14)</p> <p>Indicator 1.4: Percentage of senior officials with completed, publicly available Asset Declaration Forms increases from 30 percent (2013) to 80 percent (2015). Baseline [2013]: 30 percent</p>	<p><b>Achieved.</b> The PEFA PI-2 rating has increased from D (2007) to C+ (2016), exceeding the target.</p> <p><b>Partially achieved.</b> In accordance with the 2011 PEFA framework PI-10, there are six pieces of information for which public access is considered essential. Two have been made available to the public: annual budget notably the draft Budget Law 2015 (LDF); and intra-annual reports on budget execution notably the 2014 budget execution reports.</p> <p><b>Achieved.</b> Cash management plans integrating the Union and Island Treasuries are operational and have been incorporated to the budget law. The computerization of public finances is a recent reality (2017) through the Integrated Financial Management System (IFMIS) rollout with the accounting software SIMBA used since mid-2016 for implementation by the Union and Island Governments of automate budget execution, accounting and reporting.</p> <p><b>Not achieved.</b> In 2014, 8 out of 57 senior civil servants completed an Asset Declaration Form, and in 2015 2 out of 60 had completed it.</p>	<p><b>Completed</b></p> <p>Lending</p> <ul style="list-style-type: none"> <li>• Economic Governance TAL (P102376)</li> <li>• Economic Governance TAL (AF) (P144381)</li> <li>• Economic Governance Reform Grant (P131688)</li> <li>• Second Economic Governance Reform Grant (P150924).</li> </ul> <p>ASA</p> <ul style="list-style-type: none"> <li>• Public Expenditure and Fiscal Management Review (P15770)</li> <li>• Public Investment Policy Note (P129422)</li> <li>• Governance and Anti-Corruption TA (P143164)</li> <li>• Comoros Revenue Management NLTA (P161732)</li> </ul>

CPS Indicators (FY14-FY19)	Results	Supporting WBG Program
Target [2015]: 80 percent	<ul style="list-style-type: none"> <li>Source: Comoros Economic Governance TAL (FY14)</li> </ul>	
<b>Objective 2: Strengthened civil service management (Achieved)</b>		
<i>Country goals:</i> Undertake civil service reform		
<i>Development challenges:</i> High wage bill and frequent salary arrears. Weak checks and balances in civil service recruitment.		
Indicator 2.1: The share of civil servants paid through the automated payroll system increases from 50 percent (2010) to 90 percent (2015) Baseline [2010]: 50 percent Target [2015]: 90 percent Source: Comoros Economic Governance L (FY14)	<b>Achieved.</b> As of March 2017, more than 95 percent of civil servants are paid through the improved automated payroll system, Government Human Resource Management Information System (GISE).	<b>Completed</b> Lending <ul style="list-style-type: none"> <li>Economic Governance TAL (P102376)</li> <li>Economic Governance TAL (AF) (P144381)</li> </ul>
<b>Objective 3: Increased capacity to gather and release statistics in accordance with international standards. (Partially Achieved)</b>		
<i>Country goals:</i> Strengthen statistical capacity		
<i>Development challenges:</i> Weak capacity to produce statistical data contributes to a lack of transparency and evidence-based planning and policy making.		
Indicator 3.1: Fourth population and housing census final results are released Baseline [FY17]: Not released Target [FY19]: Released Source: Comoros Statistics Project (FY17)	<b>Achieved,</b> Results were released FY19	<b>Completed</b> ASA <ul style="list-style-type: none"> <li>Strengthening the Statistical Development in Comoros (P131684)</li> </ul>
Indicator 3.2: Full implementation of the General Population and Housing Census (RGPH) and Household Poverty and Living Standard survey Baseline [FY17]: No Target [FY19]: Census and survey implemented Source: Comoros Statistics Project (FY17)	<b>Partially Achieved</b> RGPH was fully implemented while household survey was delayed to 2020.	<b>Ongoing</b> Lending <ul style="list-style-type: none"> <li>Comoros Statistics Project (P159437)</li> </ul>
Indicator 3.3: Proportion of statistical outputs supported by the project that are disseminated according to the statistical release calendar (percent) Baseline [FY17]: 0 Target [FY19]: 70	<b>Not Achieved,</b> Proportion at 30%, FY18  Source: Comoros Statistics Project (FY17)	

