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# The Comoros Current Economic Situation and Prospects

(In Two Volumes) Volume II

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Country Programs Department  
Eastern Africa Region

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CURRENCY EQUIVALENTS

Yearly Average

Currency Unit = Comorian Franc (CF)

<u>Annual Average</u>	<u>CF 1 = US\$</u>	<u>1 US\$ = CF</u>
1975	0.0047	214.32
1976	0.0042	238.98
1977	0.0041	245.67
1978	0.0044	225.64
1979	0.0047	212.72
1980	0.0047	211.30 <u>1/</u>

FISCAL YEAR

January 1 to December 31

WEIGHTS AND MEASURES

Metric System

1 kilometer	=	0.62 mile
1 square kilometer	=	0.3861 mile
1 hectare	=	2.47 acres
1 ton	=	1,000 kilograms
1 kilogram	=	2.2046 pounds

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1/ US\$1 = CF 205.00 was used in this report.

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Comoros Exports

1. The Federal Islamic Republic of the Comoros depends on four commodities which account for 98 percent of the total exports.

2. The Comoros islands including Mayotte produce 80.4 percent of the world production of ylang-ylang. Madagascar accounts for the remainder. The Comoros should have therefore been in a strong position to regulate the prices on the market, had the world demand for ylang-ylang not been receding over the years. Prices have remained constant over the last three years, but have declined in real terms. The third category of ylang-ylang, used in cheap cosmetic products, faces a severe competition from both synthetic products and cananga oil. Stocks have been accumulating and in 1979 the Government had to destroy a large part of the flower harvested to prevent a further decline in price. To reduce the stocks the Government tried to link the purchase of ylang-ylang to vanilla sale contracts. This attempt has been relatively successful and quantities exported in 1979 regained the 1976 level. But this success was only temporary. The volume exported in 1980 declined considerably as stocks accumulated in importers' warehouses and world demand became even more sluggish. In 1980 the third category was practically not exported.

3. World demand for vanilla has been growing regularly over the years and has only been affected moderately by the competition of synthetic substitutes. The Federal Islamic Republic of the Comoros has only a small share of the world market for vanilla (7 percent) and its export performance depends to a large extent on that of major producers in satisfying world demand. As the price of vanilla was declining in the earlier part of the 1970s owing to a glut on the world market, Madagascar froze producer prices in an effort to reduce production. The measure proved to be effective as Madagascar's production declined from 1,300 tons in 1975 to 380 tons in 1978. Malagasy authorities continued this freeze far too long. Production could not meet world demand in 1979 and prices skyrocketed well above the level agreed between producing and importing countries under the 18th Vanilla Program.

4. The Comoros were thus in a position to increase the volume of vanilla exports from 117 tons in 1978 to 180 tons in 1979. They nearly tripled their current export value by selling their stocks at a time of rising world prices. In 1980, while still well above the 1976-78 level, vanilla prices declined with a recovery of Madagascar's production and the introduction of new trade practices in the Common Market reduced the demand for natural vanilla to the benefit of substitute synthetic products. The Government did not accept the price decline and withheld vanilla in an effort to impose its prices and it was not until the end of 1980 that it relaxed this policy. As a result the value of vanilla exports fell dramatically in 1980.

5. Comoros has only a small share in the clove market, Madagascar and Zanzibar supplying the bulk of the world export market. The demand for cloves mainly comes from Indonesia, which is both a major consumer and a large producer; Comoros production capacity is marginal and its exports have to adjust to world prices. Clove production has a four to five year cycle; when

both Madagascar and Zanzibar are at the low ebb of their cycle, demand for Comorian cloves increases. Comoros clove exports then fell from their unprecedented high level of 880 tons in 1976 to what seemed to be their normal level of about 300 tons and remained there until 1980 when they regained their 1976 level. The 1980 price increase affected and nearly tripled the value of clove exports from 1979 to 1980.

6. Copra is Comoros' other main export commodity, Madagascar being the biggest importer; and the prospects for copra exports depend on this country's demand and the relationship between the two countries. Exports in 1980 are estimated to be about half their level of 1979. Insufficient port facilities restrain the Comoros from exporting in bulk and competing on the international market. Any large vessel must anchor offshore and be loaded or unloaded using dhows, thus being immobilized for an extensive period of time and at a very high cost. As a result the Comoros export copra in bags and only in limited quantities.

COMOROS - Public Finance

1. The public sector in the Comoros is relatively moderate in size (14 percent of GDP), but plays an important role in the allocation of resources among activities and the channelling of investments. In terms of national accounting framework the public sector currently accounts for 38 percent of total gross domestic expenditures, and 69 percent of investment expenditures. The sector's contribution to gross domestic savings is negative. This dis-saving of the public sector, however, has been at the benefit of the private sector which has accumulated a relatively important amount of domestic savings (13 percent of GDP).

Structure of Public Operation

2. The public sector consists of the Federal Government, the Governments of the three islands and a number of public enterprises. The Islands' Governments have had independent budgets since 1979. According to the Constitution, the yields of the direct taxes and the turnover tax are earmarked to the budget of the Island where they are collected. The legislature of each Island determines the basis of such taxes, their rate, and collection procedures. The revenues from indirect taxes are divided between the Federal Government and the Islands governments. The Islands, altogether, get 40 percent of the proceeds which is distributed among them in proportion to their population. External budgetary resources are received by the Federal Government which can allocate them to islands. The Constitution does not provide, however, any criteria for such an allocation. The budgets of the Islands do not need to be approved by the Federal Assembly unless they are loss balanced.

3. Government expenditures and receipts are recorded on a cash basis by the Federal Treasury which acts as the cashier for government operations. Moreover, the Treasury is engaged in banking activities for the public sector and transacts a series of financial operations which partly finance the deficit of government cash operations. Most public and semi-public entities such as commodity stabilization funds, Social Security Fund, Road Fund, Chamber of Commerce and Postal Services maintain accounts with the Treasury.

The Fiscal System

4. The Government levies a number of taxes and duties on external trade; their proceeds amount to 15 percent of the value of exports and to about 23 percent of the value of imports. The basic tariff structure was inherited from the colonial government and was designed to provide public revenues rather than effective protection. The importers pay two types of taxes: (i) customs duties whose rate may be up to 15 percent ad valorem; and (ii) import consumption tax whose rate usually ranges between 5 and 53 percent but is higher for revenue items such as luxury goods (53 to 130 percent), tobacco (250 percent) and alcohol (200 to 300 percent). Merchandise grants and capital goods for development projects approved by the Ministry of Finance

are exempt from import taxes. 1/ Export tax rates are between 3.2 and 20 percent 2/ to which is added a lump-sum levy for the price stabilization of major exports.

5. The direct and other taxes which are under the jurisdiction of the islands include:

(i) The tax on miscellaneous profits: (Impots sur les Benefices Divers--IBD). IBD covers all sources of income except salaries. Its rate is 40 percent for individuals and 50 percent for enterprises. There is a minimum applicable to enterprises which show a loss at the end of the year or have not filed a tax report. This minimum is either CF 500,000 or CF 625,000 depending on the type of activity or 2 percent of domestic sales, if the companies are registered abroad. The total number of taxpayers covered by IBD is 1200. Due to different administrative practices, the number of taxpayers for IBD vary incommensurably with economic activities among islands: the number of taxpayers is higher on Anjouan (583) - where the level of business activity is lower - than on Grande Comore (517). Besides, on Grande Comore, the failure of the enterprises to submit an annual tax report is followed by an "automatic tax relief". Sixty percent of enterprises, including the majority of parastatals, do not report to the tax authorities, and thus pay the taxable minimum. Some major enterprises such as SNH (petroleum importing company) and SOCOVIA (meat importing company) do not even appear on the tax assessment lists. Besides, the taxable base under the IBD is often undervalued. Based on national accounts data the mission's estimate of the potential personal and corporate taxes is CF 7300 million, as compared to actual receipts of CF 400 million.

(ii) The general income tax: (Impot General sur le Revenu, IGR). IGR is paid by individuals whose yearly income exceeds CF 100,000, regardless of the source of their income. Until end 1979, the IGR was assessed in accordance with a single progressive schedule, including a tax allowance to take into account family status and number of dependents. In 1980, a change was introduced at the demand of the islands. Actually, the IGR comprises a fixed schedule and a progressive schedule by brackets. The change involves a reduction of the maximum rate from 53 percent (for incomes above CFAF 3 million) to 35 percent. This new legislation makes administration more difficult and reduces tax yields. The tax base of IGR could be considerably broadened. The number of income earners actually taxed under the IGR is less than 6,000 while wage earners (excluding agricultural workers) are estimated at 12,000. 4,700 government employees and only 2,500 wage earners from the private sector are subject to withholding at the source. However, in some cases, the workers' tax contribution is withheld by the employer but not turned over to the Treasury. Moreover, most public enterprises do not even submit personnel rosters or payroll lists to the tax services.

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1/ Pending the application of the Investment Code which has been promulgated in late 1980.

2/ The rates for major export products are: 10.2 percent for copra, 20 percent for vanilla, 15 percent for clove and 11.6 percent for perfume essence.

(iii) The turnover tax (Taxe sur le Chiffre d'Affaire, TCA). TCA is due at each stage of production and sales at a rate of 3 percent. Retail fuel distributors, exported goods and commodities considered essential such as rice, sugar, flour, meat, salt, and cement are exempted from TCA. The base of TCA is also underestimated in terms of both volume and value. The number of taxpayers liable for payment of TCA is less than the number of taxpayers for business licence tax or even for IBD. Based on national accounts data, the mission's estimate of the basic taxable amount is CF 20.2 billion, as compared to the actually taxed base of CF 1.4 billion.

(iv) The business license tax (patente business license tax) is due by individuals or legal entities engaged in industry, commerce or any other professional activity. Depending upon the nature of the activity, its amount ranges between CF 8000 and CF 100,000;

(v) Real Estate Taxes. Apart from the land tax, the taxes provided by the law in this category, such as the tax on rented property and the tax on "urban" property, have not been enforced. The land tax rate ranges between CF 500 and CF 2,000 per hectare and is designed to discourage owners from allowing cultivable land to remain idle. The administration of land tax varies among islands: on Anjouan and Moheli, it is collected on properties of two hectares or more while, on Grande Comore, it is levied on properties of over one hectare. Very few properties are taxed and their total area is estimated at 21 percent of total cultivable land. It would, therefore, seem advisable to proceed with a survey of taxable lands, as soon as possible.

(vi) Motor vehicle taxes range between CF 4,000 and CF 20,000, depending on the age and power of the vehicle. But as most vehicles are not even registered, this tax is hardly collected.

#### Organization of Tax Administration

6. The federal tax administration includes a Directorate General of Customs which is in charge of indirect taxes on external trade, the Federal Registration Fee, Stamp and Government Property Department and the Treasury which is in charge of collection. There is a Director of Tax in the Ministry of Finance, whose function is to harmonize the various tax systems. A direct tax administration in each island was set up in 1979, officials being assigned mainly on the basis of their geographical origin. Moheli received only one qualified official. The director of taxes in Grande Comore was not appointed until late 1979.

#### Recent Revenue Trends

7. The tax burden is relatively modest and was estimated to be 11 percent of GDP in 1979. <sup>1/</sup> Due to lack of consistent time series data, it is

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<sup>1/</sup> Based on taxable capacity equations derived for African countries by IMF (International Comparisons of Taxation for Selected Developing Countries 1972-1976, IMF Staff Paper, March 1979), the tax burden for a country at Comoros' level of development would be 14 percent.

impossible to estimate any tax elasticity. The major source of revenue is indirect tax, the most important being the import tax. Eighty to eighty nine percent of domestic public revenues are derived from indirect taxes while direct taxes contribute only about 6 percent. Non-tax revenues are as limited as direct taxes and consist mainly of real estate revenues and receipts from postal services.

