

**EXECUTIVE
BOARD
MEETING**

EBS/20/65

April 16, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Union of the Comoros—Requests for Disbursement Under the Rapid Credit Facility and Purchase Under the Rapid Financing Instrument**

Board Action:	Executive Directors' consideration (Formal)
Tentative Board Date:	Wednesday, April 22, 2020
Proposed Decisions:	Page 13
Publication:	Yes*
Questions:	Mr. Weisfeld, AFR (ext. 37482) Mr. Benlamine, AFR (ext. 38800) Mr. Melhado Orellana, AFR (ext. (+242-912-9090)
Document Transmittal in the Absence of an Objection and in accordance with Board policy:	After Board Consideration—Arab Monetary Fund, African Development Bank, Common Market for Eastern and Southern Africa, Islamic Development Bank, World Trade Organization

*The authorities have indicated that they consent to the Fund's publication of this paper.



UNION OF THE COMOROS

April 16, 2020

REQUESTS FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY AND PURCHASE UNDER THE RAPID FINANCING INSTRUMENT

EXECUTIVE SUMMARY

Context. While the authorities have so far not reported any COVID-19 cases in Comoros, the pandemic's economic impact is already being felt as remittances receipts have slowed, visitor arrivals have stopped, and liquidity pressures have developed in the banking sector. The authorities have taken measures such as school closings and travel bans and have taken initial steps to address bank liquidity strains.

Request for Fund support. COVID-19 is giving rise to urgent BOP and fiscal financing needs. The authorities are seeking financial assistance under the Rapid Credit Facility (RCF) and the Rapid Financing Instrument (RFI) to address these needs. In the attached letter, the authorities request a disbursement of SDR 8.9 million, equivalent to 50 percent of quota. Staff assesses that Comoros meets the eligibility requirements for the RCF and RFI and supports this request. Public debt remains sustainable and there is adequate capacity to repay the Fund.

Economic policies. Beyond implementing their pandemic preparedness plan and strengthening the health care system's ability to respond to pandemic needs, the authorities are considering delaying deadlines for tax filings and temporarily lowering customs duties for certain imports. They will monitor inflation developments and maintain the exchange rate peg to the euro. The authorities will also do all they can to ease liquidity strains in the banking system. They are also working with banks to enable targeted loan maturity extensions.

SMP discussions. Discussions towards an SMP have been postponed until a later time.

Approved By
David Owen (AFR) and
Craig Beaumont (SPR)

An IMF team consisting of H. Weisfeld (head), M. Benlamine, O. Melhado (all AFR), and I. Ahamada (Economist in the Resident Representative Office) held discussions via video conference with Minister of Finance Chayhane, Central Bank Governor Imani, Permanent Secretary of the Economic and Financial Reform Unit Oubeidi, and other senior government officials on April 9, 2020.

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CONTEXT

1. The COVID-19 shock comes on the heels of two difficult years for Comoros, and less than a year after Cyclone Kenneth, which necessitated emergency Fund financial support in 2019 (see IMF Country Report 19/272).

2. Comoros suffers from pronounced institutional and economic fragility, including elevated vulnerability to shocks, as discussed in the recent Article IV report (see SM/20/60). The authorities' implementation capacity is very low.

3. Based on the expectation that policies would improve only slowly, the pre-pandemic outlook was marked by only moderate growth amid continued fiscal challenges (SM/20/60).

- Growth was expected to rebound in 2020 but remain moderate over the medium term (at 3½–4 percent).
- The ability of the government to effect spending was expected to remain dependent on volatile aid inflows.
- The risk of external debt distress was assessed as "moderate" with limited space to absorb shocks.
- The external position was assessed as broadly consistent with fundamentals and desirable policy settings, but foreign exchange coverage was slightly below adequate levels and projected to gradually decline further.
- The financial sector was seen as vulnerable, with plausible shocks to asset quality likely to leave several medium-to-large institutions undercapitalized.

4. The authorities have been making only gradual progress in recent months on addressing the country's key challenges. In particular, they have achieved limited progress on fiscal revenue mobilization. As a result, the government continues to face tight liquidity constraints, leading to delays in civil servant wage payments and pensions as well as accumulation of further external arrears.

RECENT DEVELOPMENTS

5. Comoros is already feeling a severe impact from the Coronavirus pandemic. While the authorities have so far not reported any cases of COVID-19, the economic impact of the pandemic is already being felt as remittances receipts have slowed due to weakening economic activity in France, where most of the diaspora lives. Further, visitor arrivals have stopped, weighing on activity in the services sector. Several banks are seeing liquidity strains due to the coincidence of lower remittances, increased withdrawals as the population is trying to build cash holdings in the context of social distancing, and growing difficulties by some clients to service their debt.

6. The government has undertaken the following steps to address the risks created by the pandemic:

- In February, the authorities started quarantining travelers from China and France. Subsequently they banned travelers from countries that have declared more than 10 cases of COVID-19 and now have stopped all passenger air traffic from foreign countries. Most recently, the authorities have closed all schools, and prohibited meetings of more than 20 people.
- The authorities have prepared a plan that describes the measures to be taken to minimize the risk of the pandemic, drawing on WHO recommendations. The cost of the plan is estimated at US\$2.2 million, and two donors have indicated that they will provide this financing. However, implementation appears to be proceeding only slowly, for example as concerns the identification and preparation of centers for the quarantine and treatment of infected persons.
- The authorities have requested assistance from donors. The World Bank has offered financing of US\$5 million, and France has indicated willingness to respond favorably to requests for assistance. The central bank has lowered obligatory reserve requirements to lessen liquidity strains in the banking system.

OUTLOOK AND RISKS

7. The pandemic is affecting Comoros through two channels: (i) spillovers from the changes in the global environment and (ii) the impact of a likely domestic outbreak (Table 8 provides projections before and after the pandemic shock). While no cases of COVID-19 have been reported so far, the pandemic is highly likely to arrive and spread in Comoros, given the experience of other countries around the world and the limited capacity of the Comoros health system (the WHO ranks the system's preparedness at the lowest level in international comparison). Based on the latest global projections, the economic impact will be seen mainly in 2020, with a recovery in growth in 2021.

8. The pandemic has led to a substantial deterioration in the global economic environment, creating mainly adverse spillovers to Comoros. The pandemic has lowered the global growth outlook; contributed to a drop of commodity prices including a sharp decline in petroleum prices; and led to a tightening of global financial conditions. This deterioration is likely to transmit to Comoros through the following channels:

- **Lower growth in Europe will translate into lower remittances inflows**, a key component of the current account (gross remittances receipts accounted for 17.3 percent of GDP in 2019). This will weigh on the external accounts and affect the economy through lower consumption, savings, and investment. FDI inflows are also expected to come in weaker than previously projected.
- **Lower international travel will result in lower tourist arrivals**, notwithstanding the fact that a large part of tourism reflects family visits by the large diaspora (tourism-related exports of services accounted for 6.1 percent of GDP in 2019). It is expected that exports of travel services

will fall substantially. This will also weigh on the external accounts and affect tourism-related activities such as hotels and restaurants and services.

- **Lower global growth and lower global commodity prices will affect trade in goods.** Import volumes are expected to fall in 2020 and, together with an improvement in the terms of trade due to lower import (mainly oil) prices, the goods trade balance is projected to improve relative to earlier projections. However, lower exports weigh on economic activity, and lower imports on trade-related fiscal revenue.
- **The tightening in global financial conditions will have little direct impact**, because of Comoros' limited links to global markets, but indirect impacts will work through the above channels.

9. The likely domestic outbreak of the pandemic is expected to have a large additional adverse economic impact, some of which is being felt already. Growth would decline substantially further as infected people experience a transitory inability to work, and social distancing takes hold. Fiscal revenue would decline commensurately. In addition, health care spending needs are expected to rise by 2 percent of GDP (based on projections of the number of infected people and associated costs of treatment per patient). Some impacts are being felt already, in particular a weakening of economic activity due to social distancing, and an increase in cash withdrawals from domestic banks as the population shows an increased preference for holding cash.

10. Summing the above impacts and the authorities' policy response and comparing with the recent Article IV consultation baseline projections indicates a substantial growth decline, an external financing need of 5.2 percent of GDP, and a fiscal financing need of 4.7 percent of GDP.

- Economic growth is revised down by 5.6 percentage points to -1.2 percent in 2020, with a bounce back to 3.1 percent in 2021.
- The overall balance of payments would deteriorate by 5.2 percent of 2020 GDP (cumulative over 2020-21, of which 4.4 percent of GDP in 2020).
- Accounting for the decline in fiscal revenue due to lower trade-related and general revenue (including from the authorities' plan to temporarily lower customs duties, see paragraph 14), adding the implementation of the pandemic preparedness plan, the expected health care spending needs in 2020, and keeping other domestically financed spending at the previously projected levels (including some reallocations within these levels), the domestic primary deficit would deteriorate by 4.7 percent of 2020 GDP (cumulative over 2020-21, of which 4 percent of GDP in 2020). Table 6 provides detail.

11. The external financing need is expected to be filled by higher grants, concessional borrowing including from the Fund, and a limited drawdown in reserves (Table 5).

- Foreign grants are projected to rise by 1.7 percent of GDP (of which 1.5 percent of GDP in 2020), including CCR Trust grants.
- Foreign borrowing is expected to rise by 2.6 percent of GDP, including RCF/RFI financing of 1 percent of GDP.
- Some drawdown in reserves relative to the Article IV baseline is factored in (1.2 percent of GDP). Together with the projected higher inflows of aid and higher borrowing, reflecting the fact that almost the entire fiscal financing gap needs to be met from external sources (see paragraph 12), reserves would nevertheless remain at 6.2 months of imports in 2020, only moderately below the level considered adequate (6.8 months of imports). Should other donor financing fall short, a larger drawdown in reserves would be unavoidable.

12. As the authorities face severe financing constraints, almost the entire fiscal financing need will need to be met through official sources. Comoros presently has no cash buffers, very limited access to domestic sources of credit (including from the central bank due to CFA zone rules), and likely no readily available external private sources of credit. With this, the fiscal financing need will need to be met almost entirely through IMF assistance and other official grants and loans. Taking account of the projected increase in aid, the deterioration in the fiscal balance is expected to be limited: the cash deficit including grants is expected to reach 3.8 percent of GDP, from 2.2 percent of GDP expected prior to the pandemic (Table 8).

13. Risks to Comoros' economic outlook are substantial. The economic outlook is predicated on the temporary nature of the pandemic and the normalization of the global economic outlook starting already later in 2020. Downside risks include notably a greater and/or more prolonged impact of the pandemic. In addition, the risks discussed in the recent Article IV consultation persist, such as from natural disasters.

POLICY ISSUES

14. The authorities have taken, or plan to take, the following measures to mitigate the pandemic impact:

- **Public health measures:** The authorities intend to fully implement their pandemic preparedness plan, including for example by creating and equipping quarantine centers. Implementation currently suffers from lack of funds, as promised aid has not yet been disbursed. Beyond this, financing sources permitting, the authorities' priority will be to substantially expand spending on health care in line with pandemic-related needs, trying to overcome to the greatest extent possible the health care system's capacity constraints.
- **Fiscal policy:**
 - On the revenue side in 2020, the authorities have temporarily lowered customs duties for certain products (food, medical, and hygiene products, resulting in an expected revenue loss

of 0.5 percent of GDP, see Text Table 1). The authorities have also delayed deadlines for tax filings from May to July, a measure that should not change revenue for the year as a whole.

- On the spending side in 2020, key measures include the following: the authorities intend to raise spending on health care by 2 percent of GDP (reflected in higher current spending). Further, the authorities intend to provide income support to SOE workers who have seen their hours reduced (at a cost of 0.1 percent of GDP, to be saved elsewhere in current spending, for example through civil service hiring restraint). To the extent possible within financing and implementation constraints, the authorities may also provide support to the poor through direct cash transfers (not factored into projections as this measure is not firmly planned). If impossible due to implementation constraints, the authorities may instead support poor communities through free water or electricity supplies.¹
- Revenue and spending changes in 2021 are expected to be limited.

Text Table 1. Comoros: Impact of the Pandemic on Fiscal Projections, 2020-21
(In percent of GDP)

	2020 Fiscal Projections						2021 Fiscal Projections					
	Pre Covid-19	Activity Decline	Authorities' Measures	Financing Sources	Overall Revisions	Post Covid-19	Pre Covid-19	Activity Decline	Authorities' Measures	Financing Sources	Overall Revisions	Post Covid-19
Total revenue and grants	18.3	-1.7	-0.5	3.4	1.2	19.4	18.5	-1.1	0.0	1.1	-0.1	18.4
Revenues	9.5	-1.7	-0.5	0.0	-2.2	7.2	10.4	-1.1	0.0	0.0	-1.1	9.3
External grants	8.8			3.4	3.4	12.2	8.1			1.1	1.1	9.1
Budgetary assistance	0.8			1.7	1.7	2.5	0.7			0.2	0.2	0.9
IMF CCRT	0.0			0.2	0.2	0.2	0.0			0.2	0.2	0.2
Projects (incl. techn.assist.)	8.1			1.7	1.7	9.7	7.3			0.9	0.9	8.2
Total expenditure and net lending	20.6		2.7		2.7	23.2	21.1		0.0		0.0	21.2
Current expenditure	11.5		2.0		2.0	13.5	13.0		-0.7		-0.7	12.3
Capital expenditure	9.0		0.7		0.7	9.7	8.1		0.7		0.7	8.8
Overall balance (commitment basis)	-2.3				-1.5	-3.8	-2.7				-0.1	-2.7
Overall balance (cash basis)	-2.3				-1.5	-3.8	-2.7				-0.1	-2.7
Financing	2.3				1.5	3.8	2.7				0.1	2.7
Foreign (net)	2.4				1.5	3.9	2.7				0.1	2.7
Drawings	3.3				1.5	4.8	3.2				0.1	3.3
IMF RCF and RFI ¹	0.0				1.0	1.0	0.0				0.0	0.0
Amortization	-0.5				0.0	-0.5	-0.5				0.0	-0.5
Change in net arrears (principal)	-0.3				0.0	-0.3	0.0				0.0	0.0
Domestic (net)	-0.1				0.0	-0.1	0.0				0.0	0.0

Sources: Comoros Ministry of Finance; and IMF staff estimates.

¹ Assumes 50 percent of the quota as one-time disbursement in July 2019, of which 33.3 percent is provided by the RCF and 66.7 percent by the RFI.