CPS Indicators (FY14-FY19)	Results	Supporting WBG Program
<b>Objective 4: Improve knowledge base and management of natural hazards, disasters and climate risks (Mostly Achieved)</b>		
<i>Country goals:</i> Improve management of disasters and climate risks		
<i>Development challenges:</i> Poor regulatory and policy framework. Limited knowledge of areas at risk to a variety of natural disasters. Limited capacity of governmental actors to effectively intervene, coordinate and communicate; lack of baseline data to assess impact of floods; limited awareness and preparedness of the affected communities, local and central government institutions.		
<p>Indicator 4.1: Development and adoption of a national DRR policy and a strategy for its implementation. Baseline [2013]: no DRR policy Target [2017]: DRR policy and strategy for implementation Source: National Strategy for Disaster Risk Reduction, 2015</p> <p>Indicator 4.2: National multi-hazard disaster profile in place and open risk information data platform established, operational and accessible to all. Baseline [2013]: No disaster profile and risk data platform Target [2017]: Disaster profile and risk data platform operational Source: Comoros SWIO RAFI (FY14)</p> <p>Indicator 4.3: Early warning tested and operational, for both volcanic and meteorological hazards Baseline [2013]: No early warning Target [2017]: Early warning system Source: Comoros SWIO RAFI (FY14)</p>	<p><b>Achieved.</b> A national DRR strategy and action plan were adopted and made available in 2015.</p> <p><b>Partially Achieved.</b> A natural hazard impact and vulnerability study was carried out in 2017. Three risk assessment databases were completed in 2017 and are now available. However, the data platform has yet to become operational and fully accessible.</p> <p><b>Mostly Achieved.</b> An early warning system for hydro meteorological and geological risks is in place and was used during cyclone Kenneth. Further work to automate systems is underway.</p>	<p><b>Completed</b> ASA</p> <ul style="list-style-type: none"> <li>• Mainstreaming Disaster Risk Reduction for Sustainable Poverty Reduction in the Union of Comoros (P126857)</li> <li>• Regional Project to strengthen DRM capacity and knowledge exchange (P146637)</li> <li>• Regional Disaster Risk Assessment and Financing Initiative (P149096)</li> </ul>
<b>Pillar 2: Shared growth and increased employment (Moderately Satisfactory)</b>		
<b>Objective 5: Improved effectiveness of social safety net and active labor market programs. (Mostly Achieved)</b>		
<i>Country goal:</i> Reduce social vulnerability		
<i>Development challenges:</i> The policy and institutional framework for social protection are unclear and not guided by an overall strategy. Lack of short term employment opportunity for vulnerable. Existing social protection programs have limited scope and coverage.		
<p>Indicator 5.1: Revised Social Protection Policy adopted. Baseline [2013]: No revised Social Protection Policy adopted. Target [2017]: Revised Social Protection Policy adopted. Source: Comoros Social Safety Net (FY14)</p>	<p><b>Achieved.</b> In 2015, the social protection policy was revised and adopted.</p>	<p><b>Completed</b></p> <ul style="list-style-type: none"> <li>• Emergency Crises Response Project (P120631)</li> <li>• Comoros-Emergency Food-Security and Unemployment Support Through Cash-For-Work (P121550). (Japanese Social Development Fund, JSDF)</li> </ul> <p><b>Ongoing</b></p>

