

Union of the Comoros: Interim Poverty Reduction Strategy Paper

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OFFICE OF THE GENERAL COMMISSIONER FOR PLANNING

POVERTY REDUCTION AND GROWTH STRATEGY PAPER

UPDATED INTERIM PAPER

October 2005

ABBREVIATIONS AND ACRONYMS

ACTIV	: Association Comorienne des Techniciens et Infirmiers Vétérinaires
AGR	: Activités Génératrices de Revenu
AIMPSI	: Aéroport International de Moroni Prince Said Ibrahim
APSA	: Association des Professionnelles de la Santé Animale
AFD	: Agence Française de Développement
AIEB	: Appui aux Initiatives Economiques de Base
AMIE	: Appui à la Micro – Entreprise
APD	: Aide Publique au Développement
APSP	: Association pour la Promotion du Secteur Privé
ASECNA	: Agency for Air Navigation Safety in Africa
AFDB	: African Development Bank
BADEA	: Banque Arabe pour le Développement Economique en Afrique
BCC	: Banque Centrale des Comores
BDC	: Banque de Développement des Comores
BIC	: Banque pour l'Industrie et le Commerce des Comores
BM	: Banque Mondiale
CAF	: Coût Assurance Fret
CAP	: Connaissances Attitudes et Pratiques
CDMT	: Cadre de Dépenses à Moyen Terme
CHN	: Centre Hospitalier National
CHR	: Centre Hospitalier Régional
CIPD	: Conférence Internationale sur la Population et le Développement
CIPR	: Circonscription d'Inspection Pédagogique Régionale
CNAD	: Comité National d'Appui au Développement
CNE	: Caisse Nationale d'Epargne
CNLS	: Comité National de Lutte contre le VIH/SIDA et les IST
COI	: Commission de l'Océan Indien
COMACO	: Compagnie de Manutention des Comores
COMESA	: Marché Commun de l'Afrique de l'Est et de l'Afrique Australe
CURE	: Crédit d'Urgence pour le Redressement Economique
DECVAS	: Développement des Cultures Vivrières et Appui Sémencier
DIJEC	: Développement Intégral du jeune Enfant Comorien
DOTS	: Stratégie de traitement de la tuberculose (Directly – Observed Treatment Course)
DSCRP	: Document de Stratégie Croissance et de Réduction de la Pauvreté
EBC	: Enquête Budget – Consommation
EDS	: Enquête Démographique et de Santé
EIM	: Enquête Intégrale auprès des Ménages
EPT	: Education Pour Tous
EVF	: Éducation à la Vie Familiale
EVIH	: Enquête sur le VIH / SIDA
FADC	: Fonds d'appui au développement communautaire
FAO	: Organisation des Nations Unies pour l'Alimentation et l'Agriculture
FBCF	: Formation Brute de Capital Fixe
FC ou KMF	: Franc Comorien
FED	: Fonds Européen pour le Développement
FEE	: Fonds de l'Eau et de l'Electricité
FIDA	: Fonds International pour le Développement Agricole
IMF	: International Monetary Fund
FR	: Fonds Routier
FER	: Fonds d'Entretien Routier
FRPC	: Facilité pour la Réduction de la Pauvreté et la Croissance
IDH	: Indice de Développement Humain
IEC	: Information – Education – Communication

IFD	: Institutions Financières Décentralisées
IMF	: Institutions de Microfinance
IPH	: Indice de Pauvreté Humaine
IPPTE	: Initiative Pays Pauvres Très Endettés
IST	: Infections Sexuellement Transmissibles
MA – MWE	: Société d'Eau et Electricité des Comores
MECK	: Mutuelle d'Epargne et de Crédit ya Komori
MICS	: Enquête par grappe à indicateurs multiples (Multiple Indicators Cluster's Survey)
MPE	: Moyennes et Petites Entreprises
NEPAD	: Nouveau Partenariat pour le Développement de l'Afrique
NTIC	: Nouvelles Technologies de l'Information et de la Communication
OHADA	: Organisation pour l'Harmonisation du Droit des Affaires
OMD	: Objectifs du Millénaire pour le Développement
OMS	: Organisation Mondiale de la Santé
ONG	: Organisation Non Gouvernementale
ONU	: Organisation des Nations Unies
PAE	: Plan d'action pour l'environnement
PCIME	: Prise en Charge Intégrée des Maladies de l'Enfant
PEV	: Programme élargi de vaccination
PF	: Planification familiale
PIB	: Produit Intérieur Brut
PME/PMI	: Petite et moyenne entreprise / petite et moyenne industrie
PNA – EPT	: Plan National d'Action de l'Education Pour Tous
PNAC	: Pharmacie Nationale Autonome des Comores
PNB	: Produit National Brut
PNDRH	: Plan National de Développement des Ressources Humaines
PNDS	: Plan National de Développement Sanitaire
PNE	: Programme National de l'Environnement
PNS	: Politique Nationale de Santé
PNLP	: Programme National de Lutte contre le Paludisme
PNLS	: Programme National de lutte contre le SIDA
PNUD	: Programme des Nations Unies pour le Développement
POPs	: Polluants Organiques Persistants
RGPH	: Recensement Général de la Population et de l'Habitat
RN	: Réseau National
RNFD	: Réseau National Femmes et Développement
SCRIP	: Stratégie de Croissance et de Réduction de la Pauvreté
SNPT	: Société Nationale des Postes et Télécommunications
SNU	: Système des Nations Unies
SR/PF	: Santé de la Reproduction / Planification Familiale
TVA	: Taxe sur la Valeur Ajoutée
UA	: Union Africaine
UE	: Union Européenne
UNDAF	: Plan cadre d'Assistance du Système des Nations Unies
UNFPA	: Fonds des Nations Unies pour la Population
UNICEF	: Fonds des Nations Unies pour l'Enfance
VIH/SIDA	: Virus immunodéficience humaine/ Syndrome immunodéficience acquise

Preface

This Poverty Reduction and Growth Strategy Paper (PRGSP) sets out development priorities for the Comoros for the next few years that all Comorians agree upon. This vision not only mirrors the aspirations of the population; it also reflects the current socio-economic situation and macroeconomic prospects for the next three years, the findings of quantitative and qualitative studies of household living conditions, poverty, and various forms of inequality, and a review of the performance, strengths, and constraints of the principal social and economic sectors in the Comoros. Based on this exhaustive diagnostic assessment, seven (7) core strategies and thirty-five (35) priority programs have been identified and addressed in several discussion and validation workshops at the Union and islands level..

The government of the Union intends to support these priority programs to the best of their ability and to enact the institutional reforms needed to expedite growth and poverty reduction. In implementing this strategy, the government will spare no effort to achieve the Millennium Development Goals (MDGs). Comorians are convinced that, with the support of the international community, it is possible to tackle the numerous challenges hampering the country's development. This strategy is the first step toward creating the conditions for robust economic growth and a sustainable reduction of poverty in our country.

The President of the Union of the Comoros

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1. Background to the Poverty Reduction and Growth Strategy

INTRODUCTION

The Comoros are an archipelago composed of four main islands at the northern entrance to the Mozambique Channel, with a land area totaling 2,236 km². One of the islands, Maore (or Mayotte in Creole, 424 km²), remained under French administration when the territory became independent on July 6, 1975, so that in effect the sovereignty of the Republic of the Comoros is in practice exercised over the other three islands, which are Mwali (Mohéli, 290 km²), Nzwani (Anjouan, 374 km²) and Njazidja (Grande Comore, 1,148 km²). The population and housing census of 2003 found 576,000 inhabitants on the three islands, with women accounting for slightly more than half.

In the course of its history, the country constituted an anchoring place for successive waves of migrants from the Indian Ocean, the Middle East, Africa, and Asia.

The climate in the archipelago is humid and hot, but tempered at the same time by altitude and ocean breezes. In this tropical climate, there are two main seasons. One, called “Kashkasi,” lasts from November to March-April and is hot and humid, with temperatures ranging between 28 and 33 degrees centigrade. During this period there are heavy rains and occasionally violent cyclones. The other, known as “Kusi,” is the dry and cool season. It lasts from May to October and is characterized by north-to-northwesterly monsoon winds, with temperatures ranging from 24 to 27 degrees centigrade.

1.1 Demographic Structure

Table 1 shows the geographical distribution of the population of the islands, the essentially rural nature of the population, and the rapidly growing demographic pressure in the country as a whole. In Nzwani, population pressure is already reaching a critical threshold, for instance in the Nyumakélé region, where there are over 1.000 inhabitants per square kilometer of agricultural land. By 2011, the density ratios could be 133, 679, and 316 inhabitants/km², respectively, for Mwali, Nzwani, and Njazidja. This means that today’s severe environmental conservation problems are going to get worse if the country does not immediately take appropriate steps to deal with the issue.

Table 1.1 : Number and distribution of the population in 2003

Region	Number & %		Surface area (km ²)	Farm area (km ²)	Total densities, islands	Farm densities, islands	Urban		Rural	
	Number	%					Number	%	Number	%
Mwali	35751	6.2	290	276	123	130	19 581	54.8	16 170	45.2
Nzwani	243 732	42.3	424	406	575	600	69 811	28.6	173 921	71.4
Njazidja	296 177	51.4	1147	1066	258	278	71 473	24.1	224 704	75.9
Comoros	575 660	100	1861	1748	309	329	160 865	27.9	414 795	72.1

Source: General Population and Housing Census of 2003 (RGPH03)

The population is growing at an annual average rate of 2.1 percent, which means it is projected to double in 33 years. Projections on the basis of the 2003 general census of the population yield a population of 648,287 inhabitants in 2008 and 715,761 by 2013, distributed unevenly among the islands.

Another characteristic of the Comorian population is that it is very young (53 percent of the population is under twenty years of age). Moreover, the average age of the population is 24.1 years, with little difference between urban and rural areas (24.6 and 23.9, respectively). Compared to the 1991 RGPH data, the average age increased by 2003 by almost three points. That kind of age structure is bound to pose enormous challenges for the country, above all with respect to the provision of education, health, nutrition, professional training, employment, leisure activities, and so on, for young people.

The dependency ratio (children under 15 years of age and seniors over 64 as a percentage of the population aged 15 to 64) currently stands at 198.5 percent, compared to 99 percent at the time of the 1991 census, with a marked difference between urban (169.3 percent) and rural (201.6 percent) areas, for which the corresponding 1991 figures were 84 percent and 106 percent, respectively. These figures are still very high if one considers the gross labor force participation rate of the Comorian population, which, according to the RGPH 03 census, is 25.3 percent.

The registered unemployment rate is 14.3 percent, distributed very unevenly among and within the islands, but with marked incidence in urban areas. Almost two fifths of the economically active population and a much larger proportion of the rural population work in the primary sector.

Table 1.2: Unemployment rate and proportion of the population in the primary sector

Indicators	Urban/Rural	Mwali	Nzwani	Njazidja	The Comoros
Unemployment rate (%)	Urban	25.6	16.8	16.2	17.5
	Rural	13.2	12.2	13.4	13
	Total	19.8	13.5	14.2	14.3
Primary sector population	Urban	23.7	21.3	7.8	14.6
	Rural	52	59.1	40.6	47.8
	Total	36.8	48.2	32.2	38.4

Source: RGPH03

The gross birth rate and the total fertility rate are estimated to be 35.6 per thousand (33 per thousand in urban areas and 36.7 per thousand in rural areas) and 150.8 per thousand (128.1 per thousand in urban areas and 161 per thousand in rural areas). The country's total fertility rate is 5.3 children per woman. This fertility rate is still higher in rural areas (5.6 children per woman) than in urban areas (4.5 children per woman). Compared to the EDS survey of 1996, these socio-demographic variables have increased significantly. They were estimated at that time as 34 per thousand and 161 per thousand, respectively. For its part, the total fertility rate for the country had been 5.1 children per woman and higher in rural areas than in urban areas.

Comorian children are still exposed to high mortality risks. The data indicate that infant mortality is declining, but still high. In 2003, it was estimated to be 79.3 per thousand, compared with 86.2 per thousand in 1991 and 121.7 per thousand in 1980.

Numerous Comorian women die from complications during pregnancy or in giving birth, above all because of the high fertility rate and the widespread practice of giving birth at home (57 percent, according to the 1996 EDS), frequently without assistance from qualified personnel (38 percent, according to the Multiple Indicator Cluster Survey -MICS 2000). The maternal mortality rate is estimated at 381 women per one hundred thousand live births, based on RGPH 03.

1.2 Socio-Cultural Context

Anthropological studies in the Comoros have revealed a social organization deeply rooted in tradition and with marked hierarchical structures, in which individuals blend in with the community and can only assert themselves through the mechanisms it imposes. Social activity and organization revolves around the family. In the way it is perceived and lived, the notion of family comprises four dimensions: the nuclear family, the extended family, lineage, and clan. Marriage establishes the supremacy of the family. It is the means through which the family spreads and is strengthened. It is, moreover, because of that that marriage constitutes the act through which the individual accedes to the different hierarchical structures in society..

The arrival of the Islamic religion in the Comoros dates back to the 13th century AD and almost all Comorians are Muslims. However, it should be pointed out that here Islam intertwines with beliefs and social practices stemming from custom and tradition. The product of this syncretism is a traditional form of Islam, which resists Islamic fundamentalism (l'Islam militant) in the sense that religious authority is ultimately only recognized when it is coupled with traditional authority.

A child's first contact with the educational system is the Koranic school, which imparts the basic principles of Islam and socio-cultural values and teaches the child how to read the Koran and write Arabic. This schooling thus plays a key formative role in the personality of Comorians.

The Comoros have undergone a severe economic crisis since the mid-1980s, exacerbated in particular by a GDP growth rate constantly below the rate of growth of the population. Negative economic growth per capita and the expansion of poverty it leads to (54.7 percent of the total population is classified as poor) have worsened living conditions and hampered the population's access to basic social services, such as education, health care, safe water, and so on. The environment is damaged in numerous ways, partly as a result of ignorance, or simply because of the population's efforts to survive.

1.3 Political Context

Since the Comoros became independent on July 6, 1975, the country has never had a period of genuine political stability capable of generating the necessary conditions for social and economic development along with a viable political and institutional framework to address the aspirations of the population. It was not until the beginning of the 1990s that the authorities effectively recognized the existence of political parties.

Successive political crises reached a climax in the run-up and sequel to the secession of the island of Nzwani, which took place in 1997, triggering an institutional, as well as political, crisis. That secession plunged the country into a long period of political and institutional uncertainties, at one point jeopardizing the very existence of the Comoros as a nation state. With the support of the international community, a process of national reconciliation got under way with the signing of the Fomboni agreements in February 2001, which made it possible, in December of that year, to enact, via referendum, a fundamental law instituting a new Comorian entity known as “Union of the Comoros,” in which each island enjoys considerable autonomy and has its own constitution.

At the Union level, today executive power is wielded by the President of the Union (with the assistance of two Vice Presidents coming from islands different from his own, and a government that he appoints). He is elected by direct universal suffrage in a single ballot for a four-year term, with the Presidency rotating among the islands. The legislative branch consists of a unicameral parliament composed of representatives, some of whom are elected through direct universal suffrage [18] and others [15] appointed by the island assemblies. At the island level, executive power is delegated to the Island President (assisted by a government he appoints). He is elected for a five-year term by direct universal suffrage in a two-round single-slate (*uninominal*) ballot. The legislative branch consists of the Island Assembly, composed of members elected through direct universal suffrage.

However, the Constitution contented itself with specifying the exclusive remit of the central authorities and left it up to the future Assembly of the Union to vote on organic laws defining the prerogatives and exclusive competencies of the islands, on the one hand, and those shared between the Union and the islands, on the other. This unfinished Constitution fueled -- ever since the election of the Union and island Presidents in 2002 -- fierce in-fighting with respect to spheres of competence, above all in connection with fiscal and security issues, which once again plunged the country into a serious political crisis and paralyzed efforts to establish constitutional institutions. Practically two years were to elapse before parliamentary elections were held, thanks to international community pressure. Those elections were finally held in March and April 2004, respectively, for the island and Union assemblies.

Today, the bulk of constitutional institutions are in place and the National Assembly passed the organic law establishing the spheres of competence and competence-sharing of the islands and the Union. The new institutions are operating under numerous constraints related above all to the dearth of domestic financial resources, which are insufficient to cover the structural and operating expenditures created by the new institutional arrangements.

1.4 Origins and Foundations of the PRGS

The Union of the Comoros developed a Poverty Reduction and Growth Strategy (PRGS) in 2003. The paper was the product of a lengthy participatory process and was approved by all public, civil society, and economic operator institutions. In its initial version, the PRGS was very well received by development partners, especially the Bretton Woods institutions and the European Union. Commentaries aimed at enhancing the document were received and were taken into account in a review of the strategy, which also served to update certain sections in the light

of recent data. Today, the PRGS is the key benchmark paper with respect to the socio-economic development of the Comoros.

The Union of the Comoros is currently at a crossroads. On the one hand, it must continue installing and implementing the new constitutional institutions, while, on the other, it needs to address innumerable development challenges, especially resumption of economic growth and poverty reduction. Now more than ever, it needs the all-out and multi-pronged support of its development partners in order to consolidate the various gains made with national reconciliation and rapidly improve living conditions for the population, thereby avoiding a relapse into the slump that had led the country to the brink of collapse. It is against that backdrop and with this strategy in mind that the government is organizing a Conference of Development Partners, to be held in Mauritius on November 25, 2005. With this conference, the government is pursuing a twofold objective:

- To enter into a dialogue with its partners on the country's development program, with a view to reviving cooperation; and
- To raise the funds needed to finance the priority investment program.

Authorities throughout the country and the different segments of the population are rallying round this Conference, which is regarded as crucial for setting socio-economic and political trends in the Union of the Comoros on a positive path in the short and medium terms.

The Mauritius Conference is fully aligned with pertinent United Nations resolutions, especially resolution 58/120 of the General Assembly, and with the Decision of the Executive Council of the African Union (doc. EX.CL/106(V)), which, since July 2004, invited the Commission of the African Union to provide, in close cooperation with the Mauritian authorities and South Africa, all the support needed to resume preparations and to expedite the holding of the Conference. It is an integral part of the agreements of Fomboni and Beit Salam on national reconciliation.

1.5 Objectives and Content of the Document

This document has seven Chapters, including this introduction. Chapter II describes the methodology used to prepare the poverty reduction and growth strategy. Chapter III analyzes the macroeconomic environment, while Chapter IV contains a qualitative and quantitative analysis of living conditions and poverty in the Comoros. Chapter V presents and analyzes sectoral positions, strengths, and weaknesses. Chapter VI describes the objectives, core strategies, and priority programs addressed by the PRGS. Finally, Chapter VII outlines arrangements for monitoring and evaluating the strategy.

2. Methodology for Preparation of the Poverty Reduction and Growth Strategy (PRGS)

Drawing on lessons learned from past national development planning efforts and on the experience of other countries, the government has established the basic principles and frame of reference to guide preparation of the poverty reduction and growth strategy. The approach adopted is shaped by the following four principles:

- The strategy must be prepared using a participatory approach in order to bring the population and key players in civil society and the private sector into the fight against poverty.
- The strategy must be developed gradually, initially relying on existing information and restricting the gathering of new data to the bare minimum, with an emphasis on dialogue and exchanges through regional and national workshops and round table discussions. The strategy will be refined and updated as new data on household living conditions come in and impact studies are carried out.
- The strategy must target growth potential, especially in the economic spheres of vulnerable groups and the poor, so that poverty may be reduced in a sustainable fashion without neglecting previously identified core social dimensions.
- The strategy must be cross-cutting, in the sense of ensuring tight integration of the macroeconomic environment with sectoral policies and programs. This will permit a better grasp of the dimensions of poverty and innovative proposals for addressing the numerous factors hampering growth and poverty reduction.

Based on the foregoing principles, the strategy was developed in four phases:

The first phase aimed to put in place institutional procedures for steering development of the strategy. To that end, three Committees were established: 1) the Strategy Orientation committees; 2) the Technical Committee; and 3) the Coordination and Monitoring Committee.

The Strategy Orientation committees (one per island) bring together, at the island level, the public authorities, representatives of civil society and private sector organizations, and the representatives of associations of cooperatives. Their main function is to mobilize development stakeholders on the island, facilitate studies, and provide technical guidance.

The Technical Committee is an agile body composed of senior administration staff, supported by civil society and private sector organizations and by national and international consultants. Its principal mission is to carry out the work needed to prepare the strategy or to make sure it is in fact carried out.

The strategy Coordination and Monitoring Committee brings together the General Commissioner for Planning, the General Secretariats of the central ministry departments, the representatives of the island Presidents, and delegates of the Strategy Orientation Committees. The principal role of

the Coordination and Monitoring Committee is to supervise and validate the strategy development process and to facilitate related activities.

The second phase consisted of drawing up a diagnostic assessment of poverty and analyzing sectoral growth outlooks. During this phase, domestic human resources were mobilized and their services called upon through consultations, above all in order to prepare macroeconomic and sectoral studies.

The third phase focused on identification and prioritization of the core strategies and priority programs. During this phase, a series of workshops were held on the islands, and also at the national level, to synthesize the outcomes.

This document is the result of the research conducted in the second phase and of the dialogue conducted during the third phase. It was this latter phase that gave rise to the preliminary version of this Poverty Reduction and Growth Strategy Paper (Interim PRGSP or PRGSP-I).

The fourth phase consisted of validation of the Interim PRGSP. For that, assessments were elicited at various levels, especially from the Orientation Committees, the international community, domestic consultants, and the Technical Committee. Domestic validation workshops were also held, with the participation of all the Union and autonomous islands authorities. The PRGSP-I of July 2002 was produced following these consultations.

The interim paper was updated in June 2005, with respect to both macroeconomic and sectoral data, with strong participation by all government, civil society, and private sector institutions. In addition to the updating, improvements were made to the priority programs matrix and to the action plan for 2006-2009. Further workshops on the islands were held during this process in order to ensure that the priority programs selected matched the concerns of the island authorities.

The observations of the development partners of the Union of the Comoros have been taken into account in this version, which will undergo a final revision before being submitted to the Bretton Woods institutions in September 2005.

3. The Macroeconomic Environment in the Comoros

INTRODUCTION

The government's economic policies greatly influence economic growth and poverty reduction. Directly or indirectly, they affect the conditions under which enterprises and household make choices with respect to the allocation of their resources, generation of value added, and the distribution of revenue between production, processing, marketing, and consumption of goods and services. At the aggregate level, they affect major macroeconomic equilibria and the rate of growth of the economy. The government of the Comoros is convinced that a stable macroeconomic environment is a necessary condition for economic growth and poverty reduction because it impinges directly on company performance, individuals' purchasing power, and the ability of the State to provide public services deemed to be essential, such as access to basic education and quality primary health care.

The government's macroeconomic objectives under the PRGS framework entail preserving major economic equilibria, especially with respect to the budget and the balance of payments, and achieving robust and sustainable economic growth by creating an environment favorable for private sector development, particularly in growth sectors, which are tourism, food processing, fisheries, livestock farming, construction and transportation. The economic policies that will facilitate the creation of an attractive environment for these sectors are fiscal and tax policies, trade policy, monetary policy, and reforms of the institutional environment.

This Chapter is divided into four sections. The first deals with recent trends in the economic environment of the Comoros. The second presents the economic and financial outlook for 2005. The third section analyzes the fiscal stance for 2006-2009. Finally, the fourth section provides revenue and expenditure projections for the next three years. Two expenditure scenarios are depicted: 1) a scenario of moderate growth with observance of the major macroeconomic equilibria; and 2) a scenario of accelerated growth aimed at economic recovery through an investment program that would make it possible to bring development aid back to the level of the early 1990s. The government's action plan for implementing the PRGS for 2006-2009 is based on the second scenario.

3.1 Recent Trends in the Economic Environment in the Comoros

Real GDP growth in the Comoros in the past two years has been weak: less than 2 percent in 2004 (1.9 percent) and slightly below 2.1 percent in 2003. Owing to a high rate of growth of the population, which today exceeds the rate of economic growth, real GDP per capita has continued to fall: from -0.6 percent in 2003 to -0.8 percent in 2004.

The lackluster growth of overall demand is explained by a number of factors, including a 1.1 percent drop in household consumption. In 2004 it stood at 86.7 percent of GDP, compared with 89.3 percent in 2003. There was also a 3.2 percent decline in public consumption to 14.8 percent of GDP, mirroring a major drop in public expenditure on goods and services. There was, in

addition, a 13.1 percent contraction of GFCF (Gross Fixed Capital Formation) due to weak public and private investment, equivalent to 10.1 percent of GDP in 2004, compared to 11.5 percent in 2003. Finally, there was a deterioration in the trade balance due to a decline in exports attributable to lower prices for certain cash crops, especially vanilla, and to a sharp increase in imports.

Inflation, as measured by the consumer price index, stood at 4.5 percent at December 31, up from 4.4 percent the previous year. Despite prudent monetary policy and relatively weak growth, inflation continued to rise, above all because of high international oil prices and the marked growth in imports of consumer goods. The latter was sustained largely by transfers from Comorians living abroad.

Public Finance

The fiscal outcome showed an improvement in the overall deficit (commitments basis), which went from -5.679 billion Comorian francs to -2.4 billion, or to 1.6 percent of GDP in 2004 as opposed to -4.1 percent of GDP one year earlier. However, the primary balance became negative, dipping from 719 million Comorian francs (0.5 percent of GDP) to -753 million (-0.5 percent of GDP) from one year to another.

Overall, the broad fiscal trends in 2004 were as follows:

- Stagnating fiscal revenue equivalent to 15.2 percent of GDP in 2004, compared with 16.0 percent in 2003. Tax revenue fell sharply due to a contraction of the sole tax on petroleum products. On the other hand, nontax revenue increased 12 percent thanks to an increase in state-owned company profits.
- A decline of 7.4 percent in expenditure and net loans, which were the equivalent of 19.6 percent of GDP in 2004, compared to 22.4 percent the year before. This was essentially the result of a drop in capital expenditure, especially foreign-financed and technical assistance expenditure, as most projects financed with external resources came to an end. Current expenditure increased 2 percent: expenditure on goods and services decreased by -689 million, while wage outlays by rose 10 percent to 12.6 billion in 2004, compared to 11.493 billion the year before, mainly due to the increase in the number of personnel, promotions, and statutory raises.
- A deterioration of the primary balance to -0.5 percent of GDP in 2004 compared with a positive 0.5 percent in 2003.
- An overall (commitments basis) balance of -2.414 billion;
- A growing deficit financed by the accumulation of new domestic and external arrears.

The Balance of Payments

The current account deficit (including grants) fell sharply to US\$ 3.7 million, equivalent to 1.5 percent of GDP, compared to US\$15.8 million in 2003 (or 4.9 percent of GDP).

This change derives above all from a 109 percent increase in transfers from Comorians living abroad to US\$35.4 million, up from US\$16.9 million in 2003. Paradoxically, the trade balance

deteriorated sharply from a deficit of US\$26.6 million in 2003 to -47.5 million in 2004 due to the drop in sales of vanilla and increased imports.

The improvement in the services balance surplus is explained by the resumption of tourist activities (albeit on a modest scale).

The capital and financial operations account surplus fell by 85.2 percent, from US\$9.5 million to US\$1.4 million, because of reduced drawings as most projects under way came to an end.

All in all, the consolidated balance of payments deficit improved, falling from US\$6.3 million in 2003 to US\$4.3 million. This deficit was financed largely by accumulating further arrears.

Broad Money

The position of the monetary institutions at December 2004, compared with 2003, was characterized by:

- A two percent decline in net foreign assets;
- A drop in domestic credit;
- A contraction of the money supply.

On an annual basis, the net foreign assets of financial institutions in the Comoros fell by 620 million at December 2004. This occurred for both the Central Bank and the commercial banking system as a result of lower prices for Comorian cash crops.

Domestic credit fell 2 percent at December 2004 to CF 12.7 billion, down from 13.1 billion in December 2003. This change resulted from changes in opposite directions of the two main components, namely:

- A 1.8 percent increase in government claims to CF 2.2 billion, up from 1.6 billion at the same time the year before (thanks to drawing down on statutory advances);
- A 3.6 percent decrease in credit to the economy.

The decline in domestic credit and foreign assets triggered a 5.3 percent drop in the money supply, with the decline being especially marked for sight deposits and quasi-money. Paradoxically, currency rose 2 percent.