Table 1: Consolidated Budget

	<u>Domestic Revenues</u>							
	<u>(in million CF)</u>							
	<u>1979</u>		<u>1979</u>		<u>1980</u>		<u>1980</u>	
	Budget	%	Budget	%	Budget	%	Actual for 9 months	%
Indirect Taxes (from trade)	<u>1584.7</u>	(68)	<u>2253.8</u>	(88)	<u>1945.3</u>	(71)	<u>1476.2</u>	(78)
of which								
Import Taxes	1251.4		1612.2		1536.8		1357.9	
Export Taxes	333.3		641.6		408.5		118.3	
Other Indirect Taxes	<u>394.0</u>	(17)	<u>83.2</u>	(3)	<u>399.6</u>	(15)	<u>147.2</u>	(8)
of which								
Business License Tax	77.0		38.2		77.0		45.4	
TCA	199.0		13.4		138.4		23.6	
Direct Taxes	<u>136.0</u>	(6)	<u>96.8</u>	(8)	<u>158.7</u>	(6)	<u>100.9</u>	(5)
of which								
IBD	79.5		57.0		90.5		69.4	
IGR	56.3		21.8		68.2		31.5	
Other	--		18.0		--		--	
Non-tax Revenues	<u>205.9</u>	(9)	<u>129.4</u>	(5)	<u>242.4</u>	(9)	<u>178.4</u>	(9)
TOTAL	<u>2320.8</u>	(100)	<u>2563.2</u>	(100)	<u>2746.0</u>	(100)	<u>1902.7</u>	(100)

Source: Comorian Authorities

8. The heavy reliance on indirect taxation is partly due to the low level of taxable domestic production and the small proportion of wage earners in total employment. But it mainly results from the low recovery rate of direct tax revenues which, in turn, reflects the relative inefficiency and lack of competence of the fiscal administration in the islands governments. In 1979, actual direct tax receipts amounted to 71 percent of the budgeted estimates. The recovery rate was 72 percent for IBD, 39 percent for IGR, 50 percent for business license tax and 7 percent for turnover tax. Moreover, taxes on real estate and motor vehicles were not collected at all in 1979.

Pattern of Government Expenditures

Current Expenditures

9. Before Independence, the French metropolitan budget financed three fourths of public expenditures. The French budgetary aid to the country has not been matched by any other foreign resource since Independence. Therefore, public expenditures had to be considerably reduced. In 1979, total Government outlays, in current terms, only reached their 1974 level. Nevertheless, in addition to budgetary outlays, a considerable amount of current public expenditures such as salaries of technical assistants and scholarships are, still, being directly financed by external aid.

Table 2: Current Government Expenditures  
(in million CF)

	<u>1979</u> <u>Budget</u>	<u>1979</u> <u>Actual</u>	<u>1980</u> <u>Budget</u>
Wages & salaries of which	<u>1814.8</u>	<u>1674.5</u>	<u>2679.9</u>
Federal Government	<u>762.2</u>	<u>717.0</u>	<u>1220.4</u>
Islands	1052.6	957.5	1459.5
Goods & Services of which	<u>1320.8</u>	<u>1308.5</u>	<u>2178.8</u>
Federal Government	<u>890.4</u>	<u>994.5</u>	<u>1099.2</u>
Islands	430.4	314.0	1079.6
Transfers & subsidies of which	<u>335.3</u>	<u>189.9</u>	<u>351.4</u>
Federal Government	<u>335.3</u>	<u>187.3</u>	<u>290.2</u>
Islands	--	2.6	61.2
Public debt of which	<u>73.2</u>	<u>34.1</u>	<u>80.0</u>
Federal Government	<u>73.2</u>	<u>34.1</u>	<u>80.0</u>
Islands	--	--	--
Unclassified of which	<u>88.9</u>	<u>453.6</u>	<u>124.7</u>
Federal Government	<u>48.4</u>	<u>453.6</u>	<u>57.3</u>
Islands	40.5	--	67.4
Total of which	<u>3633.0</u>	<u>3660.6</u>	<u>5414.1</u>
Federal Government	<u>2109.5</u>	<u>2386.5</u>	<u>2747.1</u>
Islands	1523.5	1274.1	2667.7

Source: Comorian Authorities.

10. The post-Independence trend of the increasingly lower proportion of wages and salaries in current expenditures (21 percent in 1977) 1/ has been reversed and the wage bill currently represents 46 to 50 percent of current expenditures. The share in the islands' budget is much higher (75 percent) than in the federal budget. This high rate is due in part to the existence of wage-intensive expenditures, such as education and health, in the budgets of the islands. But it also reflects the need for a more adequate balance between wages and goods for an effective supply of public services, and is symptomatic of an overstaffing in the Island Governments at the expense of the provision of basic goods: schools without reading and writing materials, hospitals lacking medicines, blood supply etc. Transfers and subsidies represent 5 percent of current expenditures and consist mainly of scholarships rather than transfers to public enterprises 2/.

Table 3: CONSOLIDATED CURRENT GOVERNMENT EXPENDITURE BY FUNCTION

	(CFA million)				
	<u>1979</u> <u>Budget</u>	<u>1979</u> <u>Actual</u>	<u>1980</u> <u>Budget</u>	<u>1980</u> <u>Actual</u> (for 9 months)	<u>1981</u> <u>Budget</u> (excluding Monéll)
Administrative and Other Services	890.8 (25%)	786.7 (21%)	991.7 (18%)	563.6 (20%)	1030.8 (17%)
Finance	503.7 (14%)	335.8 (9%)	598.7 (11%)	256.4 (9%)	537.4 (8%)
Foreign Affairs	88.7 (2%)	50.3 (1%)	167.7 (3%)	51.9 (2%)	169.2 (3%)
Public Works	304.6 (8%)	275.9 (8%)	611.0 (11%)	251.6 (9%)	545.1 (9%)
Agriculture & Industry	39.5 (2%)	50.3 (1%)	88.7 (2%)	49.7 (2%)	93.0 (2%)
Defense	386.8 (11%)	359.5 (10%)	708.4 (13%)	339.8 (12%)	658.2 (11%)
Transport & Tourism	118.4 (3%)	118.5 (3%)	156.9 (3%)	94.6 (3%)	426.8 (7%)
Health & Education	1222.6 (34%)	1063.4 (29%)	1898.5 (35%)	958.6 (35%)	2349.1 (37%)
Unclassified	78.3 (2%)	620.2 (17%)	193.2 (4%)	195.2 (7%)	433.9 (7%)
Total	<u>3633.4</u>	<u>3660.6</u>	<u>5414.8</u>	<u>2761.4</u>	<u>6244.3</u>

Source: Comorian Authorities

1/ Refer to Economic Report, 1979.

2/ As will be seen in section on Parastatals, subsidies to public enterprises take rather the form of unpaid tax debts.

11. Outlays on health and education account for about 29 percent of current expenditures. This relatively high share does not, however, reflect a basic need oriented policy, given the rudimentary state of social services and the high nutritional deficiency prevalent in the country. In fact, it results from some misallocation of resources within the social sector itself: until recently, the educational system favored a high-cost system of secondary education with free boarding facilities. Besides, it provides scholarships abroad for most secondary school leavers. The abolition of boarding in secondary schools in 1981 has not resulted in overall budgetary savings since it was partly replaced by scholarships and the potentially available resources were directed to other types of expenditures. In fact, the 1981 budgets of Grande Comore and Anjouan provide for a 120 percent increase in social outlays over their 1979 actual expenditures (See Tables F and G). The low share of expenditures (2 percent) allocated to productive sectors reflects, mainly, the rudimentary state of agricultural services and reliance on the private sector for manufacturing.

#### Capital Expenditures

12. The bulk of capital expenditures is being directly financed by foreign donors. Capital expenditures budgeted by the Federal Government have been relatively modest, representing 19 percent of total public investment outlays. They consist mainly of buildings, minor public works and local contributions to aid financed development projects. These budgeted investment expenditures are also financed by external sources, since the country is unable to generate domestic revenues to finance capital expenditures. The main sources are the French aid, the Stabex and the counterpart funds generated from EEC and Chinese merchandise grants. As external finance was concessionary and budgetary aid available, the Government did not refuse any project proposed by foreign assistance, even if the total requirements for local counterpart funds exceeded the domestic resources available.

Table 4: SECTORAL DISTRIBUTION OF CAPITAL EXPENDITURES  
(in million CF)

	1979		1980	
	<u>Actual</u>	%	<u>(Provisional)</u> <u>Estimates</u>	%
Agriculture	164.0	5	455.8	8
Industry	42.4	1	169.6	3
Tourism	-		-	
Transport	2449.0	76	4247.6	70
Telecommunication	21.2	1	42.4	1
Energy & water supply	21.2	1	84.8	1
Health	127.2	4	190.8	3
Education	79.0	2	173.9	3
Miscellaneous	317.5	10	691.7	11
Total	<u>3221.5</u>	100	<u>6056.1</u>	<u>100</u>

Source: Mission estimates and the 1979, 1980 Budgets

13. The largest share of investments, in the past two years, went to infrastructure, mainly roads (over 70 percent). Agriculture was relatively neglected, receiving only 5 to 8 percent of public investments.

Parastatals

14. There are six parastatals in the Comoros: 1. The Electricity and Water Company (Electricite et Eaux des Comores, EEC); 2. National Printing Office (Imprimerie Nationale); 3. Petroleum Importing and Marketing Organization (Societe des Hydrocarbures, SNH); 4. Air Comores; 5. CREDICOM, a financial institution for term-lending; and 6. National Bank of Comoros. Besides, the existing four hotels are publicly-owned but privately-managed. The Government has shares in three major companies SOCOVIA (meat imports), STICOM (telecommunications) and BAMBAO (commerce, agriculture, industry).

15. Public enterprises suffer from an inadequate organizational structure and a lack of managerial skills. Their institutional framework is undefined and legal statutes do not exist for most of them. They are run by a general manager appointed by, and responsible to, the Government. They do not have a board of directors, which results in a lack of internal control of management. Besides, it is almost impossible to determine the amount and the structure of their equity capital. Up-to-date financial accounts are sparse and unreliable. It is difficult, therefore, to assess the financial implications of their operations and their impact on public finances. The available information indicates the existence of a complicated network of unpaid debts within the public sector. An example of this network revolves around the SNH. As the electricity tariff has been kept below cost for "social" considerations 1/ and only 30 percent of the consumers pay their electricity bills 2/, the EEC has been unable to pay the fuel supplied by SNH. Besides EEC and other parastatals, the State itself is very slow in settling its debts to SNH. In 1980, SNH's accounts receivable from consumers amounted to CF 810.7 million, i.e. 68 percent of the company's total assets. To avoid deterioration of its financial situation, the response of SNH has been, in turn, to withhold tax payments to the Government. Similarly the Government owed Air Comores CF 105.3 million in 1979, and Air Comores' tax debt to the Governments amounted to CF 39.9 million. These payment arrears incurred by public enterprises and the State, not only introduce a major element of instability in public finances but also causes lack of confidence in public institutions. Moreover, the nonpayment of the taxes (such as TCA, and business license tax) may distort the relative prices of goods and services. For instance, the price of fuel oil includes the TCA whereas the tariff of electricity does not.

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1/ One can wonder why electricity is considered to be a "basic good" since it is mostly consumed in the relatively affluent parts of the islands.

2/ In 1979, the State owed CFAF 105.3 million to EEC and individual consumers CFAF 91.4 million.

Overall Fiscal Performance

16. The third Government which came to power in 1978 inherited an extremely tight financial situation and an inextricable disorder in public accounts. The payment obligations overdue by the previous Government to foreign and domestic suppliers and to civil servants amounted to CF 4.3 billion (or 119 percent of 1979 current expenditures). In order to lessen the burden of this enormous debt, the Government depleted the reserves of special funds deposited with the Treasury. These funds were the agriculture commodity stabilization funds, Road Fund (Kuwait) and Social Security Fund. The budget deficit was financed by drawing down the Treasury deposits with the Institut d'Emission and borrowing from the same institution up to the statutory ceiling. The new Government, in 1978, undertook the difficult task of rehabilitating basic institutions, restructuring the fiscal administration and reestablishing regular budgetary procedures. Although the Government has been successful in bringing more order in fiscal affairs, the overall fiscal performance remains poor and there is still quite some room for improvement.

17. The records of Government operations for 1978 include the last six months of the year and are incomplete. The 1978 accounts closed with a deficit of about CF 2.2 billion. The 1979 consolidated budget provided for an expenditure of CF 4.7 billion, i.e. a 50 percent reduction as compared to the pre-Independence level of public expenditures.