¹ Given that the authorities are not firmly planning to implement these measures, their cost is not included in projections and their feasibility would depend on availability of higher-than-projected grants or borrowing.

- **Monetary and exchange rate policy:** The authorities will monitor inflation developments and continue preserving the peg against the euro. They expect that certain items may see price surges and anticipate that the temporary lowering of customs duties would help offset these to some extent.
- **Financial sector supervision:** In view of the banking systems' liquidity strains, the authorities have lowered obligatory reserve requirements. They are also considering how they can provide further refinancing options for banks. The central bank's lender of last resort function is not well established and faces a lack of financial securities that could be used for refinancing, such as government debt titles. Further, the authorities are working with banks to enable targeted loan maturity extensions for debtors affected by the pandemic. The authorities will also monitor the impact of the COVID-19 shock on banks' asset quality.

15. Within their limited capacity and fiscal means, the authorities should aim to mitigate the economic impact of COVID-19.

A. Fiscal Policies

16. To the extent possible, the authorities should ensure that fiscal policy cushions the adverse effects the COVID-19 shock before bringing the fiscal position back in line with medium-term paths once the crisis has passed. In addition to expanding healthcare resources, the authorities could consider giving targeted and temporary support for affected households, particularly among the most vulnerable, through direct cash transfer or other feasible instruments.² This would help contain the risk of lasting economic and social costs without compromising fiscal sustainability.

17. The authorities should also prepare a contingency plan and carefully monitor fiscal risks. There is substantial uncertainty about the size and persistence of the impact of the pandemic on growth, fiscal revenue and spending needs. Spending reprioritization would be necessary should resources fall short. Postponement of some public non-health capital projects could help direct resources to more urgent spending areas. In addition, the authorities should carefully record and monitor fiscal risks associated with their policy measures (e.g., contingent liabilities).

18. External debt remains sustainable, and the risk of external debt distress remains moderate (Annex II). However, buffers to high risk territory are forecast to erode more quickly than before, due to weaker export and GDP growth and the additional take up of debt in the near term.

B. Monetary and Exchange Rate Policies

19. The fixed exchange rate cannot facilitate adjustment. At present, foreign exchange reserves are only slightly lower than adequate, suggesting the availability of some room for a temporary drawdown of reserves. The projected foreign aid and official loans required to meet the fiscal financing will bolster reserves.

² See SM/20/60 Annex 1 for a discussion of existing social safety nets and social transfer programs in Comoros.

20. Monetary policy should remain focused on maintaining the exchange rate peg to the euro, while being vigilant to the need to ensure adequate liquidity in the banking system (see paragraph 22). To the extent that liquidity strains reflect increased demand for holding cash in domestic currency, liquidity support should not undermine the peg (provided that the central bank will withdraw the additional liquidity when demand for cash normalizes). Prices for specific goods may increase as a result of the pandemic, but slack in the economy would help contain broad based price pressures. Any protracted pressure on the central bank's foreign exchange reserves, however, should prompt a review of the monetary policy stance.

C. Financial Sector Supervision

21. Comoros' banking system is already seeing adverse impacts, and these could intensify. The initial liquidity strains that are being observed could sharpen if the pandemic were to lead to sustained deposit withdrawals. In addition, borrowers' ability to service their debts is likely to suffer as a result of the pandemic, which could reduce banks' capital. (The recent Article IV consultation found that severe but plausible shocks to asset quality would leave several medium-to-large institutions undercapitalized, see SM/20/60.)

22. The authorities should use all tools at their disposal to safeguard the stability of the banking system and minimize the pandemic impact.

- **Providing liquidity to banks facing liquidity pressures.** If the authorities handle the situation well by enabling banks to meet withdrawal demands in full, the threat should subside. However, if initial withdrawal demands are not satisfied promptly, pressures may grow and extend to more institutions. The authorities should use all the tools at their disposal to ensure sufficient system-wide liquidity, including by lowering reserve requirements and using other mechanisms to provide liquidity to viable banks as needed. The central bank should work with any problem banks to develop a daily monitoring system for liquidity covering deposits and expected outflows, and rapidly develop an understanding of the collateral the banks could bring for emergency loans, and how this collateral will be valued.
- **Addressing loan servicing difficulties.** Regulators should also continue to monitor the impact of the pandemic on loan performance. Regulators should encourage banks to work on prudent extension of loan terms to struggling borrowers on a targeted and time-bound basis. Loan classification and provisioning rules should not be relaxed, but flexibility and pragmatism should be used in applying existing regulations. Enhanced supervisory reporting should be introduced for these restructured loans, and regulators should monitor them closely.

REQUEST FOR FUND FINANCIAL SUPPORT

23. The authorities are requesting a disbursement under the exogenous shock window of the RCF and a purchase under the standard window of the RFI equivalent to 50 percent of quota (SDR8.9 million or about US\$12 million). As Comoros is a presumed blender, it draws on

the RCF and RFI in a 1:2 ratio. The drawing would therefore be 16.7 percent of quota (SDR 2.9726 million) under the RCF and 33.3 percent of quota (SDR 5.9274 million) under the RFI.

24. Comoros meets the eligibility requirements for support under the RCF/RFI.

- Comoros faces an urgent BOP need of 5.2 percent of GDP, which, if not addressed, would result in immediate and severe economic disruption.
- It is not feasible to implement a UCT-quality Fund-supported program due to the urgent nature of the BoP need.
- The BoP need was caused by a sudden exogenous shock, qualifying Comoros for repeated use,
- Despite a mixed record of policy implementation, staff has confidence that the authorities will cooperate with the Fund and pursue economic policies appropriate for addressing the impact of the virus, based on strong relations with the Fund. Staff also notes a helpful commitment by the authorities to strengthen governance and tackle corruption, and to ensure that the best possible use will be made of the funds provided by the IMF, including by enhancing reporting (Letter of Intent paragraph 6).
- Comoros is assessed as having sustainable debt and sufficient capacity to repay the Fund. The updated DSA that incorporates the impact of the virus (Appendix I) shows debt to be sustainable. Outstanding credit from the Fund, once the RCF disbursement and the RFI purchase have been made, will amount to 125 percent of quota, while obligations to the Fund would remain below 5½ percent of government revenue and below 4 percent of exports of goods and services and of net international reserves throughout the forecast horizon (Table 7 on capacity to repay the Fund). While Comoros faces substantial risks, its medium risk of debt distress suggests that it would be able to repay the Fund even if some of these risks materialized.

25. Access of 50 percent of quota is justified by the fact the country is experiencing a large BoP need (5.2 percent of GDP). Remaining needs are expected to be filled by other donors. The World Bank has already offered financing of US\$5 million, and France has indicated willingness to respond favorably to requests for assistance. After building a track record of policy implementation, Comoros may also request an IMF arrangement.

26. RCF/RFI support will be disbursed to the central bank and on-lent to the government to provide budget financing. An update safeguards assessment was completed in February 2020. Its recommendations include legal reforms to the central bank law, adoption of International Financial Reporting Standards, and co-sourcing of the internal audit activities. The authorities are committed to addressing these issues. As the requested RCF loan will be on-lent to the government, the authorities should update the memorandum of understanding that was signed on July 25, 2019 between the Central Bank of Comoros and the Ministry of Finance, Budget and Banking Sector, on their respective roles and responsibilities for servicing financial obligations to the Fund.

27. Comoros has external debt arrears to several official bilateral creditors. The structure of arrears has remained unchanged in recent months, while the volumes have grown slightly. At end-November 2019, arrears of US\$2.4 million (0.2 percent of GDP) had arisen to France, Kuwait, India, and Saudi Arabia due to capacity limitations. The Comoros authorities still intend to implement their plan of resolving these arrears by end-2020. The authorities have contacted the authorities of France, Kuwait, India, and Saudi Arabia to inform them of this intention. In addition, Comoros owes arrears of US\$3.3 million (0.3 percent of GDP) to the Arab Bank for Economic Development in Africa (BADEA) and the OPEC Fund for International Development. The authorities remain committed to clearing these arrears and have a credible plan for their clearance.

STAFF APPRAISAL

28. Comoros is already feeling a severe impact from the Coronavirus pandemic. While the authorities have so far not reported any cases of COVID-19 in Comoros, the pandemic's economic impact is already being felt as remittances receipts have slowed, visitor arrivals have stopped, and liquidity pressures have developed in the banking sector.

29. The pandemic is generating large external and fiscal financing needs. The authorities have very limited means of their own to meet these needs.

30. Within their limited capacity and fiscal means, the authorities should aim to mitigate the economic impact of COVID-19.

- **Fiscal policies.** To the extent possible, the authorities should ensure that fiscal policy cushions the most adverse effects the COVID-19 shock may have in 2020. In addition to expanding healthcare resources, the authorities could consider giving targeted and temporary support for affected households, particularly among the most vulnerable.
- **Monetary and exchange rate policies, and financial sector supervision.** The fixed exchange rate cannot facilitate adjustment, and monetary policy should remain focused on maintaining the peg. At the same time, the authorities should provide temporary liquidity to banks experiencing liquidity strains. Regulators should also continue to monitor the impact of the pandemic on loan performance and work with banks to encourage extension of loan maturities to struggling borrowers on a targeted and time-bound basis.

31. Staff supports the authorities' request for a disbursement under the RCF and RFI in the amount of SDR8.9 million (50 percent of quota). Staff support is based on the expected severity of the impact from the pandemic, the urgent balance of payments need, and the authorities' policy commitments. Risks to the Fund are limited given Comoros' moderate risk of external debt distress.

Proposed Decisions

The following decisions, which may be adopted by a majority of the votes cast, are proposed for adoption by the Executive Board. Decision 2 is proposed for adoption only in the event that Decision 1 is adopted by the Executive Board.

Decision 1—Rapid Financing Instrument

1. Union of the Comoros has requested a purchase in an amount equivalent to SDR 5.9274 million (33.3 percent of quota) under the Rapid Financing Instrument.
2. The Fund notes the intentions of Union of the Comoros as set forth in the letter from the Minister of Finance and Budget and the Governor of the Central Bank, dated April 16, 2020, and approves the purchase in accordance with the request.
3. This Decision shall become effective only upon the adoption of Decision No. [] (Decision 2) by the Executive Board.

Decision 2—Rapid Credit Facility

1. Union of the Comoros has requested a loan disbursement in an amount equivalent to SDR 2.9726 million (16.7 percent of quota) under the Rapid Credit Facility of the Poverty Reduction and Growth Trust.
2. The Fund notes the intentions of Union of the Comoros as set forth in the letter from the Minister of Finance and Budget and the Governor of the Central Bank dated April 16, 2020, and approves the disbursement in accordance with the request.

Table 1. Comoros: Selected Economic and Financial Indicators, 2016-2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
			Est. ¹		Article IV	Proj. ¹		Proj. ¹		
(Annual percentage change, unless otherwise indicated)										
National income and prices										
Real GDP	3.5	4.2	3.6	1.9	4.4	-1.2	3.1	3.6	3.7	3.8
GDP deflator	1.6	0.1	1.0	4.2	1.2	2.5	2.0	1.9	1.9	1.9
Consumer price index (annual average)	0.8	0.1	1.7	3.3	1.4	3.0	2.1	2.0	2.0	2.0
Money and credit										
Net foreign assets	-13.1	12.6	4.2	-5.6	1.6	-14.4	3.4	6.8	11.4	12.6
Domestic credit	33.5	-0.4	4.9	6.9	0.5	2.9	1.0	2.6	1.5	1.4
Credit to the private sector	7.2	6.2	1.2	2.0	2.0	-1.7	3.5	4.9	6.1	6.4
Broad money	10.3	1.8	8.5	5.1	4.6	0.3	4.4	5.6	5.7	5.8
Velocity (GDP/end-year broad money)	3.6	3.7	3.5	3.6	3.6	3.6	3.6	3.6	3.6	3.6
External sector										
Exports, f.o.b.	82.0	26.2	5.5	2.1	-0.9	0.0	5.3	5.4	6.2	6.6
Imports, f.o.b.	-0.4	12.1	11.1	7.2	12.7	-0.2	2.2	9.7	6.9	5.9
Export volume	31.5	-1.0	2.9	4.8	-0.1	-0.1	5.8	6.0	6.4	6.4
Import volume	11.6	12.4	11.1	0.2	10.3	-0.3	6.2	6.4	6.4	6.4
Terms of trade	22.2	11.8	-0.3	-4.0	-2.8	2.4	1.8	-2.6	-0.3	1.1
(In percent of GDP, unless otherwise indicated)										
Investment and savings										
Gross fixed capital formation	13.1	14.2	15.8	16.1	16.0	15.8	15.8	15.7	15.6	15.9
Gross national savings	8.8	12.1	13.2	13.1	13.2	11.5	11.1	11.6	12.5	12.9
Government Budget										
Total revenue and grants	14.2	17.2	13.9	16.1	17.5	19.4	18.4	16.7	16.8	16.6
Total revenue	8.8	10.2	11.3	8.7	9.1	7.2	9.3	9.4	9.6	9.8
Tax Revenue	7.9	9.4	8.3	7.0	7.8	6.0	7.8	8.0	8.1	8.3
Non-tax Revenue	0.9	0.8	3.0	1.7	1.3	1.3	1.4	1.5	1.5	1.5
Total grants	5.4	7.1	2.5	7.5	8.5	12.2	9.1	7.3	7.2	6.8
Total expenditure and net lending	18.7	16.9	14.9	18.4	19.7	23.2	21.2	19.3	19.2	18.9
Current expenditure	11.1	10.3	11.3	10.6	11.1	13.5	12.3	11.9	11.9	12.0
Capital expenditure	6.3	6.3	3.6	7.8	8.7	9.7	8.8	7.4	7.3	6.9
Domestic primary balance ²	-3.1	-1.1	-1.2	-2.5	-2.7	-7.0	-3.5	-2.8	-2.7	-2.3
Overall balance (cash basis)	-4.9	0.2	-0.4	-2.2	-2.2	-3.8	-2.7	-2.6	-2.4	-2.2
Excluding grants	-10.3	-6.9	-2.9	-9.7	-10.7	-16.0	-11.9	-9.9	-9.6	-8.6
Net Financing	4.2	-0.1	0.7	2.2	2.2	3.8	2.7	2.6	2.4	2.2
Foreign (Including IMF)	1.2	-0.2	0.2	2.1	2.3	3.9	2.7	2.6	2.4	2.2
Domestic	3.0	0.0	0.5	0.1	-0.1	-0.1	0.0	0.0	0.0	0.0
Financing gap/errors and omissions	0.7	-0.1	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External sector										
Exports of goods and services	10.7	11.9	12.9	12.4	12.4	11.2	11.9	12.6	13.2	13.2
Imports of goods and services	26.5	28.4	30.0	30.1	31.8	29.3	29.0	30.1	30.6	30.6
Current account balance	-4.3	-2.1	-2.8	-3.8	-5.5	-5.7	-4.5	-4.5	-3.6	-3.3
Excl. official and private transfers	-15.2	-16.0	-16.6	-17.3	-19.0	-17.8	-16.8	-17.3	-17.1	-16.9
Private remittances, net ³	9.4	10.3	12.3	12.1	12.1	9.0	10.7	11.4	12.1	12.6
External debt	16.4	17.0	19.6	23.8	27.0	29.7	32.3	33.0	33.6	33.9
Official grants and loans	6.8	7.1	3.1	10.5	11.6	17.0	12.4	10.4	10.3	9.8
Gross international reserves (end of period)										
In millions of U.S. dollars	160.0	209.3	198.4	196.4	197.7	182.2	185.3	191.8	199.8	209.4
In months of imports of goods & services	7.2	8.2	6.7	6.6	5.9	6.2	6.0	5.7	5.5	5.4
Exchange rate CF/US\$ (period average)	444.6	435.6	416.4	439.4	439.2	441.4	...	...	...	...
Memorandum items:										
Public sector debt (in Percent of GDP) ⁴	16.5	17.1	19.6	23.9	27.1	30.1	32.8	33.5	34.0	34.5
GDP (nominal, in billions of CF)	450.2	469.2	491.0	521.1	550.4	527.9	555.3	586.2	619.4	655.0
GDP per capita (nominal, in US Dollars)	1,256	1,301	1,386	1,357	1,397	1,333	1,380	1,426	1,472	1,573

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

¹ From 2017, includes budgeted-for revenues and expenses related to fuel subsidies of SOEs.² Domestic revenues minus current primary expenditures and domestically financed capital expenditures.³ From 2015, net private official transfers include estimates made by the Central Bank of Comoros of debit items other than wire transfers.⁴ Coverage of debt: The central government, the central bank and government-guaranteed debt. Definition of external debt is Residency-based.

