The Union of the Comoros: Poverty Reduction Strategy Paper and Joint Staff Advisory Note and Enhanced Heavily Indebted Poor Countries (HIPC) Debt Initiative – Preliminary Document

Chairman’s Summing Up

Meeting of the Board of Executive Directors of IDA

April 8, 2010

Executive Directors considered the Joint IMF-World Bank Staff Advisory Note, accompanying the Poverty Reduction and Growth Strategy Paper (PRGSP) of the Union of the Comoros, as well as the HIPC Preliminary Document for Comoros.

Directors commended the Government of Comoros for the broad-based consultative process that led to the completion of the PRGSP, which they recognized as significant, and they welcomed Bank and Fund support of its objectives. They noted the ambitious targets that the PRGSP includes, and encouraged the Government further to prioritize reforms and areas of intervention, so that the targets are more consistent with the country’s limited absorption capacity as well as its limited access to external resources. Directors also observed that the Government’s poverty reduction and growth strategy could be improved by establishing a more robust monitoring and evaluation framework; undertaking a deeper analysis of gender, poverty and vulnerability trends; and taking into account more fully the challenges presented by climate change and environmental vulnerability.

Directors also recommended that the Government adopt a more realistic macroeconomic forecast. In this respect, they also encouraged the Government to enable a business environment and financial system that is conducive to private sector led growth, particularly in sectors with higher potential such as tourism, agriculture and fisheries. Some Directors requested greater IFC involvement in Comoros. Directors noted that continued progress on political reconciliation will ultimately determine whether Comoros succeeds in implementing this ambitious agenda, and urged the authorities to maintain their efforts. The World Bank was urged to strengthen its role as a provider of development financing and technical assistance.

Directors agreed that the Union of the Comoros is potentially eligible for debt relief under the Enhanced HIPC Initiative and could reach the HIPC decision point by mid-2010 and the completion point by end-2012. Directors recognized the urgency of debt relief for Comoros and the need for strong support from development partners to reach that critical milestone. To this end, they urged the Government to adhere closely to its commitments under the IMF’s Extended Credit Facility arrangement and to focus reform efforts in the short term on public financial management and administrative reform. They also advised that the HIPC triggers be refined to be made more direct and substantive, to better reflect the Millennium Development Goals, and to strike a proper balance between reflecting substantive change and ensuring political and administrative feasibility within the proposed time-frame.