

EBD/12/29

May 31, 2012

To: Members of the Executive Board

From: The Secretary

Subject: **Union of the Comoros—Poverty Reduction Strategy Paper—Progress Report**

Attached for the **information** of Executive Directors is the progress report on the poverty reduction strategy paper prepared by the government of the Union of the Comoros. It is intended to post this paper on the Fund's external website after **Thursday, June 7, 2012**.

Questions may be referred to Mr. Matungulu (ext. 38137), Mr. Reinke (ext. 36493), Mr. Crispolti (ext. 36982), and Mr. Touna Mama (ext. 37190) in AFR.

Unless the Documents Section (ext. 36760) is otherwise notified, the document will be transmitted, in accordance with the procedures approved by the Executive Board and with the appropriate deletions; to the African Development Bank, the Common Market for Eastern and Southern Africa, the European Commission, the Food and Agriculture Organization, the Islamic Development Bank, and the United Nations Development Programme.

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

Att: (1)

Other Distribution:
Department Heads

UNION OF THE COMOROS

UNITY – SOLIDARITY – DEVELOPMENT

POVERTY REDUCTION AND GROWTH STRATEGY PAPER: 2010-2014

REPORT ON THE REVIEW OF THE FIRST YEAR OF
IMPLEMENTATION

2010

PREPARED WITH THE ASSISTANCE OF THE UNDP, THE EU AND THE AfDB



OFFICE OF THE COMMISSIONER GENERAL FOR PLANNING
PRGS STANDING TECHNICAL STEERING COMMITTEE

TABLE OF CONTENTS

ACRONYMS AND ABBREVIATIONS	4
EXECUTIVE SUMMARY	6
INTRODUCTION	16
I. ANALYSIS OF THE MACROECONOMIC FRAMEWORK	17
1.1. Real sector	17
1.2. Fiscal policy and debt	18
1.3. Balance of payments, monetary situation, credit, and the financial system	18
II. PROGRAMMING AND EXECUTION OF PROJECTS AND PROGRAMS	19
2.1. Programming, financing and execution of projects and programs included in the Annual Action Plan in 2010.....	19
2.2. Programming and execution of projects and programs in the autonomous islands	23
2.3. Programming during the 2011-2012 period (by core strategy)	24
III. STATUS OF POLICIES AND REFORMS	26
3.1. Core Strategy 1: Stabilize the economy and lay the groundwork for strong and equitable growth	26
3.2. Core Strategy 2: Strengthen the key growth sectors by focusing on institution-building and ensuring a broader role for the private sector	27
3.3. Core Strategy 3: Strengthen governance and social cohesion	28
3.4. Core Strategy 4: Improve the health status of the general public	28
3.5. Core Strategy 5: Promote education and vocational training with a view to developing human capital.....	29
3.6. Core Strategy 6: Promote environmental sustainability and civil security	29
IV. ANALYSIS OF IMPLEMENTATION AND MONITORING/EVALUATION IN 2010.....	29
4.1. Brief presentation of the system and assessment of implementation status	29
4.1.1. Participation monitoring, statistics, stools, and active communication system	30
4.1.2. Conclusion and recommendations to strengthen the system.....	33
V. CONCLUSION AND RECOMMENDATIONS FOR 2011	34
5.1. Program and project execution and programming.	34
5.2. Taking stock of policy reforms	34
5.3. Management of indicators.....	36
5.4. Central and decentralized agencies responsible for monitoring the 2010-2014 PRGSP.....	36
5.5. General operation of the system.	37
VI. ANNEXES	40
6.1. Review of the conclusions from the Doha Conference.....	41
6.2. Review of the conclusions from the mid-term report by the United Nations Development Assistance Framework (INDAF-Comoros).....	43

6.3. Review of the main conclusions of the European Union mid-term review.....	45
6.4. Relations with international financial institutions (the IMF, World Bank, and African Development Bank).	46
6.5. Organizational chart of the PRGS monitoring and evaluation system in the Comoros.....	49
6.6. Proposed scheme for the PRGS planning approach	50
6.7. Proposed scheme for PRGS implementation in the Comoros	51
6.8. Indicators for Monitoring and compliance with PRGS indicators in 2010.....	52

LIST OF TABLES

Resources Mobilized in 2010, by Donor/Contributor	9
Overview of Macroeconomic Projections Actual Results based on the PRGS.....	19
Core Strategy 1 - 2010 Programming and Allocation (in CF million)	20
Core Strategy 2 - 2010 Programming and Allocation (in CF million)	20
Core Strategy 3 - 2010 Programming and Allocation (in CF million)	21
Core Strategy 4 - 2010 Programming and Allocation (in CF million)	21
Core Strategy 5 - 2010 Programming and Allocation (in CF million)	22
Core Strategy 6 - 2010 Programming and Allocation (in CF million)	22
Status and Timetable of the Structural Reforms under the ECF Arrangement, 2010	25
 Table 1. Breakdown of Commitments from the Doha Conference by Contributor	41
Table 2. Summary of Commitments Deriving from the Doha Conference	42
Table 4. Pluriannual Plan of Statistical Surveys and Operations.	34
Core Strategy I. Stabilize the economy and lay the groundwork for strong and equitable growth	52
Core Strategy II. Strengthen key sectors by focusing on institution building and ensuring a broader role of for economic transactors	53
Core Strategy III. Strengthen governance and social cohesion	58
Core Strategy IV. Improve the Health status of the general public	59
Core Strategy V. Promote education and training	59
Core Strategy VI. Promote environmental sustainability and civil Security	61

ACRONYMS AND ABBREVIATIONS

AfDB	African Development Bank
ADF	African Development Fund
AFD	French Development Agency
AFRISTAT	Economic and Statistical Observatory for Sub-Saharan Africa
AGOA	Africa Growth and Opportunity Act
AIDS	Acquired Immune Deficiency Syndrome
AOAD	Arab Organization for Agricultural Development
APLACO	Support for Development Planning and Coordination
APT	Automatic Payment Terminal
ARV	Antiretroviral Treatments
ASCOBEF	Comorian Association for Welfare and the Family
ATM	Automated Teller Machine
BCC	Central Bank of the Comoros
CCR	Country Cooperation Report
CF	Comorian Franc
CGP	Office of the Commissioner General for Planning
COMESA	Common Market for Eastern and Southern Africa
COPSED	Committee for Development Guidance, Planning and Monitoring/Evaluation
COSEP	Emergency Operations and Civil Defense Center
CRC	Convention on the Rights of the Child
CREF	Financial and Economic Reforms Unit
CRESMIC	Reference Framework and Common Minimum Methodological Guidelines
CSO	Civil Society Organization
DAD	Development Assistance Database
DCP	Decentralized Cooperation Program
DNS	National Statistics Directorate
EAC	East African Community
ECF	Extended Credit Facility
EDF	European Development Fund
EIM	Comprehensive Household Survey
EPA	Economic Partnership agreement
EU	European Union
FADC	Community Development Support Fund
FAO	Food and Agriculture Organisation
FSF	Fragile States Facility
FTA	Free Trade Area
GAFTA	Greater Arab Free Trade Area
GDP	Gross Domestic Product
GIS	Geographic Information System
GTS	Sectoral Working Group
HIPC	Heavily Indebted Poor Countries Initiative
ICBP	Institutional Capacity-Building Project
ICT	Information and Communications Technology
ICZC	Integrated Coastal Zone Management
IsDB	Islamic Development Bank
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labour Office
IMF	International Monetary Fund

IOC	Indian Ocean Commission
ITC	International Trade Centre
MAMWE	Water and Electricity Production and Distribution Company
MAP	Multi-Year Action Plan
MECK	Savings and Loan Associations ya Komor
MICS	Multiple Indicators Cluster Survey
MDGs	Millennium Development Goals
ME	Monitoring and Evaluation
MTBF	Medium-Term Budget Framework
MTEF	Medium-Term Expenditure Framework
MTR	Mid-Term Review
NGO	Nongovernmental Organization
NIP	National Indicative Programme
PASCO	Comorian Health Sector Support Project
PDLC	Comorian Local Development Program
PIP	Public Investment Program
PNDHD	National Program for Sustainable Human Development
PNEEG	National Gender Equality and Equity Policy
PNLP	National Anti-Malaria Program
PNRH	National Human Resources Program
PREDIVAC	Project to Strengthen and Diversify the Agricultural Sector in Comoros
PRGF	Poverty Reduction and Growth Facility
PRGS	Poverty Reduction and Growth Strategy
PRGSP	Poverty Reduction and Growth Strategy Paper
PU	Single Program
RGPH	General Population and Housing Census
RIP	Regional Indicative Programme
SADC	Southern Africa Development Community
SBL	Skills-Based Learning
SME/SMI	Small and Medium-Sized Enterprises/Small and Medium-Sized Industries
SNPSF	National Postal and Financial Services Company
STP	Permanent Technical Secretariat
TFP	Technical and Financial Partner
TOFE	Fiscal Reporting Table
UA	Unit of Account of the African Development Bank
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNFPA	United Nations Fund for Population Activities
UNS	United Nations System
USA	United States of America
USD	United States Dollar
WB	World Bank
WHO	World Health Organisation

EXECUTIVE SUMMARY

1. PRSP implementation context

The Union of the Comoros is a less developed country (LDC) that is part of the category of vulnerable small island states. It has suffered many political and institutional upheavals since its independence in 1975 that have caused long periods of instability, the culmination of these being the separatist crisis on the Island of Anjouan, which lasted some ten years. Since 2001, Comoros has engaged in a process of national reconciliation that is reflected in the current institutional architecture of the Union of the Comoros, as demonstrated by the democratic elections that took place in 2006.

The PRGS was implemented in the context of the 2009 revision of the Constitution, which was adopted by referendum, the 2009 legislative elections, and the presidential and island gubernatorial elections during the last quarter of 2010.

Since 2008, with the support of the development partners, development aid for Comoros increased significantly, as reflected in the resumption of programs and activities and an increase in the volume of official development assistance (ODA).

The government has undertaken a vast program of structural reforms under a staff-monitored program with the IMF, the good results of which (6 out of 7 benchmarks) allowed it to access the PRGF and its successor, the ECF, and to complete two important stages in the Heavily Indebted Poor Countries (HIPC) Initiative, i.e., relief of 80 percent of debt service obligations by the members of the Paris Club and 90 percent of debt service obligations by nonmember creditors upon reaching the HIPC decision point in June 2010.

The 2004 Comprehensive Household Survey (EIM), which was preceded by the 2002 quantitative study of the perceptions of poverty and well-being, constitutes the most recent basis for the assessment of poverty in Comoros.

No recent data have become available since that time to prepare an updated profile of poverty in the country.

Given that change is slow in Comoros, it is likely that the poverty profile will not have changed significantly, although exogenous and endogenous cyclical and structural events will no doubt have affected the income and purchasing power of households and the business context in general: electricity and water outages, deterioration of the road infrastructure, accumulation of civil service wage arrears, food and energy crises, not to mention the systemic international financial crisis.

While implementation of the interim PRGSP was weak, its existence was key to regular relations with Comoros's development partners. The adoption of the full PRGSP was a promising step toward consolidation of Comoros's credibility and that of its authorities vis-à-vis the development partners.

In accordance with the terms of the Paris Declaration on Aid Effectiveness, the interim and full PRGSPs constituted the basis for the alignment of the development assistance framework of the United Nations agencies (UNDAF) with the bilateral cooperation framework established with the European Union and France.

To a large extent, Comoros's partners have aligned themselves to the national priorities set out in the reference framework contained in the interim PRGSP, although it is true that there was no coordination or monitoring-evaluation during the period. This is a handicap that the full PRGSP endeavors to remedy through its institutional coordination and monitoring-evaluation framework, and this implementation report constitutes a field test of this endeavor.

The availability of the full PRGSP covering the period 2010-2014 (version adopted in July 2009) has been an important step toward accessing key facilities and initiatives of the bilateral and multilateral international financial institutions.

Although the full PRGSP is in its first year of implementation, this report endeavors to evaluate this phase.

2. Implementation and monitoring-evaluation mechanism

The implementation and monitoring-evaluation mechanism is being brought on line at this stage in the PRGSP process. At the time of the validation of the full PRGSP in September 2009, Presidential Decree No. 09-062/PR of May 23, 2009 established the Strategic Development Aid Coordination Committee chaired by the President of the Union of the Comoros.

Decree No. 10-108/PR of August 31, 2010 established the institutional framework for the monitoring-evaluation of PRGSP implementation, consisting of seven (07) agencies:

- The Strategic Development Aid Coordination Committee ;
- The Interministerial Monitoring and Coordination Committee;
- The PRGSP Standing Technical Steering Committee;
- The Permanent Technical Secretariat for Monitoring and Evaluation of the PRGS;
- The National Statistics Directorate and the decentralized units in the General Directorates of Planning of the three (3) islands;
- The Sectoral Technical Groups (GTS);
- The Committees for Development Planning and Monitoring-Evaluation (COPSED), based in Ngazidja, Mwali and Ndzuani.

While Decree No. 10-108/PR of August 31, 2010 establishes the mandate and missions of each of these agencies, an implementing regulation adopted subsequently by the Secretary General of the Government, in the form of an order, establishes the make-up of the Permanent Technical Secretariat for Monitoring and Evaluation of the PRGS, while a decision of the Commissioner General for Planning specifies the makeup and operating conditions of the Sectoral Technical Groups (GTS). The decrees establishing the Committees for Development Planning and Monitoring-Evaluation (COPSED) based in Ngazidja, Mwali and Ndzuani and the roles of the National Statistics Directorate and the decentralized units in the General Directorates of Planning of the three (3) islands have been prepared and should be signed by the end of 2010.

In accordance with the terms of reference contained in the full PRGSP, implementation is based on a combination of methods, both quantitative and qualitative, that endeavor to take into account the multidimensional nature of poverty, and particularly the cross-cutting issues. Based on the terms set out in the 2009 full PRGSP, which is the subject of this progress report, the mechanism is governed by the following six principles:

1. Consolidation of what has been achieved thus far and the status quo;
2. Promotion of the participatory approach and national ownership;
3. Gradual adoption of a "results-based management" approach to national and sectoral planning;
4. Accountability of the technical ministries and the islands in the execution and monitoring of the various priority program that are under their purview;
5. Revitalization and strengthening of the statistical apparatus at the central, sectoral and decentralized levels;
6. Involvement of civil society in the monitoring-evaluation process.

In a context hampered by numerous obstacles, consistent implementation of the principles governing the mechanism is required, with the notable exception of principles 3 and 5, which cover, respectively:

- gradual adoption of the "results-based management" approach to national and sectoral planning; and
- revitalization and strengthening of the statistical apparatus at the central, sectoral and decentralized levels.

Implementation of these two principles requires specific capacity-building support and adequate resources. Optimal implementation of the PRGSP institutional framework requires the availability of the skills and resources needed to allow the various agencies to fully perform their missions.

3. Macroeconomic context

Comoros's macroeconomic performance did not improve significantly in 2010 from the poor results recorded in 2009. The country's public deficits and long-term external imbalances (fiscal, balance of payments, etc.) remain significant, reflecting both the structural nature of these imbalances and the country's considerable vulnerability.

External trade continues to be characterized by sharp increases in imports, while exports are struggling owing to the unfavorable prices for Comoros's main products on the international markets. This situation is reflected in the slump affecting vanilla, where sizable stocks have accumulated in the sector over a number of years.

Price levels, as measured by inflation, were projected to be 2.9 percent in 2010, but spiked to 7.9 percent in July 2010, an increase of 4.2 percent in 2010, a slight decline from the 4.9 percent recorded in 2009. In the end, inflation stood at 3.9 percent at end-2010 according to data provided by the National Statistics Directorate. The main sources of inflation were the appreciation of the dollar, rising freight costs, and the consolidation of demand, in which a factor was the clearance of the sizable wage arrears by the government with the help of external financial assistance, including CF 9.8 billion in budgetary assistance from the government of Qatar.

Overall, in addition to the significant aid from Qatar, along with the purchases of foreign exchange by the main local banking institutions, net external transfers totaled CF 19.8 billion at end-June 2010, an exceptional increase of 56.2 percent compared with transfers in 2009.

The money supply increased an average of 2 percent during the first half of 2010, bringing it to CF 64.7 billion, as compared to CF 57.6 billion in 2009.

Budget execution during the first half of 2010 resulted in CF 12 billion in revenues as compared to CF 14.6 billion in expenditure, for a primary deficit of CF 2.8 billion, or an increase of CF 2.2 billion from the same period in the previous year. At the same time, the revenue mobilization target was missed by a narrow margin. However, owing to better tracking of current expenditure, the primary domestic fiscal balance remained within the limits set in the ECF program. However, net credit to the government exceeded program forecasts. With the help of budgetary assistance from the European Union, the IMF, and Qatar, wage arrears accumulated in 2009 and 2010 were cleared and brought down to the equivalent of 3 to 4 months at the end of the 2010 fiscal year, as compared to 9 months at the end of the previous fiscal year. This situation requires the implementation of financial good governance measures, which are supported by Comoros's development partners (IMF, WB, AfDB, EU and France), as well as downsizing in the civil service.

The external debt level remains unsustainable at 343 percent of exports. The government has obtained an agreement for the restructuring of its outstanding debt with certain Paris Club creditors that involves an 80 percent reduction in debt service obligations during the period from June 2009 to June 2012. Achievement of the HIPC decision point in June 2010 brought the relief to 90 percent. Comoros was also able to obtain the agreement of the non-Paris Club creditors for the postponement of the settlement of external arrears equivalent to USD 43.9 million at end-2009, and USD 0.24 million in debt service in 2010.

The gradual restoration of external solvency is continuing by means of the debt sustainability process. After the rescheduling phase, the cancellation of some of the stock of debt, and the signing of a PRGF and subsequently ECF program, the year 2010, particularly the first half, was noteworthy in that Comoros reached the HIPC decision point. This achievement was aided by the positive first review of the Extended Credit Facility (ECF) by IMF staff in the month of April 2010. The review noted that seven indicators out of a total of eight set as benchmarks to be achieved by December 2009 had been met.

4. Financing of the PRGSP

The PRGSP financing needs have been assessed at CF 463,349 million for the 2010-2014 programming period, for which commitments have been received in the amount of CF 45,190 million, while CF 418,159 million must still be identified.

The PRGS financing needs for 2010 have been estimated at CF 101,764 million, for which CF 18,336 million in commitments have been obtained, while CF 84,800 million remains to be identified.

Of the CF 33,517 million in sectoral commitments from the TFPs (based on the Public Investment Program (PIP)), compared to the CF 18,386 million identified at the time of the adoption of the full PRGSP and the CF 84,800 million in financing that remains to be identified for implementation of the PRGS in 2010, the key implementation results are as follows:

- CF 42,419 million actually mobilized;
- CF 14,932 absorbed.

Resource mobilization was satisfactory, recording an increase in the amount of CF 8,902 million compared with the initial financing included in the PIP, a 20.98 percent increase. Compared to resources received and initially recorded in the full PRGSP, the mobilization results in 2010 total CF 24,033 million, an increase of 55.65 percent. These results reflect the mobilization efforts undertaken by the Comorian authorities and the willingness of the TFPs to deliver on their commitments under the PRGSP. A little more than 50 percent of the financing required under the PRGSP was thus mobilized by the Comorian authorities. The financing needed for implementation of the PRGS in 2010 was estimated at CF 103,186 million but only CF 42,419 million has been identified, for a financing gap of CF 60,767 million, or -58.89 percent. The limited absorption of the resources made available, which is explained in part by the late release and allocation of funds and project teams, and by the burdensome procedures required by the TFPs, which were, moreover, not fully understood by the teams, suggests an overestimation of needs that failed to take account of the national absorption capacity.