Table 2a. Comoros: Consolidated Government Financial Operations, 2016-2025
(In millions of Comorian francs, cumulative; unless otherwise indicated)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
			Prel. ¹	Est. ¹				Proj. ¹		
Total revenue and grants	63,841	80,910	68,142	83,976	102,614	102,209	98,149	104,128	108,960	115,305
Revenues	39,558	47,703	55,642	45,109	38,228	51,446	55,210	59,600	64,379	69,672
Tax revenues	35,364	44,012	40,696	36,346	31,625	43,519	46,679	50,405	54,463	58,963
Direct and indirect taxes	30,999	30,992	26,318	22,890	20,427	27,249	29,168	31,529	34,111	36,984
Taxes on international trade and transactions	4,365	13,020	14,379	13,457	11,197	16,271	17,511	18,875	20,353	21,980
Nontax revenues ²	4,194	3,691	14,946	8,763	6,604	7,927	8,531	9,196	9,915	10,708
External grants	24,283	33,207	12,500	38,867	64,386	50,763	42,939	44,527	44,581	45,633
Budgetary assistance	135	8,407	1,061	2,200	12,975	5,000	4,000	4,000	3,035	3,061
IMF Catastrophe Containment and Relief Trust (CCRT) ³	0	0	0	0	982	895	15	0	0	0
Projects (incl. techn.assist.)	24,148	24,800	11,439	36,667	51,411	45,763	38,939	40,527	41,546	42,572
Total expenditure and net lending	84,007	79,262	73,239	95,634	122,558	117,463	113,139	119,125	123,482	129,577
Current expenditure	49,743	48,272	55,700	54,997	71,218	68,580	69,985	74,002	78,286	82,688
Primary current expenditures	45,798	44,238	51,865	50,397	66,110	62,490	63,139	66,970	70,905	74,954
Wages and salaries	24,640	25,812	26,686	28,238	32,118	33,675	35,491	37,678	39,784	42,056
Goods and services	13,079	13,145	13,873	13,007	14,242	15,312	16,146	17,044	18,188	19,227
Transfers and pensions ²	8,080	5,281	11,305	9,152	19,750	13,503	11,502	12,248	12,933	13,671
Interest payments	294	284	469	760	1,209	1,977	2,492	2,431	2,516	2,587
External debt	294	284	382	633	1,106	1,816	2,318	2,431	2,516	2,587
Domestic debt	0	0	87	127	103	161	174	0	0	0
Foreign-financed project maintenance	1,378	1,415	1,559	1,260	1,285	1,363	1,452	1,535	1,623	1,717
Technical assistance	2,273	2,334	1,808	2,579	2,613	2,749	2,902	3,066	3,242	3,431
Capital expenditure	28,148	29,490	17,538	40,637	51,341	48,883	43,154	45,123	45,195	46,889
Domestically financed investment	7,651	8,440	9,467	7,809	9,107	8,343	8,569	9,197	8,515	9,465
Foreign-financed investment	20,497	21,050	8,071	32,828	42,234	40,540	34,585	35,926	36,680	37,424
Net lending	6,116	1,500	0	0	0	0	0	0	0	0
Domestic primary balance ⁴	-13,891	-4,975	-5,689	-13,097	-36,989	-19,387	-16,498	-16,566	-15,041	-14,747
Overall balance (commitment basis)	-20,166	1,648	-5,097	-11,657	-19,944	-15,253	-14,990	-14,997	-14,522	-14,272
Excluding grants	-44,449	-31,559	-17,597	-50,525	-84,330	-66,017	-57,929	-59,525	-59,103	-59,906
Change in net arrears	-106	-586	3,137	-41	-163	0	0	0	0	0
External arrears	224	142	382	-41	-163	0	0	0	0	0
Domestic arrears	-329	-728	2,755	0	0	0	0	0	0	0
Repayment	-2,208	-4,182	-1,894	0	0	0	0	0	0	0
Accumulation	1,878	3,453	4,649	0	0	0	0	0	0	0
Float	-1,737	0	0	0	0	0	0	0	0	0
Overall balance (cash basis)	-22,009	1,062	-1,960	-11,698	-20,107	-15,253	-14,990	-14,997	-14,522	-14,272
Excluding grants	-46,291	-32,145	-14,460	-50,566	-84,493	-66,017	-57,929	-59,525	-59,103	-59,906
Financing	18,853	-669	3,401	11,698	20,107	15,253	14,990	14,997	14,522	14,272
Foreign (net)	5,498	-834	745	11,180	20,625	15,253	14,990	14,997	14,522	14,272
Drawings, PIP (identified)	6,116	0	2,863	15,966	25,220	18,183	18,043	19,147	19,843	20,350
IMF RCF and RFI ⁵	0	0	0	0	5,287	0	0	0	0	0
Amortization	-1,175	-1,261	-1,711	-4,351	-2,858	-2,929	-3,053	-4,150	-5,322	-6,077
Change in net arrears (principal)	557	428	-407	-434	-1,737	0	0	0	0	0
Domestic (net)	13,356	165	2,656	518	-518	0	0	0	0	0
Bank financing	13,356	165	2,656	518	-518	0	0	0	0	0
Central bank	13,500	-1,063	3,288	0	0	0	0	0	0	0
Commercial banks	-144	1,228	-631	518	-518	0	0	0	0	0
Errors and omissions/financing gap (+ = underfinancing)	3,155	-394	-1,441	0	0	0	0	0	0	0
<i>Memorandum items:</i>										
GDP (nominal)	450,159	469,217	490,958	521,084	527,919	555,346	586,190	619,419	655,008	693,038
Wages in percentage of revenues	62.3	54.1	48.0	62.6	84.0	65.5	64.3	63.2	61.8	60.4

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

¹ From 2017, includes budgeted-for revenues and expenses related to fuel subsidies of SOEs.

² Including RAU from 2018.

³ Assumes IMF CCRT up-front grants to immediately pay off upcoming debt service due to the IMF in the 24 months from April 14, 2020. The grant for the debt service falling due in the 18 months from October 14, 2020 is subject to the availability of resources under the CCRT.

⁴ Domestic revenues minus current primary expenditures and domestically financed capital expenditures.

⁵ Assumes 50 percent of the quota as one-time disbursement in April 2020, of which 33.3 percent is provided by the RCF and 66.7 percent by the RFI.

Table 2b. Comoros: Consolidated Government Financial Operations, 2016-2025
(In percent of GDP, cumulative; unless otherwise indicated)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
			Prel. ¹	Est. ¹			Proj. ¹			
Total revenue and grants	14.2	17.2	13.9	16.1	19.4	18.4	16.7	16.8	16.6	16.6
Revenues	8.8	10.2	11.3	8.7	7.2	9.3	9.4	9.6	9.8	10.1
Tax revenues	7.9	9.4	8.3	7.0	6.0	7.8	8.0	8.1	8.3	8.5
Direct and indirect taxes	6.9	6.6	5.4	4.4	3.9	4.9	5.0	5.1	5.2	5.3
Taxes on international trade and transactions	1.0	2.8	2.9	2.6	2.1	2.9	3.0	3.0	3.1	3.2
Nontax revenues ²	0.9	0.8	3.0	1.7	1.3	1.4	1.5	1.5	1.5	1.5
External grants	5.4	7.1	2.5	7.5	12.2	9.1	7.3	7.2	6.8	6.6
Budgetary assistance	0.0	1.8	0.2	0.4	2.5	0.9	0.7	0.6	0.5	0.4
IMF Catastrophe Containment and Relief Trust (CCRT) ³	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.0	0.0	0.0
Projects (incl. techn. assist.)	5.4	5.3	2.3	7.0	9.7	8.2	6.6	6.5	6.3	6.1
Total expenditure and net lending	18.7	16.9	14.9	18.4	23.2	21.2	19.3	19.2	18.9	18.7
Current expenditure	11.1	10.3	11.3	10.6	13.5	12.3	11.9	11.9	12.0	11.9
Primary current expenditures	10.2	9.4	10.6	9.7	12.5	11.3	10.8	10.8	10.8	10.8
Wages and salaries	5.5	5.5	5.4	5.4	6.1	6.1	6.1	6.1	6.1	6.1
Goods and services	2.9	2.8	2.8	2.5	2.7	2.8	2.8	2.8	2.8	2.8
Transfers and pensions ⁴	1.8	1.1	2.3	1.8	3.7	2.4	2.0	2.0	2.0	2.0
Interest payments	0.1	0.1	0.1	0.1	0.2	0.4	0.4	0.4	0.4	0.4
External debt	0.1	0.1	0.1	0.1	0.2	0.3	0.4	0.4	0.4	0.4
Domestic debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign-financed project maintenance	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Technical assistance	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Capital expenditure	6.3	6.3	3.6	7.8	9.7	8.8	7.4	7.3	6.9	6.8
Domestically financed investment	1.7	1.8	1.9	1.5	1.7	1.5	1.5	1.5	1.3	1.4
Foreign-financed investment	4.6	4.5	1.6	6.3	8.0	7.3	5.9	5.8	5.6	5.4
Net lending	1.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic primary balance ⁴	-3.1	-1.1	-1.2	-2.5	-7.0	-3.5	-2.8	-2.7	-2.3	-2.1
Overall balance (commitment basis)	-4.5	0.4	-1.0	-2.2	-3.8	-2.7	-2.6	-2.4	-2.2	-2.1
Excluding grants	-9.9	-6.7	-3.6	-9.7	-16.0	-11.9	-9.9	-9.6	-9.0	-8.6
Change in net arrears	0.0	-0.1	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External arrears	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic arrears	-0.1	-0.2	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayment	-0.5	-0.9	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accumulation	0.4	0.7	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Float	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-4.5	0.2	-0.4	-2.2	-3.8	-2.7	-2.6	-2.4	-2.2	-2.1
Excluding grants	-9.9	-6.9	-2.9	-9.7	-16.0	-11.9	-9.9	-9.6	-9.0	-8.6
Financing	4.2	-0.1	0.7	2.2	3.8	2.7	2.6	2.4	2.2	2.1
Foreign (net)	1.2	-0.2	0.2	2.1	3.9	2.7	2.6	2.4	2.2	2.1
Drawings, PIP (identified)	1.4	0.0	0.6	3.1	4.8	3.3	3.1	3.1	3.0	2.9
IMF possible RCF and RFI ⁵	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0
Amortization	-0.3	-0.3	-0.3	-0.8	-0.5	-0.5	-0.5	-0.7	-0.8	-0.9
Change in net arrears (principal)	0.1	0.1	-0.1	-0.1	-0.3	0.0	0.0	0.0	0.0	0.0
Domestic (net)	3.0	0.0	0.5	0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Bank financing	3.0	0.0	0.5	0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Central bank	3.0	-0.2	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which: IMF (net)	-0.2	-0.2	-0.3	0.7	0.8	-0.2	-0.3	-0.7	-0.9	-0.4
Commercial banks	0.0	0.3	-0.1	0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Errors and Omissions/ Financing gap (+ = underfinancing)	0.7	-0.1	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Memorandum items:</i>										
GDP (nominal)	450,159	469,217	490,958	521,084	527,919	555,346	586,190	619,419	655,008	693,038
Wages in percentage of revenues	62.3	54.1	48.0	62.6	84.0	65.5	64.3	63.2	61.8	60.4

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

¹ From 2017, includes budgeted-for revenues and expenses related to fuel subsidies of SOEs.

² Including RAU from 2018.

³ Assumes IMF CCRT up-front grants to immediately pay off upcoming debt service due to the IMF in the 24 months from April 14, 2020. The grant for the debt service falling due in the 18 months from October 14, 2020 is subject to the availability of resources under the CCRT.

⁴ Domestic revenues minus current primary expenditures and domestically financed capital expenditures.

⁵ Assumes 50 percent of the quota as one-time disbursement in April 2020, of which 33.3 percent is provided by the RCF and 66.7 percent by the RFI.