Table 5: Fiscal Development 1979-1980  
In million CF

	<u>1979</u>	<u>1980</u> (for 9 months) Estimates
Domestic Revenues	2563.2	1902.1
Current Expenditures of which	<u>5307.7</u>	<u>4576.4</u>
Budgetary Current Expenditures	3660.7	2761.4
Current Expenditure Financed by External Resources of which	1647.0	1815.0
Technical Assistance	1011.0	1011.8
Merchandise	567.0	705.0
Fellowships	69.0	98.0
Budgetary Current Deficit	1097.5	859.3
Capital Expenditures of which	<u>2989.2</u>	<u>4542.0</u>
Budgetary Expenditures	571.5	544.6
Non-budgetized Expenditures	2417.7	3997.4
Overall Deficit	<u>-5733.7</u>	<u>-7216.3</u>
Financing	5733.7	7216.3
External Financing	5761.0	6967.2
Grants	3838.3	4059.8
Loans	1922.7	2907.5
Domestic Financing	-27.3	249.1
Borrowing from the Bank	149.7	386.4
Special Treasury Accounts	139.9	-117.7
Borrowing from the Public	331.3	28.0
Change in Government Liabilities	-648.2	-47.6

Source: 1979, 1980 budget, Treasury Accounts and mission estimates.

18. In 1979, the Government's current deficit amounted to CF 1.1 billion. Domestic revenues financed 70 percent of budgetary current expenditures (an unusually high ratio for the Comoros 1/), owing it to the buoyancy of external trade taxes. In addition to current expenditures incurred by the Government a considerable amount of expenditures (up to 50 percent of budgetary current outlays) was financed by external assistance. The overall deficit (including technical assistance and total public investment outlays) amounted to CF 6.0 billion. The financing of this deficit came mainly from external sources (97 percent) of which 67 percent were grants and 33 percent loans. As for domestic financing, the Treasury, acting as administrative financial intermediary, utilized the deposits under its management, i.e. the reserves of the stabilization funds of agriculture commodities. It also used the deposits of individuals and postal services. While it is current practice for treasuries to use funds deposited with them, too heavy drawings, as being done by the Comoros' Treasury, involves a certain risk. The unstable nature of these resources and the need to use part of them as a contingency fund to offset unfavorable export price movements may confront the Treasury with a liquidity problem. Borrowing from the banking system consisted of drawing from the Treasury deposits at the IEC (CF 149.7 million). The surplus that was generated by the overall Treasury operations was used to reduce Government's previous debts (CF 648.2 million).

19. The provisional nine-month actuals for 1980 reveal a drastic increase (52 percent) in capital expenditures, as compared to 1979, financed by an equally important increase in external borrowing. For the domestic financing of the overall deficit, the Treasury made extensive use of its deposits at the IEC (CF 386.4 million) and partially replenished the reserves of the stabilization funds (CF 112.2 million).

#### Main Issues and Recommendations

20. The disorganization of fiscal administration, underqualified staffing, lack of hierarchical authority and insufficient technical assistance are at the roots of the prevailing fiscal disorder in the Comoros. The tax system is administered sporadically, sometimes with apparent lack of concern for legal requirements. Tax laws are modified by fiat, and tax exemptions accorded without any clear financial or economic rationale. Many commercial enterprises (including SOCOVIA, the major meat importing company) have stopped paying taxes in anticipation of the application of the promulgation of a new Investment Code currently under preparation. The Investment Code will bring some clarity and order to tax-exemptions but the Government should be selective in granting the benefits of the Code and exclude purely commercial activities which are already flourishing. 2/ An all-inclusive application of the Code may result in a sharp decline in already low tax revenues.

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1/ Rf. previous economic report.

2/ The Code does not make a clear distinction between purely commercial activities and productive ones.

21. The prospects for public revenues are difficult to assess because of the heavy reliance of government revenues on external trade. Export tax receipts are likely to decline in view of the bleak market situation and price prospects for major export crops. As regards import taxes, and in the absence of changes in tax structure and rates, their future proceeds are dependent on the magnitude of imports, which is, in turn determined by the availability of external cash aid. The Comoros can maintain its level of imports, only if foreign resources continue to flow into the country. But should this external aid decrease, so would the so-called "domestic resources". Nevertheless, the Comoros can increase its tax proceeds from external trade by higher rates on luxury goods. The 1980 budget provision for a decrease in the rates of the import consumption taxes on mineral waters and passenger cars (commodities consumed, only by the most affluent portion of the population) appears to have been a change in the wrong direction.

22. As to non-tax and direct-tax revenues, there is considerable scope for increasing their proceeds through a more efficient fiscal administration and a more accurate assessment of the contributive base (see paras. 4 and 5). This is, however, a time consuming process which requires institution building, staff training, and most importantly a firm determination on the part of the island Governors to enforce better tax collection. It is also necessary to introduce more realistic budgeting procedures, particularly with respect to the revenue estimates of the islands. Revenue estimates in the 1979 budget were proven to be, by far, too optimistic; however, a similar optimism characterized the budgets of 1980 and 1981, although no measures were taken to improve the situation. The Governorates' overestimation of local revenues and the future contribution of French budgetary aid is done deliberately as a way of presenting a balanced budget to avoid the control of the Federal Government. As there is no provision in the Federal Budget for financing the deficits of the Governorates, these deficits are met by the cash resources held at the Treasury. This tendency towards unrealistic expenditure and revenue forecasting deprives the islands' budgets of their usefulness as an instrument of resource allocation and reduces them merely to negotiating documents for a larger appropriation of resources from the Federal Government.

23. The fiscal autonomy of the islands is a constitutional right and, in the present legal setting, cannot be altered by legislation. The island governments, however, need considerable technical assistance in their fiscal administration. The Federal Government has taken an important step in this direction with the establishment of a Central Tax Administration (CTA) which would: (i) determine the basis for indirect taxes, (ii) prepare the fiscal regulations with respect to indirect taxes, and (iii) assist the Governorates in designing the fiscal legislation pertaining to direct taxes and their enforcement. The CTA, with the technical assistance of the IMF, is expected to establish a more adequate relationship in budgeting between the Federal Government and the Islands, and bring about improved realism in budget estimates. The effectiveness of CTA in promoting its objectives will, to a great extent, depend on the Governorates' cooperation.

24. The satisfaction of basic needs implies an expansion first and foremost in activities which are likely to increase current expenditures and are not usually amenable to self-financing such as education, health care, family planning, and promotion of adequate nutrition. In addition, the development of the agricultural sector requires the promotion of wage-intensive activities such as agricultural extension services. Current expenditures in the Comoros are not yet at an excessively high level, and it may be difficult to reduce them. There is, however, some scope for increasing the efficiency of current public spending through a better allocation of financial resources among economic and social sectors and between manpower and materials within the same sector. Greater expenditures on productive sectors, such as agriculture, may be advisable. Within the social sectors, more emphasis should probably be placed on the provision of basic goods and services such as teaching materials, textbooks, minor repairs, and medicine for hospitals. Finally, the islands should be led to exercise some fiscal restraints in their spending practices and allow expenditures to be made only when they are funded.

25. Technical assistance which is being abundantly supplied to the Comoros may have important recurrent as well as capital cost implications, although their magnitude is difficult to quantify. The Government has to provide technical assistance with housing, offices, working materials, and a Comorian counterpart to work with. In some cases, it has also to contribute toward their salaries. Therefore, the Government should not consider technical assistance as a free service and should be more selective in its choice.

26. As for decisions concerning the allocation of public resources between investment and current expenditures (to the extent that funds are fungible), the relative gain in productivity from new investments must be weighed against the benefit obtained from increased recurrent expenditures for existing projects. In fact, economic returns on recurrent expenditures such as those arising from maintenance activities can be much higher than those on fixed investment for the Comorian economy.

27. To avoid waste of resources, it is essential to improve the performance of the parastatal sector by: (i) defining the legal framework within which public enterprises are to operate, (ii) strengthening their accounting services which should provide better financial data, (iii) instituting a system of financial control without hampering their autonomy; (iv) clearing of interlocking debts within the public sector; and (v) establishing sound pricing policies, making explicit the use of subsidies - if justified - rather than allowing, unofficially, public enterprises to accumulate tax arrears.

Table A. Federal Government Current Expenditures  
(in million CF)

	1979 Budget	1979 Actual	1980 Budget	1980 Actual for 10 months	1981 Budget
Federal Assembly	127.3	127.2	142.3	103.0	173.1
Supreme Court	5.3	4.5	18.7	12.4	25.9
Office of the President	189.4	180.0	166.2	120.9	190.6
Office of the Prime Minister	211.1	218.3	179.8	107.6	33.3
Ministry of Justice, Transport & Commerce	118.0	118.5	156.5	94.6	426.8 <sup>1/</sup>
Ministry of Defense	386.8	359.5	708.4	339.8	658.2
Ministry of Foreign Affairs	88.7	50.3	167.7	51.9	169.2
Ministry of Planning	428.7	278.7	379.4	146.0	372.8
Ministry of Agriculture & Industry	25.9	38.2	43.5	29.5	48.7
Ministry of Public Works	176.9	166.3	218.0	131.9	115.5
Ministry in charge of Civil Service Administration	34.5	27.9	58.2	25.0	189.9
Ministry of Social Services	266.6	210.7	465.5	208.6	485.4
Miscellaneous Expenditures	50.3	151.8	26.8	42.3	48.9
Unclassified	--	453.6	--	--	--
<u>Grand Total</u>	<u>2109.5</u>	<u>2385.5</u>	<u>2747.1</u>	<u>1413.5</u>	<u>2938.3</u>

<sup>1/</sup> Includes the expenditures of two different ministries (Transport and Justice) separated in 1981.

Source: Comorian Authorities

Table B. Current Expenditures of Grande Comore  
(in million CF)

	1979 Budget	1979 Actual	1980 Budget	1980 Actual for 9 months	1981 Budget
Administrative Council	9.7	4.4	20.8	10.7	23.4
Office of the Governor	73.0	49.4	71.6	41.5	93.2
Department of Finance	42.1	28.7	115.4	49.7	164.6
Department of Interior	64.9	33.2	128.3	49.0	152.2
Department of Economic Development	92.0	73.9	156.4	51.2	168.5
Department of Social Services	596.3	511.5	819.0	436.2	1120.6
Miscellaneous Expenditures	29.8	28.1	48.2	43.9	81.7
Payment Obligations from Previous Fiscal Years	--	--	0.5	--	2.0
<u>Total</u>	<u>907.8</u>	<u>729.2</u>	<u>1360.2</u>	<u>682.2</u>	<u>1806.2</u>

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Source: Comorian authorities

Table C. Current Expenditures of Anjouan  
(in million CF)

	1979 Budget	1979 Actual	1980 Budget	1980 Actual for 9 mths	1981 Budget
Administrative Council	7.9	6.7	17.8	7.6	18.0
Office of the Governor	37.4	34.5	107.6	39.0	116.8
Department of Finance & Public Works	35.7	10.4	234.9	37.5	261.1
Department of Economy & Labour	25.3	17.2	15.9	4.2	14.4
Department of Production	13.6	13.3	43.1	19.2	45.1
Department of Social Affairs	358.9	340.5	563.3	292.7	743.1
Miscellaneous Expenditures	0.1	66.3	12.3	46.0	33.7
Social Security Payments	--	--	39.8	4.0	68.0
Payment obligations from previous years	--	--	--	42.0	--
<u>Total</u>	<u>478.9</u>	<u>488.9</u>	<u>1034.5</u>	<u>492.2</u>	<u>1300.2</u>

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Source: Comorian authorities

Table D. Current Expenditures of Mohéli

(in million CF)

	1979 Budget	1979 Actual	1980 Budget	1980 Actual for 7 months
Administrative Council	2.6	1.6	10.8	5.8
Office of the Governor	34.8	29.5	47.7	35.4
Administrative Services	67.6	52.3	52.2	33.5
Department of Finance	32.9	28.9	103.0	59.7
Department of Social Services	0.8	0.7	50.7	7.2
Other	--	--	6.4	7.0
Total	138.7	112.6	270.8	148.6

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Source: Comorian Authorities

Table E. Federal Government Revenues  
(in million CF)