Table 1: Resources Mobilized in 2010, by Donor/Contributor

UNS	6,713
EU	8,558
France	6,075
China	5,753
Japan	1,800
Oman, United Arab Emirates	217
AfDB	2,161
Saudi Arabia	700
Kuwait	1,073
Iran	300
IsDB	448
AOAD	304
United States	182
Union of the Comoros	6,952
Sharjah Emirate	148
Morocco	389
Libya	643
TOTAL	42,419

Source: Office of the Commissioner General for Planning – PIP division

Comoros has received USD 21 million in PRGSP, HIPC and decision point-related financing, including USD 10 million made available immediately by the IMF. Only slightly over USD 2 million has been disbursed under the ECF-supported program. Debt relief, followed by forgiveness and cancellation of the outstanding debt, also creates room for financing the PRGS.

Commitments recorded at the end of the Doha Conference in the amount of USD 540 million largely cover the PRGS financing gap. The real challenge since that time has been the capacity to transform these commitments into available resources and to absorb them. The monitoring framework established by the Doha Conference is operational and several missions and consultations have been held by the authorities of Qatar and Comoros (see Annex).

To increase the domestic share of PRGSP financing, the government has undertaken to improve fiscal management and streamline budgetary allocations by means of the medium-term expenditure framework. The government is determined to strengthen fiscal discipline to the extent needed to maintain economic stability and to pursue its program of structural reforms in 2011. Consequently the growth outlook is quite good, with a gradual improvement in performance expected after a sharp two-year downturn.

5. Implementation progress by core strategy

Core strategy I: Stabilize the economy and lay the groundwork for strong and equitable growth

After a two-year economic slump, in which growth slowed to 0.2 percent in 2008 and 0.8 percent in 2009, the economy seems to be on the road to recovery, with growth of 2.1 percent in 2010. The staff monitored, post-conflict and PRGF/ECF programs contributed significantly to the stabilization efforts. Budgetary support and debt sustainability initiatives, in particular debt service relief, were important measures contributing to stabilization and sustained growth. The clearance of wage arrears was beneficial in terms of social equity and a consumption-led recovery, in a context that had been characterized by a decline in domestic demand as a result of the accumulation of the afore-mentioned domestic payments arrears.

The challenges on this front remain significant, since the external imbalances are structural and long term, and are affected by intermittent national and international countercyclical effects.

The public deficits (budget and balance of payments) remain substantial, despite efforts to increase revenues and transfers from expatriates. With exports (valued at less than CF 4 billion) continuing to decline and buffeted by strong international competition, and imports increasing to CF 64 billion during the past 10 years as a result of the lack of local supply and population growth, the deficit is chronic. This situation calls for strong initiatives to reverse this trend and improve prospects by increasing the local production supply, both to meet domestic demand and for export purposes in an outward-looking export strategy aimed at taking advantage of the offers of access to the regional markets (IOC, COMESA, tripartite SADC/COMESA/EAC free trade area, and Greater Arab Free Trade Area (GAFTA) of the League of Arab States) and the major European and American markets in the context of the Economic Partnership Agreement (EPA) and the Africa Growth and Opportunity Act (AGOA), respectively.

Core strategy II: Strengthen key sectors by focusing on institution-building and ensuring a broader role for the private sector

Implementation of the PRGS requires enhancing the attractiveness of the sectors identified as having the potential to support long-term growth, job creation, and the generation of income for needy segments of the population, namely: tourism and the hotel industry, the agri-food industries, and fisheries. The tourism-hotel industry sector attracts a significant portfolio of foreign direct investment, as do telecommunications and the financial sector, which have been opened up to competition. In the fisheries sector, catches have been improving from year to year under national programs supported by the development partners, but an enormous potential remains untapped to meet domestic demand and to target exports.

The priority agri-food sector is benefiting from significant assistance from Comoros's development partners through programs to provide seeds, inputs, and support for the organization of the subsectors and socio-professional organizations. The supply of foodstuffs and market garden produce has increased sharply. However, food security remains a significant challenge and a major obstacle to development. A national food security plan has been prepared and validated and establishes a single, consistent operational framework for all participants. FAO, IFAD, AOAD, the Islamic Development Bank, and the French and Iranian cooperation agencies are developing programs and projects that cover this strategic priority.

In accordance with the PRGS process, in both its preparation and its implementation phases, strengthening of representative local support institutions and organizations benefits the programming priorities established by the development partners. Currently, this support is deemed insufficient to bring the local private sector to the critical mass necessary to become a key factor for growth, job creation and wealth, or to reduce poverty significantly.

Core strategy III: Strengthen governance and social cohesion

Governance has become a greater focus of PRGS programming and implementation in the form of the following programs:

- IMF and World Bank (technical assistance missions in support of the IMF reforms, the World Bank Group's program of support for good governance and privatization);
- African Development Bank (Institutional Capacity-Building Program (ICBP), which focuses on improving economic and financial governance);
- European Union (Support for Development Planning and Coordination (APLACO), Decentralized Cooperation Program (DCP));
- France (Comorian Local Development Program (PDLC) and support of various kinds for the financial sector);
- UNDP and UNICEF (capacity-building projects in the area of development management, capacity-building for Parliament, etc.).

Progress recorded in the area of governance has related to:

- Support for the electoral processes in the context of democratic governance;
- In the area of promotion of gender equality and equity, the implementation of a joint project with the Japanese cooperation agency focusing on the participation of women in political and economic decision-making;
- A second project being implemented with UNDP, UNFPA and UNIFEM financing provides support for the implementation of the strategic orientation framework for the National Gender Equality and Equity Policy (PNEEG);
- The implementation of a system for observing and monitoring gender-based violence to ensure that victims receive better care;
- Public awareness campaigns have been conducted on the existence and prevalence of gender-based violence and the laws combating it;
- Advocacy campaigns for the application of the Family Code have been undertaken with decision-makers;
- Training that focuses on gender issues, human rights, female leadership, advocacy efforts, care for the victims of gender-based violence, active listening and advice for young people and women who are victims of violence, and the monitoring-evaluation of gender-based activities, and that aims to make more information and services promoting and protecting gender equality available, emphasizing the prevention of gender-based violence;
- The development of mechanisms and tools to promote gender equality (gender equality coalition);
- The appointment of a judge for minors and the establishment of a framework for monitoring and application of the Convention on the Rights of the Child (CRC) and the mechanisms for monitoring violence against children;
- The preparation of a project document on decentralization by the UNDP;
- The implementation of complementary projects by the European Union (Decentralized Cooperation Program) and the French cooperation agency (Program of Support to Local Development in Comoros) in the area of decentralization.

Specific programming has been developed on social cohesion by the United Nations Peace Building Fund, which is carrying out around a dozen projects on this issue for USD 9 million.

Core strategy IV: Improve the health status of the general public

The following progress has been made with respect to this core strategy:

- Reduction of infant and maternal morbidity and mortality through enhanced prenatal and neonatal care and access to obstetrical services: the percentage of births attended by qualified health personnel has increased from 62 percent in 2000 to 80 percent in 2009; the mortality rate at birth has declined from 62 deaths per thousand live births to 49; the maternal mortality rate remains high

despite positive trends that have brought it down significantly from 514 deaths per 100,000 live births to 380;

- Strengthening of the supply of reproductive and family planning health services;
- The AIDS pandemic contained to a prevalence rate of under 0.25 percent;
- Screening and free access to antiretroviral treatments (19 patients of which 12 are receiving antiretroviral treatments);
- Eradication of malaria in Mohéli;
- Increase in the number of mosquito nets (from 150,000 to 200,000 during the period);
- Free distribution of the anti-malaria drug Coartem as soon as the thick blood smear is positive;
- Provision of clean delivery kits to health centers to improve access to prenatal and neonatal care for vulnerable and poor social groups;
- Implementation of the French cooperation agency's Comorian Health Sector Support Project (PASCO) in this field.

Core strategy V: Promote education and vocational training with a view to developing human capital

In the education subsector, the following results and achievements were recorded:

- Improvement of the school enrollment rate and greater success in keeping children in school, as reflected in a reduction of the educational wastage rate (literacy rate of 68 percent, overall enrollment rate in primary school that has increased from 95.6 percent to 100 percent; net enrollment rate for primary school was only 76.1 percent; the retention rate has declined to 51 percent as of the fifth year of primary schooling; and 90 percent of primary school pupils move on to secondary school);
- Improvement in the education of young girls as part of the performance indicator for girl-boy parity, with a primary school enrollment rate of 91.8 percent for girls;
- Improvement of learning conditions (latrines, school supplies);
- Implementation of skills-based learning (SBL) with proven results in terms of the examination pass rate;
- Establishment of school infrastructures to increase the supply of education;
- Implementation of the school health project (WHO) focusing on deworming in all primary schools;
- Community public awareness campaigns in pockets of resistance using NGOs dedicated to the promotion of the education of women;
- Capacity-building for teachers with the percentage of qualified teachers increasing from 47 percent to 57 percent.

Core strategy VI: Promote environmental sustainability and civil security

Key achievements under the leadership of the United Nations System in this priority area of the poverty reduction and growth strategy include:

- Political advocacy and public awareness campaigns on environmental issues and sustainable development;
- Awareness-raising on the need to have a disaster response mechanism and a mechanism to respond to the effects of climate change;
- Continued implementation of the integrated management of Mwali marine park;
- Urban and rural sanitation activities, garbage collection, and the prohibition of unregulated dumps and transformation of such dumps into green spaces;
- Preparation of disaster response and implementation of a dedicated project (Emergency Operations and Civil Defense Center—COSEP) with the following results: (i) earthquake response center; (ii) preparation of the emergency plan; (iii) enhancement of the Karthala volcano observatory; and (iv) organization of the international conference on the Karthala volcano;
- Advocacy and public awareness campaigns on the issues of biodiversity and climate change, culminating in a national workshop;
- Mobilization and implementation of projects with the following results: (i) national biodiversity map; (ii) establishment of the national focal point for biosecurity; (iii) the drafting of a law on biosecurity; (iv) ratification of the Kyoto and Cartagena protocols; and (v) creation of a database and website;

- Implementation of two projects: (1) National Program for Sustainable Human Development (PNDHD) with IFAD financing and (2) sustainable land management with financing from the Global Fund and UNDP, including environmental components, particularly reforestation activities;
- Completion of a preliminary study for the national forestry policy with the support of the FAO.

6. Constraints and outlook

The effective implementation of the PRGSP is subject to a series of prerequisites, the most important of which are the mobilization of resources, an operational and effective institutional framework for the PRGS, the national context in all its facets, and the international economic context. After a year of implementation of the full 2010-2014 PRGSP, the main constraints and threats to the strategy have been: (i) the mobilization of resources; (ii) the weak human capacities; (iii) the operability of the institutional framework for implementation and monitoring-evaluation; and (iv) some specific constraints in the sectors identified in the full PRGSP: agriculture, livestock and fisheries, tourism, economic and communications infrastructure, energy, water and sanitation, the environment, governance and social cohesion, education and health, and the private sector and microfinance, which do not yet fully play their role in some cases

Despite these constraints, implementation took place in a context that offered opportunities for the reversal poverty trends in Comoros by leveraging the core strategies and their related programs. This involves coordinated implementation of: (i) the programs covering infrastructure and basic social services, such as roads, ports and airports, telecommunications and ICT, and education and health; (ii) domestic private and foreign direct investment in the priority development sectors (tourism-hotel industry, fisheries, agri-food industries, export-based industries and services, the environment and sustainable development, etc.); (iii) the outcomes of the HIPC Initiative decision and completion points; (iv) rigorous fiscal management; (v) a peaceful political climate; (vi) improvement of the business environment; (vii) achievement of the MDGs; and (viii) the challenges of globalization in terms of regional integration, the signing of the EPA, and future membership of the World Trade Organization (WTO).

The recovery of growth, which is projected at 2.4 percent by end-2010 (based on the clearance of the wage arrears, which has helped to revive consumption, the key engine of this recovery), is an encouraging sign of the efforts undertaken, brightening prospects for implementation of the PRGS.

In terms of the outlook for implementation and financing of the PRGS, the impact of the achievement of the HIPC decision point in 2010 and the [completion] point by 2012 at the conclusion of the IMF-supported program, the resources from the Doha Conference, cooperation with the European Union in the form of the resources of the 10th EDF broken down into two programming levels (the National Indicative Programme (NIP) and the Regional Indicative Programme (RIP)), the Comorian Health Sector Support Project (PASCO) organized by the French cooperation agency and begun in 2010 in the amount of USD 10 million over five years, and more generally the CCP resources from France [sentence incomplete].

7. Key lessons learned

- Respect of the commitments undertaken toward the partners strengthens credibility and encourages the efforts undertaken;
- Peace and stability are essential prerequisites for obtaining the commitment of the partners and for implementing the poverty reduction and growth strategy without hindrance;
- The national authorities are capable of harnessing their own domestic and external financing mobilization capacities beyond the traditional technical and financial partners;
- The importance of attracting foreign direct investment to finance growth, create jobs, and generate income for the needy segments of the population;
- The improvement of the business environment, both for the domestic private sector and for foreign investors;
- Stabilization of the macroeconomic context is an essential condition to lay the foundations for sustained and sustainable long-term growth;
- Investment in the basic social sectors is an essential component of the development efforts;
- Actions targeting vulnerable and poor social groups support and give visibility to the pro-poor strategy constituted by the PRGS.

8. Recommendations

(a) Mobilization of PRGS financing

- Accelerate the mobilization of resources for which commitments have already been received;
- Strengthen mobilization capacities by assigning a resource person to the task, or a dedicated unit within the Office of the Commissioner General for Planning (CGP).

(b) Ownership, implementation, monitoring-evaluation

- Strengthen ownership of the PRGS strategic framework at the sectoral level and at the decentralized island level;
- Accelerate implementation of the PRGS around its institutional framework by providing adequate resources for its execution and proper functioning;
- Strengthen the coordination and monitoring-evaluation framework for the PRGS by providing it with resources.

Implementation of the monitoring and evaluation system for the PRGSP and the MDGs requires a reorganization and strengthening of the national statistics system, which is dysfunctional and has insufficient human, material and financial resources for the coordination and production of statistics. These deficiencies mean that the rare statistics that are produced are not reliable or timely and are produced only intermittently. As a result of this situation, the few statistics that are available are not very useful for permanent monitoring of poverty reduction or any other development program.

The effectiveness and efficiency of the national information system on poverty depend on functional relationships between the structures that produce and use the statistical data. In this regard, and in the context of an effort to make the institutional framework for monitoring and evaluation of the PRGSP operational, it is both essential and urgent to develop collaboration mechanisms and synergies with the sectoral ministerial departments, statistical units on each of the three islands of the Union of the Comoros, and other entities that produce data.

To this end, actions to be taken to ensure greater effectiveness of the statistical framework will target:

→ Improvement of the operation of the National Statistics Directorate (DNS) and the corresponding units on the islands, which will involve:

- (i) Increasing staffing levels, both for internal needs and for deployment in the other departments;
- (ii) Implementation of the action plan of the national strategy for the development of statistics;
- (iii) Strengthening and revitalization of the planning directorates on each of the three islands.

→ Development of a specific capacity-building program for sectoral statistics in the various ministries, which will include the following actions:

- (i) Creation/strengthening of statistical units in the ministries;
- (ii) Identification of statistical and data production activities in the ministries concerned;
- (iii) Possible technical assistance from the DNS to implement and improve statistical operations (collection and processing methodologies and publication of the results).

(c) Disbursement and allocation procedures

- Improve the disbursement procedures of the technical and financial partners and those of other donors, an essential condition to ensure efficient implementation of the PRGS;
- Establish more transparent procedures for the allocation of resources by the national authorities based on adequate tools such as the medium-term expenditure framework (MTEF) and the medium-term budget framework (MTBF), responding to priority pro-poor allocations.

(d) The next stage of implementation of the PRGS

The successful implementation of the PRGS is largely dependent on the management of resources. The management system must respect normal fiscal rules and channels. Resources, particularly HIPC resources,

must be fully traceable and transparent. Budgets will be based on the priority strategies and action plans of the PRGSP, while improvement of the absorption capacity will need to be kept at the center of the implementation process.

The financial resources for the PRGSP will come essentially from the usual sources (own government resources and external resources for the execution of programs and projects financed by the development partners), and will include the resources obtained under the HIPC initiative and from the Doha Conference. The HIPC resources will be tracked in the budget, the TOFE, and the cash flow plan.

HIPC resources will be kept in a special trust account that will be opened at the Central Bank of the Comoros. From there the funds will be transferred to a Treasury account for budget allocation to the implementing entities, according to the budget prepared on the basis of the PRGSP action plan.

Each week, the Budget Directorate will present the budget status report (commitments and payment orders) and the report on the HIPC lines of financing. As well, the Cash Flow Committee will draft a report on payments charged to the HIPC lines of financing.

A National Supervision Committee will conduct audits and inspect the entities at the central and decentralized levels and submits its reports to the members and speaker of the National Assembly and the President of the Union. For purposes of this mission, the Committee may contract the services of public inspection offices or specialized private firms. The PRGSP National Technical Coordination Office will receive a copy. The National Supervision Committee, which will be kept informed by the budget delegations, will update the directions given to the Steering Committee, those responsible for research, the GTS focal points, and COPSED.

To achieve the objectives assigned to the mechanism for monitoring-evaluation of implementation of the PRGSP, it is essential to organize a series of statistical surveys (see tables on pages 50-52 below) so as to provide reliable performance and impact indicators and thus to measure progress made since the start of implementation.

Given the difficulties identified during the assessment of the national statistical apparatus, it is essential that a national training program be established at the central and decentralized levels to build institutional capacities, that equipment and supplies be provided, and that the statistical production capacities be strengthened.

INTRODUCTION

The Union of the Comoros adopted a full Poverty Reduction and Growth Strategy Paper (PRGSP) in 2009, following on the interim version adopted in 2005. The PRGSP was prepared in a participatory approach that included all of the stakeholders in development, with the support of the country's development partners. This lengthy process made it possible to obtain a broad consensus among the sectors of the Union of the Comoros and its development partners, thus making the PRGSP a unique frame of reference for joint actions by the government and its partners. The poverty reduction strategy paper covers both the requirements of the post-conflict recovery and the achievement of the MDGs, with the essential objectives targeted in this context being the consolidation of peace and strengthening of good governance, the creation of wealth and generation of substantial revenues in a pro-poor growth context, and broad access to basic social services. All of this will be achieved within an approach that takes account of the cross-cutting issues of human rights, gender equality, improvement of the production of and access to statistical data, the development of and access to ICT, and trade policy as a component of the development strategy, under the umbrella of the MDGs.

During the Doha Conference held in March 2010 in the capital of Qatar at the initiative of the government of the Union of the Comoros and under the auspices of the government of His Excellency the Emir of Qatar, the League of Arab States, the Islamic Development Bank, and the United Nations, resources were mobilized on the basis of the priorities contained in the PRGSP. The government of the Union of the Comoros obtained overall financial assistance in the amount of USD 540 million. To continue the mobilization of resources to finance the PRGS, the government of the Union of the Comoros has established a mechanism to follow up on the conference, which has taken the form of a series of missions and consultations between Comoros and Qatar and formalization of the terms and conditions for the intervention of the partners from which commitments have been received.

The formalization of the institutional framework for implementation, monitoring and evaluation was completed successfully and regulations were drafted. The challenge remains the efficient implementation of this framework. It should allow for better ownership and an affirmation of the national leadership, as well as greater operational involvement of national stakeholders in the implementation of the PRGS.

At the conclusion of this review of the status of implementation of the PRGS at the end of the first year – to measure progress made and make appropriate adjustments in order to improve the anticipated outcomes – it is essential to prepare a roadmap of the major actions to be taken at the national level and to have it adopted by the appropriate authorities.

This report on the implementation of the PRGSP has a twofold objective:

- (i) To sum up execution of the PRGSP in 2010;
- (ii) To identify the constraints and difficulties that have affected implementation during this period, and the opportunities available to the country to continue satisfactory execution of the PRGS actions.