CPS Indicators (FY14-FY19)	Results	Supporting WBG Program
<p>Indicator 5.2: Number of people benefitting from cash for work and basic services/infrastructure increases from 43,000 to 53,000 by 2016. Baseline [2013]: 43,000 people Target [2016]: 53,000 people Source: Comoros Social Safety Net (FY14)</p> <p>Indicator 5.3: Number of people benefitting from social safety net programs: (a) number of beneficiaries; (b) number of beneficiaries of which female. (a) Baseline [FY17]: 4,217.00 Target [FY19]: 5,890.00 (b) Baseline [FY17]: 1,758.00 Target [FY19]: 2,945.00</p> <p>Indicator 5.4: Number of poor communities that have access to safety net and nutrition services Baseline [FY16]: 0 Target [FY19]: 60.00</p>	<p><b>Achieved.</b> A total of 67,926 people have benefitted from the CfWP and the community- based infrastructure program. This has exceeded the 2016 target. Source: P150754 ISR (2/11/2019)</p> <p><b>Not Achieved.</b> A total of 4,217 families have benefited from cash-for-work, food-for-work and public works programs, of which 2,507 were female. The targeted number of beneficiaries was revised downward under the social protection project since no natural disasters occurred through the most recent reporting period</p> <p><b>Achieved.</b> The number of poor communities that have access to safety net and nutrition services increased from 60 to 69. Source: P150754 (6/30/2018)</p>	<p>Lending</p> <ul style="list-style-type: none"> <li>• Social Safety Net Project (P150754)</li> <li>• Promoting Youth Employment in Comoros (P156195) (Japanese Social Development Fund, JSDF)</li> </ul> <p>ASA</p> <ul style="list-style-type: none"> <li>• Poverty and Gender Assessment (P156542)</li> </ul>
<b>Objective 6: Improvement in the commercial and financial performance of the electricity sector (Achieved)</b>		
<i>Country goals:</i> Enhance reliability of electrical supply		
<i>Development challenges:</i> Electricity supply is sporadic due to high technical and commercial losses that leave MA-MWE unable to finance fuel and maintenance.		
<p>Indicator 6.1: MA-MWE collection rate improves from 55 percent to 70 percent by 2017 Baseline [2013]: 55 percent Target [2018]: 70 percent Source: Comoros Electricity Recovery Project (FY14)</p> <p>Indicator 6.2: MA-MWE total losses reduced from 45 percent to 37.5 percent by 2017 Baseline [2013]: 45 percent Target [2018]: 37.5 percent</p>	<p><b>Achieved.</b> As of 31 December 2016, this indicator exceeded the 2017 target, with a rate of 79 percent.</p> <p><b>Achieved.</b> MA-MWE total losses declined from 45 percent to 35 percent in April 2017.</p>	<p><b>Completed</b></p> <p>Lending</p> <ul style="list-style-type: none"> <li>• Electricity Sector Recovery Project (P131659)</li> </ul>
<b>Objective 7: Increased access and voice/internet connectivity (Achieved) .</b>		
<i>Country goals:</i> Improve International Telecom Connectivity		
<i>Development challenges:</i> Basic communications and Internet services are not affordable due to lack of connectivity to global fiber optic broadband infrastructure and lack of competition in voice and data services.		