	1979 Budget	1979 Actual	1980 Budget	1980 Actual for 10 months	1981 Budget
Customs Duty on Imports	324.0	113.3	108.0	92.1	111.0
Import Tax	366.4	804.0	702.0	729.0	840.0
Customs Clearance Fee	54.0	44.7	81.0	65.6	84.0
Customs Duty on Exports	177.0	359.1	210.0	73.2	247.2
Other Customs Related Taxes & Fees	24.4	11.5	24.3	9.3	7.9
Receipts Due from Previous Fiscal Years	1.2	17.5	--	--	--
<u>Total</u>	<u>947.0</u>	<u>1350.1</u>	<u>1125.3</u>	<u>969.0</u>	<u>1290.1</u>
Registration Fees & Stamp Taxes	50.0	37.0	48.6	32.2	64.2
Other Fees and Taxes	15.3	0.2	2.5	0.1	--
Revenues from Public Property	6.5	9.9	7.0	13.9	16.2
Receipts from Post & Telecommunication & Civil Aviation	159.3	110.0	180.9	157.3	252.7
Fines	20.0	1.2	15.0	1.1	15.0
<u>Total Domestic Resources</u>	<u>1198.1</u>	<u>1508.4</u>	<u>1379.3</u>	<u>1173.7</u>	<u>1638.2</u>
External Resources <sup>2/</sup>	910.6	434.5	1367.9	827.3	1500.0
Unclassified Receipts	--	18.9	--	--	--
<u>Grand Total</u>	<u>2108.7</u>	<u>1961.8</u>	<u>2747.2</u>	<u>2001.0</u>	<u>3138.2</u>

<sup>1/</sup> Represents 60 percent of projected or actual revenues, the remaining 40 percent being earmarked for Governorates

<sup>2/</sup> French budgetary aid

Source: Comorian Authorities

Table F. Revenues of Grande Comore  
(in million CF)

	1979 Budget	1979 Actual	1980 Budget	1980 Actual for 9 months	1981
IBD	65.0	57.0	75.0	46.0	75.0
IGR	50.0	14.9	47.0	18.0	47.0
Business License Tax	55.0	26.5	55.0	28.0	55.0
TCA	150.0	12.8	105.0	12.8	105.0
Taxes Due from Previous Fiscal Years	--	--	60.0	7.7	150.0
Real Estate Tax	5.7	--	7.4	0.6	7.0
Entertainment Tax	4.0	0.1	6.0	0.1	6.0
Transportation Tax	22.0	--	22.0	5.1	22.0
Revenues from Public Property	1.0	--	1.0	0.1	6.3
Revenue from Public Services	6.9	4.3	18.3	3.6	22.5
Fines	3.0	0.2	3.0	0.3	11.0
<u>Local Revenues</u>	<u>362.6</u>	<u>116.0</u>	<u>399.7</u>	<u>122.3</u>	<u>511.8</u>
Indirect Taxes <sup>1/</sup>	330.3	462.6	420.0	287.2	450.0
External Resources affected to the Island	--	--	--	--	500.0
Subsidy from the Federal Government	215.0	120.4	537.5	186.3	344.3
Other	--	--	3.0	0.7	--
<u>Grand Total</u>	<u>907.8</u>	<u>699.0</u>	<u>1360.2</u>	<u>596.0</u>	<u>1806.1</u>

<sup>1/</sup> Forty percent of indirect taxes collected by the Federal Government

Source: Comorian Authorities

Table G. Revenues of Anjouan  
(in million CF)

	1979 Budget	1979 Actual	1980 Budget	1980 Actual for 9 months	1981 Budget
IBD	13.0	2.3	14.0	23.4	14.0
IGR	6.0	6.0	20.0	13.4	20.0
Business License Tax	20.0	10.5	20.0	17.1	20.0
TCA	45.0	0.3	30.0	10.8	30.0
Taxes Due from Previous Fiscal Years	--	5.4	15.0	28.0	--
Real Estate Tax	4.9	--	5.3	--	5.4
Entertainment Tax	2.0	0.2	3.0	0.8	3.0
Transportation Tax	11.0	--	10.0	3.1	10.0
Revenues from Public Property	0.6	--	1.1	0.2	1.1
Revenues from Public Services	6.6	1.5	6.3	0.8	6.3
Fines	1.5	0.3	6.0	0.6	6.0
<u>Local Revenues</u>	<u>110.6</u>	<u>26.5</u>	<u>130.7</u>	<u>98.2</u>	<u>115.8</u>
Indirect Taxes	243.7	337.2	300.0	212.4	400.0
Subsidy from the Federal Government	119.6	88.8	596.9	137.5	662.4
Other	--	1.0	21.9	0.7	21.9
<u>Grand Total</u>	<u>473.8</u>	<u>453.4</u>	<u>1034.5</u>	<u>448.8</u>	<u>1,200.1</u>

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Source: Comorian Authorities

Table H. Revenues of Mohéli

(in million CF)

	1979 Budget	1979 Actual	1980 Budget	1980 Actual for 7 months
IBD	1.5	0.5	1.5	--
IGR	0.8	0.9	1.2	0.1
Business License Tax	2.0	1.2	2.0	0.3
TCA	4.0	0.3	3.4	--
Taxes due from Previous Fiscal Years	--	--	2.0	--
Real Estate Tax	0.7	0.3	1.5	--
Entertainment Tax	0.9	0.1	0.3	--
Transportation Tax	1.3	--	1.0	--
Revenues from Public Property	0.2	0.1	1.0	0.2
Revenues for Public <u>S</u> ervices	0.1	0.5	2.4	0.4
Fines	0.2	0.2	0.4	--
<u>Local Revenues</u>	<u>11.7</u>	<u>4.1</u>	<u>16.7</u>	<u>1.0</u>
Indirect Taxes	63.8	88.2	100.0	7.6
Subsidy from the Federal Government	50.0	23.2	153.7	35.9
<u>Grand Total</u>	<u>125.5</u>	<u>115.5</u>	<u>270.4</u>	<u>44.5</u>

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Source: Comorian Authorities

Through 1979/80, Project activities have been limited to the Island of Grande Comore, but should be extended in 1981 to Moheli and Anjouan.

4. Assistance to Rural Development Program

The main purpose of the project is to assist the Government in the expansion of agricultural services through the creation of a Federal Center for Assistance to Rural Development (CEFADER) in Grande Comore and in the establishment in the three islands of four Centers for Rural Development (CADER). The principal functions of the centers will be to inform and train small cultivators, and provide them with seeds and other inputs.

Major components of the project include: (i) training of extension services staff, (ii) physical implementation of centers (housing, equipment, vehicles); (iii) technical assistance, and, (iv) operating facilities (rolling funds, initial stocks of inputs).

The project is being executed with FAO assistance. An additional UNDP/FAO project entitled "Support to Rural Development" at a total cost of about \$1,100,000 is under consideration.

5. Small Livestock Project

The purpose of the project is to develop chicken and other small livestock production to increase the protein content of local diet and to substitute for costly chicken imports. Production of eggs would also be developed, as these are seldom available in Comoros. The target of the project would be to produce 300 tons of chicken and 4 million eggs per year. Precise components of the project are still under discussion.

Financing agency participation is the following: 4th EDF (\$0.4 million), UNICEF (\$0.2 million) and UNDP (\$1.7 million).

6. Rural Development Project for Nioumakele Peninsula

Soil degradation and erosion in the Nioumakele Peninsula are particularly serious due to the combination of poor soils, a dry micro-climate and heavy demographic pressure (population density greater than 350 inh./km<sup>2</sup>). The EDF is currently financing a two-year initial program in this area, which, assisted by two PNUD/FAO experts, is focussing on studies and pilot development efforts. This initial program is to be followed by a broader scale effort.

7. Small-holder Fishing Project

The purpose of the project is to develop small-scale fisheries in the island in order to increase the protein content of the local diet. The project would provide funds for the creation of small motorized fleets, the

purchase and distribution to fishermen of improved fishing gear, the installation of marine landing, refrigeration and cold storage facilities, the acquisition of vehicles, training of technical fishery personnel and the dissemination of improved fishing methods.

Sector: TRANSPORTATION

8. Kuwait Highway Project I

Completion of several highways started before Independence:

Grande Comore: Mitsamiouli - M<sup>ˆ</sup>Beni - Bahani (49.7 km)

Foumbami-Bandamadji (11.1 km)

Kimbani Link (6.2 km)

Anjouan: Sima-Pamani (22 km)

Moheli: Sambia-Nicumachana (14.5 km)

The Project was started in 1975 with FIDES financing (\$2.9 million). Project is now completed.

9. Kuwait Highway Project II

Construction of the POMONI - MOYA road (5.7 km) on Anjouan and supply of road maintenance equipment.

10. Saudi Fund Highway Projects

Construction of highways on Grande Comore and Moheli.

Grande Comore: Bandamadji - Itsikoudi (25 km)

Panda - Nioumadzana (17.8 km)

Moheli: Fomboni - Hoani - Miringoni (26.7 km)

A Saudi Fund loan for \$14.3 million was signed in 1979. The Saudi Fund has agreed to loan the funds necessary to complete the project.

11. IDA - Highway Project I

The objectives are to assist the Government in meeting the most pressing needs for improving the country's road infrastructure and its related

administrative institutions. The project comprises: (i) road construction and supervision of 20.4 km in the Nioumakele Peninsula (Anjouan); (ii) road improvement and establishment and operation of a road improvement unit in Anjouan; (iii) road maintenance, comprising establishment and operation of a road improvement unit; (iv) improvement of workshops and procurement of workshop equipment and tools; (v) procurement of soils laboratory equipment; (vi) technical assistance (TA) and (vii) studies: detailed engineering of the Fomboni-Moani-Miringoni road (25km); and feasibility study of the Miringoni-Nioumachoua road (20km), both roads in Moheli.

The participation of co-financiers is as follows:

- (i) IDA Credit \$5.0 million: Road improvement, maintenance, studies, technical assistance (TA);
  - (ii) African Development Fund loan \$4.5 million: Construction Nioumakele road;
  - (iii) OPEC Fund loan \$1.0 million: Workshop and workshop tools, TA;
  - (iv) EEC Special Action Credit \$0.7 million: workshop and TA; and
  - (v) Comoros Government \$0.6 million: miscellaneous
12. Ouani Runway resurfacing and road studies

The project has two main components:

- (i) Resurfacing of the 1400m long - 25m wide Ouani runway (\$0.8 million);
  - (ii) Various road studies (\$0.2 million).
13. Improvement of Hahaya airport

The Hahaya runway needs to be strengthened owing to construction defects. Also the radio and meteorological telecommunications equipment have to be brought to acceptable standards.

Sector: TELECOMMUNICATIONS

14. Inter-island Telecommunications Project

Inter-island telecommunications now pass through radio and telegraph, but the quality is poor because the equipment is 40 years old and obsolete. The project consists of replacing this system by installing a VHF network for inter-island telecommunications.

Technical studies for \$0.4 million have been carried out with 4th EDF financing. Total investment cost would be \$8.0 million, including technical assistance and training.

A BADEA loan has been signed for \$1.6 million, while the 4th EDF is funding \$3.3 million. The remaining \$3.1 million is likely to be loaned by the Kuwait Fund. This need for additional financing is due to a higher than anticipated equipment cost.

Sector: EDUCATION

15. Education - AfDB

In 1979 a UNESCO education sector study identified various programs which should be implemented in the education sector. This project will enable the implementation of some of the proposed programs, namely the construction of 54 primary school classrooms, 15 practical subject workshops in lower secondary schools, a National Institute for Education, a project office, as well as related scholarships, training and technical assistance.

16. Strengthening of Education Sector

The purpose of the project is to assist the Government in: (i) administration and planning of the sector; (ii) creating the National Institute for Education; and, (iii) establishing an inventory of the education facilities and preparing a program of new construction and repairs.

Sector: POPULATION, HEALTH AND NUTRITION

17. Population Census

The project is designed to gather data on demography and socio-economic characteristics which are necessary for economic and social development planning. In particular it should help the Government cope with the population growth problem.

Results of the census are scheduled to be published in mid-1981.

18. Development of a Maternal and Child Health Family Planning Program

The project will assist the Government in developing a maternal and child health program, with family planning integrated in its basic health services. UNFPA provides funds for international experts, training, equipment, renovation of facilities, and contraceptives.