3.2 Economic and Financial Outlook for 2005

According to Ministry of Finance Budget Directorate projections, real GDP should grow 2.8 percent in 2005. However, growth will vary greatly from one sector to another. The sectors expected to post the highest growth include agriculture, construction work, and fishing.

Obviously, the economic growth projections are based on a number of hypotheses, in particular:

- An exchange rate of US\$1=CF 374.4;

- An average price of petroleum of approximately US\$50/barrel;
- Continuation of macroeconomic and structural reforms in the public sector, with the help of the international financial community;
- Observance by the government of major macroeconomic targets;
- Consolidation of national reconciliation, by establishing appropriate institutions that make an effective contribution to economic growth.

The principal engine of growth in 2005 will undoubtedly still be domestic demand, driven mainly by private consumption associated with the same level of remittances by Comorians living abroad as in 2004. Inflation should stay at an acceptable level thanks to harmonization throughout the territory of the downward adjustment in customs duties. On the other hand, the trade balance will continue to deteriorate due to increased imports and falling prices for the major exports. The balance of payments deficit is expected to increase, possibly by over 240 percent, reflecting the increase in the trade deficit.

Among the government's 2005 budget targets is the achievement of a primary fiscal balance of 1.8 percent of GDP, where the government is committed to refraining from accumulating further domestic arrears. For that, it will be necessary to:

- Raise domestic revenue to 16.2 percent of GDP by December 2005, from 15.2 percent of GDP in 2004;
- Trim primary expenditure from 15.8 percent of GDP in December 2004 to 14.4 percent of GDP in December 2005;
- Generate sufficient savings to finance scheduled capital outlays.

At the end of fiscal year 2005, the government expects fiscal revenue to total CF 24.7 billion, a 10.3 percent increase over fiscal year 2004. These estimates take into consideration actual receipts for the first six months of the year, which showed a 30 percent increase. This target will be met thanks to continued implementation of numerous structural and short-term measures:

- The introduction of a revenue monitoring system in the Tax Directorates, by type of tax and by taxpayer;
- The taxpayer inventory;
- The installation as of September 2005 of an electronic taxpayer file to keep track of revenue;
- Strict observance of the schedule for tax returns established in the General Tax Code;
- The establishment of quantity basis accounting, especially for sales of stamps, passports, and visas.
- Strengthening of tax audits of enterprises;
- Absolute stop to discretionary exemptions;
- Establishment of a single customs duty on flour equal to 10 percent of the CIF value.

In addition, the government is currently conducting a study to assess the impact of reducing customs duties while improving the collection rate, so as to increase revenue despite the lower duties.

Finally, in order to meet the targets of the benchmark program with the IMF, the government has taken steps to reduce the wage bill. Moreover, a fiscal regulation mechanism is in place to keep total current expenditure under the appropriation ceiling set by the budget. It is worth pointing out that all entities have been asked to manage their current expenditure in such a way that they do not exceed the appropriation ceiling authorized by Parliament. In that way they will be induced to lower other nonwage expenditure in order to generate savings that will make it possible to meet the pre-established targets, particularly the primary balance of 1.8 percent of GDP.

Monetary projections indicate a decline in net foreign assets of 6.2 percent compared to 2004. This stems from the losses associated with declining exports and increased imports. Net domestic credit is projected to increase by approximately 14 percent as a result of markedly higher credit to the economy (17.5 percent). Overall, the money supply is projected to grow by 4.1 percent.

3.3 Fiscal Policy Stance for 2006-2008

The government's fiscal plan for the next three years envisages the following:

The Introduction of the Medium-Term Expenditure Framework (MTEF)

Preparation of a medium-term expenditure framework and sectoral medium-term expenditure frameworks (SMTEFs) (2006-2008) in order to address a number of needs, especially:

- Better three-year macroeconomic projections;
- Establishment of a coherent and realistic fiscal framework conducive to macroeconomic stability;
- Better planning of sectoral targets with a view to expediting economic growth;
- Implementation of a resource allocation system consistent with the government's sectoral and intersectoral priorities;
- Rationalization of earmarking of available resources based on development priorities;
- A sustained effort to generate in the medium term the conditions for a vigorous resumption of economic growth through public investment shaping and geared to promotion of the private sector and foreign investment;
- A better grasp by economic agents of the government's medium-term efforts.

Implementation of Strict Fiscal and Tax Policies

Built into the government's fiscal and tax policy is the realization that poverty reduction cannot come about without robust and sustained economic growth. Thus, it intends to pursue policies that will ensure a healthy macroeconomic framework as a necessary condition for strong growth and an essential prerequisite for greater competitiveness in the economy. Given that the currency is pegged to the euro, the actions and reforms needed to achieve these objectives will essentially be directed toward maintenance of an effective, but prudent, fiscal policy and implementation of a more incentives-oriented tax policy, while at the same time generating the domestic savings required to finance certain investments that the country needs.

The fiscal and tax policies pursued by the government will aim to reach and maintain the fiscal balance at a sustainable level. On the basis of hypotheses developed with IMF assistance in May 2005, the primary balance would show an annual average of 2.2 percent of GDP. This presupposes a gradual recovery of the growth rate led by key sectors, such as food-processing, tourism, transportation, fishing, and crafts, with small and medium-sized enterprises producing import substitution goods and with relocation of services.

The government's fiscal policy will be geared to: (i) control over expenditure and the achievement of measurable results within a medium-term framework; (ii) enhancing effectiveness and transparency in government administration; and (iii) tighter budgetary control aimed at making the State budget a more effective instrument.

In order to increase control over government spending, the government intends to reduce the relative weight of the wage bill, manage the public debt efficiently, and rationalize government outlays. Reforms are already under way, with World Bank support, aimed at more efficient handling of the public debt and improving the quality of service provided in the context of a rehabilitation of public finance. These reforms are geared to implementation of a new fiscal approach, a new budget nomenclature, and supervision.

Wage outlays in 2004 represented over 51 percent of total government revenue and over 56 percent of current primary expenditure. Given the government's other contractual obligations (pensions, debt, and other fixed contractual expenses), the wage bill is becoming increasingly unsustainable. That being so, a core component of administrative reform is to get a grip on public sector wages. To that end, several steps are being taken to improve the performance of government officials and staff and thereby maintain or even improve public services, while at the same time pruning the wage bill. These measures aim to put in place core units in the Comorian administration and new instruments for forecasting human resource needs, to achieve effective management of budget items, and to overhaul the remuneration system.

Furthermore, in order to consolidate basic equilibria and curb the fiscal deficit, numerous new steps have been taken to reduce outlays. In addition to wage bill cuts, these include:

- Making ministries responsible for budget appropriations and for avoiding the accumulation of new arrears;
- Originating expenditures based on discounted cash flow;
- Restricting budget transfers to a bare minimum.

In order to enhance transparency in public administration, the government intends to boost the capacity of managers responsible for internal audit and to generate the conditions for external audits of government finance.

The government intends to introduce a new three-pronged fiscal approach entailing: financing of government programs rather than units; earmarking of resources available in accordance with targets to be reached; and implementation of quantitative performance indicators. Starting with the 2006 budget, the government will establish program-budgets for two priority sectors (education and health). By 2008, all sectors will have program-budgets.

A parallel reform of budget nomenclature has begun, affecting all general and supplementary budget expenditure, revenue, and the special Treasury accounts. This nomenclature will be used to prepare the 2006 budget. It has a multidimensional coding system (geographical, economic, institutional, administrative, and functional classification, as well as classification by program, action, and source of financing) and is capable of providing all the information needed by decision-makers and development partners. It will facilitate budget preparation and monitoring of budget execution. The idea is to strengthen budget analysis capabilities, including assessment of the budget's impact on poverty reduction.

Finally, under the new law on government financial operations, the government will be obliged to attach a performance report on outturn and future outlook to the budget law it presents to the office of the Assembly. This law affords the Assembly an opportunity to strengthen its control over budget execution, be it through the monitoring and supervisory powers accorded to the finance committee, through government reporting at the start of each quarter of macroeconomic and fiscal indicators for the previous quarter, or through the report of the National Audit Office on budget execution, which has to be voted on by fiscal year $n+2$.

The Implementation of Tax and Customs Policy Reforms

Following numerous recommendations and with a view to raising government revenue, several reforms will aim to refine, simplify, and harmonize the customs and tax system, and to make it more transparent.

- Numerous measures have been adopted to combat evasion:
- Harmonization and simplification of the customs tariff throughout the country;
- Discretionary exonerations are to be abolished;
- The exemption for flour for bakers will be replaced by a cumulative 10 percent tax;
- In order not to penalize the investments that the country needs for its development and to optimize revenue, exemptions forming part of the Investment Code will be established in a joint decree of the Minister of the Budget and the Minister of Economy;
- A new form of taxation will be decreed to encourage imports by air, given that air freight is too expensive.

A large number of structural and organizational reforms have begun, with the support of certain development partners. These include:

- Revision of the Customs Code, to take new institutional provisions into account;
- Demarcation of the responsibilities of those in charge of handling merchandise;
- Establishment of the responsibilities of customs agents; and
- Organization of the services, with clearly defined missions,

An IMF tax mission scheduled for end-2005 should help the authorities improve tax collection, particularly by combating tax fraud and evasion. The tax authorities' medium-term action plan includes:

- Upgrading supervisory staff;
- Strengthening audits;
- Amending the Tax Code with a view to simplifying the tax system;
- Harmonizing procedures;
- Developing the information system; and
- Introducing a performance monitoring system.

Finally, the government intends to establish a financial resources integrated management system, designed to expand the tax base and consolidate tax investigation by introducing a single taxpayer identification number.

3.4 Revenue and Expenditure Projections for 2006-2008

Table 3.1 shows revenue projections for 2006-2008. To a large extent, they depend on the government's ability to implement planned fiscal reforms. They also depend on external factors, which could affect outcomes.

In Table 3.1, the projections are for broad types of taxes and take into account actual receipts through June 2005. They show that total (tax and nontax) public revenue will amount to approximately CF 28.5 billion in 2008, implying an average annual growth rate of 5.1 percent. Tax revenue is expected to increase at a slightly lower annual average rate of 4.2 percent, totaling CF 24.1 billion in 2008.

To achieve these results, the government needs to increase corporate income and profits tax collections. A similar effort should be made to implement the value-added tax (VAT) in order to increase revenue from the sale of goods and services. Finally, nontax revenue, especially revenue and dividends from enterprises and revenue from the sale of stamps, should contribute to the realization of the above-mentioned projections.

Table 3.1: Public Revenue Projections for 2006-2008 (in millions of CF)

:ITEMS	MEDIUM-TERM REVENUE PROJECTIONS			
	2005	2006	2007	2008
Total revenue	24756	26181	27822	28595
Tax revenue	21385	22483	23749	24157
Income and profits taxes	4189	4294	4779	4903
Property taxes	65	65	65	65
Taxes on goods and services	2469	2681	3281	3379
Revenue from the sale of tax stamps	154	300	400	500
Local taxes and charges	175	181	199	219
Taxes on international trade	14333	14962	15025	15091
Nontax revenue	3371	3698	4074	4438
Retirement fund	528	528	528	528

With respect to expenditure, two scenarios are studied. The first, which might be characterized as the balanced growth scenario, entails setting growth of current expenditure slightly below that of public revenue, to generate savings needed to finance certain investments. Bearing in mind the growth of expenditure items that are difficult to compress, reducing expenditure presupposes rationalization of both the government payroll and operating costs.

Expenditure and net loans will amount to CF 33.2 billion in 2006, an increase of 9.9 percent over 2005 budget projections. They are projected to rise to 38.7 billion in 2007 and to 44.7 billion in 2008, an increase of 16.4 percent over 2006 and 15.4 percent over 2007.

Table 3.2: Public Expenditure Projections for 2006-2008 (in millions of FC)

ITEMS	MEDIUM-TERM EXPENDITURE PROJECTIONS					
	2003	2004	2005	2006	2007	2008
Expenditures and net loans	31 161	28 848	30 236	33 232	38 701	44 663
<i>Current expenditure</i>	22 769	22 547	22 796	24 436	26 919	29 531
Primary current expenditure	20 262	20 659	20 368	23 220	25 530	27 926
Wages and salaries	11 493	12 631	11 732	12 583	13 841	15 190
Goods and services	5 297	6 038	6 288	6 744	7 623	8 391
Transfers	2 041	1 989	2 348	2 518	2 710	2 935
Interest on the debt	1 431	1 282	1 414	1 375	1 355	1 410
External debt	1 323	1 187	1 306	1 280	1 246	1 276
Domestic debt	108	95	108	95	109	134
Technical assistance, donor & creditor projects	2 507	606	1 014	1 217	1 389	1 605
<i>Capital expenditure</i>	7 578	6 301	7 440	8 796	11 782	15 132
Budgetary (financed with own resources)	2 785	2 539	1 694	1 902	2 110	2 285
Financed using external resources	4 793	3 762	5 746	6 894	9 672	12 847

This scenario is highly conservative inasmuch as it limits the growth of development aid to a level well below the level envisaged in the 2006-2009 action plans. Although external financing is tripled in this scenario (from 3.4 billion in 2004 to 12.8 billion in 2008), it remains far below the levels recorded in the early 1990s. If one takes into account that the population of the Comoros has grown considerably over the past 15 years, the scenario also remains very conservative in terms of aid per inhabitant, given the needs of the least privileged.

The second – accelerated growth – scenario presupposes major reinvestment in basic economic infrastructure and the existence of the institutional and fiscal arrangements required for a vigorous resumption of growth and a sustainable reduction of poverty. This scenario envisages development aid increasing to a level slightly above that of the early 1990s. For 2006-2007, aid is estimated at 44.9 billion, that is to say, an annual average of approximately 22.5 billion. The amount of aid is projected to rise to approximately 40.1 billion in 2008, falling to 30.2 billion in 2009.

The government trusts that, thanks to consolidation of the process of national reconciliation that has already got off to a promising start and the support of the international community, it will be

possible to revive confidence among domestic and foreign private investors, the real engine of sustained long-term economic growth. The government is convinced that between 2006 and 2009, these new conditions will boost support from the international community, above all in the form of funding for implementation of the 2006-2009 action plan. The government's efforts will be directed toward creating favorable conditions for a major surge in private investment. We are convinced that if these conditions are created, the Comoros could enjoy strong growth and that this would contribute to poverty reduction.

4. Analysis of Living Conditions and Poverty

INTRODUCTION

The political, institutional, and economic crisis of the past ten years in the Comoros has taken its toll on the living conditions of the population. The ensuing decline in development aid exacerbated the hardship and increased the vulnerability of the population. Numerous households escape poverty thanks to remittances from Comorians living abroad. This Chapter analyzes living conditions for Comorian men and women and the background to the poverty and inequalities found in the Union of the Comoros today.

4.1 The Population's Perceptions of Well-Being and Poverty

A qualitative study of perceptions of well-being and poverty was conducted in 2002, in order to allow Comorians of both sexes to say what they think about their living conditions and to identify the best ways of fighting poverty. The survey throws light on perceptions of well-being and the causes of poverty. The latter were, moreover, confirmed by the Comprehensive Household Survey (*Enquête intégrale auprès des ménages* - EIM) of 2004.

To define well-being, the Comorian people refer mainly to satisfaction of primary needs, such as housing, clothing, food, health, hygiene, and sanitation. The same applies to the definition of poverty, which is defined as non-satisfaction of these needs.

The survey shows that only a small portion of the Comorian population manages to satisfy food needs. Indeed, a large segment of the population do not reach that level quantitatively, while a majority lack quality nourishment. Produce such as meat, fish, rice, bananas, chicken, and even cassava, is not affordable for much of the population. These perceptions confirm quantitative indicators on the precarious nutritional status of several social groups in the Comoros.

People also refer to social problems such as theft and crime as dimensions of poverty. Clearly, increased poverty generally induces an additional upsurge of social problems..

Employment is indirectly a means by which the population can satisfy its needs, while money is a direct means. Road infrastructure, commerce, access to energy, and telecommunications are means of improving economic conditions and, indirectly, household living conditions.

Possession of furniture, a radio, or a television, or staging an elaborate wedding (*faire le grand mariage*) are ways of improving one's standard of living, showing one's social status, or acceding to a higher social status (by marrying into it, for instance).

There are only slight differences between the islands, backgrounds, and socio-economic groups when it comes to perceptions of well-being and poverty. For instance:

- For Njazidja, road infrastructure and elaborate weddings are more important than they are for the other two islands;
- Pour Nzwani, commerce is a more important dimension of well-being than it is in the other two islands.

Poverty is perceived to be the result of several factors, in particular insufficient physical and human capital, the poor performance of institutional capital, the impact of external factors, and the behavior of individuals, households, and communities. The main reasons cited by the population for failure to emerge from poverty are laziness, lack of education, unemployment, lack of professional training, and unpaid labor.

According to the population, the main strategies that could be applied in order to emerge from poverty are employment, education, credit and savings, support for income-generating activities, professional training, trade, and investment.

As perceived by the population, the principal areas for improving well-being are: access to quality health care, access to enough safe water, education (singled out by 57 percent of the population; especially professional training), housing (55 percent), religion (especially rural areas), employment, credit, facilities, trade, cash crops, electricity, telecommunications, and roads.

Problems with access to basic social services are felt in both rural and urban areas.

1. To improve access to health services, the population suggests increasing the number of health workers, reducing the costs of health care to the bare minimum or providing them free of charge, creating jobs, lowering the cost of medicine, and building health posts.
2. To improve access to primary education, the population suggests financial assistance for those who go to school, free school stationery, supervision of children at school, improving the quality of teaching at public schools, and sensitization of children to the importance of school.
3. According to the population, improving access to safe water requires installation of water pipes, the construction of wells, and financial assistance.
4. Improvement of sanitation infrastructure presupposes construction of trash dumps, facilities for burning trash, technical assistance, the construction of waste water channels, and studies to identify landfill sites.

The principal economic activities of the Comorian population are, in order of importance: agriculture, fishing, petty trade, small-scale works, livestock farming, building work, public service, crafts, manual labor, and domestic service. Livestock farming appears to be more important for Mwali than for the other islands.

These activities, especially agriculture and fishing, face major hurdles that restrict their development. Lack of equipment, harvest and animal theft, low prices for produce, lack of

inputs, the lack of markets for food products, devastation of crops by slugs and snails, poor yields, and so on, are the main constraints for farmers. Drought problems were underscored for Njazidja et Mwali.

For fishing, the main concern is lack of equipment, especially outboard motor boats (*vedettes*), the lack of security for fishermen out at sea, and low market prices for fish, especially in Nzwani and Mwali..

Difficulties besetting other economic activities include lack of training, delays in paying government officials' wages, lack of electricity and safe water, high rates, transportation costs, and a shortage of pasture land for animals, etc.

Access to equipment is a major hurdle for the principal branches of activity, such as agriculture and fishing. According to the population, what is needed for access to equipment are, among other things, technical assistance, financial aid, donations of equipment, credit for purchasing equipment, loans of equipment, and employment.

Access to farmland appears mainly to be a problem for Nzwani, where the nature of the terrain and overpopulation limit the amount of farmland available. The population lists the following ways to solve the problem: land redistribution, improvement of land quality, and the generation of jobs that would allow more people to purchase farmland.

Access to financial services is very limited, especially in Mwali. According to the population taking part in the survey, the ways to improve access to financial services are: easing the conditions for loans; establishing savings and loans associations; employment generation, and lower interest rates.

4.2 The Extent of Monetary Poverty

Monetary poverty is still a widespread phenomenon in the Comoros. For the country as a whole, 36.9 percent of households are classified as poor, which, under certain hypotheses, indicates a poverty rate among individuals of 44.8 percent. Both household and individual poverty appear, a priori, to be higher in Nzwani than in Njazidja, the incidence being 38.4 percent, 37.8 percent, and 35.3 percent, respectively, for households and 46.4 percent, 49.1 percent, and 42.7 percent for individuals.

Table 4.1 Measurements of poverty, by households, individuals, and geographic location¹ – Comoros 2004

Parameter	Foster, Greer, and Thorbecke (FGT) (2)						Real consumption per capita (CF 000)	N (4)	
Island/ Milieu	Households								
	Individuals						P0		
	Incidence ($\alpha=0$)		Intensity ($\alpha=1$)		Inequality ($\alpha=2$)				
Value	Contribution (3)	Value	Contribution (3)	Value	Contribution (3)				
-P0		-P1		-P2					
Njazidja	0.353	0.46	0.12	0.449	0.058	0.452	0.427	661.3	1433
Moroni	0.278	0.069	0.095	0.067	0.044	0.065	0.374	578.4	273
Secondary urban	0.195	0.021	0.054	0.017	0.021	0.013	0.279	897.6	118
Rural	0.391	0.37	0.134	0.365	0.066	0.373	0.454	656.2	1042
Nzwani	0.384	0.477	0.138	0.492	0.066	0.492	0.464	764.1	1368
Urban	0.252	0.088	0.085	0.085	0.037	0.078	0.313	763.5	384
Rural	0.435	0.389	0.158	0.407	0.077	0.414	0.521	764.3	985
Mwali	0.378	0.064	0.123	0.059	0.056	0.056	0.491	502.5	185
Urban	0.375	0.035	0.126	0.034	0.057	0.032	0.481	552.7	102
Rural	0.383	0.029	0.119	0.026	0.055	0.025	0.502	441.1	83
Total	0.369	1	0.128	1	0.062	1	0.448	698.5	2987

(1) All poverty measures have not been multiplied by 100 and the standard deviations are shown in brackets. The poverty line is CF 285144 per capita and per year; (2) Foster, Greer, and Thorbecke indices;

(3) Relative share C_{ij} ; (4) Weighted N.

Sources: EIM (Comprehensive Household Survey) 2004.

The EIM findings point to four fairly distinct socio-economic categories according to incidence of poverty: (i) households headed by a protected wage earner (*salarié protégé*) (25.5 percent); (ii) families headed by an unprotected wage earner (*salarié non protégé*), an independent informal sector worker, or a family member help-apprentice (between 30 and 35 percent); (iii) subgroups headed by a subsistence farmer, a cash crop farmer, an unemployed person or non-worker (between 38 and 39 percent); and (iv) families headed by a micro-entrepreneur, breeder, or fisherman (46 to 50 percent). This shows that three socio-economic groups account for nearly two-thirds of national poverty: farming households (30.2 percent), families of unprotected wage earners (15.8 percent), and households headed by a non-worker (19.6 percent).

4.3 The Effect of Different Types of Inequality

At the national level in 1995-2004, inequality in expenditure per capita increased considerably. All inequality indicators point to a net growth in gaps. The Gini coefficient increased by 25.7 percent (from 0.443 to 0.557). The statistics show that inequality in expenditure per capita

increased above all in Nzwani and, to a lesser extent, in Njazidja, in contrast to Mwali, where the gaps narrowed. In that regard, a breakdown of the causes of the degree of inequality highlights the role of household demographics (above all the number of children aged 5 to 14), along with the level of education of the head of household, the number of employees per household, and geographical location. We should note, too, that remittances from abroad intensify expenditure inequality, especially in Njazidja.

The elasticities of poverty indices in relation to households' real expenditure per capita and to the Gini coefficient in 2004 prompt a number of observations. First, for the economy as a whole, the absolute value of the elasticities in relation to expenditure per capita is markedly higher than one for all measurements of poverty. A one percent increase in expenditure per capita leads to a reduction in both the ratio and intensity of poverty, of 1.64 percent and 1.87 percent, respectively. Furthermore, expenditure elasticities tended to increase between 1995 and 2004. Next, poverty tends to increase if inequality in expenditure grows during the economic growth process. The findings reveal greater social fragility in 2004, compared to 1995, with respect to economic growth and changes in income inequality: the compensation in terms of increased expenditure to stabilize poverty following an increase in inequality was greater in 2004 than in 1995. A breakdown of changes in poverty in 1995-2004 reveals that poverty would have declined more between 1995 and 2004 if inequalities had not increased.

4.4 The Determinants of Poverty

Analysis of the determinants of poverty and sensitivity analysis – assessment of the probabilities of households being in the different standard of living distribution segments – yields several findings:

- Households headed by a breeder (especially in Njazidja), fisherman (above all in Nzwani), or micro-entrepreneur (in Mwali, especially) are most likely to be in the poor, rather than rich, segment.
- The effect of education on standard of living is quite clear, regardless of geographical location. For example, at the national level, households headed by an uneducated person are more than twice as likely to be in the poor segment as those headed by someone with a secondary education. However, it is worth noting that access to primary school and the first four years (*premier cycle*) of secondary school, compared to no education at all, only slightly reduces the probability of belonging to the poorest group.
- The findings show the impact of demographic factors. For the poor segment, the age of the head of household has, to a certain extent, a direct impact on the likelihood of households being in that stratum. Next, households headed by a woman are less likely to be exposed to poverty: a finding that holds for all the islands. Finally, one should note the impact of size of household, above all in Nzwani and Mwali. Thus, at the national level, one- or two-person households are approximately four and a half times less likely to be poor than those with six to nine members, and three and a half times more likely to be rich than the latter.

- Increasing productive employment per household is one way to reduce poverty, but the effect is not linear. There are inter-island disparities: a fairly low impact in Nzwani, a medium impact in Njazidja, and a high impact in Mwali.
- Transfers have a major impact on poverty. Households receiving remittances from abroad are much less likely to be poor than those that do not receive them. On the other hand, the incidence of remittances points up sharp disparities between the islands. There is no doubt that the impact of remittances from abroad reduces the likelihood of poverty in Njazidja (0.29 with remittances and 0.37 without) and in Mwali (0.24 and 0.39, respectively). The existence of intra- or inter-island transfers has no impact in Njazidja, while the effect is to increase and to lower the likelihood of poverty, respectively, in Nzwani and Mwali.
- The geographical dimension of poverty shows that rural households are more likely to be poor, especially in Nzwani.

4.5 Non-Monetary Poverty

Analysis of nonmonetary poverty also suggests possible paths to poverty reduction.

The EIM data show more precarious housing in Nzwani and Mwali than in Njazidja, if one considers that adobe or coconut palm leaves for walls, straw and leaves for the roof, and trodden earth for the floor are materials that constitute a precarious dwelling, in terms of quality of housing. Likewise, the proportion of households using electricity for lighting is twice as high in Njazidja (53.6 percent) as it is in Nzwani and Mwali (22.6 percent and 28.4 percent, respectively). Firewood remains the main source of energy for meal preparation, given that approximately two-thirds of households use it. This observation suggests there should be increased attention to the environmental impact of intensive use of firewood.

Access to education is a core ingredient of development. Analyses based on estimates of returns underscore the highly profitable nature of investment in education, especially for women. For instance, women who have had access to the last three years (second cycle) of secondary school show returns of over 89.6 percent, compared to those who receive no formal education. For men, the marginal rate of return for this level of education is 52.1 percent. Moreover, the differences are even more marked when it comes to higher education: 403.5 and 131.9 percent. It is worth noting, in this regard, that annual expenditure on education per schoolchild averages CF 44.6 thousand. However, rich families spend four times more per schoolchild than do poor families (CF 86.5 and 20.3 thousand, respectively).

If one takes the level of education of individuals aged seven or older who are employed, almost half have no education et 29.4 percent have had at best primary school education. Although there are differences depending on the standard of living of the household and labor market status, this low level of education is a handicap in terms of efficiency in the productive system. Moreover, the literacy rate for adults (persons aged 15 and over) is 56.5 percent, a statistic that appears to reveal a sharp drop in literacy compared to 1995.

According to the EIM survey, net primary (6-11 years of age) and secondary (12-18 years) school enrolment ratios are 68.8 percent and 66.2 percent, respectively. Although these overall

percentages appear to indicate progress vis-à-vis the figures for 1998/99, they lag somewhat behind those provided by the Ministry of Education (73.0 percent). The data show girls lagging behind boys in school enrollment and the difference increases with the level of education.

The survey reveals that Comorian households still prefer to send their children first to Koranic schools. The survey by type of establishment shows that three-quarters of all schoolchildren attend public schools. Finally, whereas less than 1 percent of children drop out of school before completing primary education, the drop-out ratio increases at the secondary school level (5.2 percent).

Access to health care is another ingredient in the formation of human capital. In the Comoros, the share of health care in the national budget declined in real terms from five to three percent between 2000 and 2003. Annual household expenditure on health, in connection with illness, children's vaccinations, and post- and pre-natal care amount to CF 27.3 thousands (CF 23,000 in poor households, and CF 25,000 in rich households), that is to say, less than 1 percent of total family resources.