CPS Indicators (FY14-FY19)	Results	Supporting WBG Program
<p>Indicator 7.1: Number of Internet subscribers (fixed &amp; mobile) increases from 5,400 to 66,000 by 2017 Baseline [2013]: 5,400 Target [2017]: 66,000</p> <p>Indicator 7.2: Number of licensed internet service providers increases from one to four. Baseline [2013]: One Target [June 2018]: Four Source:</p> <p>Indicator 7.3: Number of licensed telecom operators increases from one (2013) to two (2015) Baseline [2013]: One Target [2015]: Two Source: Comoros Regional Communications Infrastructure Program Phase 4 (RCIP4) (FY14)</p>	<p><b>Achieved.</b> As of 2017, the number of fixed and mobile Internet subscribers is estimated at 253,200.</p> <p><b>Achieved.</b> There are now five licensed Internet services providers (ISPs) at the retail level, including the main mobile operators, Comores Telecoms and Telma.</p> <p><b>Achieved.</b> In December 2015, a second telephone services operator, Telma Mobile was licensed, and launched services in December 2016.</p>	<p><b>Ongoing</b> Lending</p> <ul style="list-style-type: none"> <li>Regional Communications Infrastructure Program (RCIP4) (P118213)</li> <li>RCIP4 Additional Financing (P166737)</li> </ul> <p>ASA</p> <ul style="list-style-type: none"> <li>IFC Transaction Advisory services</li> </ul>
<p><b>Objective 8: Strengthened capacity of governments and coastal communities to effectively manage selected priority fisheries (Mostly Achieved)</b></p>		
<p><i>Country goals:</i> Increase Income and Employment from Fisheries</p>		
<p><i>Development challenges:</i> Overexploitation, ecosystem degradation, illicit fishing activities, and lack of local participation in value chains.</p>		
<p>Indicator 8.1: Number of new bilateral and/or multilateral protocols on fisheries entered into by Comoros Baseline [2013]: Zero Target [2017]: Two Source: Comoros CoReCSUD (FY14)</p>	<p><b>Achieved.</b> Comoros has entered two bilateral protocols on fisheries. First, a cooperation agreement between the competent health authority of the Comoros and the health and fishing authority of Madagascar. Second, a cooperation agreement between the competent health authority of the Comoros and the Pasteur Institute of Madagascar. PDO indicator since March 2016 restructuring. The target was increased. The process is well under way and the co-management agreements are expected to be signed before the end of the project. It is worth mentioning that this indicator sets an ambition that goes beyond the PDO. P125302 (ISR)</p> <p><b>Achieved.</b> Five coastal management plans were prepared, involving 25 villages on</p>	<p><b>Completed</b> Lending</p> <ul style="list-style-type: none"> <li>Coastal Resources Co-Management for Sustainable Livelihood (JSDF) (P125301)</li> </ul> <p><b>Ongoing</b> Lending</p> <ul style="list-style-type: none"> <li>Southwest Indian Ocean Fisheries Project (SWIOFish1) (P132123)</li> </ul>

CPS Indicators (FY14-FY19)	Results	Supporting WBG Program
<p>Indicator 8.2: Management Plans with measures to control fishing efforts for priority fisheries developed. Baseline [2014]: Zero Target [2017]: One Source: Comoros SWIOFish (FY15)</p> <p>Indicator 8.3: Number of community-based management units achieving at least two performance targets. Baseline [2017]: 0 Target [2019]: 2</p> <p>Indicator 8.4: Number of direct project beneficiaries for SWIOFish1 (of whom percent are female) <b>Baseline and Target Amended</b> Baseline [2017]: 1,500 Target [2019]: 5,500 (27 percent)</p> <p>Indicator 8.5: Rates of inspected vessels, as a percentage of the motorized fleet. Baseline [2017]: 2% Target [2019]: 6%</p>	<p>the three islands: Mohéli, Grande Comore, Anjouan. These are now operational in each of the five priority fishery communities; Ndrondroni, Kowé, Sadapoini, Mbambani, and Ndroudé to Chomoni. Co-management agreements were signed between April and September 2017.</p> <p><b>Not Achieved.</b></p> <p><b>Achieved.</b> P132123 ISR (September 2019) shows 7,213 beneficiaries of which 38% are female.</p> <p><b>Achieved.</b> FY19 percentage at 8.9% exceeding the 2019 target value of 6%</p>	
<b>Objective 9: Improved policy and regulatory environment in targeted a: (Partially Achieved)</b>		
<i>Country goals:</i> Increase private sector income and employment		
<i>Development challenges:</i> Regulatory burden is high. Weak regulation of financial sector. Limited financial product offerings and payments infrastructure. Weak capacity for investment project launch and realization.		
<p>Indicator 9.1: Cost to register a business reduced by 50 percent by 2017 Baseline [2013]: 100 percent Target [2017]: 50 percent of 2014 value</p> <p>Indicator 9.2: Submission of revised Investment Code to MPs by FY19 Baseline [2017]: not submitted Target [FY19]: submitted Source: PPP Preparation and Execution Framework TA</p>	<p><b>Achieved.</b> In 2016, business registration fees had declined by 77 percent for SARLs, from KMF 300,000 to KMF 68,500; and by 67 percent for SAs, from KMF 500,000 to KMF 165,000.</p> <p><b>Not verified:</b> No baseline or target provided and hence not validated.</p>	<p><b>Ongoing</b></p> <p>Lending</p> <ul style="list-style-type: none"> <li>• Promoting Youth Employment in Comoros (P156195)</li> </ul> <p>ASA</p> <ul style="list-style-type: none"> <li>• IFC Investment Climate Advisory services</li> <li>• Private Sector Development Policy Notes (P147309)</li> <li>• Comoros Strengthening Payments Systems and Financial Infrastructure (P150744)</li> <li>• Comoros Financial Sector Dialogue/TA (P152194)</li> </ul>