19. Rural Health Posts Rehabilitation

Forty-five rural health posts were closed in 1976 following Independence and the departure of the French medical assistants. The purpose of the project is to rehabilitate these and other health posts.

Financing is being provided by WHO (\$0.8 million) and UNICEF (\$0.2 million).

Sector: HOUSING

20. Habitat

The project has two main purposes:

- (i) the development of an urban planning strategy, the identification of methods and materials to reduce construction costs, and the design of houses sufficiently economical to be afforded by the lower-income groups; and,
- (ii) the construction of 12 houses for expatriate staff.

The construction program has not yet been approved by the interested parties.

Sector: TECHNICAL ASSISTANCE

21. Planning/Statistics, External Aid Administration

The purpose of these projects is to help the Government strengthen its capabilities in the areas of planning, statistical analysis and administration. UNDP commitments are as follows:

- (i) Reinforcing of the Central Statistical Services (\$0.8 million);
- (ii) External Aid Coordination (\$0.2 million);
- (iii) Administrative Services Reorganization (\$0.2 million);
- (iv) Development Planning (\$1.0 million).

IBRD is executing agency for the Development Planning Project.

Sector: OTHER

22. Rural Development Works/Road Construction/Institutional Feeding

"Food for Work" development activities comprises reforestation, soil conservation, crop improvement, cistern construction, classroom construction, urban drainage, road construction and maintenance, and institutional feeding in hospitals and schools. Food provided included about 4,000 tons of rice, vegetable oil, canned fish/dried fish, dried fruit/sugar, corn soya milk and maize.

Originally intended for both "Food for Work" and institutional feeding, WFP assistance was limited to institutional feeding in early 1977. In 1979, the new Government showed interest in remunerating various agricultural workers with food for work rations, and the program of assistance was extended to December 1980.

An additional \$0.7 million program for institutional feeding in Grande Comore was approved in 1978.

23. Chinese Suppliers Credit and Other Assistance

The purpose of the credit is to provide technical assistance, equipment, and miscellaneous merchandise. Seventy percent of the funds are for projects realization (water supply, agriculture...) and 30 percent for suppliers credits for ordinary merchandise, part of which is resold to the public.

Since the last change of Government, disbursements have been rather slow, and only for merchandises resold to the public.

24. Emergency Aid

The emergency aid program of the EEC approved in 1977 had as its main purpose the resettlement of the Majunga refugees. The emergency aid program approved in 1980 has as its main purpose the repair of damages resulting from the heavy rains of April/May 1980.

The emergency aid finances housing, hospitals, road repairs, and various equipment and merchandise (e.g. drugs). The radiological and sterilization equipment of the Moroni hospital has been financed under this program.

1977 commitment (\$2.6 million) and 1980 commitment (\$0.4 million).

FUTURE PROJECTS FOR EXTERNAL FINANCING

Purpose and Description

Sector - AGRICULTURE

1. Food Crop Production

In order to further reduce the food deficit and the rice imports, the project might develop the cultivation of vegetables and starchy tubers (such as pigeon peas and sweet potatoes), as well as the cultivation of irrigated rice in Moheli. It might also include a second phase maize project depending on the success of the first phase.

Eighteen percent of the 5th EDF program have been allocated to the agricultural sector.

2. Agricultural Credit

The purpose of the agricultural credit is to provide, through the CADER's, the funds permitting farmers to purchase small equipment and inputs (seeds, fertilizers), as well as to rent larger equipment.

An initial line of credit of \$0.25 million has been provided by the UN Capital Development Fund.

3. Diversification of Agricultural Exports

In order to diversify sources of export earnings, various cash crops could be developed in the islands for exportation.

Ideas to be considered include exports of lychees, avocados, mangoes, passion fruit or of canned juices extracted from them. Such a project would comprise production, processing, and marketing. In addition, suggestions have also been made for developing the export of fresh flowers.

4. Rural Development

The project could include the following objectives: (i) build on work begun under the EDF-financed maize project; (ii) promote other food crops such as taros, yams, cassava, sweet potatoes as well as fruits and fruit trees; (iii) finance field trials and testing of improved varieties; (iv) promote individual or family wood lot schemes and possibly plantation development as well as institutional support to the forestry service; and, (v) revive the two pilot cattle ranches begun prior to Independence in Grande Comore and Moheli.

5. Self-help Rural Development

The food supplied by the WFP would be partly distributed in lieu of wages to laborers engaged in various activities such as soil rehabilitation and conservation, improved seed production, reforestation of the mountainous areas, maintenance and construction of rural roads and tracks, as well as to training programs forming part of the project. A part of the cereals would be given to small farmers undertaking terracing and better land utilization practices on their farms as compensation for loss of production during the period and as incentive to undertake such activities.

The Project would extend from 1981 through 1984.

6. Agricultural tools and equipment

Provision of better agricultural hand tools and equipment to increase productivity.

A list of tools and equipment is given in Annex II of document A/34/361 of the United Nations General Assembly.

7. Agricultural Training Center

Within the general context of the UNDP-financed Rural Development Project, the creation of a training center within the ex-moudiriah of Maoueni would help to meet the training needs of extension services agents.

This project, proposed by the Ministry of Production, appears to overlap with the Agricultural Training school proposed by the Ministry of Education.

8. Semi-industrial Fisheries

In order to exploit zones that cannot be reached through artisanal fisheries, it would be necessary to purchase a small fishing boat, equipped for deep sea fishing (50 km radius), with refrigeration equipment. This project would complement rather than compete with the small-scale artisanal fisheries project financed by the African Development Fund.

Some experts have doubts about the feasibility of such a project which might better be implemented within the context of a regional fisheries project including Seychelles and Mauritius.

Sector - INDUSTRY

9. Small-scale Sugar Industry

Sugar is presently imported, although sugar cane was once cultivated in the Comoros. The project would consist of cultivating sugar cane and

processing it with small-scale sugar mills of the Indian type. Sugar consumption is estimated at 1200 tons per year and production of a similar quantity would reduce imports and provide new employment.

Feasibility studies and small-scale cultivation trials are required before implementing a full scale project. Approximate cost would be \$0.5 million.

10. Salt Production

Salt is presently imported in the Comoros. It appears feasible, however, to extract the salt from sea water. Potential sites for saline units have been identified on the three islands.

Three Comorians have been sent to Mauritius for training.

Sector - TRANSPORTATION

11. Secondary Road Construction

Road investments in recent years have focused on coastal ring roads. The Government wishes now to build the secondary and tertiary roads which will permit access to isolated villages and agriculture centers, in order to promote commercialization of agricultural products. The Government is considering the construction of about 250 km of roads as follows: 110 km in Grande Comore, 100 km in Anjouan and 40 km in Moheli.

Feasibility studies are urgently required to determine a construction program.

The Sima-Bongoueni road in Anjouan is under consideration for financing by the UN Capital Development Fund (\$0.8 million). Some road improvement will also be performed with WFP aid.

12. Road Maintenance

The project's objectives are:

- (i) to improve the condition of the existing road network in order to reduce transport costs and increase accessibility of isolated areas; and
- (ii) to strengthen the Government institutions responsible for road maintenance through technical assistance for training local staff in the planning, executing and monitoring of road maintenance and improvement;

- (iii) technical assistance to help the Government in the execution of the project and provide on-the-job training to local staff; and
- (iv) fellowships for overseas training for local staff.

13. Improvement of Ouani and Fomboni Airports

The Anjouan Airport, which averages 5,000 passengers/year, needs additional equipment. The Moheli Airport, which averages 2,500 passengers/year, is at present little more than a landing strip.

The project would consist of installing the minimum aerial navigation, aeronautical meteorology, fire-fighting, and rescue equipment to ensure safe operations. In addition the project would include the construction of a basic air terminal at Fomboni Airport for passenger handling and equipment storage facilities.

The financing of a feasibility study is of high priority.

14. Extension of Runway and Completion of Hahaya Airport

(1) The airport runway (2,800 m) needs to be enlarged, if air cargo is going to be expanded.

(2) The airport has never been completed. Additional buildings need to be built for passenger and freight handling and supplementary equipment installed (aeronautical meteorology, aerial navigation, fire-fighting, and rescue equipment).

France has agreed to finance the extension of the airport runway and various additional equipment.

15. Purchase of a second airplane

The Comoros are very dependent on air transport both for inter-island traffic and for communications with the mainland. Air Comoros' fleet consists of only one Fokker 27. Moreover, that airplane has a passenger capacity greater than 70 percent, so that air freight is limited to several hundred kilograms.

The purchase of a second Fokker 27 would help remedy this situation.

The cost of \$6.0 million does not include provision for spare parts and training of crew and maintenance team.

16. Purchase of a vessel for inter-island traffic

International maritime transportation is provided by the SNMC, a state corporation, which owns three small and old vessels gauging less than 400 tons. Service is rather costly and irregular. SNMC also leases a larger vessel, the Bilinga (1,500 tons), which needs repairs. In order to ensure a regular liaison between islands facilitating exchange of goods and communications, a second-hand 200 ton vessel would be necessary. This will be particularly important when the port of Mutsamudu will be able to receive the large vessels sailing through the Indian Ocean. The goods will have to be regularly transbordered to the secondary ports of Grande Comore and Moheli.

A cost estimate figure of \$0.5 million is very approximate. A feasibility study would be first required to confirm the attractiveness of this purchase. Also, the management of the SNMC would have to be improved as a prerequisite.

17. Extension of the Mutsamudu Port

The port of Mutsamudu has been selected as the main transshipment port for the Comoros. The present length of the jetty (170m X 8m) allows berthing of one vessel gauging less than 5,000 tons, or two smaller ships and various dhows. Larger vessels must anchor for loading and unloading.

The project would consist of extending the jetty by 120 meters, thus enabling large vessels (1,200 - 1,600 ton ships commonly in use in the Indian Ocean) to berth alongside. It would also include dredging and port installations necessary for larger vessels.

The realization of this project is tied to the improvement of the Moheli and Grande Comore Port Projects. BADEA has allocated \$8 million for the project.

18. Improvement of Moroni and Fomboni Ports

The improvement of port facilities in Grande Comore and Moheli is necessary to facilitate transshipment to and from these islands, particularly when Mutsamudu will become the international harbor for the whole archipelago. The Moroni Port can presently accommodate only small coasters of 300-400 tons, while the Fomboni "port" is nothing more than a beach.

Handling facilities are very limited, so that total cost of embarking and disembarking goods is very high.

The Moroni Port works would include completion of an anchoring berth, construction of a wave-breaker and dredging of an access channel along with handling and storage facilities at a cost roughly estimated at \$10.0 million. In Fomboni, a new jetty and an embankment would be constructed with added cargo handling capacity; the costs have been assessed at approximately \$10.0 million.

Feasibility studies will be financed under the 5th EDF program. (50 percent of the 5th EDF program, roughly \$10.0 million). The French CCCE is considering financing the handling facilities of the Moroni Port for \$1.2 million.

Sector - TELECOMMUNICATIONS

19. Moroni Exchange Extension

The Moroni automatic exchange has a capacity of 800 lines. However, the lines are saturated and there are at least 300 requests for connection.

The project would permit an increase in capacity to 1,000 lines, while waiting for the installation of a new 2,000 line automatic exchange.

20. Creation of Automatic Exchanges

The purpose of the project is to create a modern telephone network linking the most populated areas of the islands.

The project would include automatic exchanges and telephone equipment.

Replacing the Mutsumudu manual exchange by an automatic one would cost about \$1.2 million.

Sector - ENERGY

21. Rehabilitation of Electricity Distribution Network

The transmission and distribution network of Grande Comore and Anjouan need to be rehabilitated to reduce losses. Moreover, 90 percent of the outages are transmission distribution outages.

The project would consist of stabilizing the voltage in Grande Comore at 20 kV and installing new transformers. The Anjouan thermoplant would also be rehabilitated.

22. Extension of the Voidjou Power Plant

An additional 1,600 KW thermal unit would be installed in the Voidjou power plant to meet the short-term increase in power demand.

23. Renewable Energy Development

Three types of projects to reduce the petroleum energy dependence of the Comoros have been identified:

- (i) Development of hydroelectric potential in Anjouan and Moheli: a site has been identified in each island and feasibility studies are being performed with AfDB financing; the Anjouan power plant would ultimately have an installed capacity of 4,500 KW, and the Moheli plant 275 KW;
- (ii) Development of geothermal energy potential in Grande Comore. Preliminary investigations have been performed in November 1980 with UNDP financing; the next step would include a detail geological and geophysical investigation;
- (iii) Extraction of combustible gas from coconut shells. A similar project is under study in Seychelles.