From a methodological point of view, this report has been prepared as follows:

- Based on the terms of reference drafted by the Office of the Commissioner General for Planning, the national PRGS implementation expert submits a concept note and a draft outline for this report;
- Tools for the collection of key data on the execution of programs and projects at the sectoral level are developed;
- Regulations to complete the establishment of the PRGSP institutional framework are formalized;
- The data collection tools and draft regulations on the institutional framework are validated and adopted by the Steering Committee;
- The sectoral reporting process is launched based on the Sectoral Focal Points in the Office of the Commissioner General for Planning, on the one hand, and their correspondents at the operational level in the sectoral ministerial departments, on the other;
- An executive summary of the preliminary report on implementation is drafted and submitted;
- Sectoral workshops to validate the sectoral aide-mémoires (or reports) involving the members of the Sectoral Technical Groups are organized;

- The validated sectoral aide-memoires are used to prepare the general report on the first year of implementation of the PRGSP by providing essential information on the execution of projects and programs;
- The general report is reviewed during a national workshop for annual review of implementation;
- The national expert responsible for preparing the report includes the comments and contributions from the workshop and finalizes the general report approximately 10 days later.

This report is divided into six parts, in addition to the introduction, conclusion, and recommendations:

- The first part analyzes the macroeconomic framework for implementation of the PRGS;
- The second part describes the programming and execution of sectoral projects and programs;
- The third part reports on reforms and policies;
- The fourth part analyzes implementation and the monitoring-evaluation framework in 2010;
- The fifth part puts forward the conclusion and recommendations;
- The sixth part contains the annexes and the list of the key tables in the report.

This report on the first year of implementation of the PRGSP could not take into account all of the indicators that should have been used for the following reasons:

- (i) Resources were not allocated to finance the surveys needed to compile and update these indicators;
- (ii) Implementation of the national mechanism for coordination and monitoring-evaluation was delayed;
- (iii) The national statistical apparatus, including the sectoral and decentralized correspondents, suffered from weaknesses and the national statistics directorate was understaffed;
- (iv) No resources were allocated for the implementation of certain priority actions.

Despite the numerous constraints encountered in preparing this first report on the first year of implementation of the PRGS, the government of the Union of the Comoros expresses its commitment to making the PRGS framework a tool for programming the economic and social development of the country and regularly evaluating its implementation through its institutional framework for monitoring-evaluation. The government is convinced that the poverty reduction and growth strategy constitutes a joint partnership framework in which an effort must be made to achieve greater coordination and aid effectiveness, inclusive and participatory implementation, and rigorous monitoring and evaluation of actions taken in order to measure the impacts and achievement of the assigned targets.

In undertaking the preparation of this report on the first year of implementation, and presenting an assessment in the form of a comparison between the objectives, resources mobilized, outputs, and a summary of the results, the government wishes to call upon its development partners and donors to together draw the lessons from this first year of implementation of the PRGSP in order to make the necessary adjustments to the strategies and programs for the subsequent stages of the process.

I. ANALYSIS OF THE MACROECONOMIC FRAMEWORK

1.1 Real sector

Comoros posted a modest economic recovery in 2010 after its poor performance in 2008 and 2009. The real GDP growth rate exceeded 2 percent according to data available at the time of drafting of this report, compared to an initial projection of 1.8 percent. However, the country's public deficits and long-term external imbalances (budget, balance of payments, etc.) remain significant, reflecting both the structural nature of these imbalances and the country's considerable vulnerability.

External trade continues to be characterized by a sharp rise of imports, while exports are struggling to recover owing to the unfavorable prices for Comoros's key products on the international markets. This situation is

reflected in the slump affecting vanilla, where sizable stocks have been accumulated in the sector over several years.

The gross domestic investment rate is estimated at 17 percent at year's end, a slight increase over 2009, when it stood at 12.4 percent. Despite the absence of quantitative data on foreign direct investment, it is acknowledged that the favorable changes in the national and subregional context did lead to an increase in FDI in 2010, but it remains to be seen if this trend will continue in 2011. Gross national savings stands at around 7 percent, closely in line with the IMF program.

Price levels measured by inflation were projected at 2.7 percent in 2010, but spiked to 7.9 percent in July 2010, resulting in an overall increase of 4.2 percent in 2010, which was a slight decline from the 4.9 percent recorded in 2009. The main sources of inflation were the appreciation of the dollar, higher freight costs, and the consolidation of demand, in which a factor was the clearance of the substantial accumulation of wage arrears by the government with the help of external financial assistance, including CF 9.8 billion in budgetary assistance from the government of Qatar.

During the second half of the year, inflation declined to around 3 percent as a result of membership of the free zone and the stabilizing effects of the related convergence criteria, for a year-end level that was closely in line with the IMF program and with projections.

Overall, in addition to the significant financial aid from Qatar, along with purchases of foreign exchange by the key local banking institutions, net external transfers totaled CF 19.8 billion at end-June 2010, an exceptional increase of 56.2 percent compared with transfers reported in 2009.

1.2 Fiscal policy and debt

Budget execution during the first half of 2010 resulted in revenues of CF 12 billion as compared to expenditures totaling CF 14.6 billion, for a primary deficit of CF 2.8 billion, or an increase of CF 2.2 billion from the same period in the previous year. At the same time, the revenue mobilization target was missed by a narrow margin. However, owing to better tracking of current expenditure, the primary domestic fiscal balance was kept within the ECF program limits of less than 2 percent of GDP, 1.6 percent to be exact. In contrast, net credit to the government exceeded program forecasts.

At the end of the fiscal year, tax revenues, particularly domestic direct and indirect taxes, were below the program targets as a result of the continuing weaknesses in the tax administration. At the same time, expenditures increased slightly by 0.1 percent of GDP.

The external debt remains unsustainable at 343 percent of exports. The government has obtained an agreement for the restructuring of its outstanding debt with certain Paris Club creditors, involving an 80 percent reduction in debt service obligations during the period from June 2009 to June 2012. Achievement of the HIPC decision point in June 2010 brought the relief to 90 percent. Comoros was also able to obtain the agreement of the non-Paris Club creditors for the postponement of the settlement of external arrears equivalent to USD 43.9 million at end-2009, and USD 0.24 million in debt service in 2010.

The gradual restoration of external solvency is continuing by means of the debt sustainability process. After the rescheduling phase, the cancellation of some of the stock of debt, and the signing of a PRGF and subsequently ECF program, the year 2010, particularly the first half, was noteworthy in that Comoros reached the HIPC decision point. This achievement was aided by the positive first review of the Extended Credit Facility (ECF) by IMF staff in the month of April 2010. The review noted that seven indicators out of a total of eight set as benchmarks to be achieved by December 2009 had been met.

1.3 Balance of payments, monetary situation, credit, and the financial system

In 2010, the balance of payments continued to deteriorate, owing to persistent long-term external imbalances.

The current account stood at -CF 20.478 billion, as compared to -CF 18.411 billion in 2009. The capital and financial operations account stood at CF 16.082 billion in 2010, as compared to CF 13.453 billion in 2009 according to preliminary data from the Central Bank of the Comoros.

A significant trade deficit of CF 63.890 billion was recorded, as compared to CF 55.815 billion in 2009. The overall trade balance was negative at -CF 4.395 billion as compared to a surplus of CF 10 billion in the previous year.

The money supply grew 11.4 percent during the first half of 2010 to CF 64.7 billion, as compared to CF 57.6 billion in 2009. Broad money increased 12.7 percent in 2010. The reserve ratio remains the key instrument for regulating liquidity. Although this ratio was set at 25 percent in 2008, it was increased to 30 percent in 2010 in response to a strong increase in demand for credit and rising domestic prices during the third quarter of the year, and a substantial increase in liquidity related to the significant external budgetary support provided during 2010.

The financial position of the Comorian banking system remains satisfactory overall in 2010. The prevalence of nonperforming loans declined in 2010 and the overall profitability of banking institutions improved. The government prepared a strategy to refocus the activities of the National Postal and Financial Services Company (SNPSF), and the company began to implement the strategy, which was prepared and finalized with the help of French technical assistance. It is aimed in particular at limiting the activities of the SNPSF to collecting savings and transferring money, as well as the extension of the new postal checking service to a broader public. It will be implemented during the last quarter of 2011, at the same time as the modernization of customer services through the introduction of e-money services via the automated teller machines (ATM) and automatic payment terminals (APT) in businesses and service providers.

Table 2: Overview of Macroeconomic Projections and Results, based on the PRGS

Projections and results (% of GDP, unless otherwise indicated)	2009	2010 <i>Projection</i>	2010 <i>Result</i>	2011	2012	2013	2014
GDP at market prices (CF billion)	189.6	194.8	2010.0	208.01	223.27	242.13	262.76
Fiscal revenue	10.3	10.9	14.3	11.1	11.8	12.0	12.3
Tax revenue	2.7	2.7	3.0	2.7	2.7	2.7	2.7
Nontax revenue	13	13.6	12.5	13.8	14.5	14.7	15
Total expenditure	19.5	+29.1	+24.0	29.1	28.9	28.4	26.8
Capital expenditure	6.9	13.9	14.0	15.0	14.6	14.6	13.5
Current expenditure	12.6	15.2	16.5	15.0	14.6	14.6	13.5
Wages	8.9	8.8	8.9	8.3	8.0	7.6	7.1
Wages/Total revenue (in %)	68.07	63.35	62.01	59.05	53.93	49.53	45.63
Domestically financed capital expenditure	0.5	1	1.3	1.5	1.9	2.1	2.3
Externally financed capital expenditure	6.4	12.9	6	12.6	12.4	11.6	11
External financing (counterpart funds)	6	6.2	6	6.3	6.5	6.7	6.3
Project grants	6	6.2	6.7	6.3	6.5	6.7	6.3
Nonproject grants (budgetary aid)	0.7	0	14.5	0	0	0	0
Primary balance	-2.2	-1.9	-1.6	-1.5	-0.4	-0.1	1.4
Overall balance, excluding grants	-9.1	-15.8	-17.4	-15.6	-14.7	-13.8	-11.9
Financing gap	2.4	9.6	2.1	9.2	8.2	7.1	5.6
Real GDP growth rate (in %)	1.2	2.5	2.1	3.6	4.4	5.5	5.6

Sources: PRGSP, 2010-2014, Ministry of Finance, and IMF and consultant estimates.

II. PROGRAMMING AND EXECUTION OF PROJECTS AND PROGRAMS

2.1 Programming, financing and execution of projects and programs included in the Annual Action Plan in 2010

2.1.1. Core Strategy 1: Stabilize the economy and lay the groundwork for strong and equitable growth

A comparison of the forecasts included in the full 2010-2014 PRGSP and the 2010 forecasts with those in the corresponding PIP programs is provided in the following table:

Table 2.1.: Core Strategy 1 - 2010 Programming and Allocation (in CF million)

Industries/subsectors/programs	2010 MAP/PRGSP		2010 PIP execution		PIP/PRGSP Ratio	
	Status	TFP	Status	TFP	Status	TFP
1.1 Enhance government and fiscal operations	0	1,103	0	3,872.1	0 %	+351.05 %
1.2 Integrate and facilitate domestic and international trade	0	119	0	234	0 %	+196.63 %
1.3 Improve the supply of low-cost energy	0	330	0	2,271	0 %	+688.18 %
1.4 Improve basic economic infrastructure and communications services	0	3,616	1,933 (1,212: loan)	9,836	+19.65 %	+272 %
1.5 Increase access to safe drinking water, sanitation, and sustainable resource management	0	3,030	0	261.2	0 %	-8.62 %
Total Core Strategy 1 programs	0	7,675	1,933	16,444.3	+11.75 %	+214.25 %

With the notable in exception of program 1.4 of this core strategy, which recorded a financing gap of almost 9 percent, resource mobilization with the TFPs to finance priority actions under the other programs was strong. This overall performance, which averaged +214.25 percent for the core strategy as a whole, is attributable to the mobilization effort made by the national authorities with the TFPs, on the one hand, and the willingness of the TFPs to translate their commitments into funds. It reflects the net recovery of official development assistance (ODA) in favor of Comoros noted over the past five years after the decline in ODA during the 1990s.

2.1.2. Core Strategy 2: Strengthen key sectors by focusing on institution-building and ensuring a broader role for the private sector

Table 2.2.: Core Strategy 2: Programming and Allocation in 2010 (In CF million)

Industries/subsectors/programs	2010 MAP/PRGSP		2010 PIP execution		PIP/PRGSP Ratio	
	Status	TFP	Status	TFP	Status	TFP
I. Strengthening of the private sector						
2.1. Support private sector organization	0	123	240	221	100 %	+44.34 %
2.2. Promote financial intermediation and microcredit	0	5	235.62	982	0 %	
II. Economic recovery via the growth sectors						
Agriculture and livestock subsector						
2.3. Enhance land tenure security	0	10	0	80,254	0 %	+97.87 %
2.4. Support the creation of a favorable environment for agriculture sector development	0	9	0	2,214.05	0 %	+99.61 %
2.5. Stimulate agriculture and agri-food production	0	0	0	2,080.12	0 %	+100 %
2.6. Protect livestock against exotic infectious diseases and apply more intensive methods in the animal production sector	0	1,106	0	242.34	0 %	-79.80 %
Fisheries subsector						
2.7. Create an environment conducive to the harmonious development of the sector	0	22	0	148.67	0 %	+85.20 %
2.8. Develop a conservation, processing, and marketing system for fish products	0	113	0	55.25	0 %	-51.10 %
Tourism sector						
2.9. Support tourism development	0	0	0	0	0 %	0 %
Total Core strategy 2 programs	0	1,386	475.62	6,023.91	100 %	+76.99 %

The second core strategy did not perform as well in terms of external resources received in comparison to those included in the PRGSP multiyear action plan (MAP). Nevertheless TFP commitments rose by an average of +76.9 percent for all of the programs in the core strategy. Two programs – those covering the fisheries and tourism subsectors – performed poorly. The fisheries subsector did not achieve the total resources included in

the PRGSP MAP, recording a decline of -51.10 percent, while the tourism subsector, for which no commitments were recorded in the MAP, did not mobilize any assistance from the TFPs, nor did the government contribute anything to efforts to develop this subsector.

2.1.3. Core Strategy 3: Strengthen governance and social cohesion

Table 2.3.: Core Strategy 3: Programming and Allocation in 2010 (In CF million)

Industries/subsectors/programs	2010 MAP/PRGSP		2010 PIP execution		PIP/PRGSP Ratio	
	Status	TFP	Status	TFP	Status	TFP
3.1. Promote good governance, social cohesion, solidarity, and consolidation of peace	0	807	0	1,171.14		31.09 %
3.2. Improve the legal framework, promote anticorruption efforts, and strengthen transparency in fiscal management	0	1,081	0	659.75		-38.96 %
3.3. Strengthen the capacities of the judiciary	0	375	0	66.10		-82.37 %
3.4. Fight terrorism and transnational crime and strengthen civil security	0	0	0	2,251		100 %
Total Core Strategy 3 programs	0	2,263	0	4,147.99	0	45.45 %

With an average increase of 45.45 percent in resources executed in the programs covered by this core strategy, only program 3.2 and 3.4 performed poorly, with declines of -38.96 percent and -82.37 percent, respectively, in the important areas of transparency and combating corruption, as well as capacity-building for the judiciary. The TFPs and the national authorities do not appear to have paid sufficient attention to these areas for the improvement of governance. The development of the sector by means of an improved legal environment, the respect of human rights and gender equity also depend on the efforts dedicated to the judicial sector.

2.1.4. Core Strategy 4: Improving the health status of the general public

Table 2.4.: Core Strategy 4: Programming and Allocation in 2010 (In CF million)

Industries/subsectors/programs	2010 MAP/PRGSP		2010 PIP execution		PIP/PRGSP Ratio	
	Status	TFP	Status	TFP	Status	TFP
4.1. Fight malaria and priority diseases	0	1,407	0	503.24	0	-64.23 %
4.2. Promote the integrated development of sexual and reproductive health	0	2	0	124.81	0	+98.39 %
4.3. Fight HIV/AIDS and sexually transmissible infections	0	20	0	290.83	0	+93.12 %
4.4. Strengthen the effectiveness and efficiency of all aspects of the health system	0	3,122	0	1,618.24	0	-48.16 %
Total Core Strategy 4 programs	0	4,550	0	2,537.12	0	-44.23 %

Execution of the resources allocated by the MAP to the core strategy covering health services in 2010 declined, averaging -44.23 percent. In fact, out of the more than CF 4.5 billion included in the PRGSP, only CF 2.5 billion were executed in 2010. The effort to mobilize resources in favor of the PRGS priority sector was successful with the commitment of close to CF 5 billion by the French development agency (AFD) for the PASCO program over five years (2010-2014) and a commitment in the same amount for the same period by the Global Fund to Fight AIDS, Tuberculosis and Malaria in support of the Comorian Association for Welfare and the Family (ASCOBEF) for anti-malaria and HIV/AIDS activities. China and the WHO jointly committed to a program for the elimination of malaria by 2012 on the islands of Ngazidja and Ndzouani after the success recorded on Mwali. In short, resources were mobilized but execution was weak as a result essentially of the delay in the start-up of programs and projects and the delayed availability of financing.

Programs 4.2 and 4.3 of this core strategy performed well in terms of resources executed (between 93 percent and 99 percent), compared to the insignificant resources allocated by the MAP for the first year of implementation of the PRGSP

2.1.5. Core Strategy 5: Promote education and vocational training with a view to improving human capital

Table 2.5.: Core Strategy 5: Programming and Allocation in 2010 (In CF million)

Industries/subsectors/programs	2010 MAP/PRGSP		2010 PIP execution		PIP/PRGSP Ratio	
	Status	TFP	Status	TFP	Status	TFP
5.1. Develop education, technical instruction and vocational training to reflect the requirements of the job market	0	458	0	1,305	0	+64.,90 %
5.2. Improve access to and the quality of basic (preschool and elementary) and secondary education	0	538	0	3,189	0	+83.,12 %
5.3. Develop competent human resources and the sectoral (SWAP) approach in education	0	17	0	1,129	0	+98.,49 %
5.4. Promote literacy, sports and cultural activities	0	0	0	0	0	0
Total Core Strategy 5 programs	0	1,012	0	5,623	0	+82 %

The programs under this core strategy showed an average increase of +82 percent in terms of the mobilization and execution of resources. With the notable exception of program [5.4] on the promotion of literacy, and sports and cultural activities, which received no allocations of resources under the MAP nor had executed any at the end of the first year of implementation of the PRGSP, the three other programs in this core strategy received financing higher than that included in the PRGSP MAP (between +64 percent and +98.49 percent).

2.1.6. Core Strategy 6: Promote environmental sustainability and civil security

Tableau 2.6.: Core Strategy 6: Programming and Allocation in 2010 (In CF million)

Industries/subsectors/programs	2010 MAP/PRGSP		2010 PIP execution		PIP/PRGSP Ratio	
	Status	TFP	Status	TFP	Status	TFP
6.1. Conserve biodiversity and equitably share its advantages	0	156	0	321.64	0	+51.49 %
6.2. Conserve and develop biodiversity	0	0	0	1,408.65	0	+100 %
6.3. Adapt to climate change	0	1,012	0	531	0	-47.52 %
6.4. Promote fiscal rehabilitation with an ecological focus	0	260	0	0	0	0 %
6.5. Develop capacities for multi-sector environmental management and coordination	0	0	0	70.18	0	+100 %
6.6. Establish prevention and management mechanisms for risks related to natural and climate disasters	0	117	0	306.54	0	+61.83 %
Total Core Strategy 6 programs	0	1,545	0	2,638.01	0	+41.43 %

This core strategy, covering programs dedicated to the environment, performed similarly in terms of the mobilization and execution of resources, with an average increase of over 41 percent. With the notable exception of program 6.4, which is open to misinterpretation, does not clearly fit into this core strategy, and received no allocations during the execution stage (although financing of CF 290 million appears to have been identified in the PRGSP), and the program relating to climate change, which declined -47.52 percent from its initial financing, the other priority programs received more financing than initially programmed and executed all of their allocations.