<b>CPS Indicators (FY14-FY19)</b>	<b>Results</b>	<b>Supporting WBG Program</b>
		<ul style="list-style-type: none"><li data-bbox="1079 226 1463 296">• Retail Financial Products for Remittance Capture (P160687)</li></ul>

**Annex 2: Planned and Actual IDA Lending under the CPS FY14-FY19 (US\$ millions)**

<b>Project ID</b>	<b>Project Name</b>	<b>Board Approval FY</b>	<b>Planned</b>	<b>Actual</b>	<b>Of which, Regional IDA</b>	<b>Status</b>
P131659	Electricity Sector Recovery Project	2014	5.00	5.00		delivered
P118213	Regional Communications Infrastructure Program – APL 4 (RI)	2014	22.00	22.00	20.90	delivered
P102376	Economic Governance TA	2014	3.50	3.50		delivered
P131688	Comoros Economic Governance Reform Grant	2014	3.80	3.80		delivered
P132123	SWIO Fisheries Project 1	2015	9.50	9.50	8.30	delivered
P150754	Social Safety Net Project	2015	3.00	6.00		delivered with increased financing
P150924	Second Economic Governance Reform Grant	2015	3.00	3.00		delivered
	Economic Reform DPO 1	2016	3.00	0.00		dropped
154842	Economic Reform DPO 2	2017	3.00	0.00		dropped
P159437	Comoros Statistics Project	2017	new	2.50		delivered
	Unplanned allocation		4.20	0.00		
P166737	Regional Communications Infrastructure Program – APL 4 (AF)	2019	new	10.00	3.00	delivered
P164584	Integrated Development and Competitiveness	2019	25.0 0	25.00		delivered
P166013	Health and Nutrition Systems Support for UHC	2020	30.0 0	30.00		delivered
<b>Total IDA FY14-FY19</b>			<b>115.00</b>	<b>120.30</b>	<b>32.20</b>	



### ***Annex 3: Economic and Social Operational Response to COVID19***

#### **Comoros Country Program**

WBG country program's health response to COVID-19 is as follows:

- (i) CERC Activation of Comprehensive Approach to Health System Strengthening (COMPASS) Project (US\$30 million, P166013), to be replenished by AF of US\$5 million, as requested by Government.
- (ii) In the existing Comoros Post-Kenneth Recovery and Resilience Project (US\$45 million, P171361) DRM and communication elements adapted to contribute to COVID Response.
- (iii) E-government sub-component of Regional Communications Infrastructure Program – RCIP4 moved to ensure basic government functioning through increased virtual connections.