As for the various dimensions of access to health care, several findings are worth underscoring. First, it appears that 17.6 percent of those surveyed had suffered an illness or wound in the 15 days prior to the survey, with a slightly higher rate in rich households than in poor households, as had been expected. Personnel frequently consulted are doctors (65.3 percent), nurses (21.0 percent), and healers (6 percent). Next, the survey shows that certain forms of child malnutrition are still high and that relatively little progress has been made over the past eight years. Indeed, nationwide, growth retardation, emaciation, and underweight ratios are 44 percent, 7.9 percent, and 24.9 percent, respectively. According to the demographic and health survey of 1996, these three ratios had been 33.8 percent, 8.3 percent, and 25.8 percent, respectively. We should note that there are only slight differences in malnutrition according to gender and in that respect girls are not at a disadvantage.

Other features of access to health care are worth noting: (i) immunization coverage for children aged 7 and under is 81.3 percent, with certain disparities from one island to another; (ii) the percentage of children aged 5 and under who have attended a medical facility for post-natal care is very low (39.0 percent), especially in Njazidja; (iii) there is a high proportion of stillbirths (23.0 percent of pregnant women), above all in rural areas (44.2 percent compared with 20 percent in the towns), while 75 percent of women have had pre-natal care, whereby two-thirds of them consulted midwives; (iv) 72.0 percent of households own a mosquito net, albeit prevalence varies from one island to another and the use of insecticide-treated mosquito nets is much less widespread, especially among poor households (one fifth of the population is unaware that they exist); (v) the vast majority (90 percent) of the population is aware of the existence of HIV/AIDS and three-quarters know of the existence of means to protect oneself from this virus.

Finally, there is an inverse relationship between households' standards of living and child malnutrition, except in respect of growth retardation and regardless of the child's sex. However, there are marked differences in child nutrition from one island to another. It is lowest in Njazidja and highest in Nzwani. We should note that, while the EIM does not permit a distinction between

infant mortality and infant and child mortality, it does show the death rate of children of women aged 15-49 as 70.7 per one thousand live births, increasing naturally as the mothers grow older.

4.6 The Impact of Unemployment and Under-Employment

The ability to place a value on active members of a household is a key to analyzing household living conditions and poverty. Here, the EIM cast light on several factors:

First, the average size of households falls from 6.3 persons in 1995 to 5.8 in 2004. The dependency rate is currently 3.4, which means that one active worker support on average 3.4 persons who are non-workers or unemployed. Furthermore, the differential in dependency rates according to the sex of the head of household, to the disadvantage of women, tends to be worse in poor households than in rich families. In this connection, the activity rate for persons of 7 years of age and over is 37.5 percent (49.7 percent for those aged 15-65), a relatively low rate compared to those recorded for the Middle East and North Africa. However, descriptive analysis shows that several factors influence the supply of labor: (i) sex: 43.2 percent of men of seven years of age or older participate in the labor market, as opposed to only 32.0 percent for women; (ii) age: labor supply rates increase with age, and then decrease; (iii) the level of education: supply rates have a U-shaped curve depending on level of education; (iv) household standard of living: the labor supply rate of the poor is only 32.7 percent, compared to 46.5 percent for the rich.

Second, the EIM reveals a dualist economic structure, dominated by an informal farm –mainly subsistence farming – and nonfarm sector, and a developed tertiary sector. To start with, the farm sector, including fishing and livestock farming, accounts for 57.4 percent of jobs, if one includes in the total activities carried out in “urban” settings and apprentice and family help jobs. In that respect, persons engaged in farming are generally members of poor households and the agricultural sector employs large numbers of women. In fact, the agricultural sector accounts for 66.9 percent of women’s jobs and 51.2 percent of men’s. In other words, 46.9 percent of farm jobs are carried out by women.

The non-farm informal sector is another component of the productive system in the Comoros. If one adds micro-entrepreneurs and independent informal sector workers, this sector’s share of national employment is 16.2 percent. Furthermore, women play an important part in the nonfarm informal sector, as it accounts for 19.5 percent of women’s jobs, above all in marginal activities. All in all, 48.6 percent of nonfarm informal sector jobs are held by women. Finally, if one considers that all wage earners belong to the modern productive system (a strong hypothesis), the latter has a 26.3 percent share of national employment. However, unprotected wage earners account for the bulk of the modern sector, accounting for approximately two-thirds of jobs. At the same time, another feature of the modern sector is the low percentage of women employed: the share of wage earners in the total number of employed women is only 13.7 percent, and 69.2 percent of them hold unprotected jobs (71.4 percent for men). This structure of the modern sector workforce explains why only 28.4 percent of the individuals working in it are located in rich households.

In this context, age and education considerations throw further light on the foregoing analysis of insertion into the labor market. On the one hand, the modalities of insertion into the labor market differ for young men and young women: nearly 70 percent of the activities of young women aged 24 and under are in farming and the informal sector, with wage earners being a tiny minority (9.2 percent). In contrast, market access for young men of the same age is more diversified and the wage earning portion is quite considerable. Under these conditions, young women mostly enter the labor market via “bad jobs,” and these entry points probably lead them more toward – frequently marginal -- self-employment. In contrast, young men, especially the wage-earners, enter the market via “good jobs,” which play an important, but not exclusive, role in their professional career. At the same time, the presence of manpower in certain segments of the labor market rather than others is easily explained by low level of education. For example, 80.1 percent of employed women have no formal education, as opposed to 63.9 percent for men.

Third, annual incomes for women are much lower than for men: CF 834,000 and CF 1,302,000, respectively, that is to say a ration of 0.64. The distribution of income by activity is fairly heterogeneous. One gain function estimate shows that (i) education is an important determinant of income obtained on the labor market and that marginal returns increase with the level of education; (ii) the fact of being a man increases annual income by 116.3 percent on average; (iii) unprotected wage earners, farmers, and breeders earn less than protected wage earners; geographic location and setting play an important role in determining individuals’ incomes, All workers in rural areas, and workers in urban areas in Mwali, earn less than workers in Moroni. A father’s secondary education has a positive effect on earnings.

Fourth, household incomes derive from three principal sources: (i) earnings from the principal activity (36.9 percent); (ii) consumption of home-produced food (27.7 percent); (iii) the value ascribed to the dwelling (23.9 percent). In fact, average annual household income (CF 699,000) is very close to average annual expenditure (CF 698,600), which indicated a low level of savings. In addition, there are significant differences between islands and based on various head of household or group parameters. In particular, while revenue from external and internal transfers account for 2.5 percent of total household income, remittances per capita in Njazidja are notably higher than those in Nzwani (CF 95,400 as opposed to only CF 31, 100). Likewise the EIM compares the size of transfers for households headed by a woman (CF 50,800) with those headed by a man (CF 88,600).

Despite the fact that there is little urbanization in the Comoros, unemployment is quite marked. It appears that 13.5 percent of the workforce aged 7 and over was unemployed in 2004 – a slightly higher rate than in 1995, although the comparison is risky. The survey shows that the unemployed population includes 47.6 percent of those who have never worked, that is to say, young people for the most part. In addition, unemployment rates are slightly higher in Njazidja (14.9 percent) and Mwali (15.0 percent) than in Nzwani (12.1 percent).

A study of the characteristics of the unemployed reveals the specific nature of the phenomenon in respect of young people: (i) for those under 24 years of age, between one quarter and one third of the workforce is unemployed; (ii) the ratio of unemployment rates of 15-19 year-olds and 30-49 year-olds is approximately 5 and drops to approximately 4 when the 2024 year age bracket is taken into account; (iii) 64.9 percent of the unemployed are between 7 and 29 years of age, while

44.6 percent belong to the 15-24 year old bracket (42.4 percent boys and 46.1 percent girls); (iv) although the differences narrow for the 25-29 years old bracket, the proportion of young females unemployed as a percentage of total unemployed girls is almost twice as high as the proportion of young boys. We also note that unemployment affects the young more, regardless of their level of education.

Analysis of child labor points to certain parameters that affect school enrolment. Thus the likelihood of children aged 7 to 17 attending school declines: (i) with poverty; (ii) if the head of household is a farmer, rather than a protected wage earner; (iii) if the head of household is a man; (iv) if the household is located in Nzwani. Likewise, children are more likely to attend school when: (i) the head of household has had a formal education; (ii) the head of household is of a certain age; (iii) the household has numerous children, especially aged between 5 and 14, and there are adults aged over 60; (iv) the children are sons and daughters of the head of household. In addition, girls are less likely to attend school than boys, and the marginal effect is fairly high.

4.7 Reviving Growth and Reducing Poverty

The poverty profile highlights the urgency of reviving growth and steadfastly combating the causes of poverty in the Comoros. The findings of the EIM reveal the importance of re-launching the private sector, especially in food-processing, in order to ensure robust economic growth and a significant reduction of poverty. However, this momentum needs to extend to the other growth sectors (tourism, trade, and construction), which are the only ones likely to elicit the investment needed to revive growth, generate jobs, and reduce the poverty that afflicts numerous Comorian families. On the other hand, growth is not in itself sufficient to guarantee a reduction of poverty if inequalities become more marked, if access to education and health care does not improve, and if the environment is degraded. Therefore the government has established access to education and quality health care (especially reproductive health care), and environmental conservation priorities capable of raising the living standards of Comorians.

5. Analysis of Sectoral Performances and Constraints

INTRODUCTION.

This Chapter provides a diagnostic assessment of the principal economic and social sectors that have an impact on growth and on poverty reduction. Eleven sectoral studies were carried out in the process of preparing the interim PRGS by public institutions, the Strategy Orientation Committees, the representatives of civil society, and economic transactors. Each study sets forth a diagnostic assessment of the sector, which is summarized in this Chapter. For each sector, possible forms of intervention have been identified in the PRGS framework.

The sector studies contain the following: 1) a presentation of the sector, showing its economic and social importance; 2) the sector's performance and strengths; 3) its weaknesses and constraints; and 4) the future outlook for the sector.

These analyses have served to identify the endogenous and exogenous factors affecting sector performance. The specific circumstances of each of the islands were mentioned whenever the data were available. The following sectors and subsectors were analyzed:

- Agriculture, livestock farming, and fishing
- Tourism
- Economic infrastructure and energy
- Water supplies, the environment, and sanitation
- The private sector
- Governance, justice, and security
- Education
- Health
- The financial sector and microfinance

5.1. The Agricultural Sector

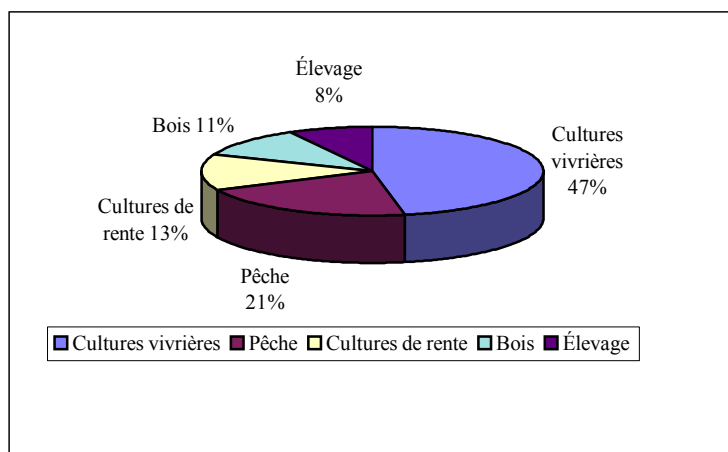
Introduction

The agricultural sector in the Comoros is usually divided into the following subsectors: subsistence farming, cash crops, fishing, breeding, and forestry. How much each subsector contributes to agricultural value-added is shown in Figure 5.1.

Agriculture's contribution to the Comorian economy is significant in terms of GDP, employment, satisfaction of basic food needs, and export revenue. It generates approximately 40 percent of GDP, 80 percent of jobs, and almost 90 percent of fiscal revenue. The agricultural

sector is by far the most important sources of income for the poor and the main source of food supplies.

Figure 5.1: Share of the subsectors in primary sector value-added



Source: Economic Advisory Committee, Statistics Directorate

[Tr. Key (clockwise) to French terms in Figure 5.1: Livestock farming (*Élevage*); Subsistence farming; Fishing; Cash crops; Wood]

In recent years, growth of the agricultural sector has been slight, or even stagnant. Despite its important share in the economy, the Comoros is importing more and more foodstuffs. Rice remains the staple food and more than 95 percent of it is imported.

Most farm work is manual and production techniques are for the most part still not capital intensive. This form of production is reflected in poor yields, below the potential of the plants and soil available.

Low crop yields, theft, devastation of crops by animals, and low prices for producers discourage farmers, who then turn to subsistence farming and other nonfarm activities considered to be less risky.

Strong population growth, insecure land ownership titles which limit investment and conservation, slash-and-burn cultivation of marginal lands, and the reduction or even disappearance, especially in Nzwani, of periods in which the land is left to lie fallow, are leading to swift degradation of natural resources (the soil, forests, and water resources).

It is estimate that approximately 80 percent of agricultural output is for home consumption. Storing and processing of farm produce, which have a higher value added, are still very limited. Produce is therefore sold as is, in small quantities..

The agricultural sector therefore consists of: (i) a series of export crops, inherited from the big colonial companies: vanilla, cloves, and ylang-ylang perfume essence; (ii) subsistence crops grown alongside them and with cattle breeding on the side (*au piquet*), rotating on the same plot

of land; and (iii) truck farming crops introduced in the 1980s under the Federal Center and Regional Rural Development Centers (CEFADER-CADER) structure, which focuses on potatoes, tomatoes, and onions.

Vanilla is the principal source of foreign exchange (approximately US\$10 million in 2001 and 2002, or 60 percent of the value of exports). In those two years, this product benefited from buoyant international prices, which later collapsed.

The archipelago of the Comoros is the world's number one producer of ylang-ylang perfume essence. It accounts for 70 percent of world market supplies, but output is declining (down to 35 tons in 2004 from a peak of 60 tons in the 1990s), essentially due to low productivity and deteriorated production conditions.

Performance and Strengths of the Agricultural Sector

There are several reasons for believing that the agricultural sector could play an important part in re-launching economic growth and combating poverty.

- The government's determination to revive investment in the agricultural sector. To that end, the Ministry of Agriculture has just drawn up a medium-term investment program for 2005-2009.
- The manifest willingness of the government's technical agencies to continue financing production lines by creating development funds to support each line. Part of the revenue generated in each line will be used to feed a development fund (a fund for the development of subsistence crops, a fund for the development of fishing, etc.)
- Since 1994, the Comoros has carried out numerous pilot projects and drawn a great many lessons from them which can be tapped in order to revive the sector and thereby help reduce poverty in rural areas. These lessons include the following insights:
- In subsistence and truck farming, high-yield and disease-resistant crop varieties have been successfully introduced and farmers have mastered the necessary technical production routes (*itinéraires techniques de production*). The subsistence crops are: yam, bananas, sweet potatoes, cassava, potatoes, onions, tomatoes, and leafy vegetables. These species have been evaluated for their impact on food security, poverty reduction, and sustainable environmental management (Implementation of the agricultural strategy).
- An agricultural inputs supply network is up and running. Taxation of agricultural produce and inputs is limited, which reduces distortions and deductions from farmers' incomes.
- Other opportunities depend also on (i) the existence of domestic demand in the order of 30,000 metric tons per year; (ii) the differences in the prices of farm produce between the islands tend to encourage exchanges and specialization; (iii) the existence of a study of the impact of subsistence crops on poverty reduction, food security, and sustainable environmental management (FAO). That study

reaches positive findings for the following subsistence crops: bananas, cassava, yam, sweet potato, and taro.

- There are economic opportunities in certain specialized markets, which depend on: (i) potential for diversification of cash crops; (ii) the development of well-tried technologies for local production of perfume based on locally distilled essences; (iii) processing and home-made preservation of spices and fruits; (iv) combining cultivation of fine species (spices and perfume) together with existing crops on the same plot of land.

Subsistence crops account for 80 percent of national output and contribute approximately 47 percent of value-added in the farm sector. They are grown on small family plots and output is essentially used to meet the household's food security needs. Only a tiny portion is occasionally sold at the local market.

As for fruit growing, there are a large number of fruits harvested throughout the year. These exceptional production conditions mean that fresh fruit is available all year long. It would be easy to increase fruit output and supply a fresh juice or concentrates processing plant.

The share of truck farming produce in the national diet could be strengthened by: (i) widespread dissemination of well-tried technical solutions; (ii) improvement of preservation techniques, and diversification of forms of consumption; and (iii) better organized marketing, to lower the costs of distribution and avoid supply disruptions.

A farmer's association movement has developed and is performing certain key functions for agricultural development, setting up: (i) an organization responsible for supplying agricultural goods and services in the neighborhood: distribution of farm inputs; advisory services, etc.; (ii) a community organization responsible for garnering support for community causes, educational activities, joint development and management of a village's collective facilities; (iii) rural financial institutions: a village bank, savings and loans associations; (iv) an organization designed chiefly to represent farmers and defend their interests vis-à-vis the outside world; a farmers' union; a fishermen's union.

The existence of solidarity mechanisms within society facilitates a certain amount of distribution of income in such a way as to mitigate the harsh effects of poverty. These solidarity mechanisms constitute a veritable social capital and more could be made of it in the fight against poverty. The traditional village associations: (i) the "Anda na Mila" formal wedding (*grand marriage*) association; (ii) the "Mtsango" tontine association; (iii) the "Mranda" association for collective work in the fields, etc. are all manifestations of this social capital, which could potentially contribute significantly to the fight against poverty, as long as the way these organizations operation is recognized, appreciated, and better channeled by those working in the agricultural development sector.

There is evidence that traditional social mechanisms are also capable of adapting to new needs. For instance, more and more of the funds collected during "formal wedding" ceremonies are directed toward development and planning activities to improve the well-being of the population.

Furthermore, each Comorian living abroad is an active member of one or more traditional associations in his village and contributes to investments carried out in it.

Weaknesses and Constraints in the Agricultural Sector

The agricultural sector faces numerous constraints. The first is the isolation and dividedness of Comorian territory, which increase production and labor costs and thereby limit the competitiveness of Comorian products on the international market.

In addition to the difficulties of insularity, several rural areas are isolated enclaves (lack of roads for the transportation of farm produce) and rural communities have a hard time eliciting government aid to finance a viable agricultural extension system. In the Comoros, the isolation of the rural population is compounded by the fact that the country itself is divided into small islands cut off from one another and all the islands of the African continent.

The absence of alternatives to farming in rural areas, the difficulty of accessing basic social services, and the low profitability of traditional agriculture cause young people to emigrate. The rural exodus deprives the family farm of youth capable of working and innovating. Only the elderly without economic ambitions take care of the family farm.

Comorian agriculture lacks the resources to finance investments capable of creating opportunities in rural areas, which would make those areas more attractive.

The land ownership system is restrictive because it exposes sharecropping farmers to all sorts of exploitation. Cut off in remote rural areas, these farmers are unaware of the existence of small farmers' organizations capable of helping them to demand respect for their rights before the competent authorities.

The small farmer rural development structures that have emerged from small farmer solidarity mechanisms are dichotomous. They consist, on the one hand, of professional agricultural organizations and economic interest groups and, on the other, of traditional village associations.

The professional agricultural organizations and economic interest groups, that have only recently emerged, often with the support of external partners, are designed to: (i) provide advice to farmers; (ii) defend farmers' interests vis-à-vis the outside world (farmers union); and (iii) supply goods and services (inputs, loans). These organizations are still young and lack the means and human resources required to address the needs felt by rural communities in the face of all the deprivation implicit in human and monetary poverty.

No formal financial system relies on traditional solidarity mechanisms (the formal wedding, tontine, and collective labor associations, etc.) to finance development of income-generating jobs for women, as is done in other countries in sub-Saharan Africa (National Medium-Term Investment Program –PNIMT, 2004)

The principal constraints on development of subsistence crops are related to: (i) insecure land ownership (which affects sharecroppers in particular); (ii) ageing among farmers; and (iii) marketing difficulties.

In addition, the microcredit institutions that have managed to establish themselves in the villages and large urban centers only contribute on a modest scale to the financing of agricultural activities. They have not yet developed products tailored to the demands of the agricultural sector and in particular to the needs of vulnerable target groups (women, unemployed youth, and the landless).

The Outlook for the Sector

Despite these constraints, the subsistence and cash crop subsectors have real potential for growth and could have a significant impact on poverty reduction since they rank number one in terms of their contribution to GDP (60 percent of GDP value added) and employment, and they include the majority of the poor. Thus, in order to put an end to the constraints facing the agricultural sector in general and the subsistence and cash crop subsectors in particular, an integrated approach is called for, focusing especially on the following:

- Making land ownership secure;
- The establishment of more responsible and more effective small farmer and professional organizations;
- Household food security by increasing the productivity and resources of small farmers with potential in subsistence and truck farming products;
- Diversification and expansion of sources of employment and income in rural areas;
- Establishment of an institution framework that fosters the harmonious development of the agricultural sector.

5.2.The Livestock Subsector

Introduction

Livestock farming plays a not unimportant part in the Comorian economy and the fight against poverty. It accounts for 8 percent of GDP.

Despite the small number of ruminants and the lack of an overall policy to improve the productivity of the herd, livestock farmers have found ways to increase their income by raising the productivity of their own animals in terms of achieving faster and larger quantities of meat and milk. This can be seen in the Nioumakélé region, where milk output has increased fivefold (from 1 or 2 liters a day for the local breed to 5 to 10 liters a day for crossbred Frison Holstein cows over the past 10 years). The crossbred cattle weigh 200-300 kg by age 3 instead of the local breed's 150-200 kg after 5 or 6 years.

In ruminant breeding, there is a trend toward specialization by island: milk cows in Nzwani and goat breeding in Mwali, while Njazidja imports live animals. Breeding is still more of a means of saving and a status symbol inasmuch as the animals are mainly consumed during important social festivities, especially at the formal weddings. These practices result in:

- Very small herds, lead by goats, followed by cattle, with very few sheep;
- Highly fragmented herds and the custom of stall breeding (*l'élevage à l'attache*) because of strong land ownership competition with agriculture;
- Generally low productivity, except in development poles such as Nioumakélé in Nzwani and d'Itsamia in Mwali;
- Species that are well adapted to the sanitary and feeding conditions of the islands;
- Long protected from imported diseases by insularity and the country's archipelago status, this excellent sanitary condition is slowly being degraded by imports of live animals which have introduced new diseases: two waves of epizootics have hit Njazidja in 30 years: blackleg (*Clostridium chauvoei*) introduced from Madagascar in 1970-1975 and a set of diseases transmitted by ticks originating in Tanzania (babesiosis, heartwater disease [cowdriosis], and theileriosis) in 2003. A single bout of blackleg in animals coming from Mahore was introduced into Nzwani in 1998, while Mwali has been spared.
- Breeders who are very open to technological innovation;
- A shortage of pasture land, which leads to the practice of feeding with shrub fodder and the planting of grass for fodder.

Intensive farming has developed rapidly with the establishment of breeders' organizations and the responsibilities entrusted to them. Village output, run by women, has yet to be developed. It is characterized by:

- Small herds of rarely more than 5,000 head, with an average of 500 head per breeder;
- Major constraints on the supply of animal feed;
- Competition with imports of industrially produced chicken pieces;
- Specialization in breeding for egg production;
- A network of fairly experienced poultry farmers;
- A strong tendency to form producers' organizations.

Breeding is mostly unsupervised: the technical departments in the Ministry no longer function; only one national NGO,¹ ACTIV², which has a veterinary network, APSA,³ provides vaccines and medicines, curative and preventive health care for animals, and extension services.

Despite the efforts of the past two decades, the sector does not yet meet the domestic demand for eggs and meats. Massive imports of these products continue to compete with local output and to absorb part of the country's foreign reserves.

Performance and Strengths of the Livestock Sector

The livestock sector has several advantages with growth potential:

- Animals that are well adapted to the environment and strong potential for improvement;

¹ NGO: Nongovernmental organization

² ACTIV: Comorian Association of Veterinary Technicians and Nurses

³ APSA: Association of Animal Health Professionals

- A still favorable health status;
- Open-minded breeders, ready to regroup, and to specialize;
- Inputs are exempted from customs duties.

Weaknesses and Constraints

Weaknesses and constraints abound, but they can be overcome:

- Costly and irregular supplies (including supplies of chicks and cattle feed);
- Lack of preservation and processing facilities;
- Poorly developed technical supervision;
- Domestic marketing problems (for selling milk, for instance);
- Deficient means of transportation between the islands, which discourages exchange and raises prices;
- A credit system that is ill-adapted to local circumstances; and
- An ineffective regulatory system for health controls at borders.

The Outlook for the Sector

Promoting livestock farming is an efficient means of combating poverty in rural areas. It can be a source of supplementary income, produce fresh and highly nutritious products, and help fertilize the soil using the hedged farmland system.⁴

The livestock subsector needs to boost output in order to help satisfy the demand for animal proteins and to lower imports of animal products.

5.3 Fishing

Introduction

Fishing in the Comoros is non-industrial. It helps reduce poverty and raises income for the least privileged families. It is an important source of animal protein inasmuch as it satisfies a major portion of domestic consumption of protein. It is practiced over more than 160,000 square kilometers of sea, including 900 km² of continental shelf and 427 km of coastline. This area is brimming with potential resources estimated at 33,000 metric tons per year, 64 percent of which is currently exploited. The subsector employs 6 percent of the population (providing 8,500 direct and 24,000 indirect jobs) and accounts for 21 percent of GDP and 5 percent of foreign exchange, through exports.

Until 1985, fishing in the Comoros was purely traditional, characterized by the use of boats that were archaic and highly risky. Lack of equipment and ignorance of appropriate fishing techniques prevented efficient exploitation of fish resources and failed, moreover, to satisfy the

⁴ The hedged farmland (bocager) system is a technique for recovering soils that have deteriorated by tying a cow or bull in a previously prepared space (placed in a contour line) and hedged in with shrubs; after staying there for 3 to 6 months, the animal is taken to another plot of land. The cow's feces provide the organic manure that will increase the fertility of the soil. This technique has raised the productivity of subsistence crops (bananas, cassava, taro, and sweet potato) and provided a surplus for marketing.

population's growing demand for fish. Under fishing agreements with the European Union (the Lomé and Cotonou Agreements), the subsector benefits from a program designed to help fishermen increase output and set up cold chambers to keep the fish fresh.

Performance and Strengths of the Fishing Subsector

Programs established by the government, with the support of development partners (the European Development Fund, Japan) have yielded the following assets:

- The existence of a professional artisan fishing sector;
- Extensive motorization (30 percent of the fleet of 5,000 boats are motorized);
- Greater awareness of fishing techniques;
- More of less functional advice and support systems.

These advantages have produced an increase in national output from 6,000 metric tons in 1985 to 16,200 metric tons in 2004, putting an end to imports of fish for daily consumption.

They can therefore serve as a basis for a take-off in the development of the subsector. Other strengths worth pointing out are:

- The possibility of increasing output by expanding the fishing zone;
- Strong demand for fish products in domestic, regional, and international markets;
- An international context marked by full exploitation of existing fish reserves; and
- The existence of niches that have not yet been exploited (octopuses and squids [cephalopods], lobster, and shrimp).

Weaknesses and Constraints

The winding down of support programs in the past few years has revealed human, technical, material, and commercial shortcomings::

- Weak support services and management and planning skills;
- Lack of data and information on resources;
- Low private sector participation in fishing activities;
- Legislation and a development plan for the sector are not yet in place;
- Difficult conditions for financing the sector (lack of access to credit);
- Lack of tools for sector assessment (database, research);
- The lack of training facilities in the sector;
- Lack of safety measures for fishermen out at sea;
- Production capacity constraints;
- Lack of inputs and tools for fishing;
- Tradition of bankruptcy in fishermen's cooperatives;
- Lack of alternative sources of employment;
- Overfishing off the coast;
- Virtual non-existence of fresh water fishing and aquaculture;
- Lack of development of unloading facilities (there is no fishing port);
- Insufficient storage and product distribution facilities;

- Lack of water and electricity at fishing sites;
- Difficult access to leading markets;
- Highly variable prices, depending on the seasons; and
- Lack of an organized marketing circuit.

The Outlook for the Sector

The fisheries sector in the Comoros could constitute a real growth sector and contribute to poverty reduction. However, that presupposes improving the technical and economic environment (enhancement of port infrastructure and of processing facilities on land, subsidies, and other similar facilities) and raising the technical and financial resources needed to modernize this sector.