Solar and wind energy possibilities could also be investigated.

24. Completion of the Fomboni Thermal Power Plant

Electric power in Moheli is now supplied by isolated generators. Four years ago West Germany financed the purchase of 2 x 120 kw and 1 x 240 kw thermoelectric units. However, these units have not yet been installed.

The project provides for the completion of the civil engineering works and the installation of the units.

25. Strategic Reserve of Petroleum Fuel

The Comoros Islands are far from any major oil-producing areas and have limited port facilities. Six-month fuel reserves are needed to overcome shortages of supplies. The existing storage capacity is in very poor condition. The project includes the rehabilitation of tanks, and the installation of new ones for storing reserves, and the rehabilitation of safety devices.

A semi-public corporation "Comores Hydrocarbures" has financed the purchase of the material which is now on the site. External financing is needed to assemble and install that material. A request has been made to the Islamic Development Bank. Consideration has also been given to the purchase of a 2,000 ton oil tanker that would transport petroleum products from the Persian Gulf countries.

Sector - WATER SUPPLY

26. Improvement of Mutsamudu and Fomboni Water Supply

The water supply systems in Mutsamudu and Fomboni are inadequate and certainly insufficient to meet the growing demand. In particular, water is not treated in Mutsamudu, and the destruction of the Djarimadonia dam diminished the water supply in Fomboni.

Feasibility studies should be financed as a priority.

Sector - EDUCATION

27. Primary Education in Rural Areas

The present primary education system does not train children to perform early practical agricultural and artisanal activities. The project would consist of creating school gardens in 19 pilot primary schools and providing teacher training. Government will provide FC 280 million paid in kind.

An experimental program for eight primary schools started in the academic year 1979/80 with FAC and UNICEF financing.

28. Construction of Practical Subject Workshops in Lower Secondary Schools

Technical and agricultural education is provided in a too theoretical way within the existing 45 lower secondary schools (colleges ruraux). The project would include: (i) Reorganizing the existing 45 schools into 25 schools; (ii) establishing practical subject workshops in 12 schools; (iii) teacher training.

The AfDB education loan includes the construction of practical subjects workshops in 13 schools. This project would permit the extension of the AfDB education program.

29. Construction of an Agricultural Training School

Agricultural training in the education system is virtually inexistent in a country which is 80 percent rural. The school would train about 20 to 30 extension agents per year.

This project, proposed by the Ministry of Education, appears to overlap with the Agricultural Training Center project proposed by the Ministry of Production.

30. Creation of a Vocational Training School

The present secondary education system provides for three years of technical education in various subjects within the lycee system. However, the curriculum is not well adapted to the training needs for skilled workers or high level employees. A specialized school in technical trades would provide a more adequate vocational training.

31. Primary School classrooms construction and equipment

Primary education schoolrooms are insufficient to meet needs of the growing population. Most schools consist of one room mud and thatch structures and they function on a double- and sometimes triple-shift system. The project would provide for the construction, furniture and teaching mechanical for 300 schoolrooms. The Government would give the land and local workers would be paid in kind through the World Food Program.

A first phase providing for the construction of 54 classrooms is included in the ongoing AfDB Education Project.

32. IDA - Education Project

The project would be complementary to the activities of various aid agencies in the education sector, through the improvement and relevance of the education system. It could include the following components: (i) primary education: construction of a primary teacher training college (120 places); in-service primary teacher training textbooks; (ii) training and manpower development: health training school; training in accountancy and agriculture and pre-investment studies.

Sector - POPULATION, HEALTH AND NUTRITION

33. Family Planning

Present birth rate is estimated at 4.5 percent. Land pressure is particularly heavy in Anjouan (Nioumakele area) and the population will increase further with the implementation of a malaria eradication program (see below). The project would assist the Government in developing a family planning policy adapted to each island.

The UNFPA ongoing project has also a family planning component.

34. Malaria Eradication Campaign

Within the context of health improvement, the Government is considering implementation of a malaria eradication program. This program would include the furnishing of chloroquine, the creation of a specialized center and the improvement, sanitization of water reservoirs in Grande Comore, Anjouan, and Moheli, and a wider use of insecticides.

The program would run for five years.

WHO has agreed to allocate \$0.4 million of its ordinary budget 1981/82 to that program.

35. Hospital Rehabilitation

The Moroni and Mutsamudu hospitals are in poor condition. Although foreign assistance (EDF, France, Switzerland and Canada) has provided various equipment, these hospitals need to be equipped with better health services and additional medical facilities.

Sector - HOUSING

36. Urban Project

The project would include various components such as (i) purchase of waste disposal trucks (8) and garbage containers (60), (ii) preparation of land and provision of utilities for construction of 300 pilot low budget houses, and (iii) aerial surveys to issue new land use maps.

Sector - TOURISM

37. Hotel Rehabilitation and extension

Existing hotel facilities (71 rooms in Grande Comore and 16 rooms in Anjouan) need rehabilitation if the Government wishes to attract more tourists. In addition, the project would provide for 36 additional rooms in existing hotels and the creation of a 10-room hotel unit in Moheli which would also serve as a training school for hotel staff.

Caisse Centrale is considering financing part of the project. Other proposals for larger investments, including the construction of a 100-room business hotel in Moroni, and the construction of a "Village de Vacances", are being considered by the Government.

Sector - OTHER

38. Creation of a Development Bank

Creation of a Development Bank to promote small-scale artisanal activities, industrial developments, tourism, etc.

A feasibility study has been completed with an EIB loan. IDA is appraising the project. Potential participants include the French CCCE, the Institut d'Emission des Comores, the Banque Commerciale des Comores and possibly IFC.

ECONOMIC ACCOUNTS FOR 1979  
AND  
AGGREGATES USED IN THE  
NATIONAL ACCOUNTS AT CURRENT AND AT  
CONSTANT PRICES  
1979 - 1980

Introduction

1. The mission gathered as many statistical, economic, and financial data as possible to prepare the 1979 national accounts for the Comoros and estimates of the aggregates for 1976-80. However, basic data in a number of sectors could not be obtained. Except for agricultural exports, there are practically no data on production in the craft and service sectors. There are no price surveys from which to derive price indices. There are no data either on household budget or on consumption surveys data. Thus, the mission had to make a number of very rough estimates in several fields.

2. Since the national accounts published by INSEE in 1968, no official accounts have been prepared. The mission therefore undertook:

- (i) to prepare national accounts for 1979, comprising the following principal accounts and tables:
  - consolidated national accounts;
  - GDP by branch of economic activity;
  - sources and uses of resources by branch of economic activity;
  - disposable income sources and uses;
  - accounts of the institutional sectors (enterprises, households, public administrations, rest of the world).  
(Tables II.1.1 through II.1.5)
- (ii) to estimate national accounts aggregates for the years 1976-80, in order to obtain basic data for analyzing the trends in the economy. These relate to the "Origin and Uses of Resources" at constant 1979 prices, GDP by branch of activity, and resource availability, uses and savings at current prices and at constant 1979 prices. (Tables II.2.1 through II.2.5)

3. Whenever possible, the mission has drawn up detailed tables for 1979 and summary tables showing the economic indicators for 1976-80 (Tables II.3.1 - II.3.9). These include, inter alia:

- agricultural production in volume and at constant 1979 prices for the year 1976-79;
- estimated marketed and non-marketed value of agricultural production in 1979;
- imports (value) and exports (quantity and value), 1976-80;
- receipts and expenditures of the public administrations for 1979 by branch of economic activity and by agency;
- external aid in 1979, by donor country and by type of aid;
- a methodological note on analysis and interpretation of Treasury Accounts, 1979 (not included here); and
- sectoral price indices, 1976-80, used to deflate the aggregates in the national accounts.

#### Economic Accounts for 1979

4. Based on the information obtained on agricultural production, foreign trade, public enterprises, balance sheets and various administrative documents (federal budget, Treasury Accounts, various reports on foreign aid), the accounts have been prepared by using a production concept. These are integrated in the tables entitled "Supply and Disposition of Commodities, and "GDP by Branch of Economic Activity, (branch accounts).

5. For the major groups of products defined in the International Standard Industrial Classification (ISIC), the mission has evaluated: (i) the supply of various commodities (local production, imports, and the marketing margins to which they give rise); (ii) their disposition by analyzing the flow of commodities (intermediate consumption, final consumption, investment and exports). Final consumption is a residual. A consistency check has been made for a few products, with the survey "Household Consumption in the Comoros and Food Production in the Archipelago", carried out in 1966. Our estimates take account of on-farm consumption. Other components of non-marketed production are found in the branches of construction and public works (traditional construction) and real estate (assumed rent for owner occupied houses).

6. Intermediate consumption of various branches has been estimated by analyzing production and imports of goods and services as well as public enterprises' balance sheets. With respect to the construction and public works branch, for lack of information we have adopted the intermediate consumption coefficients relating to Djibouti public works enterprises. These enterprises (which are in any case the same) operate in similar conditions, and have to import nearly all the raw materials and equipment needed for road construction.

7. The value added in the branch during the year has been obtained by subtracting intermediate consumption from production. Compensation of employees has been estimated by using average wage rates and number of employees. Most indirect taxes - duties and taxes on domestic and foreign trade, business and professional licenses - are assigned to the "Commerce" branch. The operating subsidy represents transfers from the Ylang-Ylang Stabilization Fund to the producers by way of compensating them for destroyed plantations. Gross operating income is calculated as the difference between value added and employee compensation plus net indirect taxes, and in principle includes part of depreciation, which is difficult to estimate.

8. The accounts of the institutional sectors, summarized in the table "Disposable Income Sources and Uses", are based on the detailed analysis of receipts and outlays of all administrative units, the breakdown of the balance of payments published by the Research Department of IEC (the monetary authority), and the branch accounts mentioned above. Thus the operations recorded in the household account are estimated indirectly as a residual. They represent the resources not utilized by the enterprises, the government and the rest of the world. The drawback of this method is that any errors in the accounts of the other institutional sectors are reflected in the household account.

#### National Accounts Aggregates

9. Two methods of estimation have been used:

- (i) GDP by branch of activity has been estimated at constant prices by sector, by using a sectoral growth rate based on physical or quantum indicators. This provides an estimate of total GDP at constant 1979 prices. Current price estimates are estimated by using the sectoral price indices.
- (ii) Resource availability, uses and savings have been calculated by estimating consumption of public administration, imports and exports of goods and services, and capital formation. They have been evaluated at current prices, by using current expenditures of the Federal Government, imports and exports of goods and services, capital expenditures by the Federal Government and capital transfers from abroad. Private consumption is thus estimated as a residual. Estimates at constant 1979 prices have been obtained by deflating each type of expenditure by the relevant price deflator.

10. Since 1976, there have been no official price indices and individual prices are no longer collected. But the study of the cost-of-living index and import price index for the years prior to 1976 shows that there is a close link between increases in the cost-of-living and increases in import prices. On the basis of this historical relationship, price indices have been estimated for several sectors to determine national accounts aggregates.

Conclusions

11. Given the direct or indirect "global evaluations" and the many guess estimates on which these accounts were based, the reader should not be misled by the apparent plentitude of the numbers. The entire system must balance but it does not mean that individual components are strictly accurate. These estimates are very rough and should be interrupted and quoted with due caution.

13. Future improvements in national accounts, which are fundamental instruments of economic management, will depend on the determination of the Comorian leaders to effect such improvement. The experts on national accounts can only furnish an accounting framework to be adapted to the economic structure. It is the national authorities who are responsible for the quality of the accounts, collecting relevant statistics and commissioning the necessary studies and surveys.