In addition to supporting the health response, WB country program is adjusted to focus on:

- (i) protecting the poor and vulnerable:  
Existing Social Safety Net Project – The scope of the existing Additional Financing (US\$18 million, P171633), geared to bring economic recovery and resilience to the poorest families who were hit by the Cyclone, is widened to include the poorest households (and indirectly the poorer informal sector SME's) hit by COVID economic impact or by social distancing and quarantine/lockdown measures.
- (ii) supporting businesses;  
Existing Integrated Development and Competitiveness Project (US\$25 million, P164584), aimed at strengthening value chains and assisting businesses will focus on helping the private sector during the COVID-19 crisis.
- (iii) accelerating recovery and strengthening economic resilience –  
An Emergency DPO of US\$10 million. Growth rates were down last year from 3.6 percent in 2018 to 1.9 percent in 2019 due to Cyclone Kenneth. Growth will drop to –1.4 percent in 2020.

### Additional Finance specific to COVID-19

Number	Project Name	Year	Board	US\$ M	COVID-19 Response
TBD	AF for Social Safety Net Project	2021		6.00	Economic support for poorest households
P174227	AF for Comprehensive Approach to Health System Strengthening	2020	Scheduled	5.00	Replenishment of CERC - activated for COVID-19
P174260	Comoros Emergency DPO for Covid-19 response	2021		10.00	Emergency DPO to assist government for fiscal gap
Total Additional Finance specific to COVID-19				21.00	

### Portfolio Adjustments and/or immediate relevance to COVID19

Number	Project Name	Year	Board	Amount	COVID-19 Relevance
P159437	Comoros Statistics Project	2017	Approved	2.50	Surveys – identification of poorest households
P164584	Integrated Development and Competitiveness Project	2019	Approved	25.00	Immediate direct support to MSME's and private sector.
P166013	Comprehensive Approach to Health System Strengthening	2020	Approved	30.00	Strengthening primary health care systems
P171361	Post-Kenneth Recovery and Resilience Project	2020	Approved	45.00	COVID-19 public awareness campaigns
P171633	Additional Financing for the Social Safety Net Project	2020	Approved	18.00	Support to poorest families (hit by cyclone in 2019)
P118213	Regional Communications Infrastructure Program	2013 2018	Approved	32.00	E-government to help basic government functioning
P132123 P132029	South West Indian Ocean Fisheries Governance and Shared Growth Project	2015	Approved	9.5 3.5	Support to poor fisherfolk communities

### Projects of direct relevance for COVID19 Economic Recovery and Resilience

Number	Project Name	Year	Board	Amount
P162783	Comoros Solar Energy Integration Platform	2020	Scheduled	42.00
P166193	Comoros Financial Inclusion Project	2021	Scheduled	20.00
P173114	Comoros Inter-island Connectivity Project	2022		25.00

**Annex 4:**  
**Matrix of Development Partner Interventions**

Donors' interventions	CPF			
	Focus Area I: Crisis Response and Building Resilience		Focus Area II: Economic Recovery & Inclusive Growth	
	(1) Building Human Capital	(2) Disaster Recovery and Resilience	(3) Improving Business Environment	(4) Improving Business Environment
AFD				
AfDB				
China				
CNUSED				
COMESA				
EU				
FAO				
FIDA				
France				
IDB				
ILO				
IMF				
JICA				
Saudi-Arabia				
UNDP				
UNESCO				
UNFPA				
UNICEF				
WHO				
WTO				

**Annex 5:**  
**Summary of Stakeholder Consultations**  
**Comoros Country Partnership Framework FY2020-2024**

World Bank Group (WBG) Comoros Country Office organized a series of consultations to inform the Country Partnership Framework (CPF) for Comoros for the period FY2020-2024. These consultations were held between November 5 and 11, 2019 with various stakeholders including the government, private sector, civil society, academia, women and youth, as well as representatives from Ngazidja, Moheli and Anjouan. A consultation webpage was also set up. The main objective of the consultations was to discuss the strategic focus areas of Comoros CPF: (i) increasing resilience and (ii) promoting inclusive growth, and interventions of support thereof. A week prior to the meetings, participants received their invitations together with the relevant background material, including the Systematic Country Diagnosis (SCD) and the link to the Consultation webpage.