2.2 Programming and execution of projects and programs in the autonomous islands

Apart from a few exceptional cases, the autonomous islands are not considered sectors or areas for special allocations of public resources for development. An example of one of the exceptional cases is the assistance provided by France under the Partnership Strategy Paper, which allocates close to 70 percent of its resources to the island of Anjouan to stabilize migratory flows toward Mayotte owing to the population pressures on the island and the depth of the poverty there, with 70 percent of the population living under the poverty line. The approach adopted by the Doha Conference on development and investment in Comoros included an island-based allocation of resources to finance the various programs presented at that time, and there are nevertheless island variations for execution of most programs and projects that take account of specific problems so as to provide an adequate response.

In light of this, no analyses could be provided based on such a breakdown of programming and execution of projects and programs, and only a documentary review of the regular execution reports for these projects and programs could provide information on resources executed at the island level.

Given the importance of the islands in the endeavor to achieve balanced development across the country and given the regional disparities, which are a source of frustration, tensions and crises that threaten peace and social cohesion, some observations that consider the regional or local dimensions of the development process are required. The key observations are:

- While regional disparities and the urban and rural characteristics of poverty are taken into consideration by the studies on which the PRGS is based, they are not taken into account sufficiently to initiate policies around targeted projects and programs in the regions and for the populations concerned.
- The capacity of local stakeholders (civil society, local governments, grassroots organizations (GROs)) to mobilize domestic and external financial resources is not taken into account as a source of financing of PRGSP development programs with the notable exception of the World Bank's FADC project and the Union of the Comoros co-development program conducted by the French development agency. Nevertheless locally mobilizable and mobilized resources can be substantial and could have a significant positive impact on poverty.
- There is a clear organizational deficit at the local level and local leadership is often weak, handicapping the regional dimension of development and sufficient consideration of programming at this level.
- The delays and inefficiency in the implementation of projects and programs at the local level as a result of: (i) the failure to take sufficient account of problems and needs in programming; (ii) burdensome procedures for disbursements by donors; and (iii) the lack of managerial skill in the execution units.
- The lack of coordination and cohesion among the various participants at the island and local level for the efficient implementation of development actions: there are numerous participants in the implementation of projects and programs (government, NGOs, TFPs, communities, general public), which often act without coordination or any effort to achieve synergies.
- The island institutional apparatus for implementation of the PRGSP – COPSED – was not operational during the first year of implementation. Meanwhile, in addition to monitoring and evaluating the implementation of projects and programs under the PRGSP core strategies and the related programs at the island level, COPSED is responsible for helping to better identify priorities and the needed adjustments during implementation so as to better respond to needs and expectations.

Nevertheless, the PRGSP institutional monitoring-evaluation mechanism does dedicate one unit, COPSED, to the island level. The process of review of the first year of implementation, which is covered by this summary report, led to the organization of reporting workshops on the sectoral portions of the program and project reviews. This initiative activated the COPSEDs at the island level as an integral part of the mechanism, both testing its operability and strengthening ownership and the framework for discussion and consensus-building in implementation and in assessment of program and project results. This has the

added benefit of constituting a unique opportunity to take account of the regional dimension of programming, expectations and needs in the structuring of the Nation and the State

2.3. Programming during the 2011-2012 period (by core strategy)

Core Strategy I: Stabilize the economy and lay the groundwork for strong and equitable growth

Programs	2010		2011		2012	
	Obtained	Executed	Obtained	To be identified	Obtained	To be identified
1.1 Enhance government and fiscal operations	1,103	3,872.1	253	15,437	199	15,587
1.2 Integrate and facilitate domestic and international trade	119	234	113	406	110	406
1.3 Improve the supply of low-cost energy	330	2,271	260	13,924	260	13,924
1.4 Improve basic economic infrastructure and communications services	3,616	9,836	0	11,034	0	11,034
1.5 Increase access to safe drinking water, sanitation, and sustainable resource management	3,030	261,2	2,790	5,337	2,790	5,337
Total Core Strategy 1 programs	7,675	16,444.3	3,416	47,358	3,359	46,288

Core Strategy II: Strengthen key growth sectors by focusing on institution-building and ensuring a broader role for the private sector

Programs	2010		2011		2012	
	Obtained	Executed	Obtained	To be identified	Obtained	To be identified
I. Strengthening of the private sector						
2.1. Support private sector organization	123		36	394	26	210
2.2. Promote financial intermediation and microcredit	5		10	420	0	180
Agriculture and livestock subsector						
2.3. Enhance land tenure security	10		5	557	5	732
2.4. Support the creation of a favorable environment for agricultural sector development	9		9	966	9	906
2.5. Restore agricultural and agrifood production	0		0	,	9	906
2.6. Protect livestock against exotic infectious diseases and apply more intensive methods in the animal production sectors	1,062		2,250	1,184	0	2,769
Fisheries subsector						
2.7. Create an environment conducive to the harmonious development of the sector	22		0	44	3	47
2.8. Develop a conservation, processing, and marketing system for fish products	113		100	2,037	100	3,622
Tourism sector						
2.9. Support tourism development	0		0	1,415	0	1,360
Total Core Strategy 2 programs	1,343		2,410	9,778	3549	11,784

Core Strategy III: Strengthen governance and social cohesion

Programs	2010		2011		2012	
	Obtained	Executed	Obtained	To be identified	Obtained	To be identified
3.1. Promote good governance, social cohesion, solidarity, and the consolidation of peace	807		530	837	470	1027
3.2. Improve the legal framework, promote anticorruption measures, and strengthen transparency in fiscal management	1,081		469	700	334	507
3.3. Strengthen the capacities of the judiciary	375		310	515	285	965
3.4. Fight terrorism and transnational crime and strengthen civil security	0		0	945	0	765
Total Core Strategy 3 programs	2,263		1,309	2,997	1,089	3,264

Core Strategy IV: Improve the health status of the general public

Programs	2010		2011		2012	
	Obtained	Executed	Obtained	To be identified	Obtained	To be identified
4.1. Fight malaria and priority diseases	1,407		626	2,435	659	2,347
4.2. Promote integrated sexual and reproductive health development	2		2	1,453	2	1,293
4.3. Fight HIV/AIDS and sexually transmissible infections	20		20	108	20	216
4.4. Strengthen the efficacy of all aspects of the health system	3,122		53	9,378	0	8,594
Total Core Strategy 4 programs	4,550		701	13,374	681	12,450

Core Strategy V: Develop education and vocational training with a view to developing human capital

Programs	2010		2011		2012	
	Obtained	Executed	Obtained	To be identified	Obtained	To be identified
5.1. Develop education, technical instruction, and vocational training to reflect the requirements of the job market	458		609	124	773	228
5.2. Improve access to and the quality of basic (preschool and elementary) and secondary education	538		690	3,560	5	4,654
5.3. Develop competent human resources and the sectoral (SWAP) approach in education	17		12	571	17	782
5.4. Promote literacy, sports, and cultural activities	0		0	518	0	625
Total Core Strategy 5 programs	1,012		1,311	4,772	795	6,289

Core Strategy VI: Promote environmental sustainability and civil security

Programs	2010		2011		2012	
	Obtained	Executed	Obtained	To be identified	Obtained	To be identified
6.1. Conserve biodiversity and equitably share its advantages	156		10	322	10	300
6.2. Conserve and develop biodiversity	0		0	1,230	0	1,100
6.3. Adapt to climate change	1,012		810	2,200	630	2,500
6.4. Promote fiscal rehabilitation with an ecological focus	260		260	950	260	950
6.5. Develop capacities for multi-sector environmental management and coordination	0		0	272	0	225
6.6. Establish prevention and management mechanisms for risks related to natural and climate disasters	117		92	35	92	54
Total Core Strategy 6 programs	1,545		1,172	5,009	900	5,129

III. STATUS OF POLICIES AND REFORMS

3.1. Core Strategy 1: Stabilize the economy and lay the groundwork for strong and equitable growth

Comoros has a program of economic and financial reforms that is supported by the IMF's Extended Credit Facility (ECF) covering the period 2010-2011 and by the Institutional Capacity-Building Program (ICBP) of the African Development Bank, which focuses on strengthening economic and financial governance. As well, the World Bank project in support of the promotion of good governance implemented in 2010 is active in the sector in the sense of strengthening economic and financial governance, with a component supporting sectoral reforms. The program supported by the IMF aims to make the economic recovery begun in 2010 (when a growth rate of around 2.1 percent was recorded) sustainable over time.

The second review of the IMF-supported program, which took place in 2010, concluded that all performance criteria and the key quantitative and structural benchmarks were met.

In the structural area, preparation for the computerization of pay slips continued in 2010. The draft law establishing detailed job charts for the civil service was submitted to the National Assembly and adopted during the session on the 2011 Budget Law. As well, the representative of the Office of the President of the Union to the Financial and Economic Reforms Unit (CREF) was appointed, supporting the establishment of this pilot sectoral reform entity and involving the Office of the President.

The reform of the public utility sector made significant progress in 2010. It will continue in 2011 in accordance with the road map prepared and will be completed in 2011 with the support of the IFC for the Comoros Telecom and the Comorian Hydrocarbons Company and the AfDB for the Water and Electricity Production and Distribution Company (MAMWE).

Naturally, the projects and programs supporting the sectoral structural reforms promoting good governance and the enhancement and stabilization of the macroeconomic context help support sustainable pro-poor growth within the meaning of the PRGSP. However, an implementation and programming tool in support of the acceleration of growth under the priority programs contained in the PRGSP is lacking. With the main objective of strengthening the competitiveness of the Comorian economy by taking better advantage of its assets, potential, and comparative advantages, this involves defining and implementing a substrategy that focuses on the clearly identified growth and competitiveness centers based on the PRSP core strategy. These growth and competitiveness centers should in turn be organized into clusters of activities, services and competencies around well-targeted products that can penetrate both the domestic and international markets, based on permanent tripartite coordination among the state, private sector and social partners according to a logical articulation of the sharing of roles and responsibilities in the context of the inclusive and participatory strategy for development constituted by the PRGS.

Table 3: Status and Timetable of the Structural Reforms under the ECF Arrangement, 2010

Measures	Macroeconomic Justification	Date	Status
Prior actions			
Submission of the 2010 supplementary budget to the National Assembly			Completed
Adoption by the Council of Ministers of the reform strategy for Comoros Telecom and the appointment of a new Board of Directors for the Comorian Hydrocarbons Company			Completed
Completion and forwarding to IMF staff of a comprehensive report on Treasury balances outstanding, together with a plan for the collection of tax liabilities.			Completed

Structural benchmarks

Maintenance of the petroleum product price-setting mechanism	To ensure a reliable supply of petroleum products and limit pressures for subsidies	Ongoing	
Appointment of a representative of the trade union presidents to the reform monitoring committee (CREF)	To increase the effectiveness of the implementation and monitoring of the reforms	June 30, 2010	Completed
Introduction of computerized pay slips	To improve control of the wage bill and of government expenditure	Beginning in September 2010	Completed
Completion of the census of government employees and officials	To improve control of the wage bill and the government expenditure	End-December 2010	Support has been requested from the WB
Implementation of the detailed civil service job charts	To improve control of the wage bill and government expenditure	2011 budget	Ongoing

Source: Ministry of Finance and IMF

3.2 Core Strategy 2: Strengthen the key growth sectors by focusing on institution-building and ensuring a broader role for the private sector

The private sector and financial services benefit from the priority granted to them under the PRGS. Important projects and programs involving several partners from the community of traditional donors to Comoros have been implemented, with mixed results owing to start up issues. The United Nations System plays a major role in the sector through its specialized agencies, the UNDP, ILO, UNCDF, ITC, UNCTAD, WTO, WB and IMF. The French Development Agency provides substantial complementary assistance to the private sector through its support to the Comoros Development Bank in the form of refinancing on concessional terms and its support to MECK-Moroni.

The real challenge in strengthening the private sector is to improve the legal environment for business and to strengthen the private sector's competitiveness in light of the greater economic and trade openness. This requires courageous and audacious reforms to ensure that the PRGS is followed. Against a backdrop of long-term structural external imbalances, the formalization of a widespread informal sector that competes under unfair conditions with the formal sector and economic diversification as a response to an extremely outward-looking economic structure constitute challenges for the economic and social development of Comoros.

The economy appears to be on track, with signs of recovery, the opening of the banking sector to competition, the liberalization program supported by the IFC, the IMF program supported under the ECF, and a steady improvement in foreign direct investment, which has increased by 15 percent. FDI, particularly in the tourism sector, is driven by the interest of the Gulf countries in Comoros. The results of the Doha Conference on development and investment in Comoros augur well for the economic outlook in the private sector.

The satisfactory results at the mid-point of the IMF program support this trend and bode well for the HIPC completion point, the decision point having been met and having resulted in substantial external debt relief. All of this reinforces the need for stabilization of the macroeconomic context through long-term sustained and sustainable growth that can contribute to a significant reduction of poverty with the private sector as the main engine.

The agriculture, livestock and fisheries sector has benefited from the priority granted to it in the PRGS. Important projects and programs involving several partners among the community of traditional donors to Comoros have been implemented. The United Nations system plays a major role in the sector through its specialized agencies, the FAO, IFAD, and the UNDP. France is providing considerable support through its flagship PREDIVAC project. China and the Arab partners are involved in the sector as TFPs. Meanwhile, the European Union is involved through joint programming with the IOC in the area of fisheries and coastal preservation, and with the African Union on the prevention of bird flu.

The energy, water and sanitation subsectors also benefit from the priority granted to them in the PRGS. Important programs and projects involving a number of partners in the community of traditional donors to Comoros have been implemented. France, the EU, the United Nations System (UNICEF and UNDP), the AfDB, Iran and the international NGO Water Without Borders also play a major role. The AfDB has the largest commitment in the water subsector in the amount of CF 5.7 billion, marking its return as a donor after the clearance of Comoros's arrears to it. France follows the AfDB with two projects in Anjouan and Grande Comore, respectively, for a total commitment of close to €5 million. Iran has become a TFP in the water subsector, having already been involved in agriculture. Joint programming is also taking place in the water and sanitation subsectors in the form of an AfDB/UNICEF partnership in a sanitation project that will be executed by UNICEF, an operational agency of the United Nations system. The French and Canadian Red Cross societies are carrying out sanitation work in the educational sector through a program for the construction of latrines, the availability of which will encourage the enrollment of girls.

3.3 Core Strategy 3: Strengthen governance and social cohesion

The sector covering this core strategy receives the greatest attention from the government and TFPs, which allocate substantial resources in the various areas of intervention included in the dense field of governance, particularly in the form of five programs dedicated to strengthening institutional capacities connected with governance: Support for Development Planning and Coordination (APLACO); a UNDP project in support of development management capacities; Support for Economic Good Governance (World Bank); the AfDB's Institutional Capacity-Building Project (ICBP) ; and programs in support of justice financed by UNICEF and by the EU in the context of the 10th EDF.

It is true that much work remains to be done to build good governance, and political determination and courage are required to continue the structural reforms and encourage the necessary change in behavior and management practices of the government and those governed.

3.4 Core Strategy 4: Improve the health status of the general public

The sector covering this core strategy benefits from the priority accorded to it in the PRGS. Important projects and programs involving several partners from the community of traditional donors to the Comoros have been implemented. The United Nations system plays a major role in the sector through its specialized agencies, the WHO, UNFPA and UNICEF. The AFD is the main donor in the sector ahead of the UN System through its flagship PASCO project covering the period 2010-2014, to which it has dedicated € 10 million, equivalent to almost CF 5 billion.

The UN System has contributed significantly to the development of the legal, regulatory and strategic frameworks for the sector, which are important prerequisites for the projects and programs that follow. The UN System carries out activities that target access to care for the most vulnerable and poor segments of the population: mother and child health, adolescent health, nutrition, reproductive health and family planning, free distribution of mosquito netting and the anti-malaria drug Coartem in the context of the National Anti-Malaria Program (PNLP), distribution of clean delivery and cesarean kits, free provision of antiretroviral treatments in the context of the efforts to combat HIV/AIDS, etc. Institutional capacity-building activities for health centers and personnel are implemented in the context of the National Human Resources Program (PNRH).

The French cooperation agency has implemented a health program (PASCO) in Comoros since late 2009 in the amount of close to CF 5 billion over five years, with financing from the AFD. The performance of this program was satisfactory in 2010 with the amount executed being in line with the amount programmed.

The Islamic Development Bank is carrying out a capital investment project in the main hospital centers on the three islands.

As well, a number of national and international NGOs are carrying out activities that are in line with the priority objectives of the PRGSP.

The challenges in the health sector are still considerable in comparison with the available resources, and a significant effort will be needed to eliminate some obstacles, facilitate the access of poor and vulnerable segments of the population to basic health care, and prevent and combat epidemics, pandemics, and other priority diseases.

Training, medical technical support services, health infrastructure, and institutional capacities remain major challenges to be met in order to support the sectoral policies and interventions of the development partners. The sector has prepared and adopted the key frameworks and assessed the various needs. It has benefited from substantial commitments in the context of the Doha Conference on development and investment in Comoros. The capacity to mobilize potential resources to finance needs remains the main challenge to be met for the sector and the authorities if the objectives set the PRGSP and sectoral strategic frameworks are to be met.

The health sector has adequate strategic planning tools to achieve the MDGs. The Comorian government is continuing to endeavor to mobilize resources directly with its partners as well as via bilateral and multilateral cooperation fora. Projects to combat HIV/AIDS and eliminate malaria (Global Fund, AfDB, Chinese Cooperation) and the improvement of mother and child health (UNS, PASCO) are promising, and projects to rehabilitate and equip infrastructure (IsDB, PASCO, and the announcements made during the Doha Conference) also augur well for the sector.

3.5 Core Strategy 5: Promote education and vocational training with a view to developing human capital

The sector covering this core strategy of the PRGSP benefits from the priority granted to it in the PRGS. Important projects and programs involving several partners from the community of traditional donors to the Comoros have been implemented. The EU has implemented a landmark project that has made it the lead contributor in the sector, while the UN System maintains an appreciable level of programming around the school enrollment objectives that come under its purview and the national priorities to which the action plans align.

Significant and remarkable progress has been made over time, although with occasional poor results. The challenges are significant and relate to the school failure rates, girl/boy parity, literacy, the quality of instruction and the qualification of teachers, the enrollment rate, and the marginal out-of-school rate owing to a lack of educational infrastructure. These challenges can be met with a clear identification of needs, the formulation of programs that take those needs into account, and the mobilization of the development partners in support of this priority development sector.

3.6 Core Strategy 6: Promote environmental sustainability and civil security

The subsectors covering this core strategy of the PRGSP benefit from the priority granted to them in the PRGS. Important projects and programs involving several partners from the community of traditional donors to the Comoros have been implemented. The UN System plays a major role in the subsectors through its specialized agencies. France and the European Union provide substantial assistance, particularly for the sustainable management of waste. China also provides support for the sustainable management of waste together with the UN System. In the area of civil security, the first civil defense mechanism has been established under the leadership of the UN System. The mechanism takes account of the risks of natural disaster as a result of volcanic activity, tsunamis, and climate change through awareness-raising activities targeting the general public, civil society and the scientific community.

IV. ANALYSIS OF IMPLEMENTATION AND MONITORING/EVALUATION IN 2010

4.1. Brief presentation of the system and assessment of implementation status

The purpose of this system is to report on changes in the impacts of poverty reduction policies on public living conditions. Specifically, after the system has been confirmed through regulatory channels, the real challenge remains to make it operational. To that end, in addition to financial, material, and technical resources to be provided for the system, the urgent matters after the first year of PRGS implementation are to (i) establish a system for information and monitoring/evaluation of programs and results in poverty reduction activities; and to organize (ii) the participation of all stakeholders in development of policies and programs based on the PRGSP in monitoring of their implementation and assessing their impacts.

The intractable problem of the PRGS, the institutional system, which has generally been non-operational in implementing the interim PRGSP, has required the full attention of the authorities. This annual implementation review exercise has been a test of its operational effectiveness, despite the difficulties in implementation relating specifically to the absence of recent information on certain relevant indicators and the lack of financing, as indicated, to conduct surveys.