Table 1.1 CONSOLIDATED NATIONAL ACCOUNTS, 1979  
(CF millions)

Account 1 - Gross domestic product and expenditures

Gross Domestic Product		Expenditures on the Gross Domestic Product	
Compensation of employees	5,185.9	Government final consumption	4,392.2
Gross operating surplus	13,689.4	Private final consumption	14,538.7
Indirect taxes	2,716.4	Changes in stocks	691.0
Less: operating subsidies	205.8	Gross fixed capital formation	4,591.2
		Exports of goods and services	4,222.4
		Less: imports of goods and services	7,049.6
TOTAL	21,385.9	TOTAL	21,385.9

Account 3 - Disposable national income and its appropriations

Appropriation of Disposable Income		Disposable Income	
Government final consumption	4,392.2	Compensation of employees	5,185.9
Private final consumption	14,538.7	Remuneration of employees from the rest of the world	290.0
Gross savings	2,564.7	Gross operating surplus	13,689.4
		Property and entrepreneurial income from the rest of the world (net)	-2,023.3
		Indirect taxes	2,716.4
		Less: operating subsidies	205.8
		Other current transfers from rest of world (net)	1,841.0
TOTAL	21,495.6	TOTAL	21,495.6

(cont.)

Table 1.1 (cont.) CONSOLIDATED NATIONAL ACCOUNTS, 1979  
(CF millions)

ANNEX IV

Account 5 -- Capital and Financing

Gross Accumulation		Financing of Gross Accumulation	
Changes in stocks	691.0	Gross savings	2,564.7
Gross fixed capital formation	4,591.2	Transfers of capital received from the rest of the world (net)	3,227.5
Net acquisition of financial assets	510.0		
<b>TOTAL</b>	<b>5,792.2</b>	<b>TOTAL</b>	<b>5,792.2</b>

Account 6 -- All Accounts: Operations with the Rest of the World

		<u>Current Operations</u>	
Current Receipts		Disposal of Current Receipts	
Exports of goods and services	4,222.4	Imports of goods and services	7,049.6
Compensation of employees from rest of the world	290.0	Property and entrepreneurial income paid to rest of the world	2,021.3
Other current transfers from rest of world	2,875.5	Other current transfers to rest of world	1,034.5
		Balance on current transactions with rest of world	2,717.5
<b>TOTAL</b>	<b>7,197.7</b>	<b>TOTAL</b>	<b>7,197.7</b>

		<u>Capital Operations</u>	
Receipts		Disbursements	
Balance on current transactions with rest of world	-2,717.5	Changes in credit balances with rest of world	510.0
Capital transfers received from rest of the world, net	3,227.5		
<b>TOTAL</b>	<b>510.0</b>	<b>TOTAL</b>	<b>510.0</b>

Table 1.2 - GROSS DOMESTIC PRODUCT BY TYPE OF ECONOMIC ACTIVITY, 1979

(CF millions)

Type of Economic Activity	Gross output (Producers values) (1)	Inter- mediate consumption (2)	GDP at (Producers values) (3)	Compen- sation of employees (4)	Indirect taxes less subsidy (5)	Gross operating surplus (6)
1. Farming, stockraising, fishing, forestry	9,382.7	391.4	8,991.3	110.0	-181.7	9,063.0
2. Manufacturing and handicrafts	1,894.0	861.0	1,033.0	204.5	4.5	824.0
- food and beverages industries	425.0	241.0	184.0	27.5	1.6	154.9
- textiles	425.0	241.0	184.0	27.5	1.6	154.9
- wood and paper	564.0	263.0	301.0	13.0	-	288.0
- chemicals	420.0	216.0	204.0	96.0	-	108.0
- mechanical and electrical	100.0	56.0	44.0	18.0	1.4	24.6
- miscellaneous handicrafts	150.0	34.0	116.0	13.0	-	103.0
3. Electricity, water, gas	244.6	154.9	89.7	30.3	1.5	57.9
4. Construction and public works	3,531.2	1,793.3	1,738.1	594.0	3.0	1,141.1
5. Trade <sup>1/</sup> , hotels, bars, restaurants	7,196.5	1,828.1	5,368.4	608.1	2,668.1	2,092.2
- trade <sup>1/</sup>	6,702.8	1,434.0	5,268.8	549.8	2,661.9	2,057.1
- hotels, bars, restaurants	493.7	394.1	99.6	58.3	6.2	35.1
6. Transportation	929.2	596.2	333.0	398.0	5.8	- 70.8
7. Banks, insurance, real-estate business, services rendered to enterprises	1,162.8	239.8	923.0	131.7	8.3	783.0
8. Administrations	4,537.9	1,469.0	3,068.9	3,068.9	-	-
9. Other services	320.0	153.0	167.0	40.4	1.1	125.5
10. Allocated banking production	-	326.5	- 326.5	-	-	-326.5
<u>TOTAL</u>	<u>29,198.9</u>	<u>7,813.0</u>	<u>21,385.9</u>	<u>5,185.9</u>	<u>2,510.6</u>	<u>13,689.4</u>

<sup>1/</sup> Includes import duties and taxes

Table 1.3 - SUPPLY AND DISPOSITIONS OF COMMODITIES, 1979  
(CF millions)

PRODUCTS	Supply				TOTAL	Dispositions (Purchaser's values)							Exports	
	Production Producer's values	Imports c.i.f.	Trade Production	Margin Imports		Consumption	Investment			TOTAL	Change in Stock			
					Inter- mediate	Final	Adminis- tration	Enter- prises	Adminis- tration			House- hold		
1. Agricultural products	9382.7	--	2342.0	--	1,724.7	991.9	7009.0	--	--	--	--	--	35.7	3688.1
2. Manufactured goods and handicrafts	1894.0	6506.0	131.0	4229.8	2,760.8	4917.5	5991.1	--	567.4	629.5	--	1196.9	655.3	--
- Food, beverages, tobacco	425.0	2357.6	15.0	1321.2	4128.8	400.1	3628.7	--	--	--	--	--	100.0	--
- Textiles	564.0	534.7	--	256.6	1355.3	435.2	749.1	--	--	--	--	--	171.0	--
- Chemicals	100.0	125.4	20.0	61.4	306.8	89.8	217.0	--	--	--	--	--	--	--
- Wood and paper	420.0	--	86.0	--	506.0	15.0	358.0	--	78.0	55.0	--	133.0	--	--
- Mineral	--	145.4	--	104.7	250.1	250.1	--	--	--	--	--	--	--	--
- Petroleum products	--	385.4	--	824.8	1210.2	943.0	200.4	--	--	--	--	--	66.8	--
- Mechanical & electrical equipment	235.0	1584.4	--	823.9	2643.3	1183.1	208.3	--	489.4	574.5	--	1063.9	188.0	--
- Miscellaneous	150.0	1373.1	--	837.2	2360.3	1601.2	629.6	--	--	--	--	--	129.5	--
3. Power, gas, water	244.6	--	--	--	244.6	139.1	105.5	--	--	--	--	--	--	--
4. Construction	3531.2	--	--	--	3531.2	136.9	--	--	363.3	2522.7	508.5	3394.3	--	--
5. Hotels and restaurants	493.7	--	--	--	493.7	175.0	89.0	--	--	--	--	--	--	229.7
6. Transports	929.2	368.6	--	--	1297.8	665.3	355.4	--	--	--	--	--	--	277.1
7. Banking, insurance, real estate, services rendered to enterprises	1162.8	175.0	--	--	1337.8	559.6	750.7	--	--	--	--	--	--	27.5
8. Public administration	4537.9	--	--	--	4537.9	145.7	--	4392.2	--	--	--	--	--	--
9. Other services	320.0	--	--	--	320.0	82.0	238.0	--	--	--	--	--	--	--
TOTAL	<u>22,496.1</u>	<u>7049.6</u>	<u>2473.0</u>	<u>4229.8</u>	<u>26,248.5</u>	<u>7813.0</u>	<u>14,538.7</u>	<u>4392.2</u>	<u>930.5</u>	<u>3152.2</u>	<u>508.5</u>	<u>4591.2</u>	<u>691.0</u>	<u>4222.4</u>





Table 2.4. GDP BY BRANCH OF ECONOMIC ACTIVITY, 1976-80  
(at constant 1979 prices, in CF millions)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Farming Stockraising, fishing					
Farming, stockraising, fishing, forestry	8,047.0	8,955.3	8,299.0	8,991.3	9,345.3
Manufacturing	984.1	1,017.7	1,006.6	1,033.0	1,074.3
Electricity, gas, water	70.0	80.0	88.0	89.7	92.9
Construction and public works	1,337.7	1,543.0	1,579.1	1,738.1	2,061.1
Trade <sup>1/</sup> , hotels, bars, restaurants	4,753.4	4,877.2	4,790.3	5,368.4	5,293.5
Transport and communications	303.5	313.0	319.5	333.0	340.7
Banks, insurance, real estate business, services rendered to enterprises	518.9	536.4	564.6	596.5	618.1
Public administration	2,049.4	1,455.0	2,505.9	3,068.9	3,304.9
Other services	154.9	164.9	166.3	167.0	174.1
GDP at market price	18,218.9	18,942.5	19,519.3	21,385.9	22,304.9
Net indirect taxes	1,791.4	2,010.6	2,191.0	2,510.6	1,912.5
GDP at factor cost	16,427.5	16,391.9	17,328.9	18,875.3	20,392.4
GNP	17,533.3	18,312.4	18,980.4	19,655.9	20,891.7

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<sup>1/</sup> Including import duties and taxes.

Table 2.5. EXPENDITURES ASSIGNED TO GROSS DOMESTIC PRODUCT, 1976-80  
(At constant 1979 prices; in CF millions)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Private final consumption	13,097.2	13,636.6	13,860.2	14,538.7	15,516.1
Public consumption	3,716.6	3,452.9	3,995.0	4,392.2	4,923.1
Gross fixed capital formation	3,675.7	3,987.4	4,005.7	4,591.2	5,618.2
Changes in stocks	-316.6	-533.7	149.0	691.0	2,267.1
Exports of goods and services	4,235.1	4,496.9	3,145.7	4,222.4	2,570.3
Imports of goods and services	6,189.1	6,097.6	5,636.3	7,049.6	8,589.9
GDP at market price	18,218.9	18,942.5	19,519.3	21,385.9	22,304.9

Table 3.1. PRINCIPAL AGRICULTURAL PRODUCTS (BRANCH I), 1979

Product	Quantity (tons)			Unit Price CFA/kg	Farmgate price 10 <sup>6</sup> CFA			Commercial margins 10 <sup>6</sup> CFA	Purchase price 10 <sup>6</sup> CFA
	Non-marketed	Marketed	TOTAL		Non-marketed	Marketed	TOTAL		
<u>Cereals</u>					<u>276.0</u>	<u>6.0</u>	<u>282.0</u>	<u>6.0</u>	<u>288.0</u>
Rice (paddy)	3,700		3,700	60	222.0	-	222.0	-	222.0
Maize	1,800	200	2,000	30	54.0	6.0	60.0	6.0	66.0
<u>Starches</u>					<u>932.5</u>	<u>402.5</u>	<u>1,335.0</u>	<u>243.5</u>	<u>1,578.5</u>
Cassava	17,500	7,500	25,000	40	700.0	300.0	1,000.0	186.5	1,186.5
Taro	1,050	450	1,500	50	52.5	22.5	75.0	9.0	84.0
Yams	1,400	600	2,000	25	35.0	15.0	50.0	9.0	59.0
Sweet potatoes	2,900	1,300	4,200	50	145.0	65.0	210.0	39.0	249.0
<u>Fruits</u>					<u>1,628.0</u>	<u>376.0</u>	<u>2,004.0</u>	<u>349.8</u>	<u>2,353.8</u>
Bananas	26,000	6,000	32,000	50	1,300.0	300.0	1,600.0	253.0	1,853.8
Coconut (thousands of units)	13,000	3,200	16,200	15	195.0	48.0	243.0	64.8	307.8
Other fruits	1,900	400	2,300	70	133.0	28.0	161.0	32.0	193.0
<u>Vegetables</u>					<u>308.0</u>	<u>75.0</u>	<u>383.0</u>	<u>39.0</u>	<u>422.0</u>
Pigeon peas	2,700	400	3,100	90	243.0	36.0	279.0	20.0	299.0
Mung beans	300	100	400	90	27.0	9.0	36.0	5.0	41.0
Tomatoes	200	200	400	70	14.0	14.0	28.0	6.0	34.0
Other vegetables	300	200	500	80	24.0	16.0	40.0	8.0	48.0

(Cont.)