**Key issues raised by the Government (November 5, 2019)**

- Use of firewood is resulting in deforestation. Solar energy must be introduced.
- Building a qualified workforce requires an education and training strategy.
- WBG can provide analytical work on education, including secondary and tertiary education.
- Connectivity between villages and markets is as important as connectivity between islands
- Quality enhancement and in-country processing is important for cloves and vanilla.
- Special attention should be given to coastal resilience, particularly in Anjouan and Moheli.
- Land tenure is causing increasing social and economic problems and tensions.
- Institutional framework may be subject to change with the new “Plan Comores Emergent”.

**Key issues raised by the Private sector (November 6, 2019)**

- Continuous training and education are priorities for private sector development
- Capacity building in public institutions to facilitate private sector development, for reforms in economic and taxation policy, justice system and enforcement of contracts.
- Improving DBI and the investment climate, promote access to credit for the youth.
- Comor-Lab co-working space must be replicated on each island and not only in Ngazidja.

**Key issues raised by CSOs and Academia (November 6, 2019)**

- Environment must be included in the CPF in a more explicit manner
- Existing historical, social and cultural dynamics on the different islands, which can affect fragility and have an impact on WBG interventions, must be given the due consideration.
- Land tenure issues negatively affect investment climate, local governance, social cohesion.
- Vulnerable and poor populations are reliant mostly on agriculture and fisheries. Capacity building through occupational training and continuous education is essential.
- DP support in secondary and tertiary education is insufficient, requiring WBG involvement.
- Water and sanitation are priority areas.

**Key issues raised by Women (November 7, 2019)**

- Invest in human capital, including continuous training for women. Absence of a tertiary level hospital is a major constraint. South-south exchanges and telemedicine must be promoted.
- Citizen engagement: Advocacy and communication at community level is essential to keep women informed on projects affecting their lives and for their effective participation.
- Promoting financial inclusion and an improved business environment for women: Facilitating access to credit for young women, financial and social inclusion for retired and older women.
- Fragility and governance are important constraints for women's development.
- Stronger role for local communities and authorities in provision of sustainable energy for all.

#### **Key issues raised by Youth (November 7, 2019)**

- There is an urgent need for a WBG strategy on how to deal with youth unemployment.
- Agricultural projects should involve participation of local communities
- Disaster risk management should be executed more closely with civil society
- Job creation, technical training and promoting entrepreneurship are all important.
- Sports play an important role in social cohesion and the promotion of the youth in general.

#### **Key issues raised by representatives of Moheli and Anjouan (November 11, 2019)**

- Increased interconnectivity and transport are a critical necessity for the islands.
- Promotion of local handicrafts must not be overlooked
- Professional organizations must be promoted
- Education is a priority, with an emphasis on secondary and tertiary education.
- WBG should consider engagement in water and sanitation.
- Fraudulent and sub-standard importation of food products must be stopped.
- Development partners must coordinate efforts, notably on the construction of a viable national tertiary level hospital. The maintenance of health equipment is also important.

#### **Key issues raised by citizen engagement online (November 5-11, 2019)**

- Improve governance: Promotions must be merit-based. Decentralization process should be strengthened. Corruption should be eradicated, and land tenure system reformed
- Invest in education, particularly tertiary education for employment and build local capacities
- Invest in sustainable energy, water and sanitation: strengthen agriculture and fisheries
- Invest in processing capacity in Comoros to export products and create jobs
- Promote an enabling environment for doing business and support small enterprises
- Improve interconnectivity and transportation
- Reform customs service and lower importation taxes.
- Introduce universal health coverage