Table 3. Comoros: Monetary Survey, 2016-2025
(In millions of Comorian francs; unless otherwise indicated)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
						Proj.				
Net foreign assets	69,000	77,716	80,970	76,426	65,455	67,710	72,347	80,561	90,717	98,233
Central bank assets	74,638	87,000	85,756	86,921	79,909	80,741	83,277	86,582	90,561	94,552
Central bank liabilities	-12,505	-10,802	-9,718	-14,182	-18,256	-17,293	-15,709	-11,358	-5,778	-2,890
Commercial banks assets	14,198	7,723	8,234	8,739	8,854	9,314	9,831	10,388	10,985	11,623
Commercial banks liabilities	-7,331	-6,205	-3,302	-5,052	-5,052	-5,052	-5,052	-5,052	-5,052	-5,052
Net domestic assets	56,431	49,994	57,558	69,217	80,642	84,808	88,643	89,555	89,173	92,101
Domestic credit	85,745	85,381	89,600	95,808	98,608	99,577	102,129	103,618	105,054	109,098
Net credit to government	10,241	5,946	9,535	14,170	18,317	16,535	15,140	11,477	7,149	4,991
Of which: Treasury	17,379	13,699	15,297	19,932	24,079	22,297	20,902	17,239	12,911	10,753
Bank financing	10,241	5,946	9,535	14,170	18,317	16,535	15,140	11,477	7,149	4,991
Claims on government	18,293	18,405	16,626	21,261	25,407	23,625	22,230	18,568	14,240	12,082
Deposits at Treasury	-8,051	-12,459	-7,090	-7,090	-7,090	-7,090	-7,090	-7,090	-7,090	-7,090
Claims on public enterprises	2,899	2,268	2,017	2,027	2,037	2,047	2,047	2,047	2,047	2,047
Claims on other financial institutions	-64	-77	-108	-108	-108	-108	-108	-108	-108	-108
Claims on private sector	72,669	77,167	78,123	79,719	78,362	81,102	85,049	90,201	95,966	102,168
Other items net	-29,314	-35,387	-32,041	-24,672	-16,037	-12,829	-11,546	-12,124	-13,942	-15,058
Of which: Long term liabilities	--	--	--	--	--	--	--	--	--	--
Broad money	125,431	127,710	138,528	145,643	146,097	152,519	160,989	170,116	179,890	190,334
Money	84,251	85,934	92,781	97,089	96,906	100,771	106,368	112,398	118,856	125,757
Currency in circulation	28,679	32,904	35,904	38,107	38,607	40,613	42,868	45,298	47,901	50,682
Demand deposits	55,572	53,031	56,877	58,982	58,299	60,159	63,500	67,100	70,955	75,075
Quasi-money	41,180	41,776	45,747	48,555	49,191	51,747	54,621	57,717	61,034	64,577
<i>(in percent of beginning period broad money)</i>										
Net foreign assets	-9.1	6.9	2.5	-3.3	-7.5	1.5	3.0	5.1	6.0	4.2
Net domestic assets	19.4	-5.1	5.9	8.4	7.8	2.9	2.5	0.6	-0.2	1.6
Domestic credit	18.9	-0.3	3.3	4.5	1.9	0.7	1.7	0.9	0.8	2.2
Net credit to government	12.8	-3.4	2.8	3.3	2.8	-1.2	-0.9	-2.3	-2.5	-1.2
Credit to public enterprises	1.8	-0.5	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credit to private sector	4.3	3.6	0.7	1.2	-0.9	1.9	2.6	3.2	3.4	3.4
Other items (net)	0.4	-4.8	2.6	5.3	5.9	2.2	0.8	-0.4	-1.1	-0.6
Broad money	10.3	1.8	8.5	5.1	0.3	4.4	5.6	5.7	5.7	5.8
Money	6.9	1.3	5.4	3.1	-0.1	2.6	3.7	3.7	3.8	3.8
Quasi-money	3.3	0.5	3.1	2.0	0.4	1.7	1.9	1.9	1.9	2.0
Velocity (GDP/end-year broad money)	3.6	3.7	3.5	3.6	3.6	3.6	3.6	3.6	3.6	3.6
Credit to private sector (percent change)	7.2	6.2	1.2	2.0	-1.7	3.5	4.9	6.1	6.4	6.5

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

Table 4a. Comoros: Balance of Payments, 2016-2025
(In millions of Comorian francs; unless otherwise indicated)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
			Prel.	Est.			Proj.			
Current account ¹	-19,575	-10,004	-13,510	-19,644	-30,968	-25,928	-26,559	-22,557	-21,518	-17,857
Goods and services	-71,067	-77,128	-83,972	-92,308	-95,898	-94,684	-102,800	-107,824	-113,691	-118,685
Trade balance	-68,167	-74,475	-83,743	-90,710	-90,500	-91,887	-101,621	-108,778	-115,070	-120,696
Exports	13,682	17,267	18,213	18,592	18,598	19,587	20,643	21,928	23,370	24,969
Of which: Vanilla	2,009	3,609	4,521	4,156	4,005	4,007	3,924	3,844	3,781	3,720
Cloves	8,442	9,442	9,640	10,232	10,366	11,068	11,885	13,008	14,257	15,644
Ylang-ylang	479	1,776	1,724	1,756	1,736	1,816	1,914	2,056	2,212	2,382
Other	2,752	2,440	2,328	2,448	2,491	2,696	2,919	3,019	3,120	3,223
Imports (f.o.b.)	-81,849	-91,742	-101,956	-109,302	-109,098	-111,474	-122,263	-130,706	-138,441	-145,665
of which oil	-16,131	-21,199	-24,696	-24,027	-15,184	-16,169	-18,505	-20,635	-22,586	-24,373
Services (net)	-2,900	-2,653	-228	-1,598	-5,398	-2,797	-1,180	953	1,380	2,011
Receipts	34,364	38,640	45,153	45,848	40,365	46,570	52,934	59,536	63,282	67,266
Payments	-37,264	-41,293	-45,381	-47,446	-45,763	-49,367	-54,114	-58,582	-61,903	-65,255
Income (net)	2,453	2,192	2,616	2,262	1,708	1,375	1,192	1,595	1,581	1,666
Of which: Interest on rescheduled obligations	-294	-284	-477	-633	-1,106	-1,816	-2,318	-2,431	-2,516	-2,587
Current transfers (net)	49,039	64,932	67,846	70,403	63,221	67,380	75,050	83,673	90,592	99,162
Government	6,560	16,495	7,291	7,296	15,891	8,218	8,339	8,601	7,901	8,209
Private ²	42,479	48,437	60,555	63,107	47,330	59,162	66,711	75,071	82,691	90,953
Capital and financial account	24,547	10,977	12,291	21,284	24,875	25,865	29,079	25,863	25,496	21,848
Capital account	8,370	20,963	5,209	16,863	17,013	22,358	16,542	16,780	16,837	17,074
Capital transfers	8,370	20,963	5,209	16,863	17,013	22,358	16,542	16,780	16,837	17,074
Transfer of fixed assets	14,381	21,050	5,209	16,863	17,013	22,358	16,542	16,780	16,837	17,074
Financial account	16,177	-9,986	7,082	4,421	7,862	3,508	12,537	9,083	8,659	4,773
Direct investment	1,587	1,707	2,835	1,675	211	555	3,994	4,261	6,611	7,081
Net portfolio and other investment	14,591	-11,693	4,247	2,746	7,650	2,952	8,543	4,822	2,048	-2,308
Government	3,765	-1,261	1,152	11,615	22,362	15,253	14,990	14,997	14,522	14,272
Drawings	6,116	0	2,863	15,966	25,220	18,183	18,043	19,147	19,843	20,350
Amortization	-2,351	-1,261	-1,711	-4,351	-2,858	-2,929	-3,053	-4,150	-5,322	-6,077
Private sector (net)	10,825	-10,431	3,095	-8,868	-14,712	-12,301	-6,447	-10,175	-12,473	-16,580
Banks, net	-5,029	5,349	-3,414	1,244	-115	-460	-517	-557	-597	-638
Other	15,855	-15,780	6,509	-10,113	-14,597	-11,841	-5,930	-9,618	-11,876	-15,943
Errors and omissions	-22,007	10,819	476	0	0	0	0	0	0	0
Overall balance	-17,036	11,792	-743	1,640	-6,093	-63	2,520	3,306	3,979	3,990
Financing	17,035	-11,792	743	-1,640	6,093	63	-2,520	-3,306	-3,979	-3,990
NFA of central bank (increase -)	16,254	-12,362	1,244	-1,165	7,012	-832	-2,536	-3,306	-3,979	-3,990
Foreign assets	16,254	-12,362	1,244	-1,165	7,012	-832	-2,536	-3,306	-3,979	-3,990
Foreign liabilities	0	0	0	0	0	0	0	0	0	0
Of which: Net IMF Credit ³	-823	-1,018	-1,408	3,547	4,073	-963	-1,583	-4,351	-5,580	-2,888
Of which: IMF RCF and Rfi ³	0	0	0	0	5,287	0	0	0	0	0
Net change in arrears	781	570	-501	-475	-1,900	0	0	0	0	0
IMF Catastrophe Containment and Relief Trust (CCRT) ⁴	0	0	0	0	982	895	15	0	0	0
Financing gap	0	0	0	0	0	0	0	0	0	0
Memorandum items:										
Current account (percentage of GDP)	-4.3	-2.1	-2.8	-3.8	-5.9	-4.7	-4.5	-3.6	-3.3	-2.6
Excluding transfers	-15.2	-16.0	-16.6	-17.3	-17.8	-16.8	-17.3	-17.1	-17.1	-16.9
Exports of goods and services (percentage of GDP)	10.7	11.9	12.9	12.4	11.2	11.9	12.6	13.2	13.2	13.3
Imports of goods and services (percentage of GDP)	26.5	28.4	30.0	30.1	29.3	29.0	30.1	30.6	30.6	30.4
Gross international reserves (millions of U.S. dollars)	160.0	209.3	198.4	196.4	182.2	185.3	191.8	199.8	209.4	219.1
In months of imports of goods and services	7.2	8.2	6.7	6.6	6.2	6.0	5.7	5.5	5.4	5.4
Nominal GDP (CF millions)	450,159	469,217	490,958	521,084	527,919	555,346	586,190	619,419	655,008	693,038
Nominal GDP (millions of U.S. dollars)	1,013	1,077	1,179	1,186	1,196	1,271	1,348	1,428	1,513	1,604

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

¹ Excluding IMF Catastrophe Containment and Relief Trust

² From 2015, net private official transfers include estimates made by the Central Bank of Comoros of debit items other than wire transfers.

³ Assumes 50 percent of the quota as one-time disbursement in April 2020, of which 33.3 percent is provided by the RCF and 66.7 percent by the RFI.

⁴ Assumes IMF CCRT up-front grants to immediately pay off upcoming debt service due to the IMF in the 24 months from April 14, 2020. The grant for the debt service falling due in the 18 months from October 14, 2020 is subject to the availability of resources under the CCRT.

Table 4b. Comoros: Balance of Payments, 2016-2025
(In percent of GDP; unless otherwise indicated)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
			Prel.	Est.			Proj.			
Current account ¹	-4.3	-2.1	-2.8	-3.8	-5.9	-4.7	-4.5	-3.6	-3.3	-2.6
Goods and services	-15.8	-16.4	-17.1	-17.7	-18.2	-17.0	-17.5	-17.4	-17.4	-17.1
Trade balance	-15.1	-15.9	-17.1	-17.4	-17.1	-16.5	-17.3	-17.6	-17.6	-17.4
Exports	3.0	3.7	3.7	3.6	3.5	3.5	3.5	3.5	3.6	3.6
Of which: Vanilla	0.4	0.8	0.9	0.8	0.8	0.7	0.7	0.6	0.6	0.5
Cloves	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.1	2.2	2.3
Ylang-ylang	0.1	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Other	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Imports (f.o.b.)	-18.2	-19.6	-20.8	-21.0	-20.7	-20.1	-20.9	-21.1	-21.1	-21.0
Of which: oil	-3.6	-4.5	-5.0	-4.6	-2.9	-2.9	-3.2	-3.3	-3.4	-3.5
Services (net)	-0.6	-0.6	0.0	-0.3	-1.0	-0.5	-0.2	0.2	0.2	0.3
Receipts	7.6	8.2	9.2	8.8	7.6	8.4	9.0	9.6	9.7	9.7
Payments	-8.3	-8.8	-9.2	-9.1	-8.7	-8.9	-9.2	-9.5	-9.5	-9.4
Income (net)	0.5	0.5	0.5	0.4	0.3	0.2	0.2	0.3	0.2	0.2
Of which: Interest on rescheduled obligations	-0.1	-0.1	-0.1	-0.1	-0.2	-0.3	-0.4	-0.4	-0.4	-0.4
Current transfers (net)	10.9	13.8	13.8	13.5	12.0	12.1	12.8	13.5	13.8	14.3
Government	1.5	3.5	1.5	1.4	3.0	1.5	1.4	1.4	1.2	1.2
Private ²	9.4	10.3	12.3	12.1	9.0	10.7	11.4	12.1	12.6	13.1
Capital and financial account	5.5	2.3	2.5	4.1	4.7	4.7	5.0	4.2	3.9	3.2
Capital account	1.9	4.5	1.1	3.2	3.2	4.0	2.8	2.7	2.6	2.5
Capital transfers	1.9	4.5	1.1	3.2	3.2	4.0	2.8	2.7	2.6	2.5
Transfer of fixed assets	3.2	4.5	1.1	3.2	3.2	4.0	2.8	2.7	2.6	2.5
Financial account	3.6	-2.1	1.4	0.8	1.5	0.6	2.1	1.5	1.3	0.7
Direct investment	0.4	0.4	0.6	0.3	0.0	0.1	0.7	0.7	1.0	1.0
Net portfolio and other investment	3.2	-2.5	0.9	0.5	1.4	0.5	1.5	0.8	0.3	-0.3
Government	0.8	-0.3	0.2	2.2	4.2	2.7	2.6	2.4	2.2	2.1
Drawings	1.4	0.0	0.6	3.1	4.8	3.3	3.1	3.1	3.0	2.9
Amortization	-0.5	-0.3	-0.3	-0.8	-0.5	-0.5	-0.5	-0.7	-0.8	-0.9
Private sector (net)	2.4	-2.2	0.6	-1.7	-2.8	-2.2	-1.1	-1.6	-1.9	-2.4
Banks, net	-1.1	1.1	-0.7	0.2	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Other	3.5	-3.4	1.3	-1.9	-2.8	-2.1	-1.0	-1.6	-1.8	-2.3
Errors and omissions	-4.9	2.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-3.8	2.5	-0.2	0.3	-1.2	0.0	0.4	0.5	0.6	0.6
Financing	3.8	-2.5	0.2	-0.3	1.2	0.0	-0.4	-0.5	-0.6	-0.6
NFA of central bank (increase -)	3.6	-2.6	0.3	-0.2	1.3	-0.1	-0.4	-0.5	-0.6	-0.6
Foreign assets	3.6	-2.6	0.3	-0.2	1.3	-0.1	-0.4	-0.5	-0.6	-0.6
Foreign liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which: Net IMF Credit ³	-0.2	-0.2	-0.3	0.7	0.8	-0.2	-0.3	-0.7	-0.9	-0.4
Of which: IMF RCF and RFI ³	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0
Net change in arrears	0.2	0.1	-0.1	-0.1	-0.4	0.0	0.0	0.0	0.0	0.0
IMF Catastrophe Containment and Relief Trust (CCRT) ⁴	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.0	0.0	0.0
Financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Memorandum items:</i>										
Current Account, excl. transfers (percentage of GDP)	-15.2	-16.0	-16.6	-17.3	-17.8	-16.8	-17.3	-17.1	-17.1	-16.9
Exports of goods and services (percentage of GDP)	10.7	11.9	12.9	12.4	11.2	11.9	12.6	13.2	13.2	13.3
Imports of goods and services (percentage of GDP)	26.5	28.4	30.0	30.1	29.3	29.0	30.1	30.6	30.6	30.4
Gross international reserves (millions of U.S. dollars)	160.0	209.3	198.4	196.4	182.2	185.3	191.8	199.8	209.4	219.1
In months of imports of goods and services	7.2	8.2	6.7	6.6	6.2	6.0	5.7	5.5	5.4	5.4
Nominal GDP (CF millions)	450,159	469,217	490,958	521,084	527,919	555,346	586,190	619,419	655,008	693,038
Nominal GDP (millions of U.S. dollars)	1,013	1,077	1,179	1,186	1,196	1,271	1,348	1,428	1,513	1,604

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

¹ Excluding IMF Catastrophe Containment and Relief Trust

² From 2015, net private official transfers include estimates made by the Central Bank of Comoros of debit items other than wire transfers.