Development of data collection tools at the sectoral level and the conduct of this process by the sectoral working groups is a tangible element of this willingness to make the system operational. Sectoral program reviews conducted on a request signed by the secretaries-general of the ministries and in connection with the preparatory work supported by the Permanent Technical Secretariat and the Steering Committee, the Sectoral Focal Points of the Office of the General Commissioner for Planning, support this willingness to implement the system and to contribute to the gradual ownership and internalization of the framework for PRGSP programming, implementation, and monitoring/evaluation. Reports deriving from sectoral reviews, based largely on the sectoral data collected, have in turn contributed to this general report on PRGSP implementation. A major review workshop was organized, after the key agencies in the system had adopted the preliminary paper submitted for feedback.

The system was established using a gradual approach. The key agencies held meetings at various intervals, with the notable exception of Committees for Development Planning and Monitoring/Evaluation (COPSED) at the island level, which have yet to begin working optimally.

The Permanent Technical Secretariat is now fully operational in providing technical support for the system, in preparing and establishing reports on meetings held by the various agencies. With assistance from the national expert recruited to support PRGSP implementation, the Secretariat will have an annual working plan under which periodic meetings for the various agencies in the system will be organized.

The constraints that have adversely affected the operation of various agencies in the system are attributable to (i) the shortage of qualified human resources; (ii) insufficient space and equipment (computers and accessories); and (iii) the absence of financial resources allocated specifically to the operation of the institutional system.

The functional organizational chart of the institutional PRSP monitoring and evaluation system is provided in Annex 6.1 to this paper.

4.1.1. Participative monitoring, statistics, tools, and active communication system

Preparation of the PRGSP was a lengthy process that used a participative, inclusive approach for all national and international stakeholders in the development of the Comoros. The government has undertaken to maintain this feature in PRGS implementation. Accordingly, the participation and communication component's justification and relevance can be found in its objective to create a forum for dialog to promote involvement of all development players in implementation and monitoring/evaluation of the PRGSP, as well as the related programs and projects.

Participative monitoring, reflected through the institutional PRGSP system, aims to organize the process through which the stakeholders own and take responsibility for their roles, to encourage their engagement and effective participation in choices of programs and policies, priorities, and resources.

This approach has enabled the key players to be clearly identified, and for them to be encouraged to contribute effectively to the outputs and their monitoring/evaluation, and to the consensual assessment of their impacts. Through this approach, the development programming process can also be based on a solid endogenous foundation, through the PRGSP framework, to ensure sustainable poverty reduction, extending well beyond the projects and programs conducted.

Against this backdrop, communication becomes a requirement and a tool to create a productive forum for discussion and dialog, for the sharing of knowledge, know-how, and experience in order to strengthen support, through a common destiny, in keeping with the goal of the United Nations System programming of building peace and social cohesion in a post-conflict situation of economic and social reconstruction.

The purpose of this system is to report on changes in the impacts of poverty reduction policies on public living conditions. Specifically, after the system has been confirmed through regulatory channels, the real challenge remains to make it operational. To that end, in addition to financial, material, and technical resources to be provided for the system, the urgent matters after the first year of PRGS implementation are to (i) establish a system for information and monitoring/evaluation of programs and results in poverty reduction activities; and to organize (ii) the participation of all stakeholders in developing policies and programs based on the PRGSP in monitoring of their implementation and assessment of their impacts.

The intractable problem of the PRGS, the institutional system, which has generally been non-operational in implementing the interim PRGSP, has required the full attention of the authorities. This annual implementation review exercise has been a test of its operational effectiveness, despite the difficulties in implementation relating specifically to the absence of recent information on certain relevant indicators and the lack of financing, as indicated, to conduct surveys.

Development of data collection tools at the sectoral level and the conduct of this process by the sectoral working groups is a tangible element of this willingness to make the system operational. Sectoral program reviews conducted on a request signed by the secretaries-general of the ministries and in connection with the preparatory work supported by the Permanent Technical Secretariat and the Steering Committee, the Sectoral Focal Points of the Office of the Commissioner General for Planning, support this willingness to implement the system and to contribute to the gradual ownership and internalization of the framework for PRGSP programming, implementation, and monitoring/evaluation. Next, feedback workshops for the preliminary sectoral reports were organized at the island level of the system (COPSEDs) to enhance the operational effectiveness of the system and the ownership and implementation of the PRGS framework. Reports deriving from the sectoral reviews, at the national and island level (COPSEDs), largely relying on sectoral data collected at the national and island levels, in turn contributed to this general report on PRGSP implementation. A major review workshop was organized, at which this report was technically validated. At both the political and strategic levels of the system, an inter-ministerial council first assessed the technically validated report and subsequently an extraordinary council of ministers, expanded to the technical and financial partners, representatives from the private sector, and civil society, assessed and validated the report in the final forum.

The system was established using a gradual approach. The key agencies held meetings at various intervals, with the notable exception of the COPSEDs at the island level, which have yet to begin working optimally.

The Permanent Technical Secretariat is now fully operational in providing technical support for the system, in preparing and establishing reports on meetings held by the various agencies. With assistance from the national expert recruited to support PRGSP implementation, the Secretariat will have an annual working plan under which periodic meetings of the various agencies in the system will be organized.

The constraints that have adversely affected the operation of various agencies in the system are attributable to (i) the shortage of qualified human resources; (ii) insufficient space and equipment (computers and accessories); and (iii) the absence of financial resources allocated specifically to the operation of the institutional system.

The participative approach, which is the foundation of the PRGS framework, in both preparation and implementation, is based on a number of requirements, which include:

- A sound knowledge of the PRGSP and its ownership by all players that have been identified and that have participated in its preparation. This requires:
- Effective information on the related objectives, strategies, programs, and projects, as well as the expected outputs. This requires:
- An outreach plan for the PRGSP and its expected outputs:
 - Development of a real knowledge of the strategy by involving the beneficiaries as well as specialists in the issues involved (nongovernmental organizations, professional associations, governments, etc.);
 - A change in attitudes on the part of professional staff of the government at all levels, so that they can be in a better position to encourage the grassroots communities and target groups to participate in decision making, exchanges of information, problem solving, setting of goals, and in analyzing and evaluating the results.

To that end, prior work to ensure that all parties are equally informed and to harmonize activities at all levels is a pressing, urgent requirement for which the following activities have been identified at two levels:

❖ **At the national level**

- A government information seminar on the responsibilities of each ministry in the success of the PRGSP;
- A series of workshops with the research, planning, and programming directorates, civil society organizations, heads of enterprises, and development partners, addressing the roles of each player, the institutional framework, the information system, and performance indicators;
- A series of sectoral workshops during which each ministry will give a general presentation of its structures and responsibilities undertaken in the implementation of sectoral strategies, programs, and projects based on the objectives and expected results and their implications for each of the players;
- Discussions broadcast on radio and television, written press conferences on specific topics (institutional presentation, implementation, monitoring/evaluation, etc.), specific broadcasts to illustrate the PRGS, and advertising spots.

❖ **At the level of the islands and related communities at the same level of authority**

At this level of PRGSP implementation, the ownership process will be based on:

- A series of information workshops on the programs, their objectives, and the responsibilities of the regional and local organizations;
- Target groups: local administrations and units of government (municipalities and communities, producers' associations, NGOs, local elected officials, women, young persons, etc.);
- Any other activity considered relevant to mobilize the maximum number of players in support of the PRGSP objectives.

(a) PRGS monitoring

The goal at this stage is to manage the mechanism reflected in the PRGS based on these key agencies, whose mission is to monitor the government's commitments and the priority programs to assess their progress through a system of intermediate indicators. In this connection, the institutional system confirmed in the PRGSP as an operating scheme and in the regulatory texts to specify their composition, missions, and authority, has been established. The system aims to monitor and evaluate PRGS implementation.

(b) PRGS evaluation

This is the mission incumbent on the third subsystem of the overall PRGS information system. It consists in measuring changes in the key variables characterizing poverty and the comprehensive study of the efficiency of the public policies undertaken, and specifically the choices of budget allocations and development operations carried out. The assessment of the target populations according to the logical framework of the PRGS, which focuses on their participation, is essential. The assessment is based on surveys, topical studies, and various possible methods for assessing public policies.

The assessment is conducted at two levels, corresponding to two relevant approaches:

(c) Partial strategy impact assessments

These partial assessments are conducted regularly during PRGSP implementation. They make it possible to provide information on the impact of actions taken based on the comparison of certain monitoring data obtained from surveys conducted, while highlighting the nature and scope of the effects of a specific operation.

(d) Overall PRGSP assessment

The overall PRGSP assessment aims to measure the impact of all policies developed in respect of growth, general public living conditions, and poverty. This general approach focuses on progress made during the PRGS programming period, i.e., five years, and reflects all information on changes in the indicators describing poverty based on management indicators, monitoring reports, surveys, and partial evaluations to produce a single overall assessment report on the efficacy of the strategy. This assessment is conducted in connection with the responsibilities of the PRGS impact evaluation subsystem of the national statistics system, as described above.

4.1.2. Conclusions and recommendations to strengthen the system

Despite the formal existence of the monitoring and evaluation system, the skills tapped, and cumulative experience, the framework of the National Statistics Directorate has not been targeted for the PRGS monitoring and evaluation mission, for which it constitutes the core of implementation. The preparation of this report and the support provided for implementation have given the authorities an opportunity to take stock of its role, capacities, and resources for that purpose.

Accordingly, to provide adequate, effective follow-up of PRGSP implementation, the Reference Framework and Common Minimum Methodological Guidelines (CRESMIC) proposed by AFRISTAT was adopted. Consequently, the players in the statistical system and monitoring/evaluation tools are configured based on an information system comprising three components or subsystems:

- (i) Household living conditions monitoring subsystem;
- (ii) Program and project execution monitoring subsystem;
- (iii) Policy and program impact evaluation subsystem.

The overall system is designed with a view to systemic complementarity and is perfectly integrated into the existing system, on which it relies to implement the framework for PRGSP implementation, monitoring, and evaluation.

In terms of missions incumbent on the subsystems, the household living conditions monitoring subsystem, under the authority of the National Statistics Directorate, organized based on the sectoral and island statistical and planning services, must contribute to production of the following:

- Reports on results from statistical surveys and operations in connection with the pluriannual plan for statistical surveys and operations for PRGSP monitoring;
- The poverty monitoring report;
- Updating of the Comoresinfo and/or Devinfo databases; and
- The progress report on achieving the millennium development goals.

The table below suggests programmable statistics operations during PRGSP implementation to provide more effective information for the monitoring indicators.

Table 4. Pluriannual Plan of Statistical Surveys and Operations

Surveys and Operations	2009	2010	2011	2012	2013	2014
1-2-3 Survey		X			X	
QUIBB Survey (Basic well-being indicators unit questionnaire)				X		
RGPH (General population and housing census)			X			
Agricultural census			X			
Census of economic units		X				
Multiple indicators cluster survey (MICS)		X				
Demographic and health survey			X			
Survey on perception of poverty			X		X	
Private sector diagnostic exercise		X				
Comprehensive household survey versus the budget and consumption survey (EBC)		X			X	

V. CONCLUSIONS AND RECOMMENDATIONS FOR 2011

5.1. Program and project execution and programming

The entire approach to programming of projects and programs involving PRGS implementation should be reassessed to promote national ownership beginning with the design stage. A suggested diagram of the key stages and processes is provided in an annex to this paper.

It must be acknowledged that the resources made available for program and project execution have not been effectively absorbed. We observe insufficient project management capacities along with bottlenecks in disbursement procedures among the key technical and financial partners. In fact, the program and project heads do not have a sufficient grasp of the procedures, in this case, in the required time frames. The absence of true annual working plans that, from the beginning, establish the activities to be carried out over time, and that include the required deadlines for the release of the funds necessary for the activities, is a serious problem that must be corrected in the framework of appropriate capacity building efforts. In this connection, a PRGS implementation scheme is proposed as an annex to this summary report.

5.2. Taking stock of political reforms

First of all, when considering the political reforms, we must acknowledge due completion of the constitutional revision, on a positive note. This effort has made it possible to align the term of the president of the union with those of the governors of the islands (five years). The insidious conflict of authority between the two central and sub-central entities has been resolved through a clearer definition of their respective powers in the constitutional text itself.

The legislative elections, followed by the presidential and gubernatorial elections for the islands, have reinforced the establishment of the political and institutional framework, giving the movement a longer horizon and placating the various authorities involved. The organization of general municipal elections during the new five-year period 2011-2016 should supplement the process of major political reforms and help lay more solid groundwork for the new institutional framework for the Union of the Comoros, deriving from the process of national reconciliation, within a framework emphasizing decentralization, and local accountability and responsibility for economic and social development.

The main recommendations in this connection are provided below:

- The political and institutional framework should be consolidated by increasing its long-term stability;
- Peace and social cohesion should be consolidated with resources from the United Nations Peacebuilding Fund and further funding to be arranged as required.

The other aspects of the process of reforms in progress are covered with support from the IMF Extended Credit Facility and further support from the World Bank, the African Development Bank, and the European Union. On this component of the reform process, substantial progress has been made in executing the program for 2010, leading to the passage of significant milestones.

The economic reforms supported by the International Monetary Fund under the Extended Credit Facility aim to enhance fiscal sustainability and to build institutional and governance capacities, to rehabilitate social and economic infrastructures, and specifically public utilities, so that a stable macroeconomic framework can become firmly established, economic competitiveness can be enhanced, and new stimulus provided for growth with a view to more effective poverty reduction.

The ECF program assessment was successfully completed in 2010. All performance criteria and quantitative benchmarks, as well as the structural benchmarks under the program, were observed, and specifically the objective of mobilizing revenue was achieved.

After weakening substantially during the third quarter of the year, the budget situation clearly improved during the fourth quarter to approach the initial program path for 2010. This favorable trend has made it possible to close the year with only three months of wage arrears. A revenue shortfall of CF 1.75 billion was registered during the third quarter, reflecting the following combined effects:

- (i) Effectiveness of the new measures to generate revenue, which will not be fully productive until the first half of 2011, is still limited;
- (ii) The 5 percent increase in the tax on petroleum was abandoned as it was deemed to be politically sensitive; and, above all
- (iii) Income tax payable by the parastatal company, Comores Télécoms, was collected late.

This revenue shortfall has led to delays in disbursement of financial support from certain development partners, and the key budget objectives of the program for end-2010, including the objective involving the ceiling on net credit to government, could not be achieved. The government has taken the following remedial measures in light of this situation: clearing of the income tax by Comores Télécoms, and paying in of substantial revenue under the economic citizenship program.

Along with the improved revenue generated by the new tax measures in the program for 2010, and specifically the establishment of royalties for radio frequency use, these efforts should enable the state to maintain its revenue target for the year. The government is nearing the end of the second half of the year with an incompressible expenditure overrun as a result of the elections, equivalent to 0.1 percent of GDP. Against this backdrop, the domestic primary budget deficit was projected at 1.6 percent of GDP at end-2010 (as against 2.6 percent of GDP in 2009), as compared with the initial program target of 1.5 percent of GDP. Further, in light of the cancellation of budget support expected from the European Union (CF 1.8 billion), accumulation of the state's deposits with the BCC proved to be more moderate than projected, requiring a change in the ceiling on net credit to government from CF – 1.130 billion to CF 134 million. These developments, which were perceptible as trends at the time of the IMF Article IV mission in November 2010, were subject to a consensus on the need to change the relevant performance criterion for end-December 2010.

Preparation of reforms in public utility services accelerated during the latter half of 2010. The government recruited consultants and launched the audit of the 2009 accounts for Comores Télécoms, which will be followed by an assessment of the enterprise's assets with a view to the forthcoming call for expressions of interest to potential strategic partners. At the same time, a monitoring committee for the reform of Société Comorienne des Hydrocarbures (SCH) was established to assist the government in finalizing its choice of the

appropriate reform strategy. Last, with assistance from the AfDB, the government is continuing to prepare the reform strategy for the electricity company MA-MWE.

Specific recommendations are listed below:

In terms of bank supervision and prudential surveillance of the financial system, any changes that the BCC may ultimately make in the reserve ratio must be consistent with the objective to continue to provide the economy with liquidity while preserving price stability and the macroeconomic framework. The BCC must continue to ensure that the key recommendations under the safeguards assessment conducted in 2010 are implemented. In this connection, the bank's liquidity holdings are already subject to annual external audits for certification purposes. It is the BCC's responsibility to ensure that the bank's financial statements meet international standards, and to complete these tasks in 2011.

Further, the monetary data reported to IMF staff are subject to prior examination by the bank's financial inspector. In accordance with its agenda of reforms, it is also incumbent on the BCC to complete in 2011 the effort to strengthen its bank supervision unit, with technical and financial support from the IMF and the Banque de France.

5.3. Management of indicators

Since the 2004 Comprehensive Household Survey (EIM 2004), the Multiple Indicators Cluster Survey (2005), and the General Census on Population and Housing (2003), there has clearly been no comprehensive survey to provide information on the key PRGS indicators. Now, these indicators must be available for this assessment, in connection with the central mission incumbent on the agencies that produce the relevant information. Comprehensive surveys require substantial financial resources, which must be mobilized from the development partners. Phases 1 and 2 of the 1-2-3 Survey will be conducted in 2011, and phase 3 in 2012, with support from the AfDB.

Following the proposed schedule for completion of the surveys during the PRGS period, it is essential to take the necessary steps to mobilize the necessary funds in time so that they will be available when required.

The main monitoring tools adopted for PRGSP implementation include the reporting system, management indicators, the ComoresInfo and DevInfoand databases, and the development assistance database (DAD).

Effective operation of the tools will be put to the test in the preparation of this report. Accordingly, the reporting system prepared includes all outputs from the three subsystems described above and the management indicators of the sectoral working groups. The version for harmonization of the management indicators for monitoring of the PRGSP and the Millennium Development Goals will include output and performance indicators.

While the ComoresInfo database was officially launched in 2009, its implementation has been inadequate, as it requires data and information inputs from various sources, and must be managed by a dedicated resource person. For optimal implementation of the PRGSP monitoring/evaluation system in 2011, Comoresinfo should be fully operational in its support role.

The Devinfo database developed with support from the United Nations System includes as many secondary bases as required. A provisional version of the database should be prepared with the gradual incorporation of PRGSP monitoring indicators.

Last, the DAD should be effectively operational in 2011. This database will enable enhanced coordination and monitoring of official development assistance.

5.4. Central and decentralized agencies responsible for monitoring the 2010-2014 PRGSP

Operational implementation of the PRGSP and MDG monitoring/evaluation system requires reorganization and strengthening of the national statistics system, which faces functional difficulties and shortages (of human, material, and financial resources) in the areas of coordination and production. These shortcomings underlie the unreliability of the rare statistics that are produced, the irregularity with which they are available, and the fact that they are not current. It was also discovered in the assessment that was prepared that the rare

statistics that are available are unsuitable for use in ongoing monitoring of poverty reduction activities, as in any other development program.

The efficacy and efficiency of the national information system on poverty are dependent on functional relations between the agencies that produce and that use statistical data. In this connection, in the framework of the efforts to implement the institutional framework for PRGSP monitoring and assessment, it is an urgent, pressing requirement to develop mechanisms for collaboration and synergy with the sectoral ministerial departments, the statistical units from each of the three islands of the Comoros, and the other agencies that produce data.

Against this backdrop, the activities to be developed to enhance the efficacy of the system must focus on:

☐ Improving the operations of the National Statistics Directorate and its corresponding units on the islands, consisting in:

- (i) Reinforcing staff, to be used internally, and to be made available to other units of government;
- (ii) Implementing the action plan under the national statistics development strategy;
- (iii) Strengthening and stimulating the planning directorates for each of the three islands.