Initiatives to be promoted should permit exploitation of the available resources at a level that ensures bio-economic equilibrium (33,000 metric tons). That level of output, combined with the corresponding processing activities and port services (embarkation of Comorian sailors, provision of inputs, victualing, maintenance, and storage services) would markedly increase the sector's share of GDP. The goal is to increase current production by over 50 percent, create more than 5,000 new jobs, and raise the sector's contribution to GDP to over 13 percent by 2009.

5.4 The Tourism Sector

Introduction

Tourism is regarded as having strong potential for economic growth and employment. As a cross-cutting sector, it impacts directly related sectors such as transportation, the hotel industry, and travel agencies, but also commerce, construction and public works enterprises, energy, agriculture, fishing, craft activities, and telecommunications.

Currently, the hotel industry has a capacity of approximately 800 beds, well below that of other countries in the region: Mauritius hotels have a 14,000 bed capacity, and the Seychelles 4,600. The quality of accommodation is uneven. It ranges from international comfort standards to the somewhat rudimentary facilities offered by most establishments run by nonprofessionals and barely trained personnel. It is estimated that approximately 490 people work in the tourist industry.

The Comoros has only one training institute for the hotel industry. However, thanks to the COI/UE regional tourism program, over 100 employees in the hotel sector have attended specialized seminars. At the national level, the Tourism Directorate has provided support for 100 young people completing their studies.

Prior to 1989, most tourism consisted of business visits, missions, and stays by Comorians living in France. In 1989, when the Galawa Beach Hotel opened up, tourism for pleasure became the principal modality, with hotel stays increasing rapidly.

Since 2000, there has been a major decline in tourist arrivals: from 27,474 in 1998 to 18,900 in 2003.

The hotels' clientele comes mainly from South Africa, France, Germany, and England. It owed much to the reliability of the Emirates Company, which served the Comoros and South Africa, and the Comoros and Europe, but also to the marketing and promotion efforts of the Galawa resort complex. Moreover, the regional COI/tourism program, financed by the European Union, has helped by enabling the Comoros to take part in the various international tourism fairs.

The abrupt demise of the Emirates company, the closure of Galawa, and political instability have led to a decline in arrivals, a development mirrored in a substantial decline in revenue from over CF 5 billion in 2000 to less than CF 3 billion in 2003.

Performance and Strengths

The natural and cultural heritage, potentially important discovery and sports activities, and village ceremonies provide considerable tourist attractions all over the national territory. Assets include:

- 45 already inventoried tourist sites;
- A large number of natural species;
- Flora that include over 100 species of orchid;
- Some of the most remarkable marine fauna species (coelacanths, sea turtles, and dugongs).

The historical heritage of the Comoros is rich and varied, with archeological sites, religious buildings, buildings related to the former sultanates, fortifications, and burial sites.

Comorian craftsmen are best with wood sculptures and traditional jewelry, and above all they can offer skilled labor in cabinet making and sculpture, wickerwork, and embroidery.

The cultural wealth of the islands is also manifested in events like the formal marriage ceremonies, in songs and dances, and in Comorian cuisine, the Museum of the National Center for Documentation and Scientific Research (CNDRS) in Morini, traditional medicine, and village games and activities.

Sports are adapted to the natural environment: deep-sea diving, off-shore game fishing, and trekking in the mountains.

Given these assets, in March 1997 the government embarked on a strategy to develop the sector, which is now being updated. This strategy is directed toward preserving the natural and cultural heritage, with the involvement of the local population, and fighting poverty. This form of tourism is often called ecotourism. The strategy, which requires support from donors and creditors and must appeal to international and national investors, will materialize in the form of:

- The creation of eco-tourist circuits and centers of attraction;
- Signposting of paths for trekkers and backpackers;

- Regularization of inter-island maritime transportation;
- Improvement of basic infrastructure;
- Human resource training;
- Promotion and marketing of tourism products;
- Establishment of An observatory to compile data on tourism; and
- The development of combined regional circuits.

The development of tourism could also help bring about:

- The development and diversification of training and of the trade;
- An opening up of the national tourism industry (currently an enclave);
- Access of the population with a modest level of income to types of tourist accommodation they can afford; and
- The safekeeping and upgrading of natural sites and greater environmental protection.

Weakness and Constraints

There are a number of constraints in the development of the tourist industry:

- Several natural seaside sites have deteriorated because of the removal of sand;
- The general public is unfamiliar with most of the monuments and cultural sites, which are deteriorating for lack of protection, maintenance, and upgrading;
- The crafts industry suffers from a shortage of outlets and Malagasy competition;
- Inter-island (especially shipping) transportation links are not adapted to tourist needs;
- Inland taxi transportation services are not organized;
- Air fares from the countries the tourist come from are too expensive;
- Reception facilities at the airports are dilapidated;
- Banking services at airports and other major tourist spots need to be reviewed;
- Stop-over costs for cruisers are too high;
- The lack of a waste disposal and sanitation system;
- Insufficient infrastructure;
- The lack of tourist guides; and
- There is no tourist office.

Outlook for the Tourism Sector

In consultation with stakeholders, the government has opted to ratchet up the tourist industry and make it one of the core growth sectors over the next few years. Indeed, this sector could make a robust contribution to:

1. Improvement of the living conditions of the population by:
 - Creating direct jobs (accommodation, restaurants, guides);
 - Creating indirect local jobs (transportation, crafts, agriculture, fishing);
 - Developing and diversifying training and trades;

- Establishing a market that would stimulate local activities such as truck farming, livestock farming, fishing, and crafts;
 - Increasing passenger and freight inter-island transportation facilities, by establishing safe, quick, and frequent connections;
 - Opening up the national tourist sector; and
 - By facilitating access of the local population to tourist accommodation and leisure activities.
2. Activities that respect the natural and cultural environment by:
- Safeguarding and upgrading natural sites;
 - Organizing cultural activities such as: 1) restoration and upgrading of the cultural and historical heritage; 2) developing traditional entertainment; and 3) developing the crafts industry.

The Comoros possess a rich cultural and natural heritage. It could provide a powerful boost for the development of ecotourism. It is important for the government that its development partners support a revival of the tourist sector under the PRGS framework. If they do, the village associations, the local agencies receiving the tourists, hotel and restaurant owners, the diving clubs, craftsmen, rural inhabitants, fishermen, and the distillers of perfume essences will be the principal beneficiaries of the development of tourism.

5.5 Economic, Communications, and Energy Infrastructure.

Economic, communications, and energy infrastructure is a core ingredient in economic development. Economic infrastructure means roads, telecommunications, ports, and airports. Deficiencies in economic and energy supply infrastructure is one of the principal obstacles to reviving the private sector and reducing poverty.

5.5.1 Economic Infrastructure

Road Infrastructure

Roads make an undeniable contribution to economic growth and poverty reduction by facilitating the circulation of goods and persons, and by encouraging the establishment of new economic activities.

The national and regional road network in the Comoros comprises 849 km, including 665 asphalted roads and 184 km of earth roads and paths. It is distributed as follows: 58.3 percent in Njazidja (495 km), 330.2 percent in Nzwani (256 km), and 11.5 percent in Moili (98 km).

The main features of the road network today are:

- Deterioration due to lack of maintenance;
- An unregulated increase in heavy vehicle traffic, especially in Njazidja;
- Road surfaces that are too narrow for demands placed upon them;
- A need for them to open up regional farming and fishing enclaves, especially in Nzwani and Mwali; and

- Overland roads that are impassable for much of the year.

Performance and Strengths of Road Infrastructure

The government's infrastructure sector policy letter envisages a gradual increase of the total amount disbursed each month into the Road Maintenance Fund (FER), now known as the Road Fund (FR), with a view to taking full responsibility for road maintenance by 2006. The government is relying on:

- Implementation of a toll fee to feed the Road Fund instead of the current tax imposed by the law currently in effect;;
- The Community Development Support Fund (FADC) project for its opening-up plans;
- Promotion of new road enterprises.
- Technical studies and consultation records, which have already been compiled for the following road sections:
 - (a) The study on periodic maintenance of the 183 km on the three islands (113 km in Njazidja, 43 km in Nzwani and 27 km in Mwali). The estimated cost of the works is approximately CF 3 billion. Financing needs to be found. The studies were carried out by the BCEOM and SECMO-OI consortium in 2002.
 - (b) Studies on improving, widening, and adjusting the gauge of the RN1 and RN2 highways in Njazidja. Estimated execution costs are approximately CF 5 billion. The studies have already been carried out by DINIKA Consultants of Madagascar.
 - (c) The feasibility study on development and rehabilitation of the road, rail and waterways network in Njazidja, Nzwani, and Mwali. The estimated cost of execution is CF 700 million for Njazidja, CF 200 million for Nzwani, and CF 100 million for Mwali. The study was conducted by engineering consultants SCETAURROUTE in 1999-2000.
 - (d) The study on construction of the road between Miringoni and Wallah, carried out by SECMO-OI in 1985. This study needs to be updated.

Weakness and Constraints in Road Infrastructure

It is essential to strengthen human resource capacities for management and supervision of the road maintenance undertaken by the infrastructure directorates on the islands. In addition, there is:

- A lack of a policy tailored to Comorian roads;
- Lack of coordination among the country's institutions in the area of infrastructure;
- A lack of periodic maintenance of the road network;
- Superficial road surfacing;
- Marked deterioration of roads due to age, traffic, and lack of rehabilitation; and
- A lack of supervision of axle loads on the roads.

Outlook for Road Infrastructure

Road construction and maintenance are major sources of employment, especially for the poor, if use is made of highly labor-intensive technology, as is recommended whenever possible.

The opening up of enclaves and lowering of transportation costs will have an effect on production costs and the prices of consumer products, to the extent that they tend to increase the circulation of goods and persons and to boost economic activity.

Apart from that, it is worth noting that a well maintained road network not only enhances the population's access to administrative services, health centers, schools, etc., but also contributes to the development of industry, such as the tourist industry, thereby generating both direct and indirect jobs.

To that end, road sections need to be studied and executed in order to deepen the road network by opening up major farming areas or areas with considerable fishing or tourist potential.

The authorities in the Comoros plan to undertake works that will improve, widen, and adjust the gauge of road platforms and surfaces of RN1 and RN2 to make them compatible with the traffic and safety, as well as village bypasses. With the road maintenance project, they also contemplate building 184 km of roads on the three islands in order to extend the road network and to rehabilitate the asphalted road surfaces of existing urban networks with a view to rehabilitating 40 km of networks in Njazidja, 20 km in Nzwani, and 15 km in Mwali.

The rehabilitation and extension of the national road network should result in:

- Improved circulation of goods and persons;
- Growth of the tourist industry;
- A lowering of the maintenance costs of the fleet of vehicles using those roads;
- Increased road safety; and
- An increase in output and in the marketing of agricultural and food products

5.5.2 Port Infrastructure

Introduction

Port infrastructure facilitates international and inter-island trade. The occupancy rates for the anchoring post and docks are high if one takes into account the time spent at the dock by ships from the islands and the marked increase in inter-island traffic. The country is currently under-equipped in terms of port infrastructure.

The situation is as follows:

- Njazidja accounts for 80 percent of the country's trade activities but has no deep water port. Imports of rice, cement, and various kinds of merchandise are unloaded from individually chartered ships anchoring with cargos of between 7,000 and 13,000 metric tons, with a 7.45 meter draft. These activities need to be carried out in a deep-water dock.

- Likewise, upgrading marine products is a core ingredient in the revival of the private sector. Some 12 years ago, the Union of the Comoros signed a fishing agreement with the European Union. The lack of a deep-water port prevents the country from making the most of that agreement.
- In Nzwani, the deep water port of Mutsamudu, built in 1982, served as a transshipment port. These port activities have barely been ticking over in the past few years due to the silting up of the port with effluent from the river. Improvement of these port installations would facilitate development of the port's maritime traffic and boost both the island's and the country's economy.
- As for Mwali, maritime access was achieved in 1999-2001 in Bwangoma, in the framework of the 6th, 7th, and 8th FED of the national indicative program of cooperation with the European Union for opening up the island and inter-island communications. The project did not achieve its specific objective. Transshipment of passengers in dugout canoes is unsafe and prone to risks in choppy waters. Use of maritime access varies between 50 and 70 percent during the year. Corrective measures to optimize safe use of maritime access would involve protecting the installations with a deep water sea wall.

Port installations are currently run by private maintenance firms such as COMACO in the port of Maroni and SpanFreight in Mutsamudu.

Weakness and Constraints in Port Infrastructure

- The lack of feasibility studies for construction of a deep water port in Njazidja, for dredging and river diversion in the Mutsamudu port in Nzwani and to protect maritime access to Bangoma, Mwali;
- The low draft in the port of Moroni in Njazidja, which forces most international coastal shipping to lie at anchor;
- The silting up of the port of Mutsamudu due to the dumping of river sediment;
- Lack of protection of the dock for maritime access to Mwali;
- Transportation of goods to Mwali, generating additional costs which are passed on to the sale price of the merchandise;
- Shortage of unloading and winch equipment, which adds to dock congestion and damage to merchandise;
- The inability of ports to provide quality services to improve the country's delivery times for inputs, spare parts, and raw materials for the different economic sectors;
- Inefficient organization of inter-island maritime traffic; and
- Security problems with respect to merchandise deposited in warehouses.

Outlook for Port Infrastructure

The government is determined to examine the role of the stakeholders and to induce all of them to observe contractual commitments, thereby contributing to a decline in the costs of port services.

Furthermore, given the expansion of trade activities in Njazidja and the time wasted by large ships anchoring off-shore in order to transship their merchandise, the government of the Union of the Comoros wishes to endow Njazidja with a deep water port, consisting of:

- a) A trade dock; and
- b) A fish unloading dock, with appropriate cold storage facilities.

In Nzwani, the authorities need to carry out a number of works to ensure that the port of Mutsamudu fulfils its functions as a port receiving and transshipping national maritime traffic. This includes:

- a) Building a dam upstream from the town of Mutsamudu to catch the bulk of the sediment and other materials carried along by the river;
- b) Dredging in order to restore original drafts; and
- c) Diversion of the Mutsamudu river at a point upstream from the dock leading to the southern platform toward the outside of the basin.

In Mwali, in order to make maritime access more profitable and improve access conditions in line with safety standards that are both appropriate and contemplated for maritime navigation, the government intends to make maritime access similar to that of a port and to attenuate the swell that would make docking difficult. This amounts to sheltering the jetty from a swell of over 0.5 meters that could, exceptionally, be higher than 5 meters when it reaches the back of the bay. These port developments would help to boost traffic, trading activities, fishing, and operating conditions for maritime access that would reinforce the territorial links between and among the islands.

5.5.3 Airport Infrastructure

Introduction

The infrastructure consists of the “Prince Said Ibrahim:” (AIMPSA) international airport in Moroni, located at Hahaya in Njazidja and the secondary airports of Ouani in Nzwani and Bandar-Salama in Mwali. These airports function for both international and inter-island flights. Traffic is limited, with departures distributed as follows: Njazidja 41 percent, Nzwani 39 percent, and Mwali 20 percent.

Airport infrastructure in the Comoros is characterized by deteriorated runways, the absence of fire-fighting and rescue safety equipment, and the lack of fencing around any of the three airports. These defects undermine the security of inter-island air transportation.

Performance and Strengths of Airport Infrastructure

- The Comoros’ membership of the Agency for Air Navigation Safety in Africa and Madagascar (ASECNA) will enable it to improve security and air navigation;
- There is a plan to build a new air terminal at AIMPSI, which entails repairing the damaged parts of the runway and providing extra parking space for airplanes.

Weakness and Constraints of Airport Infrastructure

- Deterioration of the landing runway at the international airport could undermine the security of the large carriers; and
- Little space in the luggage and waiting rooms in both the passenger departure and arrival lounges.
- The subsidiary airports have the following flaws:
 - a) Limited reception capacity for planes and passengers;
 - b) Lack of air navigation equipment (weather forecasting and radio communications);
 - c) No runway lighting;
 - d) Dilapidated fencing to protect runways and terminal; and
 - e) The absence of fire-fighting equipment

Outlook for Airport Infrastructure

The outlook for air transport in a country like the Comoros is clear. If the tourist sector has interesting growth potential, the country needs to have effective and safe airports. The same applies to development of air freight services.

5.5.4 Telecommunication Infrastructure

Introduction

Telecommunication in the Comoros was diversified in 2004. The National Post and Telecommunications Company (SNPT) established a mobile telephone network, complementing the fixed telephony network, which has long been saturated.

Performance and Strengths in Telecommunication

- Substantial growth in the number of lines installed due to demand from new clients, especially in Nzwani;
- Installation of phone booths in rural areas in Njazidja;
- Telephone coverage gradually improving with the installation of micro-exchanges on the islands of Nzwani and Mwali; and
- Improvement and strengthening of the institutional framework.

Weaknesses and Constraints in Telecommunication

- Rugged territory making telephony coverage difficult in certain regions;
- Run-down state of certain installations;
- Mediocre and costly communication services; and
- Institutional framework and management style too tied in with the authorities.

Outlook for the Subsector

To develop telecommunications, the existing fixed telephony network needs to be overhauled so as to allow better access to telecommunication services. The government intends to focus on increasing network capacity in order to guarantee:

- Improved access to the service at an affordable price on all the islands;
- Better connections with the rest of the world in order to make the most of economic opportunities;
- Effective promotion of the tourist sector by allowing operators to advertise their services through websites; and
- Easy communication with inland areas in the Comoros and with Comorians living abroad.

5.5.5 The Energy Sector

Introduction

Energy plays a particularly important role in the socio-economic development of the Comoros. It determines whether enterprises can operate and makes it possible to improve household living conditions.

The principal source of energy in the Comoros is wood (which satisfies 78 percent of energy needs), followed by hydrocarbons (20 percent). Other sources of energy (electricity, butane gas, etc.) account for only a negligible portion (about 2 percent) of Comorian household consumption. Extending existing electricity grids and improving management and service quality could have a significant impact on growth, contribute to the well-being of households, and diminish the use of wood resources.

The main features of the energy sector are:

- Low overall consumption (122 ktoe in 2001 or 0.2 toe per inhabitant) and in particular of conventional energy, reflecting a low level of economic development;
- Marked dependence on wood fuels, with a negative impact on the environment (massive deforestation, erosion, etc.);
- A marked increase in consumption of petroleum products (gasoline, diesel fuel, kerosene, and lubricants), all of which are imported; which partly explains the high cost of energy;
- Limited use of butane gas, mainly in urban centers. Consumption of it could increase if the import duty on it were lowered;
- Little exploitation of new and renewable sources of energy, despite real potential (hydroelectricity in Nzwani and Mwali, and biomass, solar, wind-driven, and tidal energy on all three islands);
- Electricity generation essentially based on use of the thermal energy stations on the islands, which have an overall installed capacity of 22MW;

- A renovated generating complex, which needs to be properly maintained if it is to provide energy in an effective manner;
- A low overall rate of return, of under 50 percent;
- Losses of approximately 45 percent of electricity production capacity due to fraud and clandestine connections, technical defects in the networks, and a low collection rate.

Performance and strengths of the energy sector

- Community participation in village electrification projects and in the management and exploitation of local networks;
- Financial support of the rural electrification project by the Islamic Development Bank in Njaziidja;
- Statement of the government's sector policy with regard to action against theft and fraud;
- The national harnessing of energy program;
- The establishment of the water and electricity fund (fee), as an instrument for the sustainable development of the sector;
- Real potential for hydroelectric, solar, and windmill energy.

Weaknesses and Constraints in the Energy Sector

- Lack of an overall energy sector master plan;
- Smallness of the energy market, restricting the possibilities of economies of scale;
- Lack of financing for projects strengthening the production capacities of existing stations;
- Lack of transparency in dealing with theft and collection problems;
- Problems with supplying and storing hydrocarbons;
- High maintenance costs for generating plants and electricity distribution grids;
- The high cost of producing electricity with the micro plants already installed
- Inability to satisfy the demand for electricity;
- Very high prices for consumers;
- Failure to exploit new and renewable sources of energy;
- The need to strengthen human resources; and
- The need to strengthen the institutional framework of the sector.

Outlook for the Energy Sector

Use of renewable sources of energy would make it possible to go in the near future from less than 1 percent to approximately 20 percent of energy produced or installed capacity, which would make it possible to:

- Limit consumption of wood fuels, thereby protecting the environment;
- Promote energy substitution; and
- By extension, increase access to electricity.

5.6 The Safe Water, Environment, and Sanitation Sector

5.6.1 The Safe Water Subsector

Introduction

Access to water is needed for the social sector to operate and for economic activity, as well as being essential for the welfare of individuals. There are three main sources of supply in the Comoros: 1) surface waters; 2) subterranean sources; and 3) rainfall collection.

The supply source differs from one island to another and depending on the locality. Generally speaking, Nzwani and Mwali depend on surface water from springs or rivers, while the population of Njazidja is supplied mainly by rainfall collection and subterranean water.

Piped water networks were first introduced in Nzwani and Mwali in the 1960s. It took 15 years for Njazidja to get its first piped water in Moroni from a well situated six kilometers south of the capital. In the course of the 1980s, a UNDP project endowed the island with 22 water wells spread around the circumference of the island. With the support of its partners (above all, UNICEF and the World Bank), NGOs, and, in particular, with community participation, the government built several piped water networks from these wells.

According to the survey of household living conditions in the Comoros of 2004, the drinking water supply sources most used by households are public faucets or fire hydrants (30.6 percent) and cisterns collecting rainfall (24.2 percent). Only 17.3 percent and 13.0 percent of households have faucets inside the home or in the courtyard, respectively.

The percentage of households with connections to the public faucet is 39.5 percent in Nzwani, 36.1 percent in Mwali, and 21.3 percent in Njazidja. Over half the households in Njazidja use rain collected in cisterns.

These different sources of supply are barely looked after. They are often unhealthy and constitute a potential health risk for consumers. The effects are seen most clearly in the prevalence of water-borne diseases, such as diarrhea and typhoid.

Performance and Strengths of Water Supplies

- The existence of wells built by the UNDP project, which can serve nearly 80 percent of the population;
- Community willingness to contribute physically, financially, and materially to execution of their project;
- The availability of human resources capable of assisting with project implementation;
- The existence of a water supply plan in Njazidja specifying for each locality the type of resource to be used.

Weakness and Constraints in the Water Supply Sector

- The high costs of projects that require imported materials and accessories;
- The lack of technicians trained in management of relay backflow (*refoulement en relais*);
- Lack of coordination and communication among the different parties involved in promoting and developing the sector;
- The lack of human resources for managing this product at the community level;
- Insufficient hydrological infrastructure;
- Untreated and poor quality water;
- Insufficient water due to the population explosion on the one hand and, on the other, the dilapidated state of the networks; and
- Major leakage from existing networks.

Outlook for the Water Supply System

The authorities need to provide adequate supervision, invest in infrastructure, and raise the resources needed to allow everyone access to safe, quality water. The communities are willing to participate materially and financially to extension and management of the water supply. The participation of the population in management and financing of the network should ensure more systematic management of the network and guarantee better service for consumers.

5.6.2 The Environmental Subsector

Introduction

The diagnostic assessment of the environment in the Comoros reveals rich and varied biological diversity. It also reveals that in many cases habitats and the species associated with them have deteriorated or are in the process of being degraded due to the combined impact of natural (erosion) and man-made behavior (pollution of the coastline, destructive fishing techniques, poaching, encroachment of agriculture on what is left of the forests).

The Comorian environment is considered a crucial and highly sensitive domain in which priority attention needs to be paid to actions designed to protect, conserve, and manage the natural heritage. The insular nature and volcanic origins of the country make it a potentially very interesting site from the point of view of the diversity of flora and fauna and its varied landscapes are a potential tourist attraction. However, a large number of endemic and specifically Comorian species are in danger of extinction unless certain protective measures are taken quickly.

Similarly, a large number of sites and landscapes that could be kept as reservations or tourist attractions (beaches, reefs, forests) are doomed to disappear in the near future. The environmental problems are numerous and complex: they have to do with both archaic exploitation of natural resources (forests and marine and coastal resources) and problems related

to overpopulation in the towns and settlements (insalubrity, household refuse, and multiple pollution risks).

The Comoros has great potential, which, if it is exploited, could help reduce poverty. However, that potential is fragile because it is threatened by the negative impact of the ways in which the environment is being treated and used.

Forests

Estimates of natural forest surface area and how it has changed in recent years show a startling decline. There are no more completely intact natural forests. Between 1950 and 1995, the total forest area fell from 31,000 hectares to 8,100. The flora and fauna of the Comoros, which are considered rich and contain species of world importance, are also on the way to extinction.

Soils

The soils are fragile and their distribution is related to their volcanic origin and the techniques used to exploit them. There are three main categories of soil: 1) ferralitic; 2) brown; and 3) andosols. Soil degradation is a major concern, affecting on average 57.5 percent of farmland (65,335 hectares).

Island	Surface/hectares	Percent of degradation
Njazidja	33,120	50 percent
Mwali	8,125	52 percent
Nzwani	24,200	65 percent
Total	65,335	57.5 percent

The Coastal and Marine Environment.

This environment is morphologically highly varied (low hills, cliffs, islets, atolls beside the ocean) with different materials (lava, black or white sand beaches, pebbles, blocks, coral reefs). The biological diversity is enormous (mangrove swamps, coral reefs, beaches, herbariums, underwater plants) and a potential tourist attraction.

Water Resources

Rainfall varies greatly from island to island and within each island. The soils of Njazidja are highly permeable, whereas on the other islands one finds loose soils that are sometime impermeable.

These differences mean that specific analyses are required to identify the issues. The permanent river system was originally quite dense in Nzwani and Mwali. However, the rate of flow in numerous rivers and streams has declined sharply in the past two decades. On all the islands, despite human and material resource potential, monitoring of water resources of any kind is scant and only a small percentage of the population has [Tr. direct?] access to water.

Performance and Strengths of the Environment Subsector

- Drawing up and implementation of an environmental change adaptation plan;
- Development of a national biosafety framework with a view to accession by the Comoros to the Cartagena Protocol;
- Drawing up of a program for combating land degradation;
- Formulation and approval of requests for financing for activities conducive to execution of the strategy and plan of action for the conservation of biodiversity, the project to evaluate national global environment management capacities, and the project on persistent organic pollutants (POPs);
- Posting on the Internet of the Union of the Comoros information exchange center in the framework of the Convention of Biological Diversity;
- Preparation of a PDF B project to create an national safe water network and an environmental trust fund, with the support of the World Bank and the UNDP;
- Preparation of a project paper on strengthening the capacity of Ulanga associations so that they can take over management of natural resources;
- Testing of the action plan for conservation of Livingstone's flying fox (*Pteropus livingstonii*);
- Start of procedures for classifying the island of Mwali as a biosphere reserve;
- Existence of sites of great interest to tourists and ecotourists;
- The presence of endemic (vegetable and animal) species;
- Presence of species that are threatened with global extinction (dugong, turtles, whales);
- Existence of traditional structures that protect the environment'
- Associations focused on environmental protection issues (Ulanga); and
- The absence of polluting industries.

Weaknesses and Constraints in the Environment Subsector

- Lack of an appropriate and effectively enforced legal and regulatory framework;
- Insufficient human resources, quantitatively and qualitatively;
- High mobility among senior staff of the institution in charge of the environment;
- Low level of capacity of local NGOs;
- Virtual undermining by communities of the public domain;
- Land ownership issues;
- Major man-made pressure on natural resources due to the difficult economic and social context, rapid growth of the population, the high failure rate at schools, and ill-adapted cultural practices. This pressure is reflected in:
 - a) Rapid deforestation owing to the increasing energy needs of households, processing industries, and the construction sector;
 - b) Over-exploitation of the coastline, especially sea sand, corals, and coastal fish resources;
 - c) The drying up of water sources; and
 - d) An insalubrious habitat.

Outlook for the Environment Subsector

The environmental problems are severe and need to be taken into consideration in the PRGS framework. Today it is recognized that degradation of natural resources and the environment limits the future development of the Comoros, both with respect to food needs and from an ecotourism perspective. Hence the need to achieve sustainable and rational management of natural resources, implementation and strengthening of sectoral policies for town and country planning, for the land ownership system, water, sanitation, and waste disposal.

5.6.3 The Sanitation Subsector

Introduction

Population growth and urbanization have brought with them a substantial increase in the amount of household refuse (estimated to average 1m³/inhabitant), an increase in the volume of untreated hospital waste, and an increase in transportation-related trash (waste oil, dumped cars, etc.). Currently there is no entity in charge of refuse collection and treatment. In general, the lack of a waste management and sanitation system constitutes a major public health problem.