³ Assumes 50 percent of the quota as one-time disbursement in April 2020, of which 33.3 percent is provided by the RCF and 66.7 percent by the RFI.

⁴ Assumes IMF CCRT up-front grants to immediately pay off upcoming debt service due to the IMF in the 24 months from April 14, 2020. The grant for the debt service falling due in the 18 months from October 14, 2020 is subject to the availability of resources under the CCRT.

Table 5. Comoros: External Financing Requirements and Sources, 2020-2025
(In million USD)

	2020	2021	2022	2023	2024	2025
Financing Needs	100.2	73.9	68.1	61.6	62.0	55.4
Current Account Deficit ¹	85.9	59.6	61.0	52.0	49.7	41.3
Public Debt Amortization	6.5	6.7	7.0	9.6	12.3	14.1
Decrease of FDI	7.9	7.6	0.0	0.0	0.0	0.0
Financing Sources²	48.1	61.3	73.9	69.2	71.2	64.6
Capital Account	38.5	51.2	36.5	39.7	39.9	40.4
Financial Account	9.6	10.1	37.4	29.5	31.3	24.2
Financing Gap	52.1	12.6	-5.8	-7.6	-9.2	-9.2
Additional/Exceptional Financing Sources	52.1	12.6	-5.8	-7.6	-9.2	-9.2
Additional Aid	17.9	2.3	0.0	0.0	0.0	0.0
IMF Catastrophe Containment and Relief Trust (CCRT) ³	2.2	2.0	0.0	0.0	0.0	0.0
Reserve Accumulation (+ = decrease)	15.9	-1.9	-5.8	-7.6	-9.2	-9.2
Additional Public Borrowings	18.3	12.3	0.0	0.0	0.0	0.0
Financing from the IMF (RCF and RFI) ⁴	12.2	0.0	0.0	0.0	0.0	0.0
Total financing from donors	6.1	12.3	0.0	0.0	0.0	0.0
Remaining Financing Gap	0.0	0.0	0.0	0.0	0.0	0.0

Sources: Comorian authorities, and IMF staff projections.

¹ Excluding changes in aid.

² Excluding additional borrowing and public debt amortization.

³ Assumes IMF CCRT up-front grants to immediately pay off upcoming debt service due to the IMF in the 24 months from April 14, 2020. The grant for the debt service falling due in the 18 months from October 14, 2020 is subject to the availability of resources under the CCRT.

⁴ Assumes 50 percent of the quota as one-time disbursement in April 2020, of which 33.3 percent is provided by the RCF and 66.7 percent by the RFI.

Table 6. Comoros: Fiscal Financing Gap and Sources, 2020-2025
(In million USD)

	2020	2021	2022	2023	2024	2025
Total Revenue and Grants¹	202.6	225.3	225.7	240.1	251.7	266.9
Revenues	86.6	117.7	127.0	137.4	148.7	161.3
of Which revenue losses related to Covid-19 ²	-28.4	-5.6	0.0	0.0	0.0	0.0
Tax Revenues	71.6	99.6	107.3	116.2	125.8	136.5
of Which revenue losses related to Policy Measures in response to Covid-19 ³	-5.3	0.0	0.0	0.0	0.0	0.0
Total Expenditure and Net Lending⁴	277.7	265.0	260.2	274.7	288.0	303.1
Current expenditure	163.4	156.4	160.9	169.9	180.2	190.9
of Which additional spending related to Covid-19	22.6	5.7	0.0	0.0	0.0	0.0
of Which additional health spending related to Covid-19	19.6	5.7	0.0	0.0	0.0	0.0
Overall Balance (Commitment Basis)	-75.1	-39.7	-34.5	-34.6	-36.3	-36.1
Change in net arrears (+: accumulation)	-0.4	0.0	0.0	0.0	0.0	0.0
Overall Balance (Cash Basis)	-75.5	-39.7	-34.5	-34.6	-36.3	-36.1
Financing Sources⁵	27.1	32.4	34.5	34.6	36.3	36.1
Financing Gap	-48.4	-7.4	0.0	0.0	0.0	0.0
Additional/Exceptional Financing Sources	48.4	7.4	0.0	0.0	0.0	0.0
Additional Grants	17.9	2.3	0.0	0.0	0.0	0.0
IMF Catastrophe Containment and Relief Trust (CCRT) ⁶	2.2	2.0	0.0	0.0	0.0	0.0
Additional Project Grants	12.2	6.4	0.0	0.0	0.0	0.0
Spending Adjustments	0.0	-3.8	0.0	0.0	0.0	0.0
Additional Public Borrowings	18.3	2.5	0.0	0.0	0.0	0.0
Financing from the IMF (RCF and RFI) ⁷	12.2	0.0	0.0	0.0	0.0	0.0

Sources: Comorian authorities, and IMF staff projections.

¹ Excluding changes in aid.

² Revenue losses in trade related and general taxes in comparison to the pre-covid-19 projections.

³ Revenue losses due to temporarily lower customs tariffs on select goods.

⁴ Excluding spending adjustments.

⁵ Excluding additional borrowing.

⁶ Assumes IMF CCRT up-front grants to immediately pay off upcoming debt service due to the IMF in the 24 months from April 14, 2020. The grant for the debt service falling due in the 18 months from October 14, 2020 is subject to the availability of resources under the CCRT.

⁷ Assumes 50 percent of the quota as one-time disbursement in April 2020, of which 33.3 percent is provided by the RCF and 66.7 percent by the RFI.

Table 7. Comoros: Indicators of Capacity to Repay the Fund, 2020-2030¹

	2020 ²	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Fund obligations based on existing credit											
(in millions of SDRs)											
Principal	1.6	1.4	1.8	3.4	2.2	0.6	0.6	0.6	0.6	0.6	0.0
Charges and interest	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fund obligations based on existing and prospective credit											
(in millions of SDRs)											
Principal	1.6	1.4	1.8	4.9	5.2	2.4	1.2	1.2	1.2	1.2	0.3
Charges and interest	0.2	0.2	0.2	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total Fund obligations based on existing and prospective credit											
In millions of SDRs	1.7	1.6	2.0	5.1	5.3	2.4	1.2	1.2	1.2	1.2	0.3
In millions of USD	2.4	2.2	2.8	7.1	7.4	3.3	1.7	1.7	1.7	1.7	0.4
In percent of government revenue	2.8	1.9	2.2	5.2	5.0	2.1	1.0	0.9	0.9	0.8	0.2
In percent of exports of goods and services	1.8	1.5	1.7	3.8	3.7	1.6	0.7	0.7	0.7	0.6	0.1
In percent of international reserves	1.3	1.2	1.5	3.6	3.5	1.5	0.7	0.7	0.7	0.7	0.2
In percent of GDP	0.2	0.2	0.2	0.5	0.5	0.2	0.1	0.1	0.1	0.1	0.0
In percent of IMF Quota	9.7	9.0	11.5	28.5	29.6	13.4	6.7	6.7	6.7	6.7	1.7
Outstanding Fund credit											
In millions of SDRs	22.3	19.4	17.5	12.6	7.4	5.1	3.9	2.7	1.5	0.3	0.0
In millions of USD	31.0	26.9	24.4	17.6	10.4	7.1	5.4	3.8	2.1	0.4	0.0
In percent of government revenue	35.8	22.9	19.2	12.8	7.0	4.4	3.2	2.1	1.1	0.2	0.0
In percent of exports of goods and services	23.2	17.8	14.4	9.4	5.2	3.3	2.4	1.6	0.8	0.2	0.0
In percent of international reserves	17.0	14.5	12.7	8.8	5.0	3.2	2.4	1.6	0.9	0.2	0.0
In percent of GDP	2.6	2.1	1.8	1.2	0.7	0.4	0.3	0.2	0.1	0.0	0.0
In percent of IMF Quota	125.4	108.8	98.5	70.8	41.7	28.4	21.7	15.0	8.3	1.7	0.0
Memorandum items											
Nominal GDP (millions of USD)	1,196	1,271	1,348	1,428	1,513	1,604	1,697	1,796	1,899	2,010	2,126
Exports of goods and services (millions of USD)	134	151	169	188	200	214	227	241	255	271	287
Government revenue (millions of USD)	87	118	127	137	149	161	171	181	191	203	214
Gross international reserves (millions of USD)	182	185	192	200	209	219	228	228	228	228	228
IMF Quota (millions of SDR)	17.8	17.8	17.8	17.8	17.8	17.8	17.8	17.8	17.8	17.8	17.8

Sources: IMF staff estimates and projections.

¹ Assumes 50 percent of the quota as one-time disbursement in April 2020, of which 33.3 percent is provided by the RCF and 66.7 percent by the RFI.² 2020 figures are reported as of April 8, 2020.

Table 8. Comoros: Before and After the COVID-19 Shock
Selected Economic Indicators, 2019-2023

	2019	2020	2021	2022	2023
National income and prices, in percent					
Real GDP					
Before the shock	1.9	4.4	3.5	3.6	3.7
After the Shock	1.9	-1.2	3.1	3.6	3.7
Consumer price index (annual averages)					
Before the shock	3.3	1.4	2.1	2.0	2.0
After the Shock	3.3	3.0	2.1	2.0	2.0
GDP (nominal, in billions of CF)					
Before the shock	521.1	550.4	581.1	613.3	647.7
After the Shock	521.1	527.9	555.3	586.2	619.4
Investment and savings, in percent of GDP					
Investment					
Before the shock	16.1	16.0	15.9	15.8	15.7
After the Shock	16.1	15.8	15.8	15.7	15.6
Gross national savings					
Before the shock	13.1	13.2	12.9	12.8	12.8
After the Shock	13.1	11.5	11.1	11.6	12.5
Government budget, in percent of GDP					
Total revenue and grants					
Before the shock	16.1	17.5	16.7	16.7	16.7
After the Shock	16.1	19.4	18.4	16.7	16.8
Total revenue					
Before the shock	8.7	9.1	9.2	9.4	9.5
After the Shock	8.7	7.2	9.3	9.4	9.6
Current expenditure					
Before the shock	10.6	11.1	11.5	11.8	11.8
After the Shock	10.6	13.5	12.3	11.9	11.9
Capital expenditure					
Before the shock	7.8	8.7	7.6	7.3	7.3
After the Shock	7.8	9.7	8.8	7.4	7.3
Overall balance (cash basis)					
Before the shock	-2.2	-2.2	-2.5	-2.4	-2.4
After the Shock	-2.2	-3.8	-2.7	-2.6	-2.4
External sector, in percent of GDP					
Current account balance					
Before the shock	-3.8	-5.4	-4.9	-4.3	-4.0
After the Shock	-3.8	-5.7	-4.5	-4.5	-3.6
Net private remittances					
Before the shock	12.1	12.1	12.0	12.0	12.0
After the Shock	12.1	9.0	10.7	11.4	12.1
External debt					
Before the shock	23.8	27.0	29.3	30.0	30.7
After the Shock	23.8	29.7	32.3	33.0	33.6
Gross international reserves (in millions of U.S. dollars)					
Before the shock	197.8	196.7	200.6	207.8	216.5
After the Shock	196.4	182.2	185.3	191.8	199.8

Sources: Comorian authorities, and IMF staff projections.

Annex I. Joint Bank-Fund Debt Sustainability Analysis Update¹

This streamlined updated DSA incorporates the COVID-19 impact. Compared to the DSA prepared for the 2019 Article IV consultation, the economic outlook is assumed to be weaker. For 2020, economic growth projections are revised down by 5.6 percentage points to -1.2 percent, and growth of exports of goods and services is revised by 10.1 percentage points to -9.7 percent, followed by a fairly quick recovery in 2021. These and related changes result in additional external and fiscal financing needs of 5.2 percent of GDP and 4.7 percent of GDP in 2020-21, respectively. These needs are expected to be filled in part by additional grants (1.7 percent of GDP), and additional external borrowing (2.6 percent of GDP). Long run projections for economic and export growth remain broadly unchanged from before.

Comoros' debt carrying capacity continues to be assessed as medium, and total contingent liabilities are maintained at 10.9 percent of GDP. The realism tools do not flag issues. The updated DSA finds that the risk of external debt distress remains "medium", with limited space to absorb shocks. As in the previous DSA, all debt and debt service indicators remain below their respective thresholds but exhibit an upward trend over the long run. (The PV of PPG external debt-to-exports ratio increases by 1 percentage point in 2029 to 161.2 percent compared to the previous DSA). Also, buffers to high risk territory are now forecast to erode more quickly as a result of weaker export and growth performance and additional take-up of debt in the near term. Stress tests and alternative scenarios continue to demonstrate Comoros' vulnerability to natural disasters, shocks to exports, and depreciation. Public-sector domestic debt remains small, with no breaches of the public debt benchmark under the baseline or adverse scenarios.