☐ Preparing a specific sectoral statistics capacity building program in each ministry. The following activities will be involved:

- (i) Establishment and/or strengthening of the statistical services in the ministries;
- (ii) Definition of statistics and production activities in the ministries involved;
- (iii) Any technical assistance that may be required from the DNS to implement and improve statistics operations (methodology for collection, processing, and publication of results).

5.5. General operation of the system

Based on the dedicated institutional system in the complete version of the PRGSP covering the period 2010-2014, and including the instances below, a new framework should be developed for the terms of reference and key responsibilities:

(a) Inter-ministerial Monitoring and Coordination Committee

- Monitoring, evaluation, execution, and coordination of PRGSP activities;
- Evaluation and approval of allocations and uses of resources, including those made available under the HIPC Initiative;
- Verification and assurance that the rules of governance, and particularly observance of procedures, transparency, and appropriate choice of investments in connection with the action plans are being observed.

(b) Strategic Committee for Coordination of Development Assistance

- Coordination of the operations of the development partners involved in the PRGS;
- Improvement of efficacy in the coordination of the technical and financial partners and operation of the various coordination groups, primarily at the sectoral level;
- Monitoring of the agenda for harmonization and alignment, primarily through implementation and monitoring/evaluation, based on the framework of the joint country assistance strategy action plan;
- Building on experiences and progress in the areas of harmonization and alignment;
- Facilitation of coordination and dialog of the group of technical and financial partners with the Comorian party.

The specific terms of reference for this body are provided below:

→ Monitor implementation of the technical and financial partners' commitments in connection with the PRGS action plan

- Support PRGS implementation, including a periodic update of the various annexes (MTEF, complementarity matrix, and policy messages for high-level dialog);

- Conduct independent PRGS evaluations;
- Conduct PRGS outreach activities;
- Support implementation of the Aid Effectiveness Action Plan;
- Support preparation of a new PRGS to reflect execution of the last version;
- Support the joint organization of studies, missions, and other joint analytical activities in collaboration with the government of the Comoros.

→ Support improved operation of the mechanism for coordination among the technical and financial partners

- Monthly and quarterly meetings of topical group leaders, and annual retreats;
- Annual PRGSP review;
- Sectoral reviews in connection with the PRGS sectoral working groups;
- Joint budget review;
- Frameworks for coordination with elected officials, civil society organizations, and the private sector.

(c) PRGS Technical Steering Committee (Office of the General Commissioner for Planning)

- Assist the inter-ministerial committee in preparing the reports intended for the Strategic Committee for Coordination of Development Assistance;
- Report to the Inter-Ministerial Committee on Monitoring and Coordination of Development Assistance, in coordination with the Permanent Technical Secretariat, on PRGS status;
- Ensure that the monitoring and evaluation system is functioning adequately and that the monitoring and reporting schedules are observed, covering technical coordination and monitoring/evaluation of PRGS implementation in coordination with the other agencies involved;
- Keep the Strategic Committee on Coordination of Development Assistance informed on execution of priority programs and projects implemented in the PRGS framework;
- Coordinate the activities of the sectoral working groups, planning committees, and COPSEDs from the three islands, the National Statistics Directorate, and decentralized agencies of the Ministry of Planning from the three islands.

The Technical Steering Committee is supported by the Permanent Technical Secretariat on PRGS Monitoring/Evaluation, which covers its secretariat functions.

(d) Permanent Technical Secretariat for PRGS Monitoring and Evaluation

- Prepare the working program and annual budget in connection with PRGSP implementation, in coordination with the relevant agencies;
- Prepare a matrix and management indicators for PRGSP activities;
- Prepare PRGSP programming and budgeting in coordination with the Office of the General Commissioner for Planning and the Directorate-General of Budget, Ministry of Finance;
- Coordinate PRGSP execution (sectoral priority action plans, benchmarks, performance and impact indicators, and the general framework for monitoring results);
- Prepare semiannual and annual progress reports and self-assessments on PRGSP implementation, and update the strategy accordingly;
- Coordinate the activities of the sectoral working groups, Planning Committees, and COPSEDs from the three islands, the National Statistics Directorate, and decentralized agencies of the Ministry of Planning from the three islands.

(e) Sectoral working groups

- Prepare assessments of sectoral program and policy implementation;
- Ensure that sectoral policies are consistent with the PRGS, programs, and projects;
- Participate in the tasks of monitoring joint strategy implementation;
- Provide information or documentation required to prepare the joint strategy;
- Report on progress in preparation of the joint strategy.

(f) COPSEDs from the three islands

The COPSEDs are responsible for producing fundamental information for monitoring and evaluation of the Poverty Reduction and Growth Strategy at the island level. In particular, they work closely with:

- The sectoral working groups on planning, implementation, and monitoring/evaluation of development programs and projects;
- Beneficiaries of programs and projects;
- They cover steering, planning, and monitoring/evaluation of development in connection with different projects with a participative, inclusive approach at the island level;
- They work closely with the island authorities, elected officials, local civil society organizations, and enterprise leaders.

(g) National Statistics Directorate, decentralized agencies of the Ministry of Planning from the three islands

These agencies coordinate the national statistics system, which is responsible for harmonizing collection, analysis, and dissemination of statistical data.

In light of the many problems and constraints observed in this area, it is an urgent matter to draft the relevant texts on creation, organization, operating methods, and organic frameworks for the agencies responsible for statistics. This effort will involve introducing the following innovations:

- Redefinition of missions with a more effective specification of planning and statistical reporting responsibilities;
- Design of a statistics system with a sector-based approach;
- Extension of statistical coverage to substantially all of the ministries' activities.

Each of the decentralized planning agencies from the three islands is responsible for:

- Coordinating execution and monitoring/evaluation of plans, programs, and projects for sectoral development, and ensuring that they are geographically and sectorally consistent;
- Guiding strategic planning, coordinating preparation of plans, programs, and projects, and analyzing policies and strategies;
- Preparing forecasts and monitoring the economic environment;
- Monitoring cases involving financing and technical cooperation;
- Coordinating the relevant training program with the central planning and statistics units;
- Coordinating production of statistical information, the conduct of baseline studies, and dissemination of the relevant results.

It is essential to reorganize these island agencies in the system into mission-based operational units:

- Planning and Analysis Unit;
- Programming and Monitoring/Evaluation Unit
- Statistics Unit
- Computer Services Unit.

(h) Tools required for PRGS monitoring and evaluation

The mechanism to be implemented should include a set of tools to provide objective information on progress made in implementing the various PRGSP activities in connection with the players in the process. These tools are classified as follows:

MONITORING AND EVALUATION TOOL CATEGORIES

- (i) Methodological planning and working tools;
- (ii) Programming tools;
- (iii) Tools for monitoring resources;
- (iv) Tools for monitoring activities;
- (v) Reporting.

VI. ANNEXES

6.1. REVIEW OF THE CONCLUSIONS FROM THE DOHA CONFERENCE

The Doha Conference on development and investment in the Comoros, held in the capital of Qatar during March 10-11, 2010 at the initiative of the League of Arab States and under the auspices of the host country, was a significant event in PRGS implementation in 2010.

Specifically, through this initiative, the government of the Union of the Comoros contributed to the generation of additional funds to finance PRGS programs, particularly in the area of infrastructures. Similarly, the country demonstrated its capacity to mobilize non-traditional partners such as those from the Gulf, and more generally from Arab countries.

The roundtable session produced results reported in the summary (see Table 1 in the annex). Commitments amounted to US\$545.4 million. The breakdown by category of contributor is provided in Table 2.2 in the annex.

In connection with the Summit of the League of Arab States held on March 28, 2010 in Syrte, Libya, a resolution was adopted on implementation of a follow-up mechanism for the Doha Conference to promote development and investments in the Comoros, which was instituted for a period of five years. This mechanism is structured as follows:

- An Executive Committee comprised of four major donors: Qatar, United Arab Emirates, Libyan Arab Jamahiriya, Kuwait, a representative from the government of the Union of the Comoros, a representative from the League of Arab States, a representative from the Islamic Development Bank, and representatives from civil society and the private sector;
- A Technical Coordination Committee whose main task is to prepare projects eligible for the Comoros Development Fund.

The follow-up system for the Conference was vested with the following duties:

- To monitor implementation of the Conference donors' commitments and manage development projects to benefit the Comoros;
- To supervise development and investment projects supported by the Arab private sector and civil society;
- To support implementation of technical and financial assistance from the Islamic Development Bank, and particularly management of allocated trust funds;
- To establish a development fund for management of investment and development projects in the Comoros based on resources deriving from voluntary contributions from Arab governments that participated in the Conference.

A series of missions and consultations was held as a follow-up to the Conference, with the following timetable:

- The Syrte Resolution in April, in connection with Summit of the League of Arab States;
- The Mission of the Arab Committee to the Comoros in April 2010;
- The Mission of the Arab Committee to the Comoros in July 2010;
- The technical mission in October 2010.

The Arab mission of April 18-22, 2010, in connection with implementation of the Syrte Resolution, confirmed the allocation of financing committed by sector and island.

The Mission during April 27- July 3, 2010, in connection with implementation of the Syrte Resolution, led to the following results:

- Signing, at the Ministry of Foreign Affairs of the Union of the Comoros, of five headquarters agreements between the government and Qatar humanitarian organizations;
- Signing of project execution agreements between nongovernmental organizations and the sectoral departments;
- Adoption of a roadmap covering the period 2010-2014;
- Adoption of a schedule of activities;
- Signing of a memorandum of understanding on execution of projects submitted to the Arab Committee by the government, establishing a procedure for executing projects and for coordination between the Comorian ministry involved and the Arab party providing the financing;
- Opening of a Partnership House in Moroni;
- Classification of projects to be executed by the Arab partners, in full compliance with the PRGSP sectoral programs;
- Organization of meetings of key Arab donors for implementation of the Doha commitments, while ensuring that the resources are allocated to priority sectors in the government's reference framework;
- Undertaking by the government of the Comoros to give priority to sectoral projects reflecting the relevant allocations of funds;
- Future signing of sectoral partnership agreements between the supervisory ministries and the key donors by sector (public, private, and civil);
- Agreement in principle in favor of private sector support through the creation of national small and medium-sized enterprises and industries in the fishing, agricultural, maritime transportation, and banking sectors.

The mission to follow up on the Doha Conference in October 2010 was concluded with the following outputs:

- A formal application was submitted by the Qatar authorities to the Banque Centrale des Comores for the issue of a banking license to open a commercial bank, in connection with a project of the Banque Arabe des Comores with US\$30 million in capital;
- Signing by the government of a letter of intent on the transfer of ownership of Hôtel Le Moroni to the Qatar company Retaj by February 2011;
- Execution of a study on the project to establish a hydrocarbons import, storage, and distribution company in partnership with the Société Comores Hydrocarbures;
- Execution of a study on establishing an export-oriented fishing company.

The next stages in the Doha Conference process are provided below:

- Meeting in February 2011 in the Comoros, chaired by the Arab Committee, with other donor countries and institutions, to provide a framework for the Doha process;
- Clarification of the operating mechanism to translate commitments into the release of funds.

TABLE 1: BREAKDOWN OF COMMITMENTS FROM THE DOHA CONFERENCE BY CONTRIBUTOR

Organizations	Commitments (in millions of U.S. dollars)
Participating governments	90
Government and intergovernmental agencies	13
Guarantee funds	120
Institutional funds	50.4
Civil society organizations	90
Private sector	182
Total	545.4

TABLE 2: SUMMARY OF COMMITMENTS DERIVING FROM THE DOHA CONFERENCE

Country or Institution	Government	Govern- ment agencies	Guarantee funds	Institutional funds	Civil society organiza- tions	Private sector	Total
Qatar	18,800,000	0	0	0	77,144,700	137,000,000	232,944,700
Bahrain	0	0	0	0	137,000	0	137,000
Oman	3,000,000	0	0	0	0	0	3,000,000
Kuwait	16,500,000	0	0	0	2,000,000	0	18,500,000
United Arab Emirates	10,000,000	0	0	0	0	45,000,000	55,000,000
Libya	6,000,000	0	0	0	3,018,300	0	9,018,300
Morocco	1,500,000	0	0	0	0	0	1,500,000
Egypt	0	0	0	0	250,000	0	250,000
Sudan	3,000,000	0	0	0	0	0	4,000,000
Tunisia	1,000,000	0	0	0	0	0	5,000,000
Jordan	3,000,000	0	0	0	0	0	5,000,000
Saudi Arabia	3,200,000	0	0	0	0	0	3,200,000
Iran	5,000,000	0	0	0	0	0	5,000,000
China	4,000,000	0	0	0	0	0	4,000,000
France	13,600,000	0	0	0	0	0	13,600,000
Japan	2,600,000	0	0	0	0	0	2,600,000
Great Britain	0	0	0	0	0	2,000,000	2,000,000
League of Arab States	0	2,000,000	0	0	0	0	2,000,000
Organization of the Islamic Conference	0	10,000,000	0	0	0	0	10,000,000
Islamic Development Bank	0	0	120,000,000	30,000,000	0	0	150,000,000
Arab Monetary Fund	0	0	0	16,000,000	0	0	16,000,000
Zakat Foundation	0	0	0	3,700,000	0	0	16,500,000
Islamic Solidarity Fund	0	0	0	200,000	0	0	200,000
Arab Fund for Technical Assistance	0	0	0	500,000	0	0	500,000
Pan African Tourism Organization	0	800,000	0	0	0	0	800,000
Arab Authority for Agricultural Development and Investment	0	200,000	0	0	0	0	200,000
TOTAL	90,000,000	13,000,000	120,000,000	50,400,000	90,000,000	182,000,000	545,400,000

Source: Office of the General Commissioner for Planning.

6.2 REVIEW OF CONCLUSIONS FROM THE MID-TERM REPORT BY THE UNITED NATIONS DEVELOPMENT ASSISTANCE FRAMEWORK (UNDAF-COMOROS)

On October 11-12, 2010, the United Nations System organized a mid-term review of the United Nations Development Assistance Framework (UNDAF) for 2008-2012. The review covered implementation of United Nations System programs during the period 2008-2009 and reflected the outputs from execution during the first half of 2010.

The mid-term review was conducted one year after the confirmation of the final PRSP and at the onset of implementation of the Single Program, which is a major step forward in the process of the United Nations System reform and implementation of its "United in Action" pillar voluntarily supported by the Comoros. In this connection, the review provided an opportunity to identify and validate the recommendations and adjustments required to strengthen and optimize implementation, building on the key lessons and identifying those learned in connection with new priorities and emerging issues.

As a coherent, coordinated response from the United Nations System to the national challenges, the UNDAF, in connection with the PRGSP, specifically targets vulnerable social groups through the promotion of human rights, gender equity, and sustainable development, with efforts focusing on improving: **(1) employment, revenue, and food security; (2) governance; (3) basic social services; and (4) ecosystems and relevant ecoservices.** These priority strategies cover the following four priority areas of cooperation: **(i) economic growth and poverty reduction; (ii) governance; (iii) basic social services; and (iv) environment and sustainable development.**

Under the terms of the Paris Declaration on Aid Effectiveness, the UNDAF is aligned with the interim version of the PRGSP that was available when the United Nations System framework plan was being prepared.

Performance in executing the country's priority United Nations program was substantial, with a 66 percent mid-term coverage rate, in the amount of US\$57 million.

The main conclusions of the mid-term UNDAF review are provided below:

- The UNDAF is a useful framework for coordination of the United Nations System operations in the Comoros and constitutes an instrument to mobilize resources to finance the country's priority development programs;
- Coordination and monitoring/evaluation of implementation have been deficient.

The following general recommendations were formulated in connection with the review:

1. Confidence and credibility should be strengthened, as these are conditions *sine qua non* for productive investments, creation of wealth, and strengthening of human capital;
 2. Governmental leadership should be strengthened and capacities, which as yet are insufficient, should be built, particularly in critical areas such as development management, planning, and monitoring/evaluation;
 3. Strategic and operational coordination should be consolidated and its efficacy enhanced;
 4. Vertical and horizontal communication should be established for management of change;
 5. The current partnership should be consolidated and expanded while all opportunities should be identified;
 6. A repositioning effort should be used if required, while maintaining the spirit of collective accountability;
 7. Cross-cutting issues should be addressed more effectively (gender equity, human rights, decentralization, capacity building, and risk reduction);
 8. Reliable, complete databases should be established and partners mobilized in connection with this central issue;
 9. The UNDAF and Single Program should be aligned with the complete PRGSP.
- Specific recommendations were also addressed:

In the area of growth and poverty reduction

- A campaign should be conducted to promote adoption of the law on national employment policy;
- A campaign should be conducted for the signing of the Decent Work Country Program (DWCP) with all partners involved;
- The national strategy paper for food security should be adopted;
- Efforts should be pursued to organize village communities;
- Activities in progress to increase food production should be pursued;
- National strategies should be developed for microfinance and micro, small, and medium-sized enterprises;
- The national social security policy should be adopted and implementation of mutual health associations should be pursued.

In the area of Governance

- Certain outputs should be amended to reflect operations carried out by other partners outside of the United Nations System;
- A program dedicated specifically to capacity building in civil society should be devised;
- Outputs should be amended so that there is a maximum of five per program effect;
- Coordination between agencies should be strengthened;
- Sufficient resources should be mobilized for programs;
- The national party should gain ownership of the outputs from different programs;
- Civil society organizations should become further involved as strategic partners in program preparation and implementation.

In the area of basic social services

Health

- Program effect 3.1 should be amended to reflect the level of achievements;
- An output on financial sustainability of health outputs should be drafted;
- Outputs 3.3.1 and 3.3.2 should be combined; output 3.3.4 should be eliminated or an output-based commitment should be found;
- Directives should be prepared for community health workers;
- Program effect 3.6 should be amended to reflect prevention of water-borne diseases;
- Coordination mechanisms should be made operational with a precise timetable;
- Joint follow-up of field operations should be implemented;
- A system to validate the indicators should be established.

Education

- Program effects 3.7 to 3.10 should be redrafted and program effect 3.11 should be added, reflecting the relevant positioning in education and research supply and the requirements of the Université des Comores.

In the area of environment and sustainable development

- The geographic information system should be strengthened;
- The integrated coastal management action plan should be implemented;
- Additional financial resources should be mobilized;
- A national policy should be prepared to promote alternative energy sources;
- The current hydroelectric capacity should be rehabilitated and improved;
- Partnerships should be sought with partners outside of the United Nations System and synergies should be built;
- A master plan should be prepared for water and implementation of pilot projects in this area should be accelerated, giving priority to sectoral approaches;

- Additional technical and financial support should be provided to the National Program for Sustainable Human Development (PNDHD);
- Additional support should be provided for production capacity building efforts.

Where the coordination, monitoring, and evaluation mechanism is concerned

- The national party should be encouraged to become more involved;
- Collaboration with the Permanent Technical Secretariat should be strengthened;
- The sectoral working groups should be restructured;
- The coordination effort in connection with the MDG/UNDAF Group and reporting to the Steering Committee should be covered.

6.2. REVIEW OF THE MAIN CONCLUSIONS FROM THE EUROPEAN UNION MID-TERM REVIEW

The main conclusions of the Tenth European Development Fund mid-term review in October 2010 are provided below:

▶ The country suffers from economic stagnation as a result of a succession of purely local cyclical factors (petroleum, water, and electricity supply disruptions, the Yemenia airlines disaster, and recurrent political tensions, combined with the impact of the international environment (food, energy, and financial crises).

▶ Despite these unfavorable developments in the country's situation, the choices of the two areas of concentration for programming under the Tenth EDF have not been questioned: transportation infrastructure and education and professional training. These choices are perfectly consistent with the national priorities and support the aim of seeking complementarity with the activities of the country's other development partners.

▶ In addition to its goal of contributing to the maintenance and improvement of road infrastructures, the program dedicated to infrastructures should include support for the improved operation of ports and maritime safety (both in the first and second programming tranches) as well as increased safety for secondary airports.