Management of waste water and rain water is becoming a major source of concern in both urban and rural environments. The problem is most acute in the majority of towns that have not been able to devote the necessary resources to deal with the difficulties caused by these factors. Piles of rubbish in town centers also constitute a form of visual pollution, as well as causing foul and fetid smells that the inhabitants cannot stand.

Performance and Strengths of the Sanitation Subsector

Communities are very much involved in the rehabilitation of alleyways and waste water drainage systems. That indicates the importance they attach to sanitation problems and their determination to raise their standard of living.

Weaknesses and Constraints in the Sanitation Subsector

- Poorly controlled growth of settlements and the proliferation of precarious dwellings;
- Lack of an urbanization and urban planning program;
- The absence of a sanitation policy and instruments;
- Increasing output of natural and human waste;
- Severe degradation of ecosystems;
- Nonexistence of a waste management system; and
- An increase in health problems.

Outlook for the Sanitation Subsector

The challenge is to improve the quality of life and hygiene in urban areas and to put a stop to unorganized settlements. It is a question of developing the technical, material, and organizational capabilities needed to establish a waste collection and disposal system. Satisfying the elementary

needs of urban populations poses a social challenge that very much depends on urban planning. Implementation of a settlement planning policy should ensure a pleasant and sustainable standard of living for present and future generations. Indeed, the main concerns have to do with promoting and putting in place the tools needed for sustainable settlement planning, by protecting resources and limiting nuisances (pollution, household refuse, insalubrity, and neighborhood disputes...).

The mobilization of means and resources is increasingly seen to be essential for implementation of the national environmental policy and plan of actions. This will make it possible to:

- a) Complete the settlement development master plan;
- b) Guarantee effective sanitation in inhabited areas; and
- c) Implement a system for improving waste management.

5.7 The Private Sector

Introduction

The Comorian private sector comprises companies of varying size. Generally speaking, it is labor-intensive, thereby generating income for a large number of people. However, the economic fabric is not yet tightly woven and it is dominated at the top by four large parastatal enterprises. Based on the available data and the opinions of experts, there are an estimated 49,000 private enterprises in the Comoros, including both formal and informal sectors. Over 93 percent are microenterprises, approximately 6 percent are small and medium-sized enterprises, and less than one percent are large enterprises. The food industry accounts for 63 percent of private enterprises, fishing 18 percent, and commerce 11 percent. In contrast, manufacturing accounts for only 0.1 percent and tourism 0.4 percent of all private enterprises.

Worth noting is the increasing weight of commerce (a distribution that is currently tending to lead to an oversized tertiary sector in the Comoros). In contrast there are few SMEs and SMIs in the manufacturing and processing industries. They are more numerous in the informal sector, above all in the grocery and similar trades.

Subsistence agriculture is the main occupation. According to the best estimates, the modern and organized private sector probably employs some 8,000 people, or 20 percent fewer than the public sector.

Historically, the private sector has been largely dominated by a few public corporations engaged in imports and exports and the processing of cash crops. It was only toward the 1980s that a new modern type of enterprise began to emerge hoping to put locally manufactured products on the market to substitute imports.

Performance and Strengths of the Private Sector

The sector's external advantages are:

- The fact that the Comoros is part of the CFA franc zone guarantees the relative stability of the Comorian currency;

- Membership of subregional integration arrangements (COI, COMESA, SADC), with all the advantages they entail for trade development;
- The future EU/COMESA economic partnership agreement in the framework of the Cotonou Agreements linking our country to the European Union will provide opportunities in terms of access to the European market; and
- The fact that the Comoros belongs to the League of Arab States provides another opportunity to access the Arab market.

The sector's domestic strengths are:

- The expansion of the Saïd Ibrahim airport and its upgrading to international standards;
- The willingness of the country to participate in the process of globalization and opening up of the world economy;
- The government's commitment to putting in place a framework fostering expansion of the private sector through a process in which the State divests itself of its commercial interests and focuses on its normal public service functions;
- The preparation of a new, modern, and attractive investment code, based on performance-related incentives; and
- Preparation of a procurement code to render government contract procedures transparent.

Weaknesses and Constraints of the Private Sector

The sector's weaknesses are:

- Political uncertainties that reduce investors' visibility range;
- An overblown tertiary sector, dominated by informal activities;
- An almost non-existent secondary sector, limited to a few SMEs;
- Restricted bank financing possibilities;
- Lack of mechanisms for promoting foreign trade;
- Weak trade representation offices abroad;
- Lack of effective judicial support of the private sector in the sense of rapid processing of litigation and the elimination of the arbitrary powers of certain tax departments;
- Lack of qualified manpower; and
- Lack of an entrepreneurial and management culture.

Outlook for the Private Sector

Since the 1980s, successive governments have become aware of the role that the private sector must play as one of the country's development partners. Programs supporting the private sector should encourage the development of entrepreneurial skills and make financing available for productive investments. Measures to make the establishment of enterprises less cumbersome are also needed, along with investment incentives. The government must issue the provisions needed to enable the private sector to prosper and to play a more important part in development programs.

5.8 Governance and Justice

Introduction

The hallmark of bad governance is lack of transparency in public affairs, above all in respect of financial, administrative, and judicial affairs, information and participation, and so on. Governance issues include decentralization, the fight against corruption, respect for human rights, justice, and citizen safety and security.

Decentralization of administration has never really been implemented, despite the fact that, since 1978, the country has had a constitution based on federal ideas. Following recent developments, the Union of the Comoros undertook to put in place a genuinely decentralized administration pursuant to the new Constitution of December 23, 2001, which establishes three levels of government: central (the Union of the Comoros), regional (island government), and local (Commune).

Corruption erodes the principles of good governance and stalls economic progress. It has direct and disastrous repercussions on the impoverishment of the population and the State. Investigations conducted in 2001 by the Accounts Audit Commission revealed a large number of anomalies in both state and private enterprises, including irregular bookkeeping, failure to observe procedures (administrative and procurement rules, etc.), failure to prepare financial statements for certain units, excessive and unjustified expenses, and so on.

In the past, there were times when human rights were not respected, above all after attempted coups d'état and during the time of the mercenaries, when the loss of certain freedoms and fundamental rights was common currency. Times have changed, but it is important to consolidate the gains of a still young democracy in order to strengthen respect for human rights..

The Comorian judicial system has to contend with numerous structural and operational difficulties and is gravely deficient in the performance of its functions, above all with respect to protecting vulnerable individuals, especially the poor. Efforts have been made in recent years to set up jurisdictions all over the national territory and, in particular, to establish a Justice of the Peace in each prefecture, supplemented in the administrative centers of each canton by a local court in which judges could hold itinerant hearings. However, only the higher level courts (one per island) are operating, along with a few “cadi” (Muslim official) jurisdictions, which almost exclusively deal with personal status issues.

Performance and Strengths of the Subsector

- The introduction – in the constitutions of the Union and of the islands – of direct universal suffrage as the only channel for access to political power, which allows populations to choose their own leaders;
- The establishment of Assemblies of the Union of the Comoros and the autonomous islands;

- The establishment of the Constitutional Court, which has begun to pronounce on the constitutionality of the organic laws passed by the Union and island parliaments;
- The strong tendency of the communities to be involved in management of their own affairs, which is reflected above all in the establishment by certain village communities of pilot communes, even before the corresponding laws have been enacted;
- The emergence of a free press and development of community media capable of helping to inform and educate the population; and
- The existence of government and nongovernmental mechanisms to defend and promote human rights.

Weaknesses and Constraints of the Subsector

- The budget is executed without any oversight by a government agency (certain grants in kind are neither evaluated nor recorded and are therefore not entered into the accounts);
- Execution of certain expenditures and revenues eschewing all budgetary procedures;
- Over-invoicing and purchasing of goods at inflated prices, on the one hand, and, on the other, sales of assets at symbolic prices;;
- Insufficient observance of the legal framework, and failure to apply, or only lax enforcement, of the laws and regulations in force;
- The dilapidated state of the prisons, which makes it impossible to hold detainees effectively while respecting their rights;
- Lack of hygiene and access to health care in the prisons;
- Nonexistence of the conditions needed for social rehabilitation of detainees;
- Prison legislation that is ill-adapted to current circumstances;
- Quantitative and qualitative insufficiency of auxiliary staff in the justice system;
- Insufficient number of attorneys;
- Ineffectiveness of the justices of the peace in the prefectures;
- High court costs;
- The lack of the Court of Cassation contemplated in the law;
- The natural tendency of Comorians to favor compromise and consensus to the detriment of the legal framework and law enforcement;
- The inability of the State to honor its commitments (sporadic payment of civil servants' salaries and of debts to private individuals);
- The growth of poverty which brings with it, above all, new forms of delinquency and a significant increase in crimes and offenses;
- Political instability, which hampers the preparation and adoption of laws and regulations needed to enhance governance, justice, and security; and
- Failure to enforce most of the laws passed by the Comorian Parliament for lack of promulgation.

Outlook for the Subsector.

Several prior conditions have to be met for decentralization to play an effective role, above all a rational and effective distribution of national, regional, and local administrative competencies. To that end (i) audit mechanisms must be established to ensure that financial resources are not diverted; along with (ii) actions to promote more extensive grassroots participation by the local population in decision-making and in monitoring the implementation of the decisions made; and (iii) local elections that allow people to choose their representatives in a transparent fashion.

Combating corruption presupposes the establishment of a transparent system at different levels and full enforcement of legal and regulatory provisions (independent audits, involvement of civil society, the media, and competent jurisdictions).

As for promotion of human rights, the government must build it into implementation of all development programs and efforts to combat poverty. This strategy must rely on moral, political, and legal tools.

The PRGS needs to build on the progress made with the new institutional framework of the Union of the Comoros in order to be able to propose appropriate mechanisms for restoring good governance in the Comoros. These mechanisms make it possible to strengthen the political, economic, and social dimensions characteristic of good governance, with a view to reviving economic growth and reducing poverty.

Justice and security are the main instruments for guaranteeing the fundamental freedoms that are an inseparable part of a form of development capable of enhancing the well-being of the population and reducing poverty. The government must consequently protect, promote, and guarantee the individual the enjoyment of his or her rights and security.

5.9 The Education Sector

Introduction

Education has a direct impact on the future well-being of individuals. It is essential for the socioeconomic development of a country because it helps improve the living conditions of individuals by giving them access to more economic opportunities. At the macro level, a well educated and informed population is more productive and capable of mastering modern productive technology. It can generate value-added and considerable income. At the micro level, education greatly increases the chances of a person finding a job and enables him or her, in a globalization context, to be competitive on the international market.

The Comorian national education system comprises five levels:

- Pre-elementary education;
- Elementary education;
- Secondary education;
- Technical education and professional training; and
- Higher education and research.

It is worth underlining that early childhood education and supervision, the education of youth that have either not gone to school or have dropped out of it, and adult education are not included in the formal education system. Apart from a few private nursery schools mainly found in urban areas, early childhood education is imparted at traditional Koranic schools, in which the contents of the education dispensed as well as the way they operate are entirely beyond the control of the education authorities.

With UNICEF support, the Ministry of Education has launched a pilot-scheme new form of Koranic school: a first move toward integrating this type of education in the formal education system.

Administratively, the national distribution of state-run schools is divided into 17 regional academic inspection districts (CIPR), distributed as follows: two (2) in Mwali, five (5) in Nzwani, and ten (10) in Njazidja. Each CIPR is headed by a primary school educational inspector, and he or she is assisted by a number of academic advisors (the number depends on the size of the CIPR).

At the elementary school level, the Union of the Comoros has 295 public elementary schools (24 in Mwali, 98 in Nzwani, and 173 in Njazidja) and 85 private elementary schools.

For the first cycle (first four years) of secondary school, the country has 47 public schools (including the six Islamic schools), of which six (6) are in Mwali, 14 in Nzwani, and 27 in Njazidja, to which one might add 89 private schools distributed as follows: four (4) in Mwali, 27 in Nzwani, and 58 in Njazidja.

For the second cycle (last three years) of secondary school, there are 10 public “lycées” (1 in Mwali, five (5) in Nzwani, and four (4) in Njazidja) and 62 private establishments (2 in Mwali, 17 in Nzwani, and 43 in Njazidja).

Since the start of the academic year 2003-2004, following the merger of existing institutions of higher education (except for the School of Higher Education of Patsy [EESP] in Nzwani, now known as the University of Anjouan, which opted to be autonomous), higher education is provided by the University of the Comoros, through the following Faculties, Institutes, and School:

- The Humanities and Human Sciences Faculty;
- The Law and Economic Sciences Faculty;
- The Sciences and Technology Faculty;
- The Imam Chafiou Faculty;
- The Teacher Training and Education Research Institute (IFERE);
- The University Institute of Technology (IUT); and
- The School of Medicine and Public Health (EMSP).

At every level of education, the country faces high demand coupled with clearly insufficient resources. Despite government financing to develop the educational system, results are still not up to expectations. The education budget (below what it was in 1989) currently accounts for 19.8 percent of the total budget (48 percent of it being for primary educations). Nevertheless, it fails

to meet system needs because over 80 percent of that budget serves to pay salaries. Management and administration of education services are deficient and characterized by a dearth of human, technical, and financial resources. These problems have been compounded by the decentralization of management since 2001.

Most establishments, especially secondary schools, are in an advanced state of decay. Facilities are very limited and certain schools, above all at the primary and secondary level, are forced to turn away certain school-age children.

Technical and professional education is still one of the least frequented subsectors: it has attracted very little investment, despite its undeniable importance for the economic development of the country, the clear role it plays in inserting young people into the labor market, and for the reduction of unemployment and poverty.

Education for young people who have dropped out of school, or never went to one, and adults (whose accumulated illiteracy rate is estimated at 40.9 percent, according to MISC 2000/CG Plan 2001) is one area of education that has been neglected in the past. There is no policy and there are very few programs on behalf of these groups. Moreover, there are no real literacy and training centers. Finally, the country lacks appropriate teacher and didactic materials and competent trainers.

The economic crisis that has assailed the country since the early 1990s and its dire consequences for public finance have hit the educational system hard, especially the subsectors of education for youth that dropped out of or never went to school, adults, technical education, and professional education. This crisis led to closure of the National School of Agriculture, the National Fisheries School, and the National Technical and Professional School (which somewhat timidly resumed its activities in 2001). Establishments still operating face numerous problems, including limited facilities, an inappropriate school environment, dilapidated infrastructure and equipment, a shortage of qualified teaching staff, and inappropriateness of training and employment.

Performance and Strengths of the Education Sector

As of school and university year 2003/2004, the population of all public and private establishments, from pre-elementary to higher education, was estimated as 145, 969 students, distributed as indicated in Table 5.9

Table 5.1 Distribution of pupils/students by level

Level of Education	Number	Percent
Community and private, pre-elementary education ⁵	1 618	1.1
Public and private elementary education	104 274	71.4
1 st 4 years secondary education, public and private	25 689	17.6
Last three years secondary education, public and private	11 962	8.2
Public higher and technical education	2 426	1.7
Total	145 969	100

Source: Indicators (*Table de bord*), 2002/2003, MEN, 2004

⁵ NB: The last school census carried out in 1999 registered 2,500 Koranic schools (Palashio) with, altogether, 96, 752 pupils of all ages.

Between 1996 and 2003, the number of public and private primary school pupils rose from 78, 527 to 104, 274, with a rate of growth of 4.1 percent a year at the national level. The number of girls also increased sharply, but their share in the system has remained stagnant or is even declining slightly (44 percent in 2003, compared to 45 percent in 1996). The rapid expansion in the number of pupils is keenly felt in the private schools (which accounted for 10.1 percent of all students in the educational system in 2003). The number of pupils in those schools rose by 5.2 percent a year over the same period.

At the pre-elementary level, the large number of Koranic schools in the country is a major advantage, above all because each locality has at least one such school. For elementary schools, in 1996 to 2003, the gross enrolment rate nationwide increased by nearly 9 points (to 101.5 in 2003 from 92.8 in 1996). The enrollment of boys grew faster than that of girls, with an average growth of 1.6 percent and 1.0 percent per year, respectively. The net enrollment rate increased sharply in recent years, from 51.2 percent in 1996 to 73 percent in 2003. In the same period, the number of pupils in the first four and last three years of secondary school grew rapidly from 14,937 to 25, 689 and from 6, 255 to 11,983 pupils, respectively.

At all levels of education, above all as of school year 1999/2000, substantial efforts were made to recruit teachers to cope with the rising numbers of students. This made it possible to overcome the chronic shortages that have always tested the ability to complete school years satisfactorily and sometimes left some children without proper teacher supervision.

In the 2002/2003 school year, the primary school subsector acquired new textbooks for the three basic disciplines (French, mathematics, and science), with one book per pupil.

In terms of teacher supervision, all the CIPR have inspectors and academic counselors. This effort is designed to improve the supervision and ongoing education of teachers and thereby, as a spin-off, to improve the quality of teaching and of learning processes.

The gap between the enrollment rates of boys and girls has widened noticeably at the national level, from 15.5 to 21.2 points during the aforementioned period. The increased gap was observed in Njazidja and in Mwali, whereas it narrowed in Nzwani. The differences are stark between urban and rural areas and between well-off and poor families.

It is worth noting that over the past eight years, there have been major increases in the number of pupils, ranging from 2.4 percent to 8.5 percent for both islands and sexes, above all in Nzwani where, in 2003, the average annual rate of growth remains the highest, especially for girls (8.5 percent per year).

For secondary schools, the gross admission rate in 2003 was 40.5 percent compared to 24.7 percent in 1996. More recently, especially in Njazidja and in Mwali, there is a tendency for the gross school admission rate to be approximately equal for girls and boys.

The rise in the number of children in the last three years of secondary school was partly due to a faster pace of admission into this level of education over the past eight years, for all categories of

children completing the first four years (*premier cycle*). The gross admission rate rose from 14 percent in 1996 to 30.8 percent in 2003: an average annual growth rate of 11.6 percent.

Weaknesses and Constraints in the Education Sector

Enrolment rates have certainly increased in recent years, at all levels of education, but Comorian schools still face all manner of problems. The situation described below lists the main constraints faced by the education system:

- An imbalance between the demand for enrolment and the public supply of education. Indeed, capacities are very restricted and consequently force some schools to refuse to register school-age children, especially in rural areas. This situation is still prevalent in elementary education despite recourse to the double vacation system: nearly 78 percent of the 1,735 existing classrooms are used under this system. As a result of this situation many children, especially those from poor and least-privileged backgrounds, are deprived of an education and join the ranks of children who never go to, or drop out of, school;
- A school environment that is discouraging for teachers and unattractive for pupils, and therefore a factor that works against school enrollment, especially in the case of girls. Numerous schools, particularly in rural areas, are dilapidated – some of them in an advanced state of decay – which constitutes to some extent a real threat to the health and safety of the children. The vast majority of schools have no water and no latrines: another disincentive for the enrolment and retention of girls;
- The absence, in the formal education system, of arrangements for early childhood care and education. The Koranic schools, which receive most children aged 3 to 5, operate outside the educational system and with no administrative or pedagogic oversight. Private nurseries only receive a small percentage of children in this age bracket: 1,618 out of a registered total of 97,360;
- A teacher corps, above all at the primary school level, most of whom do not possess the requisite qualifications or the teacher training needed for effective supervision of the children. It is to be noted that of the 2,488 primary school teachers, only 49.42 percent are qualified for the job. The situation is particularly glaring in Njazidja, where only 39.71 percent of teachers have the diploma needed to teach;
- Insufficient resources for permanent supervision at the primary school level (despite the training of new academic supervisors) and the virtual nonexistence of inspections at the secondary school level. The few academic inspectors trained for this level serve in the administrative departments of the educational system or are deployed to other sectors;
- The lack of an active and appropriate technical education and professional formation network capable of affording new opportunities for young people and of producing the manpower needed the country's economy to take off;
- Sometimes glaring gaps between boy and girl enrollment, between towns and the countryside, between well-off and poor families;
- A higher education system lacking in diversification, with acute quantitative (supply) and qualitative shortcomings;

- The nonexistence of mechanism and an appropriate policy for organizing the education of school dropouts, those who never went to school, and adults who do not know how to read or write;
- Weaknesses in both the central and the decentralized educational system with regard to conception, planning, and management, monitoring and evaluation, and mobilization and management of resources;
- The distribution of schools does not match demographic trends (53 percent of the population is under 20 years of age). Numerous adolescents are obliged to walk long distances to reach a secondary school; and
- The lack of medical services to care for children at school is a frequent cause of absenteeism and dropping out.

In addition to the above, there are problems associated with the relevance of the courses and methods of teaching, lack of time for learning (especially in primary school), the availability and affordability of schoolbooks for pupils and teaching and didactical tools for teachers. These difficulties explain the poor performance of the educational system and the poor quality of teaching and apprenticeship..

Internal performance is very weak. The transition rates from one level of education to another are very low and the repeat and dropout rates remain very high at all levels of education. In primary school, for instance, the repeat rate varies between 26 percent and 31 percent among the islands, while the dropout rate is 7 percent. Many children leave primary school without having acquired the knowledge and skills required for everyday life.

With respect to the above, the educational system appears to use more resources than are necessary to bring a pupil through to the end of a teaching cycle and obtain a certificate. The internal effectiveness of the system is questionable and, when compared to school results, the available resources could be better used, even if they are insufficient to address the growing demand for education.

Outlook for the Educational System

In order to address and develop early childhood education, an appropriate and favorable environment needs to be created. That means overhauling the subsector, harmonizing course and teaching methods, and training teachers. Games and other activities to awaken a child's interest need to be generalized, along with active learning methods, in all the Koranic schools, taking into account the lessons learned from the experimentation phase initiated by the Ministry of Education in collaboration with UNICEF. In this perspective, this subsector will become part of the formal educational system. This approach will be guided by the National Strategy for the Integral Development of the Young Child in the Comoros (DIJEC).

In any event, further effort will be required to maintain these trends and, eventually, to achieve EPT ("education for all") objectives by 2015, as envisaged in the National Plan (PNA/EPT) by, above all:

- Developing and innovating early childhood protection and education;
- Managing to ensure universal, free, compulsory, and high quality primary school education;
- Eliminating all forms of inequality in enrollment in primary and secondary education, and, in particular, strengthening girls education;
- Boosting access to secondary education and raising the quality of that education, while diversifying the supply of education in such a way as to afford all young people equal opportunities to succeed;
- Promoting technical education and professional training for young people and offering them the chance to acquire the skills needed for everyday life, thereby enabling them to become better integrated into social and professional life;
- Raising literacy levels among young people and adults, to enable them to acquire the knowledge and skills they need to improve their standard of living; and
- Developing, diversifying, and strengthening high quality higher education at the University of the Comoros, so that it can address both the demand for training of the younger generations and the country's development needs.

It is clearly essential to strengthen planning, administrative, and management capabilities in the educational sector and to put in place an efficient strategy for optimizing and rationalizing the use and earmarking of human, material, and financial resources.

5.10 The Health Sector

Introduction

The health status of individuals is a key indicator of both well-being and the poverty of a population. Poor health conditions, notably those of the poor, are the result the complex relation between health and poverty. Poverty is perceived in this sector in: (i) scant access to quality health services and health care; (ii) the prevalence of certain priority diseases; (iii) a lack of health, hygiene, and sanitation infrastructure; and (iv) a resurgence of malnutrition and a low quality diet. It is not just that poverty leads to poor health for lack of adequate care. Poor health also perpetuates monetary poverty.

In the absence of a national health policy as such, the National Health Development Plan (PNDS) – The Outlook for 2010 is the country's benchmark for health development. It emphasizes community participation as the only way to ensure health for all and it considers the health district to be the key to health development.

The core strategies envisaged in this plan are: (i) strengthening of the structure and management of the health system; (ii) training and motivation of personnel; (iii) improvement of budget allocations; (iv) guaranteeing that essential drugs are more accessible for the population; (v) establishing an adequate cost recovery system; (vi) improving means of communication among the different entities in the health system; and (vii) establishment of a commission to monitor and evaluate implementation of the plan.

The idea behind implementing the plan is to slow down the pace of population growth, lower maternal and infant mortality and morbidity rates, ensure a nutritionally better balanced diet for the population, and improve access to essential medicines.

The reform of the health system has led to the structuring of the system in the form of a pyramid with three hierarchical levels of competence (central, intermediary, and peripheral). The central level (that of the Union of the Comoros) is composed of the following institutions: (i) the Health Minister's Cabinet; (ii) the General Secretariat; (iii) the National Directorate of Health; (iv) the Central Directorates and departments responsible for coordinating the programs; (v) the National Referral Hospital; and (vi) the Autonomous National Pharmacy of the Comoros (PNAC). At the islands level, the system includes the health administration and regional hospitals. Finally, the last level is made up of the Health Districts (seven [7] in Njazidja, seven [7] in Nzwani, and three [3] in Mwali), covered by two medical-surgical centers in Njazidja and Nzwani and three urban medical centers for the three islands. Furthermore, these three levels are supplemented by a network of health centers (the Army, CARITAS, the private sector, and 49 peripheral health posts and various community health facilities). This framework should ensure effective implementation of national health policy.

The organic law of the Union of the Comoros stipulates that this system must develop into an extensive and dense network of basic health facilities (geographical accessibility to a health centre within a radius of 5 km is estimated at 63 percent). Major efforts must be made in the areas of training of personnel, rehabilitation and re-equipment of certain health facilities, and the availability of essential drugs at the lowest possible cost. These efforts should lead to an increase in the rate of visits to the health facilities.

Over the years there has been a qualitative and quantitative deterioration in the provision of health services because of: (i) the inadequacy of the technical platform and dilapidated state of biomedical and medical-technical material; (ii) inadequate performance of the pharmaceutical sector; (iii) the insufficient number of qualified personnel; (iv) the weakness of the partnership with NGOs and the private sector; (v) poor management and weak motivation of health personnel; (vi) the disorganized construction of poor quality health infrastructure by communities; (vii) the poor quality of health services and health care; (viii) partial application of the health development plan and insufficient coordination and steering of activities.

Other factors include the increasing impoverishment of the population, the low level of awareness of the population with respect to health problems, the high costs of health services, insufficient space in health facilities, the lack or often even absence of physicians in the health centers and the unavailability of medical-technical specialists. Furthermore, the absence of appropriate regulations and disorganized development of the private sector impairs the quality of health care and its accessibility, and contributes to the high and uneven costs of health services.

These manifest shortcomings, combined with the deterioration of hygiene and sanitation conditions and scant access of the population to drinking water and a healthy environment, partly explain the persistence of diseases such as malaria (the main cause of morbidity and mortality in children under five years of age), intestinal parasites, lymphatic filariasis, acute respiratory

infections, and diarrhea. They also explain the emergence of certain potentially epidemic diseases, such as the arboviroses (dengue and the Chikungunya virosis).

The morbidity and mortality associated with certain non-transmittable diseases, especially mental illnesses, blindness, cancers, diabetes, cardiovascular diseases, and high blood pressure are ongoing causes for concern. Practically no data exist regarding these illnesses.

Vaccination coverage for the six avoidable diseases in the expanded vaccination program (EVP) fell from 90% in the 1990s to less than 70% in 2004. This decline places the Comoros below the subregional average. On the other hand, life expectancy at birth rose from 55 years in 1991 to 63 years in 2002. A glance at certain indicators monitoring progress towards Millennium Goals related to mother and child health clearly indicates, as the table below shows, the weak performance of the Comorian health system, particularly when one knows that improvement of mother and child health, by reducing maternal and infant mortality rates, is central to the authorities' concerns, as stated in the National Health Policy (PNS).

This still high maternal mortality rate of 381 deaths per 100,000 live births is explained by the poor quality of health care and services, the lack of monitoring of pregnancies, late referrals to health facilities, the practice of giving birth at home, poverty, ignorance, and illiteracy.

Table 5.2 :Indicators monitoring progress toward Millennium Goals related to reproductive health

Indicator	1991	1996	2000	2003
Mortality rate, children under 5 (per 1000 live births)	130	104	74	
Infant mortality rate (per 1000 live births)	86.3	77.3	59	79.3
Children of one year of age effectively vaccinated against measles (percent)	(--)	48	56.3	71.08
Maternal mortality rate (per 100,000 live births)	570	(--)	517	381
Percentage of deliveries with assistance from qualified personnel	(--)	52	62	

AIDS has become a worrying problem not only for public health, but also for development. Indeed, even though the rate of infection with HIV in 2003 was still low (0.12%), it could still surge and preventive measures need to be taken now.