Risk of external debt distress:	Medium ²
Overall risk of debt distress	Medium
Granularity in the risk rating	Limited Space
Application of judgment	No
Macroeconomic projections	Deviations due to the COVID-19
Financing strategy	Additional aid and borrowing
Realism tools flagged	No flagged issues
Mechanical risk rating under the external DSA	Medium
Mechanical risk rating under the public DSA	Medium

¹ The DSA coverage remains unchanged, covering the central government, the central bank (IMF facilities), and government-guaranteed debt of state-owned enterprises.

² Comoros' debt carrying capacity is assessed as medium with the Composite Indicator (CI) of 2.97, which is based on the October WEO 2019 and the 2018 CPIA.

Table 1. Comoros: External Debt Sustainability Framework, Baseline Scenario, 2016-2039
(In percent of GDP; unless otherwise indicated)

	Actual			Projections								Average 8/	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2029	2039	Historical	Projections
External debt (nominal) 1/	16.4	17.0	19.6	23.8	29.7	32.3	33.0	33.6	33.9	34.8	38.0	20.2	32.5
of which: public and publicly guaranteed (PPG)	16.4	17.0	19.6	23.8	29.7	32.3	33.0	33.6	33.9	34.8	38.0	20.2	32.5
Change in external debt	2.5	0.5	2.7	4.2	5.9	2.6	0.7	0.6	0.3	0.3	0.3		
Identified net debt-creating flows	3.4	0.8	0.7	3.1	5.9	3.5	2.7	1.7	1.0	0.2	0.0	1.4	1.7
Non-interest current account deficit	4.3	2.1	2.7	3.6	5.4	4.1	4.1	3.2	2.8	2.2	2.1	2.7	3.1
Deficit in balance of goods and services	15.8	16.4	17.1	17.7	18.2	17.0	17.5	17.4	17.4	16.6	16.0	19.0	17.2
Exports	10.7	11.9	12.9	12.4	11.2	11.9	12.6	13.2	13.2	13.5	13.9		
Imports	26.5	28.4	30.0	30.1	29.3	29.0	30.1	30.6	30.6	30.1	30.0		
Net current transfers (negative = inflow)	-10.9	-13.8	-13.8	-13.5	-12.2	-12.3	-12.8	-13.5	-13.8	-13.9	-13.8	-16.0	-13.5
of which: official	-1.5	-3.5	-1.5	-1.4	-3.2	-1.6	-1.4	-1.4	-1.2	-1.1	-0.9		
Other current account flows (negative = net inflow)	-0.6	-0.5	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	-0.7	-0.5	-0.2	-0.3	-0.6
Net FDI (negative = inflow)	-0.4	-0.4	-0.6	-0.3	0.0	-0.1	-0.7	-0.7	-1.0	-1.1	-1.2	-0.9	-0.7
Endogenous debt dynamics 2/	-0.6	-0.9	-1.4	-0.2	0.5	-0.5	-0.7	-0.7	-0.8	-0.9	-0.9		
Contribution from nominal interest rate	0.1	0.1	0.1	0.1	0.2	0.3	0.4	0.4	0.4	0.4	0.5		
Contribution from real GDP growth	-0.5	-0.6	-0.6	-0.4	0.3	-0.9	-1.1	-1.2	-1.2	-1.3	-1.4		
Contribution from price and exchange rate changes	-0.2	-0.3	-0.9	...	...	...	...	...	...	...	...
Residual 3/	-0.9	-0.2	2.0	1.1	0.0	-0.9	-2.0	-1.2	-0.7	0.0	0.3	-3.4	-0.4
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	...	...	10.9	14.1	18.5	20.3	20.8	21.1	21.3	21.7	25.1		
PV of PPG external debt-to-exports ratio	...	...	84.7	113.7	165.7	170.8	166.1	160.8	160.9	161.2	180.6		
PPG debt service-to-exports ratio	2.9	2.9	3.3	7.8	6.9	7.3	7.4	8.2	9.2	9.5	10.7		
PPG debt service-to-revenue ratio	3.9	3.7	4.1	11.2	8.4	9.3	9.7	11.0	12.2	12.6	14.0		
Gross external financing need (Million of U.S. dollars)	43.0	22.1	29.6	50.7	73.8	62.2	58.2	51.1	46.1	48.3	83.6		
Key macroeconomic assumptions													
Real GDP growth (in percent)	3.5	4.2	3.6	1.9	-1.2	3.1	3.6	3.7	3.8	3.9	3.8	3.3	3.1
GDP deflator in US dollar terms (change in percent)	1.3	2.1	5.6	-1.3	2.0	3.1	2.4	2.2	2.1	1.9	1.9	-0.5	1.8
Effective interest rate (percent) 4/	0.5	0.4	0.6	0.7	1.0	1.2	1.4	1.3	1.3	1.1	1.3	0.5	1.1
Growth of exports of G&S (US dollar terms, in percent)	11.4	18.7	18.6	-3.6	-8.9	13.4	11.7	11.0	6.6	6.1	6.3	8.1	5.6
Growth of imports of G&S (US dollar terms, in percent)	0.2	14.0	15.9	0.8	-1.7	4.9	10.2	7.6	6.1	5.7	6.1	3.7	5.0
Grant element of new public sector borrowing (in percent)	...	...	...	33.0	33.8	39.8	48.5	50.8	50.2	46.4	41.2	...	45.1
Government revenues (excluding grants, in percent of GDP)	8.0	9.4	10.6	8.7	9.2	9.4	9.6	9.8	9.9	10.2	10.6	8.6	9.8
Aid flows (in Million of US dollars) 5/	8.5	27.9	11.5	80.5	86.1	74.6	58.7	62.0	64.4	84.1	151.0		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	4.6	4.3	3.7	2.8	2.8	2.7	2.5	2.3	...	3.1
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	53.4	48.5	55.9	63.6	65.0	64.6	60.4	54.0	...	60.3
Nominal GDP (Million of US dollars)	1,013	1,077	1,179	1,186	1,196	1,271	1,348	1,428	1,513	2,010	3,529		
Nominal dollar GDP growth	4.8	6.4	9.5	0.6	0.9	6.3	6.1	5.9	6.0	5.8	5.8	2.9	5.0
Memorandum items:													
PV of external debt 7/	...	...	10.9	14.1	18.5	20.3	20.8	21.1	21.3	21.7	25.1		
In percent of exports	...	...	84.7	113.7	165.7	170.8	166.1	160.8	160.9	161.2	180.6		
Total external debt service-to-exports ratio	2.9	2.9	3.3	7.8	6.9	7.3	7.4	8.2	9.2	9.5	10.7		
PV of PPG external debt (in Million of US dollars)			128.9	166.8	221.3	258.6	281.0	302.0	322.2	436.5	887.1		
(Pvt-Pvt-1)/GDPt-1 (in percent)				3.2	4.6	3.1	1.8	1.6	1.4	1.5	1.8		
Non-interest current account deficit that stabilizes debt ratio	1.8	1.5	0.0	-0.5	-0.4	1.5	3.3	2.6	2.5	1.9	1.8		

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as $[r - g - p(1+g) + \epsilon\alpha(1+r)] / (1+g+p+gp)$ times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate; p = growth rate of GDP deflator in U.S. dollar terms; ϵ = nominal appreciation of the local currency, and α = share of local currency-denominated external debt in total external debt.

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

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

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

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

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

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Table 2. Comoros: Public Sector Debt Sustainability Framework, Baseline Scenario, 2016-2039
(In percent of GDP; unless otherwise indicated)

	Actual			Projections								Average 6/	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2029	2039	Historical	Projections
Public sector debt 1/	16.5	17.1	19.6	23.9	30.1	32.8	33.5	34.0	34.5	36.4	42.8	20.8	33.3
of which: external debt	16.4	17.0	19.6	23.8	29.7	32.3	33.0	33.6	33.9	34.8	38.0	20.2	32.5
Change in public sector debt	1.6	0.6	2.5	4.2	6.2	2.7	0.7	0.5	0.5	0.7	0.4		
Identified debt-creating flows	8.2	2.2	3.3	6.8	12.2	8.4	6.8	6.5	6.0	4.2	3.1	1.5	6.3
Primary deficit	8.4	4.6	3.3	6.9	11.8	9.7	8.0	7.8	7.5	5.8	4.9	2.4	7.5
Revenue and grants	8.8	12.0	11.5	11.3	11.2	11.2	10.9	11.1	11.2	11.3	11.5	12.5	11.2
of which: grants	0.8	2.6	1.0	2.6	2.0	1.8	1.3	1.3	1.2	1.1	0.9		
Primary (noninterest) expenditure	17.2	16.5	14.8	18.2	23.0	20.8	18.9	18.9	18.7	17.1	16.4	14.9	18.7
Automatic debt dynamics	-0.2	-2.3	0.0	-0.1	0.3	-1.2	-1.2	-1.4	-1.5	-1.6	-1.7		
Contribution from interest rate/growth differential	-0.7	-0.6	-0.5	-0.1	0.3	-1.2	-1.2	-1.4	-1.5	-1.6	-1.7		
of which: contribution from average real interest rate	-0.2	0.1	0.1	0.3	0.1	-0.3	-0.1	-0.2	-0.3	-0.2	-0.2		
of which: contribution from real GDP growth	-0.5	-0.7	-0.6	-0.4	0.3	-0.9	-1.1	-1.2	-1.2	-1.3	-1.6		
Contribution from real exchange rate depreciation	0.4	-1.7	0.5	...	...	...	...	...	...	...	...
Other identified debt-creating flows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	-6.6	-1.6	-0.7	-2.6	-6.0	-5.7	-6.1	-5.9	-5.5	-3.6	-2.8	-3.6	-4.8
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	...	...	11.3	14.2	18.8	20.8	21.3	21.5	21.8	23.4	29.9		
PV of public debt-to-revenue and grants ratio	...	...	98.2	125.9	168.1	185.7	195.1	194.0	195.6	207.0	260.2		
Debt service-to-revenue and grants ratio 3/	4.4	4.2	3.7	8.6	7.5	11.3	12.8	13.5	14.0	22.2	52.3		
Gross financing need 4/	8.8	5.1	3.7	7.9	12.7	10.9	9.4	9.3	9.1	8.3	10.9		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	3.5	4.2	3.6	1.9	-1.2	3.1	3.6	3.7	3.8	3.9	3.8	3.3	3.1
Average nominal interest rate on external debt (in percent)	0.5	0.4	0.6	0.7	1.0	1.2	1.4	1.3	1.3	1.1	1.3	0.5	1.2
Average real interest rate on domestic debt (in percent)	-1.6	-0.1	-1.0	-3.3	0.5	0.9	1.1	1.1	1.1	1.1	1.1	-1.4	0.6
Real exchange rate depreciation (in percent, + indicates depreciation)	3.2	-10.9	3.1	...	...	...	...	...	...	...	...	1.9	...
Inflation rate (GDP deflator, in percent)	1.6	0.1	1.0	4.2	2.5	2.0	1.9	1.9	1.9	1.9	1.9	1.4	2.2
Growth of real primary spending (deflated by GDP deflator, in percent)	-1.3	-0.2	-7.0	25.1	24.9	-6.6	-5.9	3.5	2.7	4.6	4.1	3.9	4.9
Primary deficit that stabilizes the debt-to-GDP ratio 5/	6.9	3.9	0.8	2.7	5.6	7.0	7.3	7.3	7.0	5.1	4.5	3.8	6.0
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government, central bank, government-guaranteed debt. Definition of external debt is Residency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

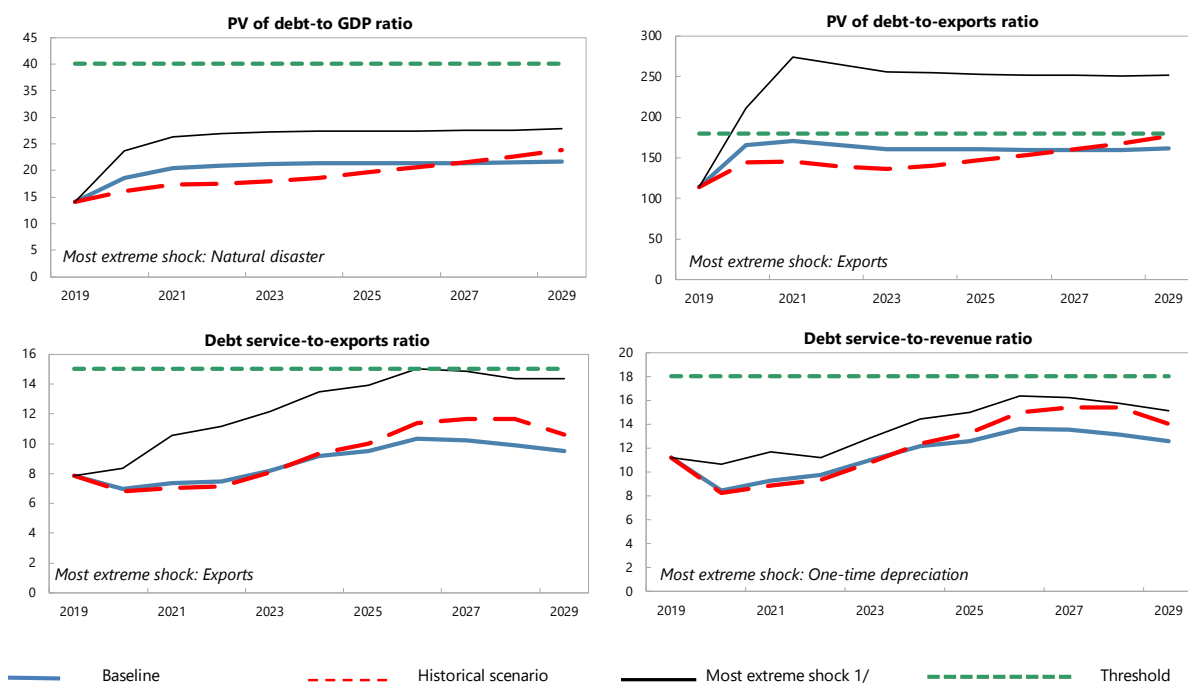
3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio (i.e., a primary surplus), which would stabilize the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Figure 1. Comoros: Indicators of Public and Publicly Guaranteed External Debt Under Alternatives Scenarios, 2019-2029 ^{1/ 2/}



Customization of Default Settings		
	Size	Interactions
Tailored Stress		
Combined CL	Yes	
Natural disaster	No	No
Commodity price	n.a.	n.a.
Market financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