▶ The second area of concentration for the European Union's programming efforts is highly appreciated, by civil society and by the authorities, as a priority area for development and for development cooperation. The project dedicated to the education sector, not including professional education, in the amount of €4.5 million, entails a risk of dissipated, albeit useful efforts if the allocation is maintained at the same level, as it does not reflect the strongly emphasized needs for school infrastructures, which have the merit of being expressed by the public, and considering the marginal rate of 25 percent of the school age population not yet in school owing to insufficient infrastructures. Such an acknowledgement of this need is also consistent with one of the most "popular" millennium development goals: access to basic education. Further, at the close of the education sector development project, which covered this requirement to some extent, no significant support from the country's technical and financial partners has been registered in this area.

▶ Outside of the areas of concentration, the mid-term review recommends maintaining support for microprojects and sustainable management of household waste in urban agglomerations initiated under the Ninth EDF in connection with the decentralized cooperation program, and structuring activities for the municipal institutions. The mid-term review recommended taking due account of the need to ensure that the medium-term activities undertaken are sustainable through the adequate, gradual implementation of mechanisms, accepted by the users, to generate their own revenue, as in the case of household waste.

▶ Is important as it is, the project to support the judiciary system should include specific conditionalities to enable progress to be made towards the goal of an independent justice system capable of resisting all types of pressure.

▶ Based on the strategic framework of the PRGS and the various sectoral strategies, it is essential to be able to assess the resources implemented under the strategy and the impact of the follow-up policy. Owing to the weakness of the national statistics system, the government is unable to provide reliable information for the key indicators in this twofold assessment. Although various financial and technical partners have provided

assistance in correcting this situation, there are other areas not covered by these substantial contributions. The insufficiency of the information collected in these areas limits the assessment of PRGS implementation. The mid-term review recommends that the European Union should participate in the financing of certain periodic surveys, such as the 1-2-3 Survey.

▶ The reconstruction of the state based on solid, sustainable foundations requires fiscal reform and improved economic governance. Certain partners, including the European Union, with CF 9.5 billion in budget aid, have contributed to restore the government's capacities to discharge its missions, facing critical situations. Defaults by certain donors and lenders have left a financing gap of €2.5 million, constituting the main obstacle for the Comoros to emerge from the fiscal crisis. The impact of the international economic crisis means that the Comorian government has little hope of restoring a balanced budget through increased revenue alone.

6.3. RELATIONS WITH INTERNATIONAL FINANCIAL INSTITUTIONS (THE IMF, WORLD BANK, AND AFRICAN DEVELOPMENT BANK)

6.3.1. IMF

At the end of the mission on the second assessment of the program supported by the Extended Credit Facility, the main conclusions focused on two levels of the situation and are summarized in terms of economic trends and performance under the ECF program:

1. Economic trends

- A modest economic recovery has begun. The real GDP growth rate might be as high as 2.1 percent in 2010, representing a slight increase as against 2009. Growth in trade is beginning to benefit from the effects of a relatively calmer political environment and a more favorable subregional context reflected by a substantial increase in foreign aid and conceivably of foreign direct investment. Inflation can be expected to remain in check as a result of the country's membership in the franc area. Excluding the effects of expenditure related to the December 2010 electoral operations, budget performance still largely meets program expectations.
- By contrast, tax revenue, particularly direct and indirect domestic taxes, still falls short of program objectives owing to the persistent weaknesses in tax administration. Public revenue can be expected to reach the equivalent of 14.4 percent of GDP in connection with the program owing to the sound performance of customs revenue and the contribution from nontax revenue, specifically from the economic citizenship program.
- The value of imports increased under the impetus of the recovery in prices for key products and supported with increased external aid. As a result, the external current account deficit can be expected to deteriorate in 2010. Foreign exchange reserves should remain at a comfortable level, equivalent to 6.1 months of imports of nonfactor goods and services.
- External debt for the Comoros is still unsustainable. This debt can be expected to reach the equivalent of 308 percent of exports of goods (in net present value) at end-2010. The government is pursuing efforts to find a general solution to this debt in connection with the HIPC Initiative under which it reached the decision point in July 2010. The authorities intend to continue to ensure satisfactory execution of reforms supported by the partners, including *ad hoc* implementation of triggers to enable the completion point to be reached in 2012.
- Now, in conformity with the debt rescheduling arrangement obtained from Paris Club creditors in November 2009, the government signed a debt rescheduling arrangement with one of the country's main creditors. Still pending arrangements should be finalized as soon as possible. The government remains determined to honor the commitments undertaken in this connection in a timely manner.
- The arrangement signed in this connection provides for a substantial reduction in debt service payable during the period mid-2009 to mid-2012. For 2010, various creditors have agreed to postpone the payment of the country's external arrears and current debt service, amounting to CF 21.2 billion, i.e., 88 percent of gross

debt service for 2010, pending debt relief to be obtained under the enhanced HIPC Initiative under conditions comparable to those agreed with Paris Club creditors.

2. Program implementation

▶ Program execution was satisfactory during the first half of 2010. All performance criteria and quantitative and structural benchmarks under the program were observed; specifically the objective for mobilizing revenue was achieved. Further, the primary budget deficit benchmark was observed despite the overruns registered in transfer expenditure, specifically in favor of the Université des Comores. In the structural area, preparations for the implementation of computerized pay slips has continued; the draft law providing organic frameworks for the civil service was submitted to the National Assembly for examination; and the representative from the Presidency of the Union to the Financial and Economic Reforms Unit (CREF) was appointed.

▶ After weakening during the third quarter of the year, the budget situation can be expected to improve during the fourth quarter to approach the initial program path for 2010. A revenue shortfall of CF 1.75 billion was registered during the third quarter, reflecting the following combined effects: (i) still limited effectiveness of the new measures to generate revenue, which will only become fully effective in the coming months; (ii) cancellation of the 5 percent increase in the tax on petroleum products as it was deemed to be politically sensitive; and, above all, (iii) late collection of income tax outstanding from the parastatal company, Comores Télécoms. This revenue shortfall has led to delays in disbursement of financial support from some of the country's development partners, and the key budget objectives under the program for end-September, including the objective involving the ceiling on net credit to government, could not be achieved. The government has taken the following remedial measures in light of this situation. In particular, the income tax outstanding from Comores Télécoms was cleared, and substantial revenue was raised under the economic citizenship program. Along with the increased revenue generated by the new tax measures in the program for 2010, and specifically the establishment of royalties for radio frequency use, these efforts should enable the state to preserve its revenue objective for the year.

▶ The government, however, faces an incompressible expenditure overrun as the result of the elections, equivalent to 0.1 percent of GDP. Accordingly, the domestic primary budget deficit should amount to 1.6 percent of GDP in 2010 (as against 2.6 percent of GDP in 2009), as compared with the initial program target of 1.5 percent of GDP. Further, in light of the cancellation of budget support expected from the European Union (CF 1.8 billion), the state can be expected to accumulate deposits with the BCC at a more moderate rate than projected, requiring a change in the ceiling on net credit to government from CF -1.130 billion to CF 134 million. These developments require a change in the relevant performance criterion for end-December 2010.

▶ Preparation of reforms in public utility services accelerated during the latter half of 2010. The government recruited consultants and launched the audit of the 2009 accounts for Comores Télécoms, which will be followed by an assessment of the enterprise's assets with a view to the forthcoming call for expressions of interest to potential strategic partners. At the same time, a monitoring committee for the reform of Société Comorienne des Hydrocarbures (SCH) was established to assist the government in finalizing its choice of the appropriate reform strategy. Last, with assistance from the AfDB, the government continued to prepare the reform strategy for the electricity company le MA-MWE.

▶ The third review of the arrangement under the ECF will take place in June 2011. In the area of structural reforms, the review will substantially cover measures designed to enhance control of the wage bill, and specifically (i) implementation of computerized pay slips; (ii) completion of the survey of civil servants and agents of the state; and (iii) implementation of organic frameworks for the civil service.

6.3.2. WORLD BANK

In addition to the regular, routine missions incumbent on the World Bank, the country was honored with the visit from a senior delegation from the international financial institution in February 2010 to assess its contribution to the development program for the Comoros.

The World Bank's operations focus on the areas of education, transportation, water, and activities in support of growth and revenue generation to benefit the poorest and most vulnerable sectors. The World Bank operates in connection with the World Fund, its environmental facility, and is interested in climate change issues in the Comoros.

The World Bank's key operations are the project financed in connection with the Community Development Support Fund in the form of support for services, with a commitment of US\$18.3 million, and subsequently under the new economic governance support project comprising several components focusing on institutional capacity building.

6.3.3. AFRICAN DEVELOPMENT BANK

After an interruption of its more than 17 years of cooperation with the Comoros, the AfDB resumed its activities in the Union of the Comoros with a strategic programming framework for 2009-2010, or Country Strategy Paper (CSP). This change was characterized by the removal of the sanctions applied in February 2009 after the clearance of arrears with this financial partner under the Fragile States Facility (FSF). The CSP was based on PRGSP-I, while the final CSP was based on the complete available PRGSP covering the period 2010-2014.

In this strategic framework, the AfDB's interventions launched at end-2009 were included in the following two pillars:

1. Building institutions and the macroeconomic framework including two financing operations respectively of UA 2 million in budget support and UA 5 million in support for reforms based on the program supported by the IMF finalized through the Institutional Capacity-Building Program (ICBP).
2. Improved access to drinking water and sanitation, consisting of 8 million Units of Account of the African Development Bank in financing, including a sanitation component executed under management delegated by UNICEF.

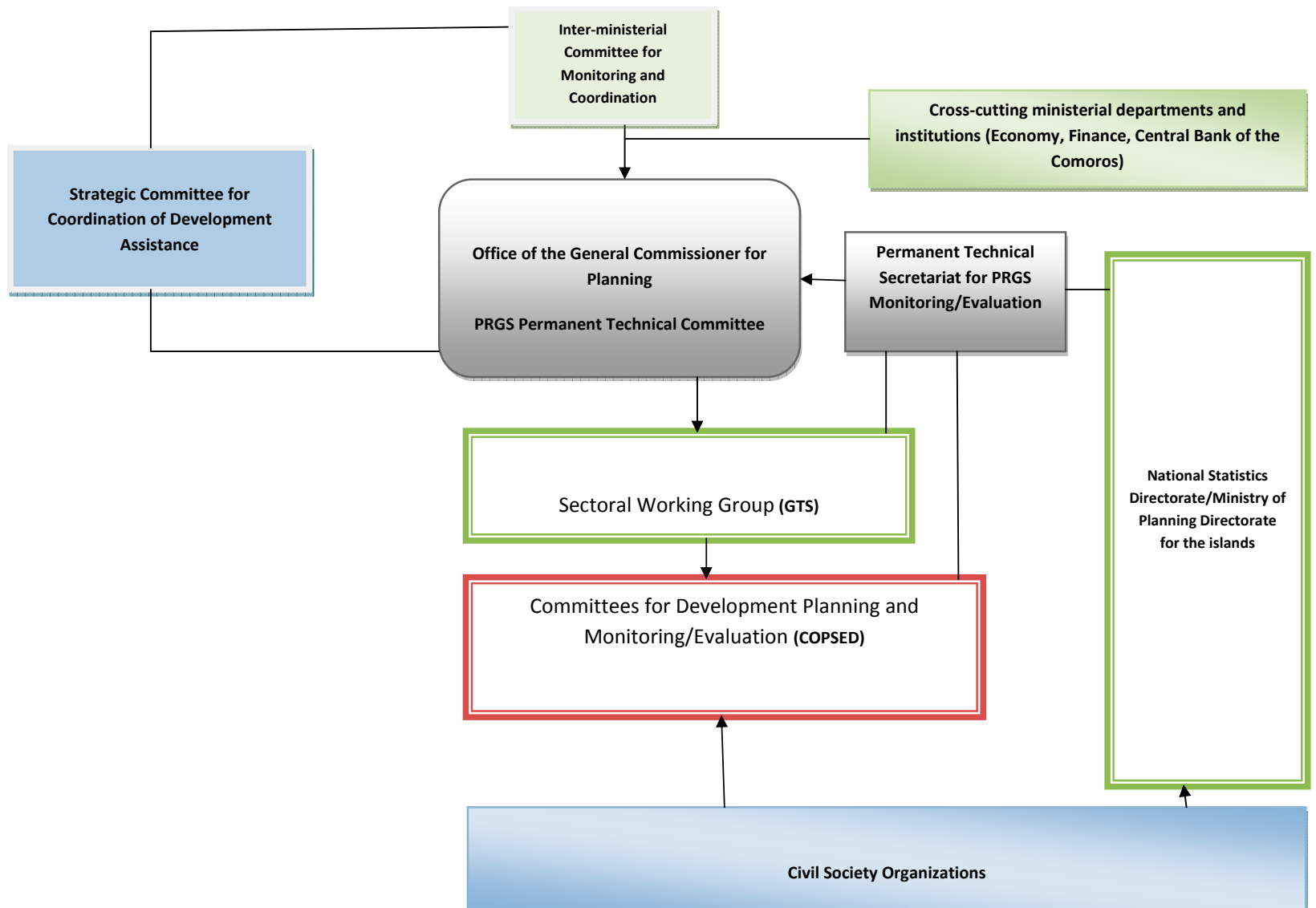
The Comoros have a total of UA 15 million, with UA 5 under ADF 11 and UA 10 million in connection with the FSF. The Comoros are eligible for other targeted facilities under the FSF. Specifically in the area of capacity building, the country benefited from (i) contractual coverage of five resource persons hired and made available to the Office of the General Commissioner for Planning; and (ii) support to complete the PRGSP and prepare a report covering the first year of PRGSP implementation.

The AfDB's assessment of the country's domestic situation indicates a favorable context, and specifically, the country's grounding in political and institutional stability through the organization of regular, transparent elections. Even if this context is still fragile, the progress is tangible, including the courageous reforms undertaken with support from the IMF. Such favorable developments can be expected to generate interest among the development partners and an increase in aid potentially mobilized from the country's various partners.

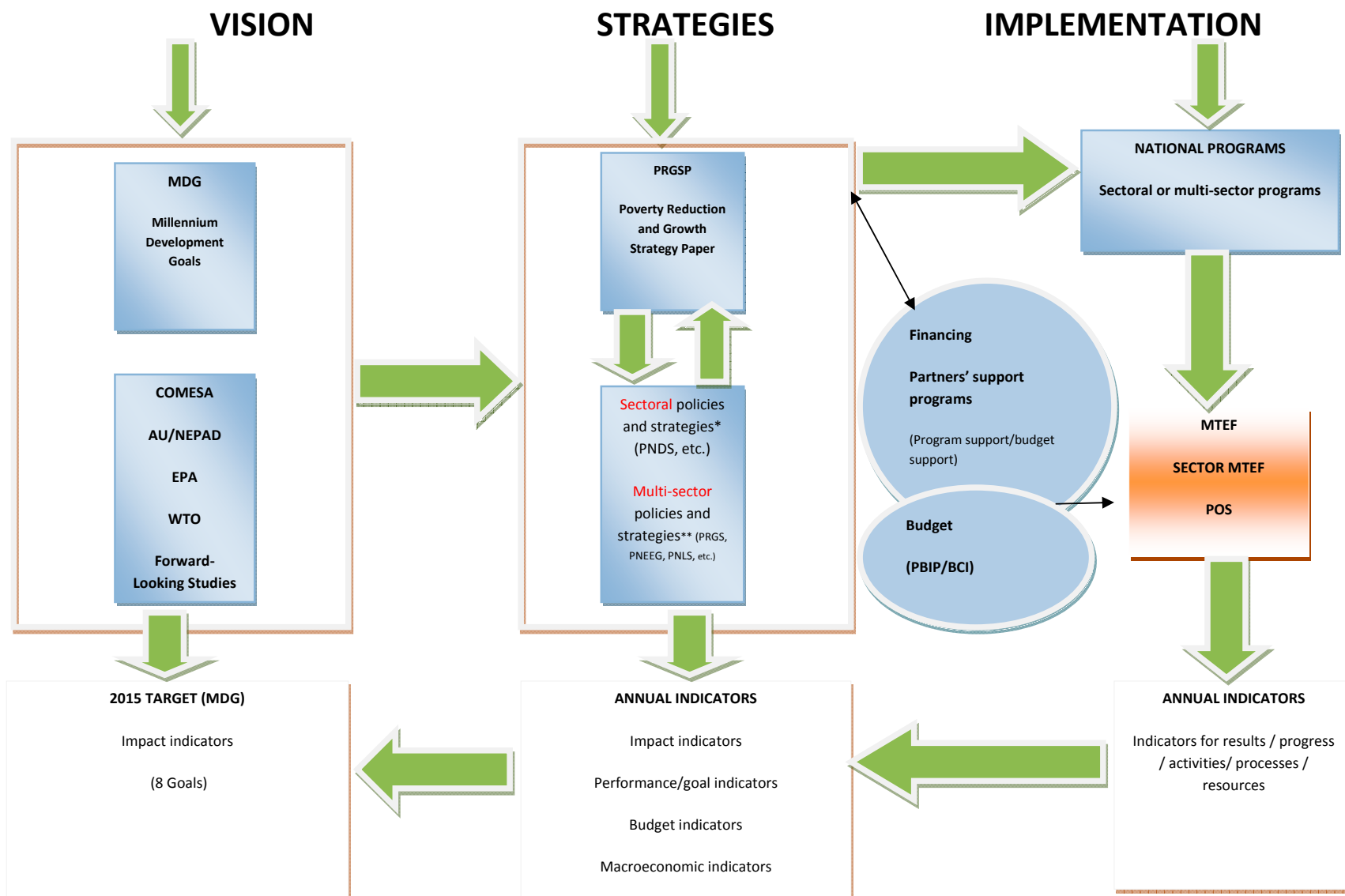
Second, the assessment of the situation by the AfDB revealed major challenges confronting the country in connection with weaknesses in the areas of (i) political stability; and (ii) institutional capacities; geographic and physical constraints, and primarily the relative isolation and remoteness from the major marketing circuits; insularity; insufficient, inappropriate basic infrastructures; and extreme extraversion of the country's small, vulnerable insular economy.