Indeed, the surveys show that there is little knowledge of how HIV is transmitted and of appropriate preventive measures, which makes certain segments of the population particularly vulnerable. Moreover, it is clear that the frequency of other STDs in symptomatic men and female sex workers is high and could contribute, under certain circumstances, to the spread of HIV.

Unfortunately, preventive activities against AIDS are limited. Only one project to combat HIV/AIDS in young people, financed by the World Fund, has just been implemented. For lack of a national communication program on health issues, the population is barely informed about health problems, which limits the possibility of inducing preventive behavior.

The health system is characterized by poor facilities and services in public health centers, and in some of the private health facilities, which are being developed in a haphazard manner and with costly services. This state of affairs means that the population has to make expensive journeys to receive, often very costly, health care, either in private institutions or abroad. With their low incomes, the poor find it difficult to access quality health care and therefore often resort to traditional methods that are sometimes disastrous for their health. There is no national policy for the destitute. On the other hand, a network of health cooperatives is being developed on the islands, especially in Njazidja.

Performance and Strengths of the Health System

- Effective implementation of the political institutions of the Union of the Comoros;
- Geographical access to primary and secondary health services;
- Involvement of the community in health activities;
- Adoption of the Health Information System Master Plan;
- Current strengthening of health personnel capabilities in connection with implementation of the PNDRH;
- The existence of the National Order of Physicians, Pharmacists, and Medical Biologists;
- The existence of the PNAC, for centralized purchasing of essential medicines;
- Interest and manifest willingness to cooperate on the part of development partners;
- The formation of associations momentum and community solidarity; and
- Involvement of Comorians living abroad in financing the health system.

Weakness of the Health System

- The nonexistence of official texts defining the functional relations between the central administration and that of the autonomous islands;
- The State's low financial contribution toward health system operating costs;
- The inadequacy of the technical platform at every level;
- Shortages of certain categories of personnel, their poor distribution, high mobility, and lack of motivation;
- The weakness of the health reporting/information system;
- The low utilization of health services by the population;
- The lack of a mechanism for looking after the destitute;
- Frequent conflicts between community authorities and health personnel;
- Insufficient dissemination and lack of enforcement of the regulations in force;

- Frequent disruptions in the supply of essential medicines;
- The high cost of medicines;
- The failure of the National Order of Physicians, Pharmacists, and Medical Biologists to function as it should;
- The failure of district pharmacies to function properly;
- The increased brain drain; and
- The discouragement of personnel because of delays in paying their salaries and poor working conditions.

Outlook for the Health System

The Ministry of Health has prepared a National Health Policy (PNS) paper based on the guidelines contained in the Poverty Reduction and Growth Strategy Paper (PRGSP) and on the new structure of the national health system, which takes into account the political and institutional changes. This paper was approved in February 2005. The purposes of the PNS are:

- 1) To develop health services, including strengthening infrastructure and planning, financing, and monitoring capabilities (strengthening of the technical platform, decentralization, cost recovery, training and recycling of personnel, planning/programming/monitoring and evaluating activities, a health information and research system, etc.)
- 2) To develop actions that are specific to the different health programs with a view to reducing the morbidity and mortality associated with transmittable and non-transmittable diseases;
- 3) To ensure health promotion and protection (I&C, environment and health, communication and health, healthy lifestyles, etc.);
- 4) To develop the pharmaceutical sector in order to ensure the availability and affordability of essential medicines.

5. 11 The Financial and Microfinancial Sector

Introduction

The Comorian financial sector is highly concentrated and offers very few services. It comprises:

- The Banque pour L'industrie et le Commerce (BIC), which accounts for over 60 percent of savings and loans;
- The Banque de Développement des Comores (BDC), which serves a limited number of small and medium-sized entrepreneurs because of the modalities and high cost of transactions, which constitute a barrier to access to this type of service. It does not attract savings, but obtains its funding via loans from foreign institutions.
- The Caisse Nationale d'Épargne (CNE), which accounted for 6 percent of savings and 4 percent of loans in 2004.
- Two micro-finance institution networks (Sanduk and Meck).

The formal financial sector's financial intermediation activities are ineffective and serve to re-inject only a small portion of savings back into the economy via loans and productive investments. In fact, the formal financial institutions mainly finance commercial activities and cash crop harvests, which are short-term operations.

The financial system has excess liquidity despite an unsated demand for financial services. That is explained by, among other things, the perception that investment projects are high-risk and the outlook for company profits rather dim in the current economic and political context.

In order to mitigate the lack of access for the poor to formal financial services, microfinance institutions (MFIs) began to emerge in the mid-1990s: the Sanduk network of 55 savings banks (*Caisses*), covering all the islands, and the Mutuelle d'Épargne et de Crédit des Komor (MECK), which has 12 savings banks on the three islands, but conducts a more dense volume of operations than the Sanduk.

Founded in 1993, with the support of the French Development Agency (AFD), the purpose of the SANDUK savings banks is to provide rural populations with access to neighborhood banking services (*services bancaires de proximité*).

The Mutuelles d'Épargne et de Crédit des Komor (MECK) were founded in 1996, under the aegis of IFAD and the Comorian government. These decentralized financial institutions (DFIs) do not just grant loans to the less well-to-do segments of the population; they also develop credit policies similar to those of the banks, financing the production of vanilla and business activities.

They have become quite popular and their share of the financial continues to grow, indicating that they are meeting a real need. Their share of savings rose from 15 percent in 2001 to 27 percent in 2004m during which time their share of loans increased from 12 percent in to 28 percent.

These trends are helped by remittances from Comorians living abroad estimated to total CF 22 billion. They find their way partly into savings and partly into repayments of loans taken out by families. The AFD is currently financing programs to support the Sanduk and Meck networks, that is to say, to rehabilitate the institutions and consolidate the system.

Performance and Strengths of the Financial and Microfinance Sector

The fact that the Comoros belong to the CFA franc zone is a stabilizing factor for the financial system and offers investors some security.

The excess liquidity of the financial system means that there is less risk of a restrictive credit policy, even if one deplores the overly prudent stance taken by the commercial banks, which hampers the growth of credit.

The last few years have seen strong growth of DFI activities, marked by increases in deposits, loans, and the number of members:

- At December 31, 2004, the MECK network of 12 savings banks had 25, 351 members, up from 19,105 in December 2003m a stock of savings of over CF 5

billion (up 13 percent), and outstanding loans of CF 2.5 billion, compared with CF 1.7 billion in December 2003.

- The SANDUK network, consisting of three autonomous regional unions, improved its performance slightly in 2004. The number of members was 22,070 compared with 20,355 in 2003, deposits rose from CF 2 billion to CF 2.4 billion, and outstanding loans went from CF 1.2 billion to CF 1.4 in the same period.

The fact that there is a regulatory framework governing the DFIs, which allows the central bank to exercise its supervisory powers, is a positive factor that should contribute to the sustainability of the sector.

Weaknesses and Constraints of the Financial and Microfinance Sector

- Lack of market competition;
- Marked dependence on lines of credit from donors and creditors;
- Lack of monitoring of credit files for certain institutions;
- Inability to make the best of remittances from Comorians living abroad;
- Low remuneration of savings;
- The judicial system does not provide effective, legitimate support to the financial sector;
- There is confusion between managerial (*encadrement*) and financial roles;
- Financial services products are not tailored to the particular circumstances of certain activities;
- A low level of professionalism in DFI management, which could prove fatal for certain entities;
- A shortage of financial products that would permit better risk management;
- Interest rates often considered too high with respect to the profitability of investments; and
- Microfinance institutions that only reach a small proportion of the population living in rural areas.

Outlook of the Financial and Microfinance Sector

Initiatives are under way to establish a second commercial bank in the Comoros. That will add momentum to economic activities, establish competition in financing of the economy, and contribute positively to poverty reduction.

During international microfinance year, Comorian DFIs became aware of the predominant role they are called upon to play in local economic development and in the fight against precariousness at the level of their communities. There is a clear need for programs to support the enhancement of professionalism in these DFIs.

Changes in the composition of the community of Comorians living abroad could in the medium term bring about a sharp reduction in remittances.

6. Core Strategies and Priority Programs

INTRODUCTION

The Poverty Reduction and Growth Strategy (PRGS) was founded upon three basic principles. Stakeholders are convinced that it is possible to bring about a significant reduction of poverty in the Comoros if the country enjoys (i) sustained economic growth; (ii) development of its human capacities; and (iii) full commitment by line ministries, civil society organizations, economic agents, and international organizations to implementing this strategy in such a way as to involve all segments of the population.

Strong Economic Growth is Essential for Poverty Reduction

The experience of the Comoros and of numerous developing countries shows that economic growth is a necessary condition for poverty reduction. Improving living conditions for the population presupposes an increase in national product, employment, and income generation. The extent of its impact depends on sector performance, the political and institutional environment, macroeconomic and sector policies, and the level of inequality prevailing among socio-economic categories and from one setting to another. Numerous studies also show that economic growth may be accompanied by an increase or a decline in inequalities depending on the sector in which that growth is concentrated. When there is a marked concentration of poor households in a sector, strong growth in that sector may be expected to have a greater impact on poverty reduction than if growth is induced by a sector containing fewer poor households. On the other hand, if growth comes from a sector where there are few poor households, it may also help reduce poverty and inequalities indirectly if the government applies effective redistribution policies.

There are therefore two principal options in terms of sectoral priorities for reducing poverty through growth: either to favor growth in the leading sectors in which the country has comparative advantages and to ensure a certain degree of redistribution of the fruits of that growth via redistributive policies, or to favor policies that induce an increase in the incomes of the poor in the sector in which they are concentrated, which will also lead to growth of GDP (“pro-poor policy”).

The Government of the Comoros intends to opt for a mixed policy targeting, on the one hand, the sectors in which the poor are concentrated in order to bring about a direct and swift increase in their income, while, at the same time, fostering the medium-term development of new growth sectors, the fruits of which can be distributed through taxation and public expenditure that is both equitable and promotional. From a short-term perspective, the **food sector** in general (agriculture, fishing, and livestock farming) and the small and medium-sized enterprise sector have attracted most attention because it is in these sectors that one finds a high proportion of households, a poverty rate above the national average, and a readiness to respond swiftly to incentives (EIM, 2004). The authorities are convinced that promoting growth in these sectors will directly contribute to income generation for both the households and the government. In a medium- and long-term setting, the government plans to promote the **development of the domestic and foreign private sector** in certain export-oriented niches of the food sector.

Potential candidates, for instance, would be tropical fruits, cut flowers, algae farming, lobster and shrimp farming, cultured pearls, and so on.

Among the growth sectors, the development of tourism is at the center of the government's strategy. Preliminary data indicate that there is considerable potential for the Comoros in this sector, which in the medium and long term (10-15 years) could become a major source of activities, jobs, household and government revenue, and also foreign exchange. Moreover, the tourist industry is of particular interest from a poverty reduction point of view inasmuch as it is labor-intensive and the qualified jobs it requires entail for the most part only short training courses (from a few months to a few years). Well managed, it is also a sector that can provide a lasting source of income and it protects the environment.

Within that sector, a priori the targeted niche would be **ecotourism** for the medium to high tourist bracket. Indeed, mass tourism is not likely, given the high cost of fares to the Comoros, the very limited transportation and hotel infrastructure available to receive the tourists, and the damage that such tourism can do to the environment. Luxury tourism cannot be envisaged either, at least not in the short and medium term, because it requires excellent hotel infrastructure and higher qualifications for personnel accustomed to serving very demanding clients. In that niche, too, the Comoros would have a hard time competing with Mauritius and the Seychelles.

Developing ecotourism clearly presupposes recourse to domestic and foreign private investors, who would contribute both capital and know-how. In today's globalized markets, the latter will not invest unless the Comoros offers interesting market opportunities, special advantages vis-à-vis other possible locations, and guarantees in terms of political and macroeconomic stability, an attractive foreign investment code, transportation, energy, and security infrastructure, and a warm welcome for tourists. The terms of a win-win game have to be worked out, in which Comorians gradually acquire the skills needed and invest more and more in this sector.

Apart from issues related to the type of sector to be prioritized for growth and poverty reduction, the type of growth favored will also impact poverty reduction. Growth that is intensive in unskilled labor wherever possible – and in this case, across all sectors – will contribute much more to poverty reduction than capital-intensive growth. That means systematically favoring labor-intensive technologies using, above all, unskilled labor, for instance in government construction work and road maintenance, in the construction sector, and the food sector, and so on.

Whether this be identification of growth niches in the food sector or in tourism, serious studies need to be carried out to evaluate technical feasibility, market potential, possible comparative advantages for the Comoros, and possible strategic positioning. Likewise, there have to be studies to identify the labor-intensive technologies to be promoted in the different sectors that ensure product quality, the profitability of the economic activities involved, and the competitiveness of Comorian products and services. Subject to confirmation through appropriate studies, the government's wish is to see the country move over the long term from being a low-income economy to a middle-income economy revolving round the tourist industry and certain export-oriented food sector niches.

Improving Human Capital is Key to the Development Process and to the Fight against Poverty

Poverty stems not just from low income. It is equally the result of lack of access to the different forms of capital, especially human capital. The government wants all Comorians to enjoy good health, be educated, and be able to fulfill themselves both personally and professionally. For that to happen, individuals need to be in a position to seize economic opportunities that will allow them to earn a living and ensure the well-being of their family. In this vision, the educational sector has a special role to play, because it is the privileged vehicle for handing down social values and developing the skills that will enable individuals to find the means and the motives for forging a country in which is a pleasure to live.

With all that in mind, the PRGS focuses in particular on **professional training activities**, in addition to measures more directly aimed at the formal educational sector. It is important to allocate resources to **professional** training and functional literacy for youth and adults. These are effective ways of facilitating their insertion into professional life, particularly in the growth sectors where they will have the best chance of finding a job and not end up with a diploma but unemployed and as candidates for emigration. Care needs to be taken to promote short training courses aimed at supplying the specialized and qualified manpower needed to develop the growth niches, such as the courses offered by food technology institutes and schools specializing in training for the hotel and tourist industries.

The government is aware high population growth constitutes a major constraint on the country's development. The current population growth rate of approximately 2.1 percent a year (RGPH 2003) should be sharply curbed if poverty is to be significantly reduced in the medium term. Current demographic growth threatens the natural environment, increases tensions between communities for access to limited productive resources, and all too often disrupts family life when family members emigrate. Population growth accentuates the demand for basic social services at a time when only very limited financial and human resources are available. The government intends to address this problem directly by strengthening family planning programs in the framework of the PRGS. Finally, it is clear that reducing the rate of growth of the population also depends on education in the broad sense of the word and, in particular, on the education of girls and adult literacy. Special attention will therefore be paid to these two areas.

Sharing Responsibility through Responsible Governance Guarantees Ustainable Development

Good governance is a necessary condition for poverty reduction in the Comoros. The Government of the Union of the Comoros wishes to continue the process of national reconciliation, democratization, and decentralization in such a way that the islands, which already have greater autonomy, and civil society organizations, become increasingly accountable and involved in the development management process.

In the past, poor governance and political instability were, for too long, factors that hampered economic and social development and exacerbated the impoverishment of the population. The danger of secessionism will persist until the Constitution, together with the organic laws needed to complete it, clearly defines the sharing of powers between the Union and the islands. It is therefore absolutely normal that good governance be a central concern of the new Union of the

Comoros and of the PRGS. The government intends to address this issue in partnership with the governments of the islands as quickly as possible so that all can join forces in the challenge of fighting poverty in this country. The PRGS will seek to promote political balance among the islands and strong cooperation in efforts to combat poverty on behalf of all Comorians.

6.1 Core Strategies of the PRGS

Based on the principles and guidelines adopted, the PRGS envisages seven (7) core strategies:

Core strategy 1: Generate the conditions for sustainable economic development. This strategy involves public finance, economic and communications infrastructure, and the energy sector.

Core strategy 2: Boost the private sector by focusing on growth sectors. This strategy involves the following sectors, in particular: agriculture, fishing, tourism, and the other private sectors, including microfinance.

Core strategy 3: Strengthen governance and justice. This strategy aims to consolidate national institutions, improve governance and the effectiveness of institutions, and guarantee justice for citizens.

Core strategy 4: Improve the health status of the population. The government will concentrate on combating priority diseases, improving maternal health, prevention of STDs and HIV/AIDS, and improving health system management.

Core strategy 5: Promote education and professional training in order to improve human capital. Core Strategy 5 aims to develop education and professional training in such a way as to achieve a well-educated, socially responsible society, capable of seizing economic opportunities.

Core strategy 6: Promote a healthy environment and guarantee that development is sustainable. This strategy is particularly important because environmental issues affect all economic activities in the Comoros and have a direct impact on the quality of life and health conditions of the population.

Core strategy 7: Strengthen security and efforts to combat terrorism. Strategy 7 aims to guarantee the safety of property and persons and to fight terrorism.

The government intends to focus its human and financial efforts on these strategies and to point those of its development partners in the same direction. Apart from the seven core strategies, the government regards the following areas as cross-cutting concerns to be taken into account in all seven strategies:

Production of, and Access to, Statistical Information

Having statistics that are reliable, relevant, and as recent as possible makes it possible to steer government action, monitor progress, make managers answerable for their actions, and to

evaluate results. Despite efforts in recent years, almost all the available data are deficient from the point of view of relevance, accuracy, consistency, and reliability at both the national and islands level. Although quantitative data do exist in the Comoros, as soon as they are scrutinized at all closely anomalies emerge that render them suspect. For instance, if the data are compared with those from several sources, or even with other data from the same source, there are an extremely high number of discrepancies and contradictions.

Furthermore, indicators on monetary poverty and food security, health, social inequalities, environment, and employment are available, but cannot be used to discern trends. Even when data for several periods are available, comparison is usually difficult because the definitions, coverage, and data collection methods are not always comparable. That is the case, for example, with the data on access to a quality source of water, because the census definition and that used by the Multiple Indicator Cluster Survey (MICS) differ. By creating a demand for long-term data, the MDGs force national and international institutions to reach beyond short-term solutions, find the resources, and establish a solid and sustainable domestic statistical apparatus.

If the national statistics system is to overcome the lack of financial resources, it is important to place the demand for statistical information in the current context of the PRGS, the MDGs, and the tendency for donors and creditors to move toward fiscal support. Efforts should therefore be directed toward achieving better access to statistics by the various users. What is needed therefore is to:

- a) Sensitize the authorities and the population to the importance of data and statistics system as an instrument facilitating effective and responsible governance and as a means of ensuring enlightened participation by individuals in decisions that concern them;
- b) Improve the use of existing statistics to address short-term demands in the context of specific programs, while making longer-term investments in statistics systems;
- c) Devise new data collection tools;
- d) Develop access to data by supporting dissemination and analysis;
- e) Encourage the use of existing technological resources to reduce costs and improve the effectiveness of national statistics programs; and
- f) Strengthen national skills in this area.

Development and Access to New Technology

Economic growth and improvement of the living conditions of the population of the Comoros largely depend on the adoption of the new technology available for a good number of sectors. The government, the private sector, primary sector producers, and civil society stakeholders must have access to international technology in order to raise their productivity and develop new economic activities capable of meeting the needs of the population and satisfying external demand.

Access to these technologies is particularly important for the food sector, which encompassed the vast majority of poor households. It is a sector in which technological innovation is necessary to raise productivity, maintain international market shares, and develop new income-generating activities. Moreover, better access to new information technology could boost private sector

development, especially the tourist industry. With that in mind, the government intends to support all sectoral initiatives aimed at increasing access to and the use of new technology.

Systematic Gender Mainstreaming In Programs

The contribution of women to development has long been underestimated in the Comoros. Their contribution to subsistence production, income generation, household management, and the education of children is, however, essential. In the PRGS framework, the government wishes to restore to women their rightful place in the decision-making and development process. Girls and women will be priority target groups for access to social services (education, health, family planning), economic services (financial services, the development of micro enterprises), and justice. Strengthening the presence of women in the upper echelons of the public sector and in decentralized decision-making bodies will be encouraged.

6.2 Priority Programs for each Core Strategy

Following are the programs accorded priority status for each core strategy in the PRGS.

6.2.1 Core strategy I:Generate the Conditions for Sustainable Economic Development

Three priority programs have been identified as suitable for generating the conditions for sustainable development. They are:

- Program 1: Improving public finance and the way the State operates
- Program 2: Improving the provision of low-cost energy
- Program 3: Improving infrastructure and basic communication services

Program 1: Improving public finance and the way the State operates

Public finance has suffered from major imbalances in recent years. These imbalances are characterized by persistent, unsustainable deficits caused by failure to observe orthodox fiscal standards, the lack of an effective mechanism for allocating and using public resources, the effect of the debt burden on public finance, the unpredictability of revenue given the considerable dependence on foreign trade receipts, and shortcomings in the capacity of the economic and financial authorities with respect to fiscal planning and monitoring. The rehabilitation of public finance and improvement of the government's modus operandi are necessary conditions for restoring the macroeconomic stability needed for strong economic growth capable of reducing poverty. The goal is to contain the primary domestic fiscal deficit (to 2.2 percent of GDP in 2008), while improving the allocation of public resources in favor of the priority sectors and poverty reduction programs.

Apart from effectiveness of government and sound fiscal management, the issue of privatization of state-owned enterprises and corporations is a major government concern. Progressive withdrawal of the State from productive and commercial activities in favor of the private sector is essential. This divestment will take place through a pro-active policy involving in-depth structural reforms.

Program 2: Guaranteeing a regular supply of low-cost energy

Economic development requires an increased and steady supply of energy, especially electricity, at a cost that allows enterprises to do business and be competitive in their market. The Comoros has long suffered from irregularity in the provision of energy. Its energy comes mainly from high-cost thermal plants, which reduces corporate profitability and limits household access to electricity. This in turn has an impact on the environment, especially forests, as well as on the conservation of food staples, such as fish. Moreover, the insufficient supply of alternative energy means that wood resources are depleted by households and small processing enterprises, especially distilleries. In fact the country does have under-exploited energy potential, especially hydroelectric, solar, and wind-generated energy. Finally, noncompetitive and ineffective public entities on the domestic market, especially for oil and gas, drive up energy prices considerably.

Program 3: Improving infrastructure and communication services

Economic infrastructure in the Comoros has deteriorated, particularly in the past five years, as a result of political and economic crisis. Major investment is needed to generate the basic conditions for a revival of economic growth. The shortage, poor quality, and deficient management of infrastructure and communication services (roads, ports, airports, and telecommunications) increase the cost of intra- and inter-island trade and raise the cost of imported inputs, thereby making enterprises less competitive. Furthermore, they also increase the cost of imported consumer products, thereby reducing the purchasing power of households, especially the neediest. Apart from cost implications, the shortage of infrastructure and communication services limit opportunities for potential national and foreign investors. These deficiencies exacerbate the country's isolation from the rest of the world and the isolation of each of the islands.

6.2.2 Core Strategy II: Boost the Private Sector by Focusing on Growth Sectors

Nine (9) priority programs have been identified for boosting growth through private growth sectors. They fall under five (5) subsector headings:

Agriculture

- Program 1: Restructuring and consolidating land ownership (*patrimoine foncier*)
- Program 2: Supporting the creation of a favorable environment for development of the agricultural sector
- Program 3: Boosting agricultural and agri-food output.

Fishing

- Program 1: Creating a favorable environment for the harmonious development of the sector
- Program 2: Developing a fisheries sector
- Program 3: Improving the system for conservation, processing, and marketing of fish products

Livestock Farming

Program 1: Protecting herds from exotic infectious diseases and expanding animal production chains

Tourism

Program 1: Supporting the development of the tourist industry

Other Private Sectors

Program 1: Supporting efforts to promote the private sector.

6.2.2.1 Agriculture

Three programs have been selected to boost agricultural growth:

Program 1: Restructuring and consolidating land ownership

The landownership problem is both physical, in the sense of access to land, and legal. The two dimensions are interdependent. Physically, the problem is essentially a question of management of village lands, of looking after their maintenance and restoring their fertility, of the size of plots under circumstances of extremely high population density, and the issue of their being split up, in some cases, into micro plots. Legally, the problem is lack of law or rather the non-enforcement of poorly defined and barely recognized land laws that (i) encourage expropriation of land by big landowners, who generally do not farm it; (ii) render land tenure less secure, (iii) discourage sharecroppers from undertaking long-term improvements, and (iv) do not provide farmers with the means to settle disputes.

Program 2: Supporting the creation of a favorable environment for development of the agricultural sector

In the context of a sharing of responsibilities between the State and civil society, small farmers' and professional organizations are called upon to play an increasingly important part in the economic development of rural areas. They have to participate in the definition of strategic approaches and in their implementation, as well as in the monitoring and evaluation of the actions undertaken.

The recent evaluation of agricultural policy attributes the weak performance of the sector to insufficient involvement of civil society in the mechanisms responsible for making decisions, planning actions, and appropriating key functions with respect to rural development.

Currently, there are no village entities capable of managing community affairs and upholding the interests of the community vis-à-vis outsiders. This is all the more worrying when one considers that one in every two families lives in almost complete destitution, which leads it to adopt a survival strategy and satisfy short-term needs rather than a medium- and long-term conservation and investment strategy.

Reviving growth in the agricultural sector appears to presuppose stepping up the momentum of participatory and community development, paying particular heed to the development of large-scale productive activities, to organizational aspects of the technical, administrative, and financial management of small farmers' associations, and to coordination of all the parties involved.

Program 3: Boosting agricultural and agri-food output

Most (70 percent) of the Comorian population is rural and lives off the land. A number of subsistence and truck farming pilot projects have been carried out in the past ten years. The technical procedures for more intensive farming have been mastered. High-yield disease-resistant strains have been identified and successfully tested on small farmers' lands but their dissemination on a large scale has not yet really got off the ground. In fact, local output is still insufficient and does not cover domestic market demand. Apart from importing exotic staple foods (rice, flour, wheat oil, sugar, meat, and powdered milk), the country buys large quantities of subsistence and truck farming produce from neighboring countries (Madagascar, Tanzania, South Africa). These imports penalize the Comoros in two ways. First, they compete with local products. Second, the high prices of certain products mean that they are barely affordable for least privileged households.

Several factors explain the weakness of domestic output, including (i) the family nature of the small farms geared mainly to the family's food security rather than the market; (ii) the dearth of investments capable of increasing output; and (iii) poor organization of subsistence and truck farming. However, a number of obstacles to the development of certain products have come to light.

Cash crops have traditionally played an important role in the economic development of the Comoros. They are exposed to major price fluctuations that discourage producers of vanilla, ylang-ylang, and cloves. Moreover, the lack of investment has led to a decline in the quality and productivity of these crops. Despite these difficulties, however, these crops still have considerable potential. They could contribute to a substantial increase in the incomes of producers, possible processors, and the government because the country's economic agents already have the necessary know-how and skills.

6.2.2.2 Fishing

The Comoros has major fishing potential, which could make a significant contribution to growth, poverty reduction, and a higher quality diet for the population. Unfortunately, the coastal areas are over-exploited while resources further out to sea remain largely underexploited. That is because of lack of the right equipment for deep sea fishing and little knowledge among fishermen of the necessary techniques. Apart from that, fish products are seasonal and the lack of conservation and processing facilities means that there are shortages and, consequently, marked price swings. This situation penalizes both consumers, particularly the neediest, and the development of the sector. Three programs have been identified to boost the fishing sector.

Program 1: Creating a favorable environment for the harmonious development of the sector

Development of the fisheries sector depends on the creation of an environment encouraging and providing incentives for a larger catch. The government wants to foster the organization of the sector and promote responsible management of fish resources as a means of making the sector economically more efficient. The restructuring will involve strengthening fishermen's professional organizations and the public institutions providing support services. Improving the institutional environment will not only make it easier to plan the development of the sector, but also to create a favorable and much more reassuring environment for operators.

Program 2: Development of fisheries

Developing the Comorian fishing sector will require modernizing traditional fishing and greater involvement of domestic operators in developing the sector's potential. Efforts will be made to induce domestic investors to enter into partnerships with foreign investors aimed at developing a sector that is open to export markets. Modernizing traditional fishing is complementary and will contribute not just to the satisfaction of domestic market needs but also to its gradual integration in export markets.