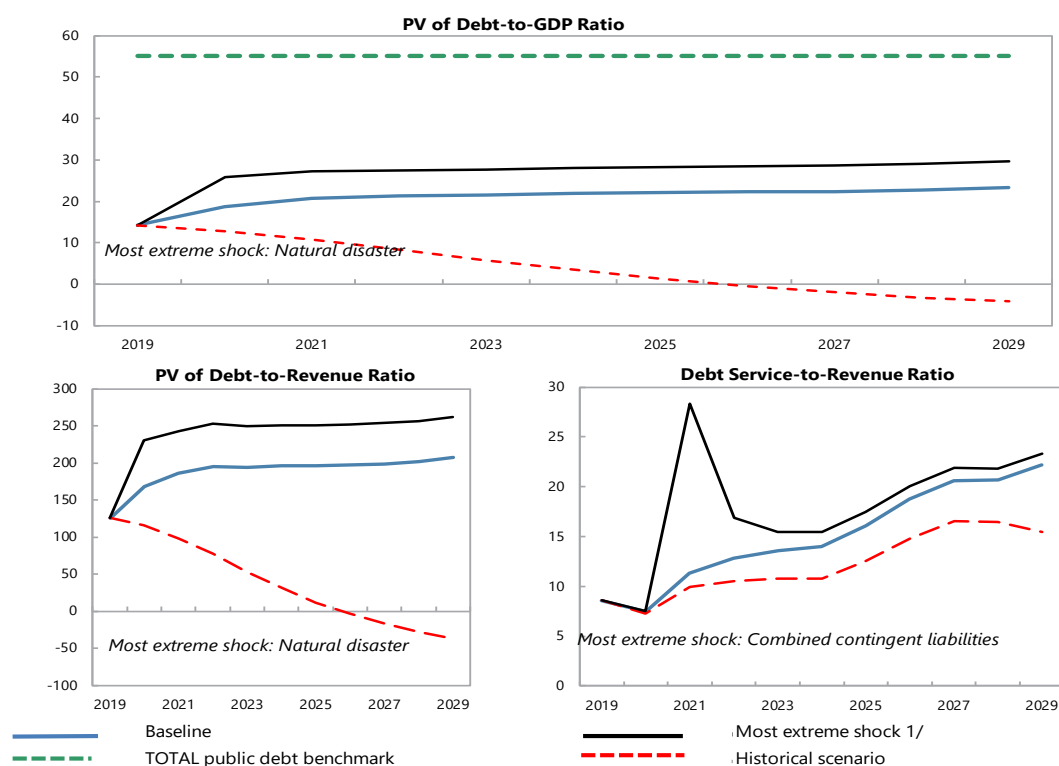
Borrowing assumptions on additional financing needs resulting from the stress tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	1.5%	1.5%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	29	29
Avg. grace period	8	8

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2029. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 2. Comoros: Indicators of Public Debt Under Alternative Scenarios, 2019-2029

Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	83%	83%
Domestic medium and long-term	0%	0%
Domestic short-term	17%	17%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.5%	1.5%
Avg. maturity (incl. grace period)	29	29
Avg. grace period	8	8
Domestic MLT debt		
Avg. real interest rate on new borrowing	0.0%	0.0%
Avg. maturity (incl. grace period)	1	1
Avg. grace period	0	0
Domestic short-term debt		
Avg. real interest rate	-2.2%	-2.2%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2029. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Table 3. Comoros: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2019-2029
(In percent)

	Projections 1/										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
PV of debt-to-GDP ratio											
Baseline	14	19	20	21	21	21	21	21	21	22	22
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	14	16	17	17	18	19	20	21	22	23	24
	CR/LA	CR/LA	CR/LA	CR/LA	CR/LA	CR/LA	CR/LA	CR/LA	CR/LA	CR/LA	CR/LA
B. Bound Tests											
B1. Real GDP growth	14	19	21	22	22	22	22	22	22	22	22
B2. Primary balance	14	20	24	25	25	26	26	25	25	26	26
B3. Exports	14	20	24	24	25	25	25	25	25	25	25
B4. Other flows 3/	14	21	24	25	25	25	25	25	25	25	25
B5. Depreciation	14	23	21	22	23	23	23	23	23	23	24
B6. Combination of B1-B5	14	22	24	24	25	25	25	25	25	25	25
C. Tailored Tests											
C1. Combined contingent liabilities	14	24	26	27	27	27	27	27	27	27	27
C2. Natural disaster	14	24	26	27	27	27	27	27	27	28	28
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	40	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio											
Baseline	114	166	171	166	161	161	160	159	160	160	161
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	114	144	145	139	136	141	147	153	161	168	177
	114	142	127	122	114	100	101	92	87	89	75
B. Bound Tests											
B1. Real GDP growth	114	166	171	166	161	161	160	159	160	160	161
B2. Primary balance	114	183	205	201	194	193	192	190	190	190	190
B3. Exports	114	211	274	265	255	255	253	251	251	251	252
B4. Other flows 3/	114	184	205	198	190	190	188	187	187	187	187
B5. Depreciation	114	166	143	141	137	138	137	137	138	139	140
B6. Combination of B1-B5	114	200	187	212	205	205	204	202	202	203	203
C. Tailored Tests											
C1. Combined contingent liabilities	114	213	221	214	206	205	203	202	201	201	201
C2. Natural disaster	114	217	226	220	212	212	211	210	210	210	211
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	180	180	180	180	180	180	180	180	180	180	180
Debt service-to-exports ratio											
Baseline	8	7	7	7	8	9	9	10	10	10	9
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	8	7	7	7	8	9	10	11	12	12	11
	8	6	6	6	6	7	7	7	7	6	4
B. Bound Tests											
B1. Real GDP growth	8	7	7	7	8	9	9	10	10	10	9
B2. Primary balance	8	7	8	8	9	10	10	11	11	11	11
B3. Exports	8	8	11	11	12	13	14	15	15	14	14
B4. Other flows 3/	8	7	8	8	9	10	10	11	11	10	11
B5. Depreciation	8	7	7	7	8	9	9	10	10	9	9
B6. Combination of B1-B5	8	8	9	9	10	11	11	12	12	12	12
C. Tailored Tests											
C1. Combined contingent liabilities	8	7	8	9	9	10	10	11	11	11	10
C2. Natural disaster	8	7	9	9	10	11	11	12	12	11	11
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	15	15	15	15	15	15	15	15	15	15	15
Debt service-to-revenue ratio											
Baseline	11	8	9	10	11	12	13	14	14	13	13
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	11	8	9	9	11	12	13	15	15	15	14
	11	8	8	8	10	9	9	9	9	8	6
B. Bound Tests											
B1. Real GDP growth	11	9	10	10	11	13	13	14	14	14	13
B2. Primary balance	11	8	10	11	12	13	13	15	14	14	14
B3. Exports	11	9	10	11	12	13	14	15	14	14	14
B4. Other flows 3/	11	8	10	11	12	13	13	14	14	14	14
B5. Depreciation	11	11	12	11	13	14	15	16	16	16	15
B6. Combination of B1-B5	11	9	10	11	12	13	14	15	15	14	15
C. Tailored Tests											
C1. Combined contingent liabilities	11	8	11	11	12	14	14	15	15	14	14
C2. Natural disaster	11	8	10	11	12	13	14	15	15	14	14
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	18	18	18	18	18	18	18	18	18	18	18

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

Table 4. Comoros. Sensitivity Analysis for Key Indicators of Public Debt, 2019-2029

	Projections 1/										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
PV of Debt-to-GDP Ratio											
Baseline	14	19	21	21	21	22	22	22	22	23	23
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	14	13	11	8	6	4	1	0	-2	-3	-4
B. Bound Tests											
B1. Real GDP growth	14	19	22	22	23	23	24	24	24	25	26
B2. Primary balance	14	21	26	26	26	26	26	26	27	27	27
B3. Exports	14	20	24	24	24	25	25	25	25	25	26
B4. Other flows 3/	14	21	25	25	25	26	26	26	26	26	27
B5. Depredation	14	22	22	22	21	21	20	19	19	18	18
B6. Combination of B1-B5	14	21	22	21	21	21	21	21	21	22	22
C. Tailored Tests											
C1. Combined contingent liabilities	14	26	27	27	28	28	28	28	28	28	29
C2. Natural disaster	14	26	27	28	28	28	28	28	29	29	30
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL public debt benchmark	55	55	55	55	55	55	55	55	55	55	55
PV of Debt-to-Revenue Ratio											
Baseline	126	168	186	195	194	196	196	197	199	202	207
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	126	116	97	77	53	32	11	(4)	(17)	(28)	(37)
B. Bound Tests											
B1. Real GDP growth	126	171	193	205	205	209	210	214	216	221	228
B2. Primary balance	126	192	230	237	234	235	234	235	236	238	242
B3. Exports	126	178	213	223	221	221	221	222	223	225	230
B4. Other flows 3/	126	186	222	231	229	230	229	230	231	233	237
B5. Depredation	126	199	204	204	194	186	179	172	166	162	160
B6. Combination of B1-B5	126	185	202	191	186	187	188	189	190	193	199
C. Tailored Tests											
C1. Combined contingent liabilities	126	233	243	252	249	249	248	248	249	251	256
C2. Natural disaster	126	230	242	252	250	251	251	252	253	256	262
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Service-to-Revenue Ratio											
Baseline	9	7	11	13	14	14	16	19	21	21	22
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	9	7	10	11	11	11	13	15	17	16	15
B. Bound Tests											
B1. Real GDP growth	9	8	12	14	15	15	17	20	22	22	24
B2. Primary balance	9	7	18	21	16	15	17	20	22	22	24
B3. Exports	9	7	12	13	14	15	17	19	21	21	23
B4. Other flows 3/	9	7	12	14	14	15	17	19	21	21	24
B5. Depredation	9	8	14	15	16	17	19	22	24	24	24
B6. Combination of B1-B5	9	7	11	16	13	14	16	18	20	20	22
C. Tailored Tests											
C1. Combined contingent liabilities	9	7	28	17	15	15	17	20	22	22	23
C2. Natural disaster	9	8	27	17	16	16	18	21	22	22	24
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

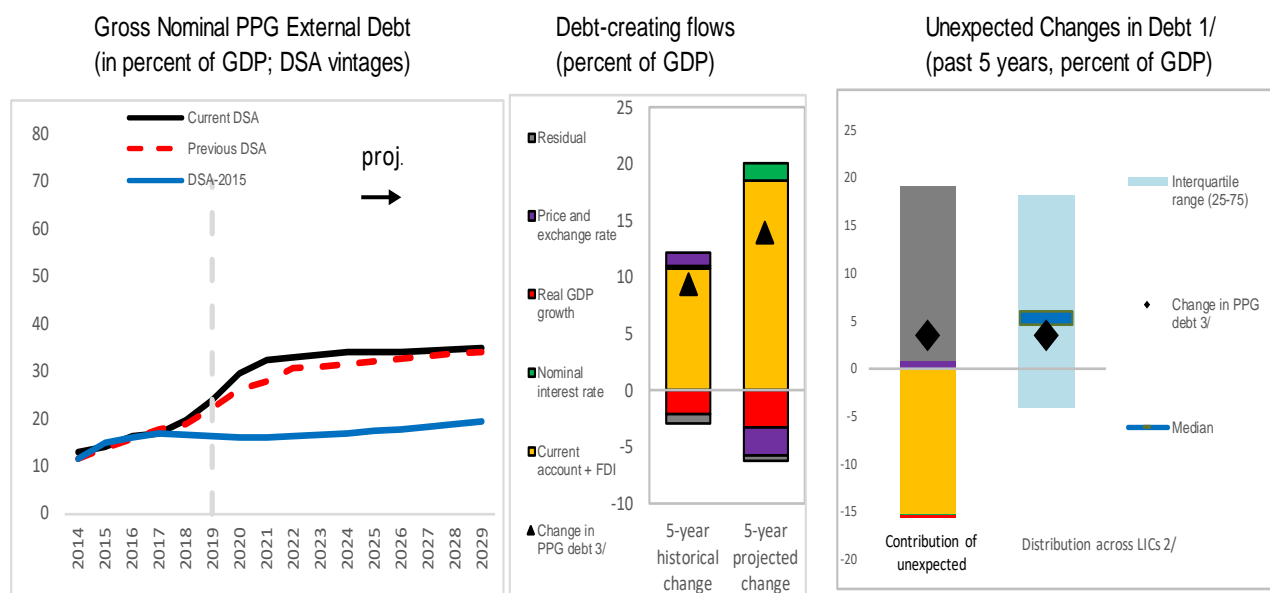
Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

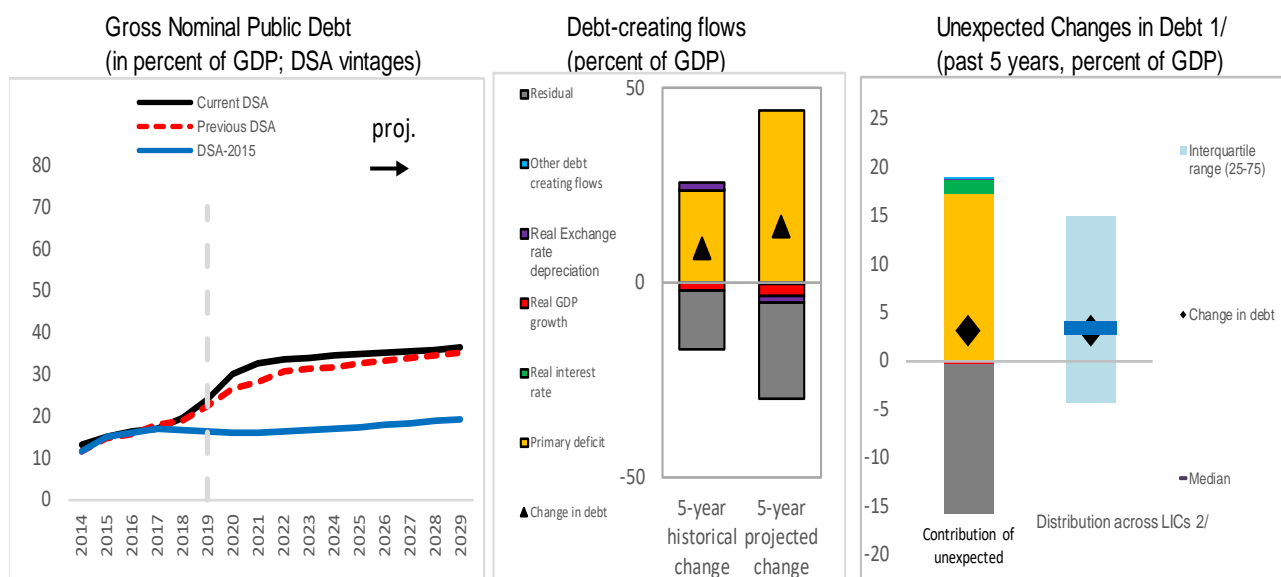
2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.