6.4. ORGANIZATIONAL CHART OF THE PRGS MONITORING AND EVALUATION SYSTEM IN THE COMOROS

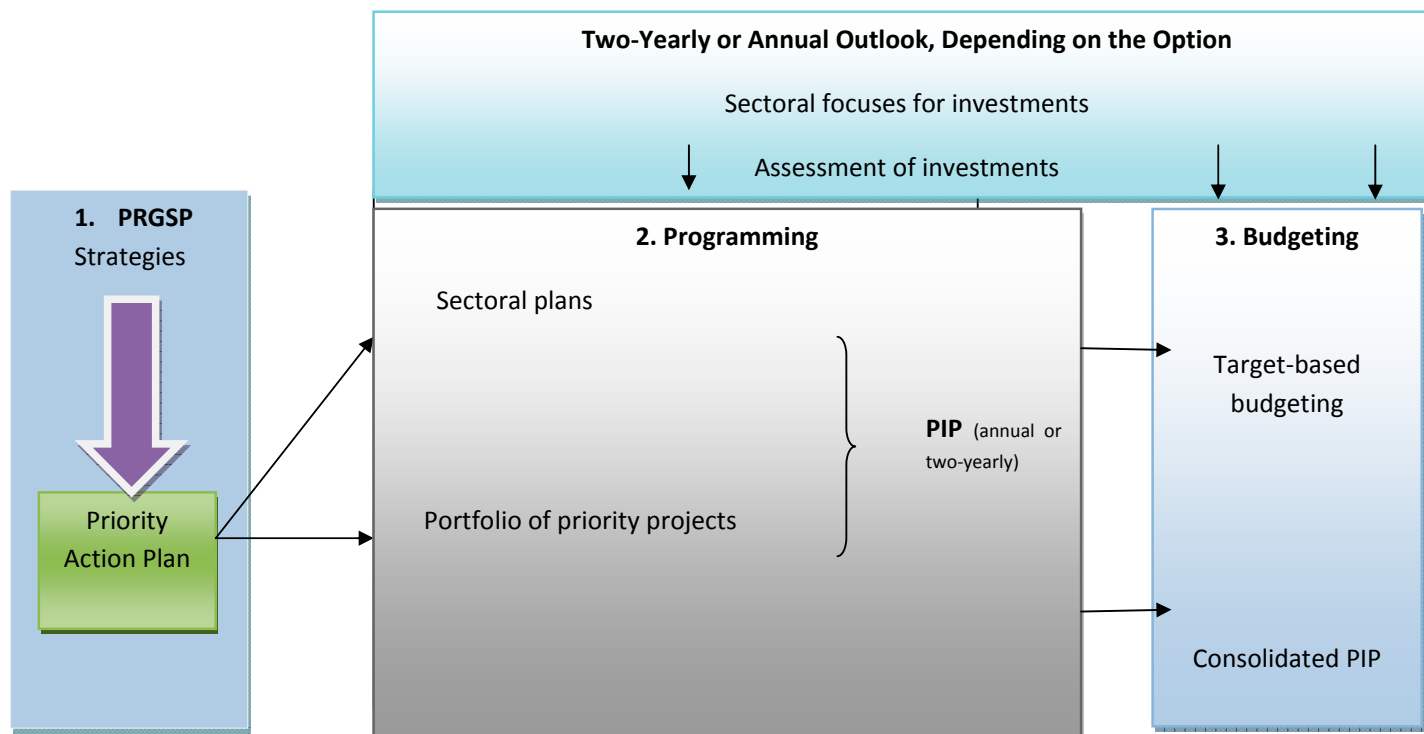
Institutional System for PRGS Monitoring and Evaluation in the Comoros



6.5. PROPOSED SCHEME FOR THE PRGS PLANNING APPROACH



6.6. PROPOSED SCHEME FOR PRGS IMPLEMENTATION IN THE COMOROS



PRGSP: Poverty Reduction and Growth Strategy Paper

PIP: Public Investment Program

6.7. INDICATORS FOR MONITORING AND COMPLIANCE WITH PRGSP INDICATORS IN 2010

Core Strategy I. Stabilize the economy and lay the groundwork for strong and equitable growth

N°	Indicators	Benchmark value	Unit	Benchmark year	Target 2010	Trends 2010	Comments
<u>Macroeconomy</u>							
	Inflation rate	4.6	Percent	2007	3	3.5	
	Per-capita GDP	26,150	Thousands of Comorian francs	2007		28,784	
	Real GDP growth rate	1.0	Percent	2007	2.5	2.1	
	Primary sector growth rate	4	Percent	2007		6	
	Tourism sector growth rate	2.5	Percent	2005	3.5	1	
	Export to GDP ratio	14.0	Percent	2008	13.2	13.7	
	Outstanding external debt	102.0	Billions of Comorian francs	2009		99.3	
	External debt service	2.9	Billions of Comorian francs	2009		2.6	
	Investment rate	9.5	Percent	2007	7.5	7.5	
	Ratio of current expenditure to tax revenue	164	Percent	2008	-1.5	-1.6	
	Primary budget balance (primary deficit) (percentage of GDP)	- 2.8	Percent	2008	1.5	1.6	

Performance indicator	Benchmark value	Annual target 2010	Outputs (end-June 2010)	Comments, if applicable
Arrears settlement rate	Wages (1995-2009): CF 10 billion	25 percent	CF 3.6 billion for the settlement of three months' of wages from 2009.	With assistance from Qatar, six months of wage arrears were settled, including three months from 2009 and three months from the current year (2010), although the balance of arrears remains as it dates back prior to 2005. Total domestic debt amounted to CF 13,372,078,000 in 2009, taking into account the EU report on domestic debt 1995-2008.
	Wages (1995-2008): CF 9,760,156,000			

Performance indicator	Benchmark value	Annual target 2010	Outputs (end-June 2010)	Comments, if applicable
Arrears settlement rate	Domestic debt with the private sector (2007): CF 16.4 billion (Wages)	25 percent	CF 5.6 billion, equivalent to 31 percent	Budget aid from Qatar absorbed all of the retirement fund's arrears.
Performance indicator	Benchmark value	Annual target 2010	Outputs (end-June 2010)	Comments, if applicable
Arrears settlement rate	Other domestic debt (2009): CF 26 billion	25 percent	19 percent	Payments of arrears for the islands are not included as the latter did not submit six months of payments to the treasury in May 2010.

Core Strategy II. Strengthen key sectors by focusing on institution building and ensuring a broader role for economic transactors

Priority program 2.3. Enhance security for property resources

Performance indicator	Benchmark value	Annual target 2010	Outputs (end-June 2010)	Comments, if applicable
Proportion of agricultural land registered	163,000 hectares	15 percent		The proportions of registered agricultural land are in the domain.
Number of protected and/or serviced sites	10	15	20 sites	Synergies between the GDT, PNDHD, and PROGECO projects provide reassurance of sustainability for agricultural land and protected areas.

Priority program 2.4. Support creation of a favorable environment for development of the agricultural sector

Performance indicator	Benchmark value	Annual target 2010	Outputs (end-June 2010)	Comments, if applicable
Annual rate of increase in agricultural investments	5 percent	10 percent		

Program 2.5. Restore agricultural and agrofood production

Performance indicator	Benchmark value	Annual target 2010	Outputs (end-June 2010)	Comments, if applicable
		10 percent		Insufficient statistical data
Growth in food production	5 percent	20 percent		(See phytosanitary service, Port of Mwali)
Growth in export volumes				
Number of new crops introduced	0	-		Idem

Program 2.6. Protect livestock from exotic infectious diseases and intensify animal production sectors

Performance indicator	Benchmark value	Annual target 2010	Outputs (end-June 2010)	Comments, if applicable
Rate of vaccination coverage in livestock	25 percent	50 percent	No information.	No statistical studies have been conducted.
Mortality rate in ruminants	25 percent	15 percent		
Availability rate for veterinary medicines	40 percent	70 percent		

Animal production (in tons)	455	500
Percentage of animal protein requirements covered by domestic production	30 percent	40 percent

Program 2.7. Establish an environment favorable to development of the fishing sector

Performance indicator	Benchmark value	Annual target 2010	Outputs (June 2010)	Comments, if applicable
Growth rate in the fishing sector		2 percent	--	
Rate of increase in investments	5 percent	5 percent	--	--

Program 2.8. Develop the system for preserving, processing, and marketing of fishing products

Performance indicator	Benchmark value	Annual target 2010	Outputs (end-June 2010)	Comments, if applicable
Percent of motorized boats in the artisanal fleet	30 percent	35 percent	--	Surveys are required.

Standard of living indicators

Indicators	Benchmark value	Unit	Benchmark year	2010 target	2010 trends	Comments
Proportion of the population having access to an improved water source	20 in rural areas	Percent	2008	25 percent		
Proposed amendment:						
Proportion of the population having access to drinking water (Anjouan)	35 in urban areas	Percent		45 percent	45 percent	

Indicators	Benchmark value	Unit	Benchmark year	2010 target	2010 trends	Comments
Proportion of the population having access to electricity	50 percent	Percent	2008	50 percent	70 percent	
Proportion of the population having access to a sanitation system	2 percent	Percent	2008	5 percent		

Performance indicator	Benchmark value	Annual target 2010	Outputs (June 2010)	Comments, if any
Clarified, coherent, and effective institutional framework for energy	Institutional framework for energy not clarified, not observed, and ineffective	Institutional framework clarified, developed, and implemented: 90 percent	30 percent	
Legal and regulatory framework implemented	Sector not regulated: energy regulations absent or not applied	Regulatory texts prepared, revised, applied: 50 percent	<i>Statu quo</i> <i>[Statut Co ?]</i>	
Capacity building for development of the energy sector	Capacities insufficient to ensure development of the sector	Capacity for development of the sector reinforced: 10 percent	5 percent	
Energy strategy prepared and implemented	Absence of sectoral energy strategy	Strategy paper prepared and implemented: 70 percent	<i>Statu quo</i>	
National energy strategy prepared, validated, and implemented	National energy strategy nonexistent	Paper prepared, validated: Implemented: 10 percent	<i>Statu quo</i>	
Investment planning in the energy sector, development	Absence of an investment and finance plan for the	Investment plan and finance plan prepared: 50		

Indicators	Benchmark value	Unit	Benchmark year	2010 target	2010 trends	Comments
finance for the sector	sector		percent		30 percent	
Database created and regularly updated	Absence of database for the energy sector		Database created		<i>Statu quo</i>	
Energy autonomy in terms of petroleum products	General autonomy: 45 days		General autonomy: 45 days		45 days	
Energy production	Production 35 GWH		Production 70 GWH		40 GWH	
Installed available/peak power	Available power: 7.5 MW (31 percent)		Available power: 50 percent		15 MW	
	Peak: 15 MW (62 percent)					
Electrification rate	40 percent		50 percent		66 percent	
Share of wood energy in the energy balance	78 percent		75 percent		75 percent	
Energy efficiency ratio	40 percent		45 percent		44 percent	
Average household energy bill	CF 200,000		CF 180,000		CF 210,000	
Share of diesel oil-based thermal energy in the national energy balance	30 percent		25 percent		30 percent	

Program 1.3. Improve the energy supply at a low cost

Performance indicator	Benchmark value	Annual target 2010	Outputs (end-June 2010)	Comments, if applicable
Clarified, coherent, and effective institutional framework for energy (1)	Institutional framework not clarified, not observed, and ineffective	Institutional framework clarified, developed, and implemented, 90 percent	30 percent	

Program 1.5. Increase access to drinking water, sanitation, and sustainable management of water resources

Performance indicator	Benchmark value	Annual target 2010	Output (end-June 2010)	Comments, if applicable
Definition of the institutional framework for the water sector	Institutional framework nonexistent	Prepared: 100 percent		
Legal and regulatory framework for the water sector and implementation of the institutional framework	Legal and regulatory framework for water nonexistent	Implemented: 30 percent		
Capacity building for development of the sector	Insufficient capacities to ensure development of the sector	Regulatory framework implemented: 30 percent		
National inventory of water resources and sanitation works	No inventory of resources and works	Resources and works inventoried (40 percent)		
Database created and regularly updated	Absence of database for the water and sanitation sector	Database created		
Master plan	Absence of master plan for water	Master plan completed: 40 percent		
Investment and financing program for the sector prepared	Absence of investment and financing plan for the sector	Investment program and financing plan prepared: 50 percent		
Improved access to drinking water	Insufficient access to water (15 percent)	30 percent		
Improved access to hygienic sanitation services	Rate of access to sanitation (5 percent)	10 percent		
Implementation of a planning framework	Absence of planning framework	Planning framework implemented (100 percent)		
Implementation of a coordination framework	Absence of coordination framework	Coordination framework implemented (100 percent)		
Implementation of a monitoring and evaluation system	Absence of a monitoring and evaluation system	Monitoring and evaluation system implemented (100 percent)		
Action plan for integrated management of water resources (GIRE) prepared and implemented	Absence of a GIRE action plan	Preparation and development of the GIRE plan		
Number of operations and projects established to adapt water resource management to climate change	Risks related to climate change are not reflected in the water sector development	Number of operations and projects (AGRECC): 4		

Performance indicator (AGRECC)	Benchmark value strategy.	Annual target 2010	Output (end-June 2010)	Comments, if applicable
Indicators	Formula	Benchmark value	Year	Outputs in 2010
Number of fixed telephone subscribers per population of 1,000		22,000	2008	
Number of mobile telephone subscribers			2008	145,000
Percent of households having a radio set	Percent	42	2008	
Percent of households having a television set	Percent	36	2008	
Incoming/outbound air traffic per airline				
Port traffic at the Port of Moroni				
Linear kilometers of asphalted national roads	Kilometers	22/685	2009	
Linear kilometers of rehabilitated roads	Kilometers	269	2009	
Number of new villages electrified		16	2010	

Core Strategy III. Strengthen governance and social cohesion

Key monitoring and evaluation indicators for PRGSP implementation in the sector

No.	Indicators	Bench- mark value	Unit	Benchmark year	Target 2010	Trends 2010	Comments
Governance							
	Percentage of women deputies	33, equivalent to 100 percent	1, equivalent to 3 percent	2010			The only woman deputy is an elected councilor in Mwali coopted to serve as a deputy
	Government user satisfaction index	No information obtained.		No information obtained.	No information obtained.	No information obtained.	
	Average duration of preventive detention	No information obtained.		No information obtained.	No information obtained.	No information obtained.	
	Percentage of cases judged as against cases registered	No information obtained.		No information obtained.	No information obtained.	No information obtained.	
	Percentage of public resources allocated to local governments	No information obtained.		No information obtained.	No information obtained.	No information obtained.	

Priority program 3.1: Promote social cohesion, solidarity, and the consolidation of peace

Performance indicator	Benchmark value	Annual target 2010	Output (end-June 2010)	Comments, if applicable
National program to promote social cohesion available	None	30 percent		

Priority program 3.2. Improve the legal framework, promote anticorruption mechanisms, and strengthen transparency in management of public affairs

Performance indicator	Benchmark value	Annual target 2010	Output (end-June 2010)	Comments, if applicable
Number of laws adopted and disseminated		30 percent		

Priority program 3.3. Capacity building in the judiciary institution

Performance indicator	Benchmark value	Annual target 2010	Output (end-June 2010)	Comments, if applicable
Number of laws adopted and disseminated	15 percent	30 percent		

Priority program 3.4. Fight terrorism and transnational crime, and strengthen civil security

Performance indicator	Benchmark value	Annual target 2010	Output (end-June 2010)	Comments, if applicable
Access to useful information and identities for all residents and all visitors	Access to information and identities for all residents and all visitors	50 percent	90 percent complete for biometric visas.	Shortage of infrastructures for biometric registration.

Core Strategy IV. Improve the health status of the general public

Core Strategy V. Promote education and training

Key monitoring and evaluation indicators for sectoral implementation

Summary table

Central PRGS objective	Indicators	2003	2004	2005	2006	2007	2008	2009	2010
Education	Adult literacy rate (percent)								
	Primary school dropout rate (percent)								
	Repeater rate (percent)	89.3	85.4	87.5		78.3	79.6	90.1	90.1
	Primary gross admission rate (percent)			34.6		28.0	30.2		31.7
	Completion rate (percent)	101.5	105.0	95.6		94.8	100.0	101.9	102.2
	Student/teacher ratio (percent)								
	Gross preschool enrollment rate (percent)								
	Gross school enrollment rate (percent)								

Performance indicators for the education sector by gender, 2003-2010

Indicators	School cycle	2000			2005			2009			2010		
		T	B	G	T	B	G	T	B	G	T	B	G
Admission rate	Primary				87.5	92.5	82.3	90.1	97.1	82.7	90.1	97.1	82.7
	First secondary cycle							40.2	42.3	39.3			
	Second secondary cycle				26.1	27.0	25.1						
Completion rate	Primary												
	First secondary cycle												
	Second secondary cycle												
Gross school enrollment rate	Primary				95.6	101.3	89.8	101.9	108.6	94.7	102.2	94.7	71.7
	First secondary cycle							39.7	44.2	36.6			
	Second secondary cycle				30.7	30.8	30.5						
	Primary				25								

Repeater rate	First secondary cycle
Dropout rate	Second secondary cycle
	Primary
	First secondary cycle
	Second secondary cycle

School indicators, nursery school education

Indicators	2003	2004	2005	2006	2007	2008	2009	2010
Number of children			1,665				2,727	
Public			309				0	
Private			1,356				2,727	
Number by gender								
Male			897				1,494	
Female			768				1,233	
Teachers								
Classroom								
Number of schools								
Population eligible for preschool (3-5 years of age)								

Primary education indicators

Indicators	2003	2004	2005	2006	2007	2008	2009	2010
Gross admission rate	89.3	85.4	87.5		78.3	79.6	90.1	90.1
Boys	97.8	84.5	92.5		81.1	81.7	97.1	97.1
Girls	80.6	86.4	82.3		75.3	77.4	82.7	82.7
Completion rate								
Boys								
Girls								
Gross school enrollment rate (primary education)	101.5	105.0	95.6		94.8	100.0	101.9	102.2
Boys	112.0	115.5	101.3		97.9	107.8	108.6	94.7
Girls	90.8	94.3	89.8		91.4	91.8	94.7	71.7
Repeater rate (percent)	29.5		25					
Boys	38.1							
Girls	22.3							
Dropout rate (percent)								
Boys								
Girls								
Seats per student								
Student/teacher ratio			34.6		28	30.2		31.7

Indicators: Changes in number of students in the public sector 2004-2007

Year	2004	2005	2006	2007	2008	2009	2010
University	1,405	2,083	2,376	2,796	2,864		

Priority program 1. Develop education, technical instruction, and occupational training to reflect the requirements of the job market

Performance indicator	Benchmark value	Annual target 2010	Outputs (2010)	Comments, if applicable
Percent of students who have acquired the required technical and professional skills	25 percent	35 percent		

Priority program 5.2: Improve access to and quality of primary and secondary education

Performance indicator	Benchmark value	Annual target 2010	Outputs (2010)	Comments
Net primary school enrollment	73 percent	80 percent	77.1 percent	- Insufficient accommodation capacities - Many private schools do not reply to the questionnaires.

Priority program 5.3. Develop competent human resources and the sectoral (SWAP) approach to education

Performance indicator	Benchmark value	Annual target 2010	Outputs (2010)	Comments
Percent financial resources for education mobilized by the Ministry				

Priority program 5.4. Promote literacy, sports, and cultural activities

Performance indicator	Benchmark value	Annual target 2010	Outputs (2010)	Comments
Percent of literate young persons and adults	60 percent	64 percent		

Core Strategy VI. Promote environmental sustainability and civil security

PRGSP monitoring indicators: Environment

Indicators	Benchmark value	Unit	Benchmark year	Target 2010	Trends 2010	Comments
Area of protected ecosystems	404	Square kilometers	2009		40 hectares	Anti-erosion development insufficient to cover the entire island.
Percentage of households using solid fuels						
wood	75.2	Percent				
charcoal	0.7	Percent	2009			

Priority program 6.1. Conserve biodiversity and equitably share its benefits

Performance indicator	Benchmark value	Annual target 2010	Outputs 2010	Comments, if applicable
Protected areas as compared to the total area of the country	1/6 protected area	1 co-management agreement	33 local sustainable development committees and 3 Sustainable Development Committees for protected land area zones	The process has been continued of creating protected land areas, and the authorities are in the feedback phase in respect of compliance with the world strategic plan 2011-2012 adopted in connection with the Conference of the Parties to the Convention on Biodiversity (CCOP 10 CBD), and national policies.

Priority program 6.2. Conserve and upgrade agro-biodiversity

Performance indicator	Benchmark value	Annual target 2010	Outputs 2010	Comments, if applicable
Biosafety clearing house database	0	3 biosafety databases		

Priority program 6.3. Adaptation to climate change

Performance indicator	Benchmark value	Annual target 2010	Outputs (end-June 2010)	Comments, if applicable
Percent of degraded areas subject to restoration programs	0 percent	5 percent		

Priority program 6.5. Capacity-building for multisector environmental management and coordination

Performance indicator	Benchmark value	2010 annual target	Outputs (end-June 2010)	Comments, if applicable
National Program on Environment (PNE) and national strategy prepared and validated	PNE and Action Plan for the Environment	Updating of the PNE and SNE	National strategic plan - Publication of the Ancar Action Plan - Recruitment notice for the national consultant and international consultant issued - Steering committee meeting held - The Institution for Energy and Environment of la Francophonie (IEPF) expressed its willingness to support the project to prepare the national strategy for sustainable development.	

Priority program 6.6. Establish prevention and management systems for risks related to natural and climate disasters

Performance indicator	Benchmark value	2010 annual target	Outputs (end-June 2010)	Comments, if applicable
The country meets the required conditions for disaster management.	Contingency plan - National Emergency Preparation and Response Plan Volcanic risk mapping	Implementation of an action plan for capacity building		