Program 3: Improving the system for conservation, processing, and marketing of fish products

Reducing losses by increasing capacity to conserve and process fish products is a prerequisite for development of the sector. At the same time, an effort must be made to find new, more lucrative outlets to absorb an increased catch and the development of new products. With the participation of sector stakeholders, the government intends to support efforts to upgrade and promote fish products in order to expand sector spin-offs, particularly in terms of jobs and income.

6.2.2.3 Livestock Farming

The development of livestock and small animal breeding is a prerequisite for the fight against poverty in rural areas. It will not only satisfy the basic food needs of vulnerable segments of the population, it will also generate a minimum of income for them. Given the tiny amount of pastures available, increasing animal output will entail improving production techniques, better control of diseases, and diversification directed at strengthening the breeding of small animals, which is easier to control and requires less land and resources.

Program 1: Protecting herds from exotic infectious diseases and expanding animal production chains

Given the shortage of pastures, increasing animal output will have to come from a significant increase in productivity or from breeding thoroughbred animals better able to adapt to the environment. Moreover, small animal breeding generates higher incomes for women. As things stand, current productivity is low for most lines. Among the reasons for the low productivity are

widespread diseases, the poor genetic potential of the animals, unsophisticated traditional production techniques, the lack of high quality and affordable inputs and agricultural equipment, lack of access to agricultural credit, weak outlets, the weakness and disintegration of research and extension services, and inadequate producer training. At present, the herd is poorly protected against exotic infectious diseases that increase the risks of losses, as is currently the case in Njazidja.

6.2.2.4 Tourism

The Comoros needs strong economic growth to reduce poverty. In addition to the significant, but insufficient, contribution of the agri-food sector, the country has a major, still largely unexploited, tourist potential. The islands are located in a magnificent region with impressive landscapes. The country's fauna and flora are remarkable, both on land and underwater, and include rare and protected species. It also has several sites classified as part of the world heritage.

Program 1: Supporting the development of the tourist industry

The country's natural assets are a major advantage for developing tourism in the Comoros. It is a labor-intensive sector in which much of the labor required can be trained relatively quickly and inexpensively. Apart from direct jobs in the hotel industry, tourism also has considerable potential for generating indirect jobs either in activities germane to tourism or in the agri-food and crafts sector. To launch a tourist industry, the country has to attract foreign investors and promote its tourist attractions with tour operators.

6.2.2.5 Other Private Sector Activities

The Comorian private sector needs economic and political stability, competent human resources, and a variety of financial services adapted to local circumstances. One, particularly important, service is the provision of medium-term venture capital for productive investments. In the Comoros, despite the existence of excess liquidity in (bank and nonbank) financial institutions, enterprises find it difficult to obtain medium-term credit for productive investments. A potential demand on the part of the private sector exists for this type of financial service, but the proper conditions for effective financial intermediation are lacking. This state of affairs has a major impact on Comorian enterprises, above all by restricting their capacity to invest in the new technologies needed to raise their productivity and competitiveness. This is particularly important in the Comoros, where the cost of labor is relatively high compared to countries in the subregion, which means that technological choices have to strike a balance between capital and labor intensiveness.

Apart from access to financial services, enterprises need skills in areas not directly related to their field of expertise but which are essential for their survival and development. Such services have to do, for instance, with legal counseling, accounting, management, quality control, information technology, market analysis, marketing, technological choices for production, processing, commercialization, packaging, storage, information management, after-sales service, etc. This sector is relatively incipient in the Comoros and consists, on the one hand, of a few projects to assist with the establishment of enterprises and, on the other, of a small number of

embryonic enterprises of limited means selling their services to existing enterprises. With a view to establishing a sustainable and competitive supply of such services, it is important to strengthen high-performance private companies specializing in their own area of expertise and selling their services on the market, thereby gradually creating a genuine economic fabric.

Program 1: Supporting efforts to promote the private sector

The level and structure of taxation have a major impact on economic incentives, investment, and employment generation. In the Comoros, corporate taxes are both cumbersome and complex. In addition, many transactors consider that the legal, administrative, and regulatory framework does not encourage business development. The judiciary, in particular, provides few remedies for enterprises, especially small companies, when business disputes arise.

The close links between trade and development are unquestionable and the repercussions of trade policy are obvious. Integration of a small economy, such as that of the Comoros, in the world economy can bring benefits to consumers and producers in the growth sectors in which the Comoros has comparative advantages. Furthermore, foreign capital could give the country the boost it needs to trigger accelerated growth. In this context, international trade is essential and trade policy plays a vital role.

Trade policy geared to the multilateral trade framework and the regional economic integration process represent a tremendous opportunity for the private sector. Mauritius is a case in point. Mauritius opened up its economy back in the early 1970s and directed part of its investments to export promotion. Having opened up to foreign capital, the country experienced strong growth and, above all, rapid growth of the share of its exports in GFCF and in the GDP. Among the measures taken by Mauritius was the creation of a free zone, which today harbors over 500 enterprises and accounts for 12.5 percent of GDP. It has an investment office to facilitate foreign investment. Those measures led to strong growth of industrial production and of its share in GDP.

In short, to develop, the private sector needs economic and political stability, competent human resources, and, above all, a variety of financial services tailored to local circumstances.

6.2.3 Core Strategy III: Strengthen Governance and Justice

Good governance is a necessary condition for poverty reduction in the Comoros. The Government of the Union of the Comoros wishes, first and foremost, to consolidate the process of national reconciliation, democratization, and decentralization so that the autonomous islands can further increase their autonomy and civil society organizations can become more involved in and answerable for managing the development process.

Justice is another key element in a legally constituted state. It preserves the public peace by settling conflicts between individuals; it interprets the law, replaces private vengeance with legal punishment, reduces the social disruption caused by crime, and, through its decisions, safeguards individual liberties.

Finally, corruption has a disastrous effect on a country's development, tending to render the national economy less competitive and investment less attractive because of the surcharges and uncertainty it creates for transactors. It increases the cost of goods and services to consumers, especially those consumed by the poor, who have few alternatives. Corruption distorts the incentives system by disrupting the ordinary channels of social advancement. It leads to bad allocation of resources and unduly increases the cost of investments and public services.

Four priority programs have been identified for strengthening governance and justice. They are:

Program 1: Strengthening national reconciliation and implementing constitutional institutions

Program 2: Promoting efforts to combat corruption and enhancing transparency in the conduct of public affairs

Program 3: Making decentralization efficient and effective

Program 4: Strengthening the capacities and credibility of the justice system

Program 1: Strengthening national reconciliation and implementing constitutional institutions

In recent years, the Comoros experienced considerable political difficulties, which greatly undermined national unity. In an effort to achieve national reconciliation, the population has espoused a new Constitution, which defines a new, somewhat complex institutional framework in which particular attention must be paid to the way its democratic institutions are put in place. This institutional framework accords the islands greater autonomy and responsibilities, but poses a considerable challenge in terms of implementation and from an operational point of view. It will help to guarantee the political stability needed to boost development and combat poverty.

Program 2: Promoting efforts to combat corruption and enhancing transparency in the conduct of public affairs

The State plays a central role in the development process by, among other things, providing goods and services and coordinating actions. Transparency and accountability in the conduct of public affairs permit effective commitment by all players in the development process to an established set of priorities. It is generally acknowledged that corruption is widespread in the Comoros: an impression confirmed, moreover, by audits of the domestic debt and public enterprises. This corruption has disastrous consequences for the country's development. It tends to render the national economy less competitive and investment less attractive because of the surcharges and uncertainty it creates for transactors. It increases the cost of goods and services to consumers, especially those consumed by for the poor, who have few alternatives. Corruption distorts the incentives system by disrupting the ordinary channels of social advancement. Therefore, fighting corruption poses a major challenge which the country is determined to address.

Program 3: Making decentralization efficient and effective.

Decentralization is a proven means for bringing citizens and those governing closer together. As a way of managing development, it is particularly apt given the insular nature of the Comoros and has rightly been built into the Constitution. It can make management of development more effective and improve public services, thanks above all to more concerned involvement by the population. Decentralization is also conducive to better governance and facilitates the fight against corruption. Finally, it enables the poor to play an active part in public life.

Program 4: Strengthening the capacities and credibility of the justice system

Justice is another key element in a legally constituted state. It preserves the public peace by settling conflicts between individuals; it interprets the law, replaces private vengeance with legal punishment, reduces the social disruption caused by crime, and, through its decisions, safeguards individual liberties. In the Comoros, the justice system faces enormous structural and functional problems which impair its effectiveness and prevent it from performing its role as the defender of rights and freedoms, particularly vis-à-vis vulnerable segments of the population. The latter's access to justice is limited because the courts are not in touch with those under their jurisdiction; because trial costs are high and there is little legal assistance; and because of ignorance of the law. This state of affairs induces certain individuals and communities to take the law into their own hands, which does not necessarily contribute to public peace and respect for the legal principles upheld in the law.

The origins of Comorian law have engendered a legal system in which several layers are superimposed, including Islamic law, the laws passed by the Comorian parliament, and customary law. It would seem wise to recommend bringing them into line with the provisions of the regional pacts, treaties, and conventions ratified by the Comoros, following the example of what has already been undertaken in connection with implementation of the Convention on the Rights of the Child and the harmonization of Comorian business laws with texts of the Organization for the Harmonization of African Business Law (OHADA).

6.2.4 Core Strategy IV: Improve the Health Status of the Population

Health is an essential part of the well-being of a population. The unhealthy living conditions of the poor are the product of a complex relation between health and poverty. Thus poverty in the health sector is perceived as: (i) little access to quality health services and health care; (ii) the lack of health, hygiene, and sanitation infrastructure; and (iii) the resurgence of malnutrition and a bad diet. Not only does poverty lead to a poor state of health for lack of proper health care; a poor state of health also tends to perpetuate poverty. The 2006-2009 Action Plan establishes four (4) priority programs in this area:

Program 1: Fighting priority diseases

Program 2: Developing an integrated reproductive health/family planning (RH/FP) program in peripheral health facilities.

Program 3: Fighting HIV/AIDS and sexually transmitted diseases

Program 4: Strengthening the effectiveness and efficiency of the health system through better coordination/management of health development activities and strengthening health facility technical platforms.

Program 1: Fighting priority diseases

Malaria is a major public health problem in the Comoros. Despite encouraging progress in the past three years, this disease is the main cause of consultation and hospitalization in our health facilities (31 percent of consultations and 25 percent of registered deaths) and it is still largely responsible for the high levels of absenteeism in schools and at the workplace. Persons of all ages are affected by this disease, but the two most vulnerable groups are children under 5 and pregnant women. Malaria is more common in rural areas (32.6 percent) than in urban areas (25 percent), above all because of less use of insecticide-treated mosquito nets in the countryside.

Despite efforts to lower the cost of treatment, it remains high and unaffordable for low-income households. Annual malaria-related expenditure by Comorian households totals CF 1.8 billion.

The deterioration in hygiene and sanitation, the population's scant access to safe water and a healthy environment, the inadequacy of the national epidemiological surveillance system (there is no national health laboratory, for instance), and the absence of health inspection and oversight services expose the country to outbursts of vector-transmitted diseases, such as arboviroses and yellow fever. The current Chikungunya epidemic is a case in point.

Other diseases, such as tuberculosis, leprosy, neonatal tetanus, filariasis, and poliomyelitis, mainly affect the poor. Programs are under way to combat or eliminate or eradicate them. The efforts being made with these programs need to be supported in such a way as to ensure more specific targeting of the poor.

Actions such as early detection and treatment of leprosy and tuberculosis need to be reinforced. The same applies to the mass preventive treatment campaign against lymphatic filariasis and to the expanded vaccination program to prevent poliomyelitis, tetanus, and other diseases that can be controlled by immunization. Malnutrition is a condition affecting children under five years of age and constitutes a direct consequence of poverty.

In addition, these endemic diseases and epidemics cause economic losses, partly because of the absenteeism they trigger at school and in the workplace, and partly because of the medical costs of treating patients.

Program 2: Integrated development of reproductive health/family planning (RH/FP) in peripheral health facilities

People living in rural areas, in particular, lack access to quality RH/FP services, which partly explains the high fertility, maternal mortality, and infant/child mortality rates recorded in those areas.

The shortage of RH/FP services in these areas is partly explained by the barely operational state of peripheral facilities due to lack of qualified personnel (medical assistant nurses are almost the

only staff found there), the run-down state of the buildings, and insufficient quantities of appropriate materials.

Apart from supply side deficiencies, low utilization of RH/FP services is also explained by the apparent lack of interest of rural and poor households in these services. Women have to go to health posts in which the quality of health services and care fails to meet even minimal health standards, which does not encourage them to frequent such establishments. They are not convinced of the value of the services offered, while their cost is a further obstacle for low-income women with frequent pregnancies. Witch doctors and superstition are alternatives that explain why so few pregnant women visit health facilities, above all in rural areas.

Program 3: Fighting HIV/AIDS and sexually transmitted diseases (STDs)

The HIV infection rate is still low in the Comoros (0.12 percent) according to the seroprevalence survey conducted in 2003. However, there is a risk that the figures could mushroom given that poverty is a contributing factor in AIDS; infrequent use of preservatives; an increasing wave of – above all clandestine—prostitution, increased trade with countries in the region that are hard hit by the pandemic, a massive return of young Comorians living abroad, and the high prevalence of STDs. In addition, the population is rendered vulnerable by lack of familiarity with the ways HIV is transmitted and with appropriate methods of preventing it. Finally, the prevalence of other STDs in symptomatic men and female sex workers is high and could under certain circumstances contribute to the spread of AIDS.

In this state of affairs, there are not enough facilities to ensure the provision of appropriate services for prevention and detection, and for supporting and treating the sick, especially in rural areas. It must also be pointed out that there is a blood transfusion safety problem inasmuch as the country lacks a National Blood Transfusion Center capable of ensuring implementation of a national policy. According to the 2003 survey, only two percent of respondents were able to name the three ways in which HIV is transmitted, whereas 95 percent of those surveyed had heard of AIDS. In rural areas, knowledge of AIDS is very slight since only 14.9 percent of the population knows how it can be prevented. As for the ways in which HIV is transmitted, only 31.5 percent of the rural population and 41.5 percent of the urban population were familiar with them. According to the 2003 study projecting the spread of the epidemic in the Comoros, the HIV seroprevalence rate would be 15 percent by 2018 if nothing is done.

Program 4: Strengthening the effectiveness and efficiency of the health system

Without proper coordination of activities in the health sector, it is impossible to improve the quality of services and make the system more effective. The central health administration has not been reorganized following the establishment of the Union of the Comoros. The functional relations that should govern cooperation between facilities on the autonomous islands and the central level have not been defined, which makes interaction between the two levels difficult.

Work on drafting a National Health Policy (PNS) began in 2002, but it was not until February 2005 that the island and federal health authorities adopted it. To guarantee the legitimacy of the policy and ensure that it is effectively implemented, it must be espoused by the national political

authorities and disseminated among the population and all those engaged in health development. Appropriate tools for implementing and monitoring the PNS also need to be drafted and executed.

As regards health facility coverage and performance, it appears that 63 percent of the Comorian population have access to a health facility within 5 kilometers of where they live, but only 10.25 percent actually frequent those facilities. This means that despite a more or less satisfactory level of geographical coverage, much of the population does not receive health care for a number of reasons, including the quality and cost of services.

With respect to human resources, in 2004 the Union of the Comoros had two (2) doctors, three (3) government nurses, two (2) government midwives, and 0.3 pharmacists for every 10,000 inhabitants. This number of staff has not had the required impact on the quality of health services: a situation that is essentially explained by: (1) the imbalance in the distribution of qualified personnel at every level and, particularly, on the periphery, whereby there are shortages of personnel on certain islands and in certain health facilities; (2) poor management of all personnel, with respect to both the use to which they are put and the training they receive; and (3) poor working and living conditions for personnel, exacerbated by the lack of a proper career and promotion plan, which leads to demotivation and disaffection among staff.

In terms of access to medicines and other essential health services, the introduction of the partial cost recovery system in the health sector, which is designed above all to mitigate the insufficiency of the State budget's health appropriations, poses a problem of accessibility to quality health services for the poor. Despite the creation of the Autonomous National Pharmacy of the Comoros (PNAC), which makes available lower-priced essential generic medicines, they remain unaffordable for much of the population. Poor quality patient reception services, the weak performance of the personnel in public health facilities, and the barely functioning status of numerous health posts are all major obstacles to attendance at these facilities. Faced with the drawbacks of the public health system, the population is resorting to emergent private facilities, which need to be supervised and regulated in order to avoid slippages. There is no policy addressing the extremely poor and no social security system.

Finally, health financing is what largely determines the execution of commitments to the population's right to health. Currently, less than 4 percent of the national budget is allocated to the health sector. This means that health sector development activities are almost entirely financed by development partners, which makes the country highly vulnerable vis-à-vis foreign aid. If more favorable conditions for access by the poor to health services are to be established, it is essential to revise this State contribution upwards in line with the Abuja commitment (15 percent of the national budget allocated to health). The introduction of the partial cost recovery system in the health sector, which is designed above all to mitigate the insufficiency of the State budget's health appropriations, poses a problem of accessibility to quality health services and health care for the poor.

At the same time, answers must be found to further problems in the health sector, especially: 1) lowering expenditure on medical evacuation; 2) establishment of the specialized care facilities and appropriate equipment proper to a referral hospital; and 3) the need to address the

population's current and future health concerns in keeping with the country's socioeconomic circumstances and with a view to reducing morbidity and mortality ratios. In this connection, it would be advisable to turn the El-Maarouf hospital into a referral hospital by: 1) upgrading the technical platform; 2) guaranteeing inter-island evacuations (from the Regional Hospital Centers -CHR to the National Hospital Center -CHN); and 3) strengthening cooperation and partnership with hospitals in the subregion.

6.2.5 Core Strategy V: Promote Education and Professional Training in order to Improve Human Capital

Poverty stems not just from low income. It is equally the result of lack of access to the different forms of capital, especially human capital. The government wants all Comorians to enjoy good health, be educated, and be able to fulfill themselves both personally and professionally. In this vision, the educational sector has a special role to play, because it is the privileged vehicle for handing down social values and developing the skills that will enable individuals to find the means and the motives for forging a country in which it is a pleasure to live

An analysis of school system performance shows that the net enrolment rate is low in all the islands, especially in rural areas, and that fewer girls are enrolled than boys. That is due partly to a shortage of classrooms in all three islands, but especially Njazidja and Nzwani, and partly to the inability of needy families to afford the expenses associated with sending their children to school.

The widespread double vacation system, high pupil/teacher ratios, the level of teacher qualification, the lack of schoolbooks and didactic material, and the poor health and nutritional status of a significant portion of the children all disrupt the educational system and result in high grade repetition and dropout rates.

Human resource training is essential for economic development because, in an increasingly integrated market economy, corporate competitiveness and the country's appeal for potential foreign investors depend to a large extent on the availability of qualified labor in sufficient numbers in the right areas. Moreover, given the country's vigorous population growth, it is vital to help the new generations to acquire training to improve their chances of finding a job and enjoying a decent standard of living. Technical and professional training offers a large portion of Comorian youth, especially the poor, greater economic opportunities that will allow them to escape from unemployment, poverty, crime, and so on.

Six (6) priority programs have been selected in the area of education and professional education:

- Program 1: Improving access of children aged 3 to 5 to pre-school adapted education
- Program 2: Improving access and quality at the elementary and secondary school levels
- Program 3: Promoting and diversifying technical and professional training
- Program 4: Strengthening higher education and research
- Program 5: Enhancing the literacy of young people and adults, and promoting sports and cultural activities
- Program 6: Strengthening institutional capacity to manage and plan education at all levels of the educational system.

Program 1: Improving access of children aged 3 to 5 to pre-school adapted education

Pre-elementary education is not part of the formal education system in the Comoros. Small children are looked after and educated in the Koranic schools (an age-old institution deeply rooted in the country and present in every village and town) and, quite recently, by Western-style nursery schools established mainly in the major urban centers and catering to a tiny percentage of children aged 3 to 5.

Studies tend to confirm that proper education of small children, whether in the family or under a more structured program, has a positive impact on children's development and learning skills. The idea of this program is to strengthen capacities to receive and supervise children.

Program 2: Improving access and quality at the elementary and secondary school levels

The Comorian educational system has expanded considerably in the past ten years. However, it has not been able to keep pace with demand from the fast-growing population.

The efforts made in recent years to improve children's access to elementary schools have also posed new challenges for the first cycle (first four years) of secondary school, given the rapid increase in the number of pupils.

In order to achieve quality education for all by 2015, it is going to be necessary to rehabilitate, build, and equip classrooms; update curricula and teaching methods to strengthen scientific disciplines; ensure initial and continuous training for academic inspectors and teachers at both elementary and secondary school level; and to provide affordable schoolbooks for pupils and teachers' books and didactic material for teachers, in order to ensure effective results-oriented learning processes.

These actions will serve, on the one hand, to encourage parents to send their children to school, especially in poor families and underprivileged areas, and, on the other, to improve the quality of both teaching and learning.

Program 3: Promotion and diversification of technical and professional training

Technical and professional training are vehicles for developing human capital and human resource development, above all the development of qualified and competent personnel, is, in turn, essential for a country's sustainable development and, hence, for economic growth. They enable beneficiaries to acquire a trade that can improve the standard of living of their households while, at the same time, and in a globalization context in which enterprises face increasingly tight competition, making it easier to attract potential foreign investors who require, among other things, the existence of abundant qualified labor.

Technical and professional training programs need to offer young Comorians, and especially the poorest among them, courses providing the knowledge and practical skills they need in their daily lives to improve their chances of avoiding unemployment, poverty, crime, and other forms of behavior prejudicial to social harmony.

Moreover, in light of the high rate of growth of the population, it is essential to offer the new generations several training options to improve their chances of contributing to the development of the country.

Technical training should be promoted during the first four years of secondary school, along with a voluntary professional training program for young people who have dropped out of, or who never went to, school and adults, who make up a major segment of the economically active population, in order to facilitate their insertion into the social and professional life of their country.

To develop, this subsector needs to be restructured. Priorities include rehabilitating existing schools, building new schools and equipping them with the right materials, diversifying the range of training available, and teacher training. This option needs to take into account the country's qualified manpower requirements.

Program 4: Strengthening higher education and research

The University of the Comoros, founded in 2003, is still in its infancy. Nevertheless, it is an important milestone in efforts to restructure higher education. In the national reconciliation environment, the University plays an essential role in fomenting social cohesion and consolidating national unity. It is, accordingly, called upon to play a no less important role of strengthening national identity and fomenting a new sense of citizenship.

For that, the University needs to have an appropriate and attractive campus and enough vacancies to satisfy the demand for training of high-level executives, managers, and superiors in areas deemed to be priorities for the country's development.

It also needs to widen the range of the training courses it offers with a dual objective of satisfying the demands of young people and responding to their demand for training, while at the same time addressing today's development challenges.

Particular attention needs to be paid to the quality of the teaching dispensed; first, in order to attract more students who dread the idea of going abroad, and then to make the young university more competitive. For that, curricula need to be placed in context. A favorable teacher training environment needs to be created that encourages teachers to do research, especially in scientific and cultural areas with economic potential that are capable of producing value added for the sustainable development of the Comoros. Then it will be necessary to install laboratories, stock the university library with new books and facilitate access by both teachers and students to information and communication technologies. Finally, it is essential to enter into partnerships with universities abroad and other institutes of higher education and research, with a view to promoting the sharing of experience, know-how, and skills.

Program 5: Enhancing the literacy of young people and adults, and promoting sports and cultural activities

Illiteracy is one of the main brakes on countries' social and economic development. Overcoming it is therefore a major challenge within the goal of achieving education for all by 2015 and in order to meet the Millennium Development Goals

So far, the Comoros have not had an education policy for young people not enrolled at school or literacy courses for adults, especially women. Yet the latter represent the largest portion of the economically active population aged between 20 and 50 that is essential for jump starting the country's economy.

The illiteracy rate is still very high: 40.9 percent according to the MICS 200 survey and DG Plan 2001, and particularly acute among the economically productive segments of the population. This is both a brake on economic growth and a cause of vulnerability and pauperization. Firm action needs to be taken in the context of the fight against poverty to enable this major segment of the economically active population to acquire the knowledge and skills needed to improve their living conditions and participate effectively in the joint effort to reconstruct the domestic economy and thereby improve, individually and collectively, their standard of living.

Program 6: Strengthening institutional capacity to manage and plan education at all levels of the educational system

Strengthening the capacity of educational sector personnel with respect to planning, management, and monitoring and evaluation would translate into more effective use of the resources allocated to the sector. The currently weak performance of the sector is partly explained by lack of capacity in administrative units and monitoring and coordination bodies.

6.2.6 Core Strategy VI: Promote a Healthy Environment and Guarantee that Development is Sustainable.

In the Comoros, the conservation of resources and regeneration of the natural environment are prerequisites for achieving the goals of the health, agriculture, fishing, energy, and tourism sectors. Six (6) priority programs have been identified and selected for this core strategy. They are:

Program 1: Conserving natural resources and developing economic activities related to promotion of the country's abundant fauna and flora.

Program 2: Maintaining soil quality, restoring the quality of degraded soils, and ensuring sustainable development of forestry resources

Program 3: Establishing a sustainable financing mechanism for the environment

Program 4: Implementing a policy for integrated management of coastal areas

Program 5: Cleaning up urban areas

Program 6: Increasing access to safe water and sustainable management of the resource.

Program 1: Conserving natural resources and developing economic activities related to promotion of the country's abundant fauna and flora

Most subsistence activities practiced by the population are based on direct exploitation of natural resources and biodiversity. The latter constitute the principal source of revenue for the vast majority of poor households. Now, the continuing existence of these resources is jeopardized by uncontrolled activities that could irreversibly damage existing ecosystems.

It is well recognized that conserving biodiversity contributes to the socioeconomic development of the country, and especially of its rural communities. Conservation and promotion of natural resources are unquestionably key tools for improving the living conditions of households and reverting current trends characterized by pauperization and increasing marginalization. The appropriate and preferred approach envisaged at this level is to establish and administer a network of protected areas, co-managed with village communities.

Program 2: Maintaining soil quality, restoring the quality of degraded soils, and ensuring sustainable development of forestry resources

Uncultivated farmland is rarely found in any of the three islands. The gross surface area used for agriculture represents nearly 74 percent of the country's land surface and 57 percent of the farmland is degraded. Unstable farming techniques have exhausted the soils and caused excessive erosion. The idea is to restore at least 50 percent, that is to say 24 percent of all agricultural land.

Natural forests are disappearing at the rate of 500 hectares a year, displaced by the expansion of farmland and pastures, and by deforestation to satisfy immediate domestic fuel needs. If current trends persist, the forests will have disappeared in 15 years. This state of affairs is the consequence of poorly regulated agroforestry practices, the lack of alternatives to timber, and an ill-defined land tenure system. Problems associated with the protection and management of forests and, in general, of tree resources and the environment are closely linked to agricultural land (farming and livestock) development and to the supply of wood. The increased needs of the population make traditional forms of resource exploitation – that were sustainable when population growth was slower – obsolete. In this case, the main issue is maintenance of the fertility of the soils used for cultivation and restoration of degraded farmland and forests.

Program 3: Establishing a sustainable financing mechanism for the environment

The principle underlying such an ongoing and participatory financing mechanism is that it must ensure a regular and stable flow of funds to cover, as a matter of priority, the recurrent costs of the protected areas. Ultimately, the idea is achieve national appropriation of programs to safeguard ecosystems and the sustainable use of natural resources. Developing such a financial tool implies putting into place alternative and innovative financing mechanisms. Potential mechanisms include: usage taxes or royalties for exploiting natural resources, taxes on leisure activities, airport taxes, or environmental conservation surcharges on hotel room rates, "ecoservice" charges (on water, electricity, and postage stamps), negotiable or transferable permits, rights, or quotas (carbon credits), fines for noncompliance with regulations, and payments made in reparation for damage done. Apart from the classical methods of raising development aid finance, the establishment of this tool could also involve debt-for-nature swaps.

Program 4: Implementing a policy for integrated management of coastal areas

Coastal zones come under considerable pressure mostly due to the removal of construction materials, such as sand and grit, and corals. Such practices tend to make beaches disappear, with the shore consequently becoming more prone to erosion by the sea. Lateral erosion is frequent, along with destruction of infrastructure (roads, protection walls), increases in the amount of sediment moving out over the shelf and the reef, loss of marine biodiversity, and degradation of potential tourist attractions.