**Annex 6:**  
**Selected Indicators\* of Bank Portfolio Performance and Management**

As of 6/4/2020

<b>Indicator</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
Number of Projects Under Implementation <sup>a</sup>	3.0	2.0	3.0	5.0
Average Implementation Period (years) <sup>b</sup>	2.2	2.4	2.3	2.2
Percent of Problem Projects by Number <sup>a,c</sup>	66.7	0.0	0.0	0.0
Percent of Problem Projects by Amount <sup>a,c</sup>	81.5	0.0	0.0	0.0
Percent of Projects at Risk by Number <sup>a,d</sup>	66.7	50.0	0.0	0.0
Percent of Projects at Risk by Amount <sup>a,d</sup>	81.5	70.6	0.0	0.0
Disbursement Ratio (%) <sup>e</sup>	39.2	70.2	74.7	43.0

<b>Memorandum Item</b>	<b>Since FY80</b>	<b>Last Five FYs</b>
Proj Eval by IEG by Number	26	3
Proj Eval by IEG by Amt (US\$ millions)	161.0	12.7
% of IEG Projects Rated U or HU by Number	36.0	33.3
% of IEG Projects Rated U or HU by Amt	35.8	40.1

*a. As shown in the Annual Report on Portfolio Performance (except for current FY).*

*b. Average age of projects in the Bank's country portfolio.*

*c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).*

*d. As defined under the Portfolio Improvement Program.*

*e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.*

*\* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year*

**Annex 7:**  
**Operations Portfolio (IBRD/IDA and Grants)**  
**As of 6/4/2020**

**Closed Projects** **29**

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<b><u>IBRD/IDA*</u></b>	
Total Disbursed (Active)	45.4
of which has been repaid(1)	0.0
Total Disbursed (Closed)	161.0
of which has been repaid	32.1
Total Disbursed (Active + Closed)	206.4
of which has been repaid	32.1
Total Undisbursed (Active)	107.1
Total Undisbursed (Closed)	107.1
<b>Total Undisbursed (Active + Closed)</b>	<b>107.1</b>

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<b>Active Projects</b>		<b>Latest Supervision Rating</b>		-			<b>Difference Between Expected and Actual Disbursements <sup>a/</sup></b>	
<b>Project ID</b>	<b>Project Name</b>	<b><u>DO</u></b>	<b><u>IP</u></b>	<b>Fiscal Year</b>	<b>IDA</b>	<b>Undisb.</b>	<b>Orig.</b>	<b>Frm Rev'd</b>
P150754	Comoros Social Safety Net Project	S	S	2015	24.0	13.1	-4.6	-1.0
P159437	Comoros Statistics Project	S	S	2017	2.5	0.0	-0.1	0.0
P166013	COMPASS (Health System Strengthening)	S	S	2020	30.0	25.8	3.1	0.0
P171361	KM Recovery and Resilience Project	S	S	2020	45.0	43.4	4.6	0.0
P164584	Integrated Dev. and Competitiveness	S	S	2019	25.0	24.7	2.9	0.0
<b>Overall Result</b>					<b>126.5</b>	<b>107.1</b>	<b>5.8</b>	<b>-1.0</b>

\* Disbursement data is updated at the end of the first week of the month.

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

**Annex 8:**  
**Statement of IFC's Held and Disbursed Portfolio**

Annual Program (US\$ millions as of December 31, 2019)						
	FY15	FY16	FY17	FY18	FY19	FY20 YTD
Total LTF Commitments	0.0	0.0	0.0	0.0	14.9	0.0
Of which: Own Account	0.0	0.0	0.0	0.0	14.9	0.0
Of which: Mobilization	0.0	0.0	0.0	0.0	0.0	0.0
Total STF	0.0	0.0	0.0	0.0	0.0	0.0
O/A Commitments since 2005	14.9					

Outstanding Portfolio (US\$ millions, as of December 31, 2019)				
	MAS	INR	FIG	CDF
Long-term Debt, equity and quasi-equity	0.0	9.0	0.0	0.0
Short-term finance	0.0	0.0	0.0	0.0
Total	0.0	9.0	0.0	0.0
Top 3 exposures (project names and outstanding amounts)	Telco SA (INF) – 8.98			