Figure 3. Comoros: Drivers of Debt Dynamics – Baseline Scenario
External Debt



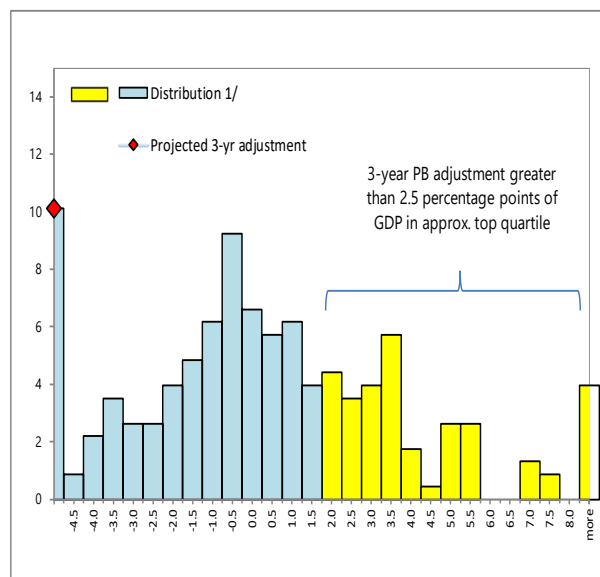
Public debt



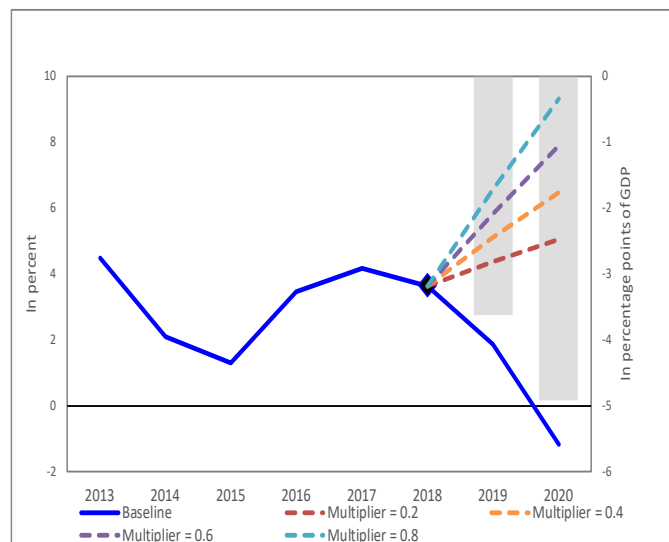
1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

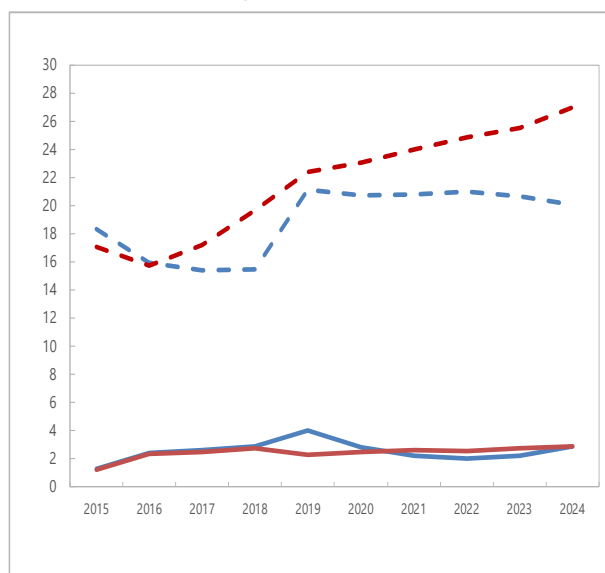
3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

Table 4. Comoros: Realism Tools**3-Year Adjustment in Primary Balance
(Percentage points of GDP)**

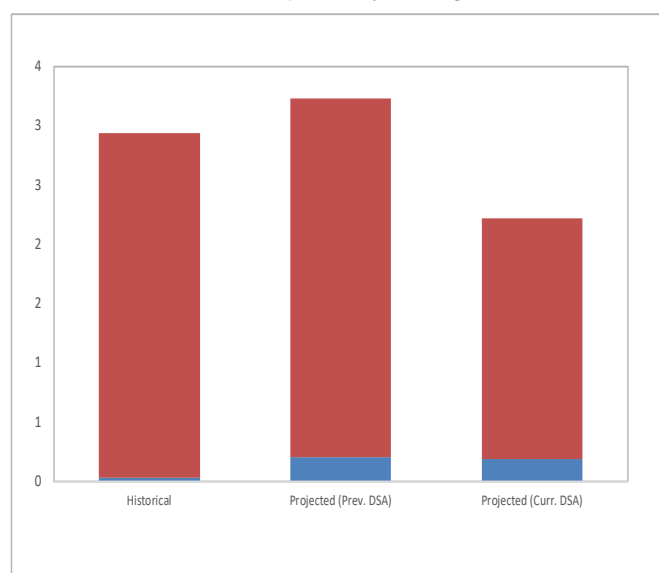
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/

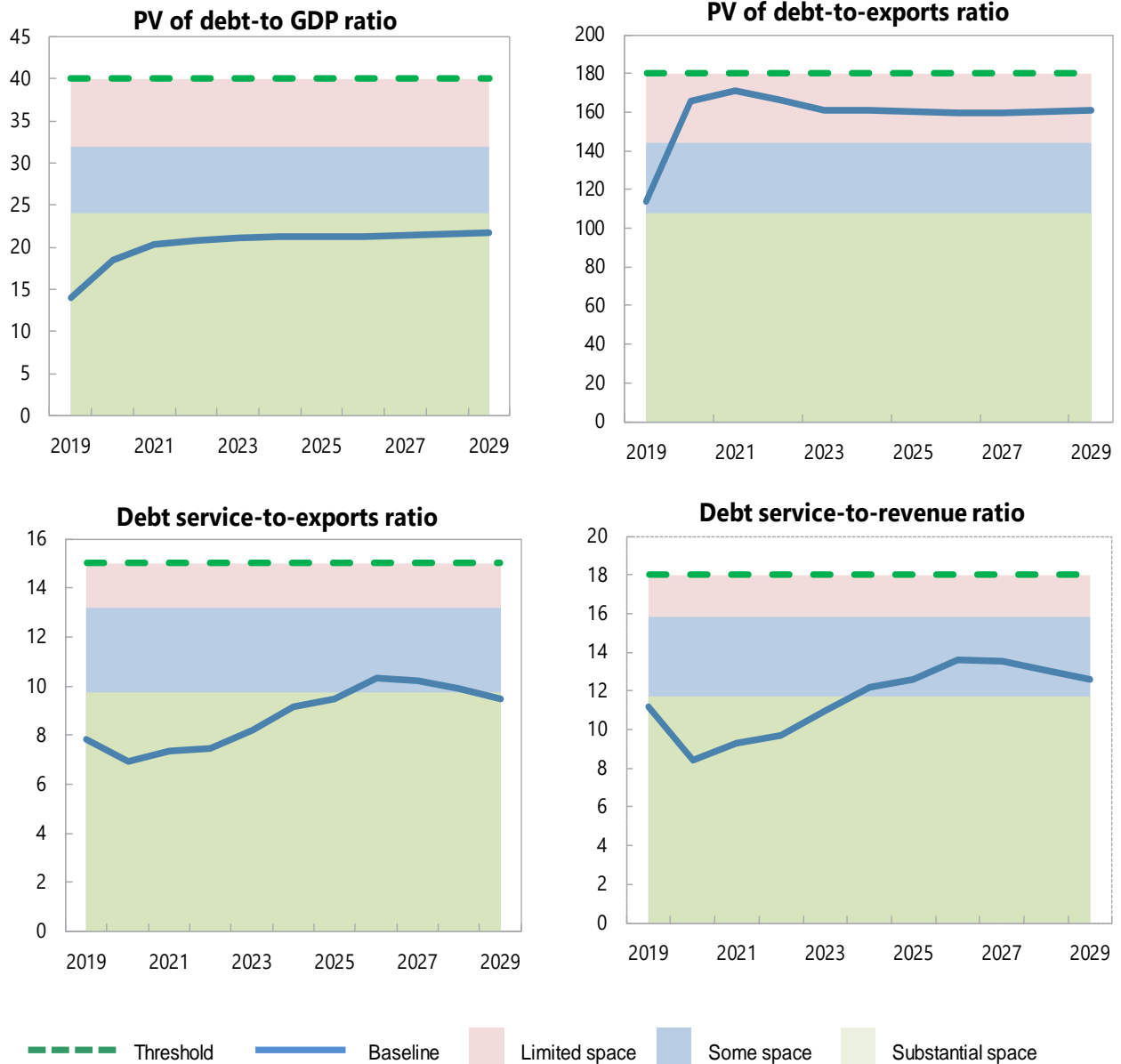
1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

**Public and Private Investment Rates
(percent of GDP)**

— Gov. Invest. - Prev. DSA — Gov. Invest. - Curr. DSA
- - Priv. Invest. - Prev. DSA - - Priv. Invest. - Curr. DSA

**Contribution to Real GDP growth
(percent, 5-year average)**

■ Contribution of other factors
■ Contribution of government capital

Table 5. Comoros: Qualification of the Moderate Categories, 2019-2029

Sources: Country authorities; and staff estimates and projections.

1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.

Annex II. Letter of Intent

Moroni, Union of The Comoros

April 16, 2020

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, D.C. 20431

Dear Ms. Georgieva,

1. Following on cyclone Kenneth that struck in 2019, Comoros is now experiencing severe impacts from the COVID-19 pandemic. The pandemic has already reduced visitor arrivals and depressed remittances inflows. There is also a high probability that the virus will spread in Comoros, endangering the population's health and generating additional large adverse economic impacts. This letter of intent describes our policy commitments for addressing the pandemic and its impacts.

2. We have taken first steps to ward off the COVID-19 pandemic, including by quarantining some arriving travelers, closing our airport, and forbidding gatherings, including for traditional ceremonies such as weddings. We have started to implement an epidemic preparedness action plan, including for example by creating and equipping quarantine centers. In implementing our response, we are collaborating with the WHO. This plan was developed in recent years with the help of donors, and its implementation is estimated to cost US\$2.2 million. However, we do not presently have cash buffers or sources of credit needed for implementing most of the plan.

3. Our plans for dealing with COVID-19 and its adverse effects comprise the following:

- Fiscal policy: We will direct fiscal policy at dealing with the negative effects of the COVID-19 shock. Our top priority will be to expand healthcare spending to keep the pandemic from arriving and spreading in Comoros, or in the case it should spread, to minimize the impact on public health.

The cost of this is estimated at 2 percent of GDP. Our second priority will be to provide targeted transfers for impacted households.

- Monetary and exchange rate policy, and financial sector supervision: Our monetary policy will remain geared to maintaining price stability and the fixed exchange rate to the euro in the context of the CFA zone agreements. We will also aim to ensure that the banking system has sufficient liquidity, and we will work with banks to encourage extension of loan maturities to borrowers hit by the COVID-19 shock.

4. These plans complement our ongoing efforts to raise inclusive growth and tackle our fragility. As laid out in the recent Article IV consultation, key elements of this strategy comprise efforts to strengthen civil service management, the rule of law, and fiscal revenue.

5. To face the emerging large budgetary and external financing gaps, the Government of the Union of the Comoros requests emergency financing from the IMF. We request financing under the Rapid Credit Facility (RCF) and the Rapid Financing Instrument (RFI) equivalent to 50 percent of our quota. Specifically, we request financing of 16.7 percent of quota (SDR 2.9726 million) under the exogenous shock window of the RCF and 33.3 percent of quota (SDR 5.9274 million) under the RFI. We are confident that IMF involvement will play a catalytic role in securing the needed additional external financing. We have been reaching out to donors for additional financing. So far, the World Bank has offered US\$5 million in grants, and France has indicated willingness to respond favorably to requests for assistance. We will continue to reach out to donors, including by following up with France.

6. We concur with Fund staff that strengthening institutions and promoting good governance, transparency and accountability, and tackling corruption are crucial for inclusive and sustainable growth. We are keen to ensure that the best possible use will be made of the funds provided by the IMF and to that effect, we will enhance mechanisms of reporting and controls for the disbursement of funds, building on recommendations of IMF-provided capacity building on government accounting of recent years. We commit to report quarterly on the spending of these funds and to commission an independent and robust third-party audit of this spending in about a year's time and publish its results. The Government will also publish regularly on its website dedicated to public

procurement documentation on large public procurement projects, together with ex-post validation of delivery along with the name of awarded companies and the name of their beneficial owner(s).

The Government expects that this website will be operational within six months. The Government will start publishing the information on its general website in case the website dedicated to procurement should become operational only with a delay.

7. We will continue the dialogue with the IMF on the Union of the Comoros' balance-of-payments difficulties and will avoid measures or policies that would compound these difficulties. In this spirit, we will not impose new exchange restrictions, or intensify existing restrictions, on the making of payments and transfers for international transactions, trade restrictions for balance-of-payments purposes, or multiple currency practices, or to enter into bilateral payments agreements which are inconsistent with Article VIII of the IMF's Articles of Agreement. Also, as the requested RCF loan will be on-lent to the government, we will update the memorandum of understanding that was signed on July 25, 2019 between the Central Bank of Comoros and the Ministry of Finance, Budget and Banking Sector, on their respective roles and responsibilities for servicing financial obligations to the Fund.

8. Our external debt arrears have grown slightly in recent months. We remain committed to clearing the arrears to bilateral creditors by end-2020.

9. The challenge before us is formidable but we are determined to succeed. Support from the international community will be critical to provide emergency assistance to deal with the COVID-19 pandemic. We look forward to an early approval of financial assistance by the IMF.

10. We authorize the IMF to publish this Letter of Intent and the staff report for the request for the request for disbursement under the RCF and purchase under the RFI.

/s/

H. E. Said Ali Said Chayhane
Minister of Finance and Budget

/s/

H.E. Younoussa Imani
Governor of the Central Bank