The damage done to coastal areas is a consequence of the severe poverty that induces the population to look for low-cost construction materials. Indeed, the other construction materials available are very expensive and therefore unaffordable for most households. On the one hand the population is only vaguely aware of the disastrous consequences of removing these materials from the shore, while on the other the authorities are lax about enforcing the environment code, which strictly prohibits and punishes any extraction of material from coastal areas.

In addition, the lack of a housing law providing incentives for vulnerable segments of the population to use affordable materials other than timber and coastal materials, exacerbates environmental degradation.

Program 5: Cleaning up urban areas

The issue of increasing volumes of household refuse, untreated hospital waste, and waste left by the transportation sector and production in general needs to be addressed. As it is, there is today still no efficient refuse collection and treatment mechanism. The lack of a waste management and treatment system has caused numerous problems that are now becoming critical for public health. In urban areas, piles of garbage line the roads, the seaside, and streets near markets, especially in the poor quarters. In addition to lack of infrastructure and of well-organized waste management services, the problem is also caused by inappropriate forms of social behavior.

The health of the population, particularly that of the poor, is at risk because all these piles of refuse are foci for the development and spread of diseases, not to mention the fetid smells and visual pollution they give rise to.

Social and demographic circumstances in the Comoros give rise to movements of the population, especially the poor living in unhealthy conditions that encourage the spread of diseases. In the town centers, other than the aforementioned garbage problem, there is no appropriate system for the evacuation of waste and run-off waters. Apart from causing foul smells, this is one of the chief vehicles for the spread of disease.

Furthermore, a large number of dwellings, buildings, and public places (schools, markets, etc.) lack latrines, with all the consequences that that entails in terms of hygiene and public health.

Under such circumstances, the cleaning up of poor housing areas remains a priority in both urban and rural areas.

Program 6: Increasing access to safe water and sustainable management of the resource

Of all the ecological risks to which the population is exposed, those related to drinking insalubrious water have the most immediate and serious consequences. With respect to water resources, the risk of water-borne diseases and pollution are quite high, above all for lack of wells and pumps and because of the absence of mechanisms for monitoring and controlling water quality. Only a few salinity spot tests are carried out in parts of Njazidja.

Studies have shown that human use of unsafe water is the cause of infectious and parasitic diseases that even today are still the number one cause of mortality and morbidity in the Comoros. This program therefore aims to improve the supply of high quality safe water to the population and to achieve effective management of the resource.

In the Comoros, the water comes from three (3) conventional sources, namely surface waters, underground waters, and collection of rainwater. The supply source varies from one island and location to another. Generally speaking, Nzwani and Mwali rely on surface waters, while in Njazidja the population lives off rainwater and underground water. The first piped water networks appeared in Nzwani and Mwali in the 1960s, while Njazidja had to wait 15 years more to get its first piped water network in Moroni, where the water came from a well located six kilometers south of the capital. In the course of the 1980s, a UNDP project endowed the island with 22 water wells spread around the circumference of the island. Together with development partners and with community participation, the government has built additional piped water systems using those wells.

Nevertheless, much remains to be done. The findings of the household survey conducted in the Comoros in 2004 show that, in the country as a whole, the drinking water supply sources most used by households are public faucets or fire hydrants (30.6 percent), followed by cisterns collecting rainfall (24.2 percent). Only 17.3 percent and 13.0 percent of households have faucets inside the home or in the courtyard, respectively. By island, the percentage of households with connections to the public faucet is 39.5 percent in Nzwani, 36.1 percent in Mwali, and 21.3 percent in Njazidja. Over half the households in Njazidja use only rain collected in cisterns. On the other islands, the main concern is the quality of the water drunk. On those islands, water comes from surface sources exposed to stray animals and contact with household waste.

These figures indicate that safe water coverage rates are in fact low in all three islands, whereby it should be remembered that contaminated or insalubrious water causes numerous diseases and undermines the health of individuals. Moreover, access to water in the Comoros may also entail physical constraints for women and children, who are responsible for carrying water to their homes. Hence the concern to develop the supply of safe water from wells throughout the country.

The demand for safe water is growing along with the size of the population and urbanization. At the same time, rural areas also have water shortage problems due to the drying up of water sources and rivers. Under current climatic conditions and taking demographic projections into account, water resources per inhabitant are expected to fall by over 25 percent by 2010, unless measures to safeguard the resources are put in place.

The quality of the water drunk by the population is also far from acceptable. There is currently no systematic monitoring of the bacteriological quality of the water (not even that distributed by MAMWE). In Njazidja, the quality of the water collected in tanks and drunk by 41 percent of the population leaves much to be desired. On that island, it is estimated that 29 percent of households take their water from uncovered cisterns. The rainwater collected in these uncovered cisterns cannot be considered a source of healthy water and should rather be counted as an unprotected source.

6.2.7 Core Strategy VII: Strengthen Security and Efforts to Combat Terrorism

Security for property and persons and the fight against terrorism and transnational crime pose are global, inescapable challenges for all countries. Indeed, the events of September 11, 2001 have altered the global outlook for peace and security. Resolution 1373 of the United Nations Security Council (September 28, 2001) points to the link between international terrorism and organized crime, illegal arms and drug trafficking, money laundering, and the illegal movement of potentially deadly materials. Resolution 1373 is binding for all States and has profound implications for the legal system, control over financial flows, and the administration of justice. Although the Comoros is a relatively safe country, crime has increased and the security of the territory needs to be enhanced.

Furthermore, the country is by its very nature exposed to natural disasters. As many other countries have done, the Comoros must take precautions against possible disasters or epidemics. As major catastrophes have shown in several parts of the world in recent years, it is important that countries make preparations for dealing with emergency situations that could arise and have dramatic consequences, especially for the poor.

Program 1: Fighting terrorism and transnational crime

The Comoros, like various countries, is vulnerable to possible terrorist activities on its territory. Its geography (with an exclusive maritime zone of 240,000 km²) and low technological capacity expose the country to all sorts of security-related problems. For instance, the Comoros does not have the equipment needed for proper airport or port security, or to protect its territorial waters. Economic development presupposes adequate border security. The tourist industry, which has been identified as one of the growth sectors, will only develop if international border security standards are met.

The fishing industry is already expanding. Surveillance out at sea to prevent the looting of natural resources and to save the lives of fishermen, who are frequently in distress, calls for the creation of a coast guard.

Program 2: Strengthening the security of property and persons

The security of property and persons must be assured on an ongoing basis in order to guarantee peace and stability and reassure domestic and foreign investors. This program aims to strengthen the security forces' capacity to serve the population.

Program 3: Improving civil security

The major natural risks to which the Comoros is exposed are tropical cyclones and, in the case of Njazidja, eruption of the Karthala volcano and the other risks associated with an active volcano. Poor households are generally the most exposed to major natural disaster risks: massive mortality, irreversible harm to health, and the loss of employment and income. The principal challenge here is to control and prevent risks and natural disasters, the main concerns being the right to information regarding the sources of major risks and the rescue arrangements in place, together with involvement of the population in developing and implementing preventive and rescue measures.

7. Estimation of the Costs of the PRGS

The government intends to focus its human and financial efforts on implementation of the above-mentioned priority programs and to point those of its development partners in the same direction. All in all, the strategy comprises thirty-five (35) priority programs. It is estimated that the average annual financial resources required in 2006-2009, including funds that have already been raised, will total approximately CF 38.8 billion.

The government has opted to present a consolidated budget for the first two years (2006 and 2007) followed by annual budgets for the years 2008 and 2009. This option is intended to be pragmatic and realistic, as the government is conscious that the new commitments cannot be programmed, mobilized, and implemented before the second half of 2006. The government estimates that the budget for the first two years will be executed at best over a period of approximately 18 months. This budgeting approach is seen to be more realistic and will allow agencies and other civil society players to get the selected programs under way as soon as the funds are made available in the course of 2006.

The financing requirements for each core strategy and priority program in the PRGS are as follows:

Core strategy I: Generate the conditions for sustainable economic development. The 2006-2009 budget totals approximately CF 70 billion, of which CF 65 billion have to be found.

Core Strategy 1: Generate The Conditions For Sustainable Economic Development

Programs	2006-2007		2008		2009		2006-2009	
	Total		Total		Total		Grand Total	
	Obtained	To be found	Obtained	To be found	Obtained	To be found	Obtained	To be found
Program 1: Improving public finance and the way the State operates	349	4175	328	5015	351	5420	1028	14610
Program 2: Providing low-cost energy	750	4165	450	6050	200	5200	1400	15415
Program 3: Improving infrastructure	7701	7023	867	13329	704	13391	9272	35243
TOTAL CORE STRATEGY 1	8800	15363	1645	24394	1255	24011	11700	65268

Core strategy II: Boost the private sector by focusing on growth sectors. The budget for 2006-2009 totals CF 22.2 billion, almost all of which has still to be found.

Core Strategy 2: Boost the Private Sector by Focusing on Growth Sectors

Programs	2006-2007		2008		2009		2006-2009	
	Total		Total		Total		Grand Total	
	Obtained	To be found	Obtained	To be found	Obtained	To be found	Obtained	To be found
Agricultural sector								
Program 1: Restructuring and consolidating land ownership	10	159	5	227	5	207	20	593
Program 2: Supporting the creation of a more favorable environment for development of the agricultural sector	9	180	9	175	9	175	27	530
Program 3: Boosting agricultural and agri-food output	5	620	5	885	5	885	15	2390
Subtotal	24	1259	19	1587	19	1567	62	4413
Fishing sector								
Program 1: Creating a favorable environment for the harmonious development of the sector	0	105	0	80	0	75	0	260
Program 2: Developing a fisheries sector	0	1550	0	925	0	950	0	3425
Program 3: Improving the system for conservation, processing, and marketing of fish products	0	645	0	560	0	460	0	1665
Subtotal	0	2300	0	1565	0	1485	0	5350
Livestock sector								
Program 1: Protecting herds from exotic infectious diseases and expanding animal production chains	10	1753	0	735	0	754	10	3261
Subtotal	10	1753	0	753	0	754	10	3261
Tourism sector								
Program 1: Supporting development of the tourist industry	0	1758	0	1243	0	713	0	3714
Subtotal	0	1758	0	1243	0	713	0	3714
Other private sectors								
Program 1: Supporting efforts to promote the private sector	43	2635	47	2332	25	345	115	5312
Subtotal	43	2635	47	2332	25	345	115	5312
TOTAL CORE STRATEGY 2	76	9705	66	7480	44	4865	186	22050

Core strategy III: Strengthen governance, justice, and security. The budget for 2006-2009 totals CF 7.1 billion, of which 2.7 billion have still to be found.

Core Strategy 3: Strengthen Governance and Justice

Programs	2006-2007		2008		2009		2006-2009	
	Total		Total		Total		Grand Total	
	Obtained	To be found	Obtained	To be found	Obtained	To be found	Obtained	To be found
Program 1: Strengthening national reconciliation and implementing constitutional institutions	10	170	10	165	10	135	30	470
Program 2: Promoting efforts to combat corruption and enhancing transparency in the conduct of public affairs	5	363	70	265	5	200	80	828
Program 3: Making Decentralization efficient and effective	1420	213	1420	162	1420	85	4260	460
Program 4: Strengthening the capacities and credibility of the justice system	0	214	0	459	0	311	0	984
TOTAL CORE STRATEGY 3	1435	960	1500	1051	1435	731	4370	2742

Core Strategy IV: Improve the health status of the population. The budget for 2006-2009 totals CF 11.4 billion, of which 10.1 billion have still to be found.

Core Strategy 4: Improve the Health Status of the Population

Programs	2006-2007		2008		2009		2006-2009	
	Total		Total		Total		Grand Total	
	Obtained	To be found	Obtained	To be found	Obtained	To be found	Obtained	To be found
Program 1: Fighting priority diseases	473	840	205	896	138	757	816	2493
Program 2: Developing an integrated reproductive health/family planning program (RH/FP)	47	209	47	155	7	160	101	524
Program 3: Fighting HIV/AIDS and sexually transmitted diseases	75	754	11	230	48	237	134	1221
Program 4: Strengthening the effectiveness and efficiency of the health system through better coordination and management of health development activities	98	1927	94	2834	33	1127	224	5889
TOTAL CORE STRATEGY 4	693	3730	375	4115	225	2281	1275	10126

Core strategy 5: Promote education and professional training in order to improve human capital. The budget for 2006-2009 totals CF 13.8 billion, of which 5.6 billion have still to be found.

Core Strategy 5: Promote Education and Professional Training to Improve Human Capital

Programs	2006-2007		2008		2009		2006-2009	
	Total		Total		Total		Grand Total	
	Obtained	To be found	Obtained	To be found	Obtained	To be found	Obtained	To be found
Priority program 1: Improving access of children aged 3 to 5 to pre-school adapted education (DUEC)	91	43	31	12	5	40	126	95
Program 2: Improving access and quality for elementary and secondary school	2215	1185	1001	82	1613	215	4829	1483
Program 3: Promoting and diversifying technical and professional training	800	496	740	291	335	183	1875	970
Program 4: Strengthening higher education and research	183	133	568	451	108	976	859	1560
Program 5: Enhancing literacy of young people and adults	16	350	11	539	11	528	38	1416
Program 6: Strengthening institutional capacity to manage and plan education at all levels of the educational system	370	37	60	25	60	10	490	72
TOTAL CORE STRATEGY 5	3675	2245	2411	1400	2152	1952	8218	5596

Core strategy 6: Promote a healthy environment and guarantee that development is sustainable. The budget for 2006-2009 totals CF 18.9 billion, of which 16.2 billion have still to be found.

Core Strategy 6: Promote a Healthy Environment and Guarantee that Development is Sustainable

Programs	2006-2007		2008		2009		2006-2009	
	Total		Total		Total		Grand Total	
	Obtained	To be found	Obtained	To be found	Obtained	To be found	Obtained	To be found
Program 1: Cleaning up urban areas	270	69	432	89	378	85	1080	242
Program 2: Conserving natural resources and developing economic activities related to promotion of the country's abundant fauna and flora	0	475	0	356	0	355	0	1186
Program 3: Implementing a policy for integrated management of coastal areas	0	83	0	63	0	62	0	208
Program 4: Increasing access to safe water and sustainable management of the resource	800	935	75	3520	0	3125	875	7580
Program 5: Maintaining soil quality, restoring soils, and sustainable management of forest resources	355	1526	207	1278	193	1047	705	3851
Program 6: Establishing a sustainable financing mechanism for the environment	0	32	0	1044	0	2055	0	3131
TOTAL CORE STRATEGY 6	1375	3120	714	6350	571	6729	2660	16198

Core strategy 7: Strengthen security and efforts to combat terrorism. The budget for 2006-2009 totals CF 5 billion, of which 4.1 billion have still to be found.

Core Strategy 7: Strengthen Security and Efforts to Combat Terrorism

Programs	2006-2007		2008		2009		2006-2009	
	Total		Total		Total		Grand Total	
	Obtained	To be found	Obtained	To be found	Obtained	To be found	Obtained	To be found
Program 1: Fighting terrorism	800	2000	0	0	0	0	800	2000
Program 2: Promoting public safety	173	500	5	251	5	50	183	801
Program 3: Improving civil security	0	455	0	455	0	390	0	1300
TOTAL CORE STRATEGY 7	973	2955	5	706	5	440	983	4101
GRAND TOTAL	17026	38078	6698	45496	5668	41009	29391	126081

The financial resources required as of 2010 will be determined on the basis of progress made with the priority programs and the strategy as a whole. Based on those evaluations, a new scheduling will be drawn up for programs in 2010-2015. It should aim to consolidate gains and attain, wherever possible, the Millennium Development Goals.

8. Monitoring and Evaluation of the PRGS

INTRODUCTION

The Poverty Reduction and Growth Strategy (PRGS) pursues several goals, especially strong and sustained economic growth, the reduction of monetary poverty, and improvements in household standard of living. For the government, monitoring and evaluation of the PRGS is a fundamental part of the strategy. The PRGS framework will therefore include strengthening collection and analysis of both sectoral data and data on household living conditions. Data collection and analysis are essential for decision making and necessary for monitoring and evaluating the performance of poverty reduction policies and programs.

The monitoring and evaluation exercise contains three (3) complementary components: 1) Monitoring of a limited number of outcome indicators, which will track changes in living conditions and poverty in the Comoros; 2) Monitoring of execution of priority programs and of measures to be implemented under the strategy. This will keep track of the use of financial resources and of the attainment of the targets established for each intervention in the 2006-2009 Plan of Action; 3) Evaluation of the impact of the policies and interventions carried out under the PRGS. The evaluation will make it possible to gauge the impact of a specific intervention or of the strategy as a whole on the behavior of economic agents, households, institutions, and the government.

The technical and institutional mechanism selected for monitoring and evaluation of the PRGS is simple and tailored to the geographical and institutional context of the Comoros. It takes into account the limited human and financial capacities available and builds on existing structures.

8.1 Objectives of the PRGS Monitoring and Evaluation Mechanism

The purpose of monitoring and evaluating the PRGS is to provide data that are:

Relevant for the PRGS and useful for decision-making. For that, it is necessary to coordinate the different data collection, analysis, and dissemination operations;

Representative and reliable. For that, it is important to ensure conceptual precision with respect to survey methodologies and to perform sound analyses of the data

Up to date, which entails conducting in-depth surveys on a regular basis and shorter follow-up surveys. It also entails expediting the collection of data from administrative sources.

The monitoring and evaluation system should help:

Reduce data duplication, which will yield substantial savings in terms of financial, human, and material resources, and reduce confusion regarding different values for the same indicator; and

Make the data and analyses available to all users, which presupposes a proper information management system. In that connection, gradual implementation of a PRGS Information Management System (MIS) will be needed.

8.2 Institutional Framework for Monitoring and Evaluation of the PRGS

The institutional framework selected to ensure monitoring and evaluation of the PRGS builds on existing data collection and analysis arrangements. The following departments will be involved as part of their current responsibilities (Figure 8.1):

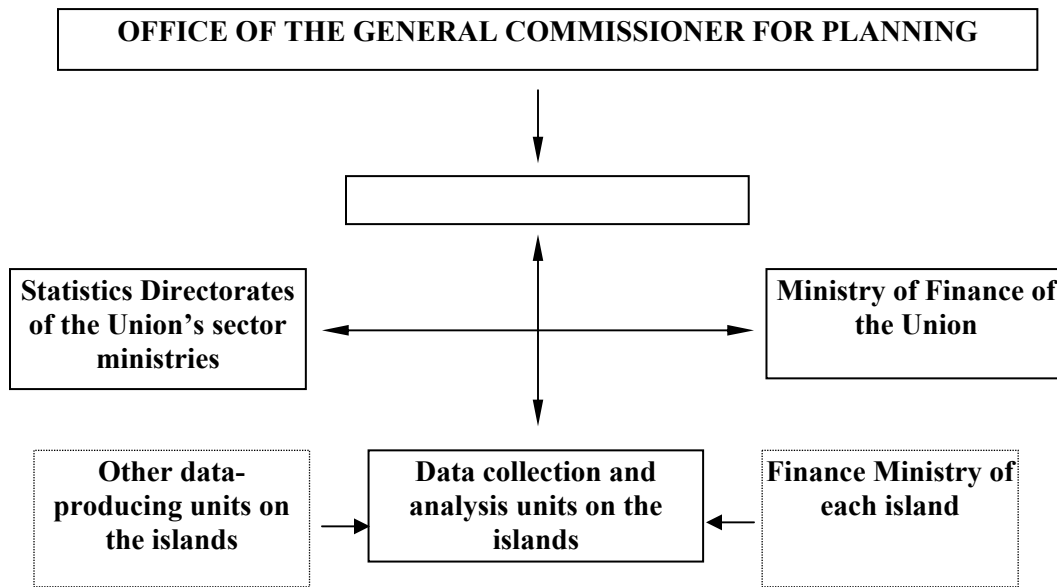
- 1) The Statistics Directorate of the Office of the General Commissioner for Planning (at the Union level);
- 2) The Statistics Directorates of the Sector Ministries (at the Union level);
- 3) The Ministry of Finance (at the Union level);
- 4) The Statistics Directorates of the Planning Ministries (of each island);
- 5) The Finance Ministries of each of the islands;
- 6) Data-producing units of each of the islands.

The Union Statistics Directorate will serve as coordinator of all components of the monitoring and evaluation system. It will have upstream and downstream responsibility for data collection, especially on household living conditions and poverty.

The Union's Statistics Directorate is already the body in charge of collecting and analyzing data. Its antennae on the islands are the islands' Planning Directorates. It will be a question of boosting the technical teams and strengthening socioeconomic statistics capabilities. The Union's Statistics Directorate will have the following responsibilities:

- 1) Coordinating the PRGS monitoring and evaluation system;
- 2) Making sure that the indicators chosen are consistent with the broad lines of the strategy and make it possible to track progress toward priority program objectives;
- 3) Proposing a work plan for tracking changes in living conditions and poverty, analyzing and understanding the causes of poverty, and evaluating the impact of certain interventions carried out;
- 4) Contributing to an annual progress report on PRGS implementation;
- 5) Conducting or participating in specific studies of poverty.

Figure 8.1: Institutional framework for monitoring and evaluation of the PRGS



The Statistics Directorate of the Union will work closely with staff of the sector ministries involved in data gathering, program monitoring, and management of the financial resources allocated to the different programs.

It will also be responsible for disseminating the results of the surveys and studies conducted as part of the monitoring and evaluation of the PRGS. That includes the publication of papers, organizing workshops for decision-makers, disseminating information among civil society stakeholders and the general public, and developing an informal exchange of information network with the sector ministries and representative offices on the islands.

The Statistics Directorate will continue to conduct large-scale surveys, especially the census, the Population and Health Survey, and the Comprehensive Household Survey (EIM). It will also act as the leader in:

- Identifying information needs and the indicators for which information will be required;
- Collecting and formatting the secondary data needed for monitoring the PRGS;
- Carrying out surveys of household living conditions; and
- Analyzing the data on living conditions and poverty.

The sector ministries produce highly useful information for monitoring and evaluating the PRGS. They will contribute above all to monitoring execution of the PRGS priority programs by making available data on the ministry programs. In that connection, implementation of the Medium-Term Expenditure Framework (MTEF) and the Medium-Term Sectoral Expenditure Frameworks (MTSEFs) will provide a working tool for monitoring execution of the PRGS priority programs. That will enable the ministries to analyze the extent to which their program outcomes have been achieved on an annual basis as a function of the resources allocated to them.

The introduction of program-budgets will facilitate monitoring of execution through a results-oriented management approach.

The Ministry of Finance also has an important role to play in monitoring and evaluating the PRGS. It produces essential studies and data on government revenue and expenditure and macroeconomic indicators. These data will be used in connection with monitoring and evaluation of the PRGS in order to gauge overall economic performance.

8.3 Features of the PRGS Monitoring and Evaluation Framework

The PRGS monitoring and evaluation system will provide decision-makers on an annual basis with relevant information on the progress of the strategy, together with analyses of program performance with respect to poverty reduction. The information needs can be grouped under three headings:

- 1) Monitoring of outcome indicators;
- 2) Monitoring of program execution and of the specific measures adopted under the PRGS;
- 3) Policy analysis and evaluation of the impact of certain programs.

Monitoring of the Outcome Indicators

This component has to do with monitoring outcome indicators. It provides insight into the extent to which PRGS goals have been met. The PRGS will be monitored using the indicators shown in Annex 1.

Monitoring Execution of the PRGS Priority Programs

Monitoring of execution has to do with input indicators and output indicators associated with activities undertaken as part of the PRGS. It will examine:

- a) Physical and financial performances that can be measured with the help of input indicators;
- b) Institutional performance and governance in terms of management of processes and intermediate outputs from PRGS activities;
- c) Monitoring of the targets of the PRGS priority programs in such a way as to measure the gaps between forecasts and actual outcomes.

This type of information will permit analysis of the gaps between forecasts and physical and fiscal outcomes in the execution of the priority program activities, with a view to recommending adjustments to execution of interventions or programs or to budget allocations and thereby moving more effectively toward achievement of PRGS objectives. This component will be executed, inter alia, in the framework of implementation of the MTEF and MTSEFs.

Policy Analysis and Evaluation of the Impact of Priority Programs

This component has to do with analysis of PRGS impacts indicators. It will focus on:

- Impacts indicators associated with the core strategies;
- Monetary and human poverty indicators;

- Indicators for evaluating the country's socioeconomic and financial environment. This component will rely, on the one hand, on secondary data gathered by the sector departments and, on the other, on a series of household surveys in order to track trends and the dynamics of poverty over time. This whole set of data will convey an accurate idea of the overall impact of the PRGS on poverty.

Annex 1 PRGS Monitoring Indicators

Indicators for monitoring the PRGS	Reference value	Unit	Reference year	Targets		
				2006	2007	2008
Real growth rates:						
- GDP	2,8	%	2005	3,5	5,1	7,0
- Agricultural sector, fisheries and livestock	3,0	%	2005	3,8	6,4	8,8
- Tourist industry	3,6	%	2005	4,1	4,6	5,2
Outstanding external debt, millions of Comorian francs	1148100	Millions of CF	2005	114644	114614	118029
External debt service, millions of CF	2196	Millions of CF	2005	1541	1386	1410
Unemployment rate among young people aged 15 to 24	29.4	%	2004	25,9	24,1	22,3
Percentage of the population living below the poverty line (P0)	44.8	%	2004	541,6	40	38,4
Depth of poverty (P1)	12,8	%	2004	11,9	11,4	11,0
Severity of poverty (P2)	6,2	%	2004	5,8	5,5	5,3
Inequality (Gini) coefficient	55,7	%	2004	51,7	49,7	47,7
Percentage of underweight children	24.9	%	2004	21,6	20,0	18,4
Percentage of children with growth retardation	43.1	%	2004	37,1	34,2	31,2
Caloric deficiency	7.9	%	2004	6,8	6,2	5,6
Net primary school enrolment rate	73	%	2003	8-	83	84
Percentage of children reaching fifth grade	62.1	%	2003	66,5	68,2	69,1
Literacy rate of young adults, as a percentage of the population aged 12 to 24	71.8	%	2004	76,8	82,8	87,6
Ratio of the number of girls/boys enrolled in primary school	0.96	%	2004	0,96	0,97	0,99
Ratio of the number of girls/boys enrolled in secondary school	0.89	%	2004	0,9	0,91	0,93
Ratio of females/males who know how to read and write, as a percentage of the population aged 15 to 24	0.87	%	2004	0,9	0,91	0,93
Share of women in nonfarm salaried employment	13.7	%	2004	15	16,8	21,5
Women in parliament (as a percentage of the total)	2.3	%	2004	2,3	2,3	2,3
Mortality rate of children under 5, per 1,000 live births	112,9	/1000	2003	91,4	84	76,3
Infant mortality rate, per 1,000 live births	83,2	/1000	2003	70,5	63,5	56,4
Children of 1 year of age, effectively immunized against measles, per 1,000 live births	73	%	2003	80	95	95

Maternal mortality rate	381	%	2003	300	250	200
Percentage of deliveries with assistance from qualified health personnel	62	%	2000	64	66	68
HIV rate among pregnant women aged 15 to 24	0	%	2003	---	---	---
Male use of preservatives at time of last at risk report	19.5	%	2003	25	30	35
Population aged 15-24 with good general knowledge of HIV/AIDS	1.6	%	2003	20	40	50
Malaria-related mortality rate (all ages)	24	%	2000	22	21	20
Malaria-related mortality rate among children aged 0 to 4, per 100,000 inhabitants	---	---	---	---	---	---
Incidence of malaria, per 100,000 inhabitants	34.6	/100 000	2002	32	30	25
Cases of tuberculosis, per 100,000 inhabitants	15	/100 000	2004	12	10	8
Cases of tuberculosis receiving treatment according to the DOTS strategy	94.5	%	2004	100	100	100
Percentage of forest areas	2.8	%	2005	2,8	3,1	3,5
Protected areas, as a percentage of total land surface	9.3	%	2005	9,3	10	12
Population with regular access to a water faucet	85.1	%	2004	87	89,5	91,8
Population in rural areas with regular access to a safe water source	91	%	2004	92	93,5	95
Population in urban areas with regular access to a safe water source	82.2	%	2004	85	89,6	94,2
Number of telephone lines, per 1,000 inhabitants	21	/1000	2003	23,5	26,5	29,5
Number of Internet subscribers, per 1,000 inhabitants	0.9	/1000	2003	1,32	1,43	1,54