Table 3.1 (Cont.) - PRINCIPAL AGRICULTURAL PRODUCTS (BRANCH I), 1979

Products	Quantity (tons)			Unit Price CFA/kg	Farmgate price 10 <sup>6</sup> CFA			Commercial margins	Purchase price
	Non- marketed	Marketed	TOTAL		Non- marketed	Marketed	TOTAL	10 <sup>6</sup> CFA	10 <sup>6</sup> CFA
<u>Export Products</u>					-	2,409.3	2,409.3	1,335.8	3,745.1
Vanilla	-	900.0	900.0	1,500	-	1,350.0	1,350.0	922.1	2,272.1
Essence of ylang-ylang	-	72.7	72.7	6,350	-	461.6	461.6	246.8	708.4
Other plant essences	-	2.4	2.4	10,220	-	24.5	24.5	10.3	34.8
Copra	-	2,750.0	2,750.0	60	-	165.0	165.0	89.2	254.2
Cloves	-	342.0	342.0	1,130	-	386.5	59.9	59.9	446.4
Cocoa	-	15.0	15.0	300	-	4.5	4.5	1.8	6.3
Coffee	-	16.0	15.0	400	-	6.4	6.4	2.7	9.7
Miscellaneous		433.0	433.0	25	-	10.8	10.8	8.0	13.8
<u>Meat &amp; Fish</u>					1,223.0	327.0	1,550.0	199.5	1,749.5
Beef	700	100.0	800.0	470	329.0	47.0	376.0	8.0	384.0
Other meat & poultry	240	55.0	290.0	600	144.0	30.0	174.0	5.0	179.0
Fish	3,000	1,000.0	4,000.0	250	750.0	250.0	1,000.0	186.5	1,186.5
<u>Miscellaneous</u>					41.5	7.5	49.0	4.0	53.0
Milk	250	50.0	300.0	70	17.5	3.5	21.0	2.0	30.0
Eggs (thousands of units)	600	100.0	700.0	40	24.0	4.0	28.0	2.0	30.0
<u>Forestry (wood in m<sup>3</sup>)</u>	571,000	114,200.0	685,200.0	2,000	1,142.0	228.4	1,370.4	164.4	1,534.8
<u>TOTAL</u>					5,551.0	3,831.7	9,382.7	2,342.0	11,724.7

Table 3.2. AGRICULTURAL PRODUCTION 1975-1979

(tons)

	1975	1976	1977	1978	1979
<u>Cereals</u>					
Rice (paddy)	3,281	3,375	3,484	3,661	3,700
Maize	1,316	1,353	1,469	1,545	1,800
<u>Starches</u>					
Cassava	20,853	31,455	23,261	24,466	25,000
Taro	1,168	1,207	1,303	1,368	1,500
Yams	1,418	1,459	1,582	1,662	2,000
Potatoes	3,003	3,090	3,350	3,523	4,200
<u>Fruits</u>					
Bananas	26,775	27,548	29,868	31,415	32,000
Coconuts (1000's of untis)	16,200	16,200	16,300	16,200	16,200
Other fruits	1,918	1,974	2,140	2,251	2,400
<u>Export products</u>					
Vanilla (green)	1,055	620	1,150	585	900
Essence of ylang-ylang	65	73.1	60	61.1	72.7
Other plant essences	2.5	2.2	2.1	2.2	2.4
Copra	1,417	2,323	1,317	2,601	2,750
Cloves	521	880	220	330	342
Cocoa	21	11	12	8	40
Coffee	61	32	18	23	16
<u>Meat and fish</u>					
Beef	770	770	1,100	800	800
Other meats	270	270	405	292	290
Fish	3,400	3,558	5,600	5,000	5,000
<u>Other</u>					
Milk	238	245	265	279	300
Eggs (1000's)	550	600	600	500	700
Wood (1000's of m <sup>3</sup> )	541	565	599	643	685

Table 3.3 THE PUBLIC ADMINISTRATIONS

1. Composition of Public Administrations

A. State Sector (SS)

1. Federal Budget (FB)
2. Islands Government budgets (GB)
3. Special Treasury accounts (STA)
  - Chamber of Commerce, Industry and Agriculture (A/c 41-11)
  - Roads Fund (A/c 32-02)
  - Copra Price Stabilization Fund (A/c 42-01)
  - Vanilla Price Stabilization Fund (A/c 42-02)
  - Rice Price Stabilization Fund (A/c 42-03)
  - Ylang-ylang Price Stabilization Fund (A/c 42-05)
  - Account for Liaison with General Treasury, Nantes (A/c 438-02)  
for the payment of pensions to war veterans and victims.
  - Retirement funds (A/c 71-53)

B. External Aid (EA)

1. Donations in kind
2. Technical assistance and development aid
3. Projects financed from external loans

Table 3.3 - THE PUBLIC ADMINISTRATION (CONT'D)

2. RECEIPTS OF THE PUBLIC ADMINISTRATIONS, 1979  
(CF millions)

NATURE OF THE RECEIPTS	FB	GB	STA	SS	EA	TOTAL
1. <u>Sales of goods and commercial services</u>	<u>110.1</u>	<u>7.5</u>	<u>28.1</u>	<u>145.7</u>	-	<u>145.7</u>
of which: posts, telegraphs, telephones	59.6	-	-	59.6	-	59.6
Operation of general stores	-	-	28.1	28.1	-	28.1
Others	50.5	7.5	-	58.0	-	58.0
2. <u>Income from property</u>	<u>9.8</u>	-	-	<u>9.8</u>	-	<u>9.8</u>
3. <u>Transfers</u>	<u>2,542.3</u>	<u>1,260.9</u>	<u>736.7</u>	<u>4,359.9</u>	<u>4,393.6</u>	<u>8,933.5</u>
1. <u>Indirect taxes</u>	<u>1,406.0</u>	<u>931.4</u>	<u>379.4</u>	<u>2,716.4</u>	-	<u>2,716.4</u>
- Import duties	976.5	635.7	-	1,612.2	-	1,612.4
- Export duties	373.6	243.2	24.8	641.6	-	641.6
- Levies	-	-	354.6	354.6	-	354.6
- Others	55.9	52.1	-	108.0	-	108.0
2. <u>Direct taxes of:</u>	-	<u>96.8</u>	-	<u>96.8</u>	-	<u>96.8</u>
- Enterprises	-	69.3	-	69.3	-	69.3
- Households	-	27.5	-	27.5	-	27.5
3. <u>Current transfers deriving from:</u>	<u>435.8</u>	<u>233.1</u>	<u>357.3</u>	<u>1,026.2</u>	<u>1,866.6</u>	<u>2,892.8</u>
- Households	1.3	0.7	15.3	17.3	-	17.3
- Fines, duties, legal fines (for delays, etc.)	1.3	0.7	-	2.0	-	2.0
- Contributions to retirement funds	-	-	15.3	15.3	-	15.3
- Exterior	434.5	232.4	342.0	1,008.9	1,866.6	2,875.5
4. <u>Capital transfers deriving from:</u>	<u>700.5</u>	-	-	<u>700.5</u>	<u>2,527.0</u>	<u>3,227.5</u>
- Exterior	700.5	-	-	700.5	604.5	1,304.8
- Loans	-	-	-	-	1,922.7	1,922.7
GRAND TOTAL	2,662.2	1,268.4		4,695.4	4,393.6	9,089.0

Table 3.3 - THE PUBLIC ADMINISTRATIONS (CONT'D)

3. EXPENDITURES OF PUBLIC ADMINISTRATIONS, 1979  
(CF millions)

NATURE OF EXPENDITURES	FB	GB	STA	SS	EA	TOTAL
1. <u>Expendits. on goods + services</u>	<u>2,683.2</u>	<u>1,327.6</u>	<u>199.6</u>	<u>4,210.4</u>	<u>3,479.7</u>	<u>7,690.1</u>
11. <u>Operating expenditures</u>	<u>1,954.8</u>	<u>1,321.5</u>	<u>199.6</u>	<u>3,475.9</u>	<u>1,062.0</u>	<u>4,537.9</u>
- Wages & social contributions	912.9	977.7	116.3	2,006.9	1,062.0	3,068.9
- Purchase of goods and services	1,014.9	34.8	83.3	1,469.0	-	1,469.0
12. <u>Gross fixed capital formation</u>	<u>728.4</u>	<u>6.1</u>	<u>-</u>	<u>734.5</u>	<u>2,417.7</u>	<u>3,152.2</u>
- Civil engineering works	36.8	-	-	36.8	1,887.7	1,924.5
- Construction	522.5	-	-	522.5	75.7	598.2
- Materials and equipment	169.1	6.1	-	175.2	454.3	629.5
2. <u>Income from property</u>	<u>34.1</u>	<u>-</u>	<u>-</u>	<u>34.1</u>	<u>-</u>	<u>34.1</u>
21. <u>Interest paid to:</u>	<u>34.1</u>	<u>-</u>	<u>-</u>	<u>34.1</u>	<u>-</u>	<u>34.1</u>
- Enterprises	16.5	-	-	16.5	-	16.5
- Households	16.6	-	-	16.6	-	16.6
- Exteriors	1.0	-	-	1.0	-	1.0
3. <u>Current transfers</u>	<u>187.3</u>	<u>-</u>	<u>421.7</u>	<u>609.0</u>	<u>804.6</u>	<u>1,413.6</u>
31. <u>Households</u>	<u>150.6</u>	<u>-</u>	<u>215.9</u>	<u>366.5</u>	<u>470.3</u>	<u>836.8</u>
- Assistance, allowances	150.6	-	-	150.6	470.3	620.9
- Retirement pensions	-	-	215.9	215.9	-	215.9
32. <u>Enterprises</u>	<u>-</u>	<u>-</u>	<u>205.8</u>	<u>205.8</u>	<u>-</u>	<u>205.8</u>
- Operating subsidy	-	-	205.8	205.8	-	205.8
33. <u>Exterior</u>	<u>36.7</u>	<u>-</u>	<u>-</u>	<u>36.7</u>	<u>334.3</u>	<u>371.0</u>
- Fellowships, rents	-	-	-	-	334.3	334.3
- Participations in international organizns.	36.7	-	-	36.7	-	36.7
4. <u>Credit &amp; debit balances</u>	<u>-</u>	<u>-</u>	<u>3.6</u>	<u>3.6</u>	<u>-</u>	<u>3.6</u>
41. <u>Repayment of loan</u>	<u>-</u>	<u>-</u>	<u>3.6</u>	<u>3.6</u>	<u>-</u>	<u>3.6</u>
GRAND TOTAL	2,904.6	1,327.6	624.9	4,857.1	4,284.3	9,141.4

(Cont.)

Table 3.3. THE PUBLIC ADMINISTRATIONS (CONT'D)4. EXTERNAL RESOURCES OF THE STATE SECTOR, BY DONOR COUNTRY, 1979  
(CF millions)

Donor Country	FB - GB	STA	SS
Saudi Arabia	-	91.7	91.7
EEC (food aid counterpart)	77.9	-	77.9
China (loan counterpart)	125.0	-	125.0
France	1,019.1	154.1	1,173.2
Kuwait	81.3	96.2	177.5
Stiebex	64.1	-	64.1
TOTAL	1,367.4	342.0	1,709.4

TABLE 3.3 - THE PUBLIC ADMINISTRATION (CONT'D)

5. EXTERNAL AID, BY DONOR COUNTRIES AND AGENCIES AND BY NATURE OF EXPENDITURE, 1979  
(CF millions)

	TOTAL	Wages, Technical Assistance	Households	Transfers		Gross fixed capital formation		
				Abroad	Other	Civil Works	Constrn.	Equipment
1. <u>Donations in Kind</u>	<u>394.7</u>	-	<u>394.7</u>	-	-	-	-	-
EEC (food aid)	214.1	-	214.1	-	-	-	-	-
Kuwait	50.0	-	50.0	-	-	-	-	-
PAM	130.6	-	130.6	-	-	-	-	-
2. <u>Technical assistance and dev. aid</u>	<u>2,076.2</u>	<u>1,062.0</u>	<u>75.6</u>	<u>334.3</u>	-	<u>80.3</u>	<u>75.7</u>	<u>448.3</u>
France	651.2	117.0	36.8	310.0	-	15.0	10.0	162.4
EDF	171.7	38.1	3.4	2.3	-	-	-	127.9
PAM	65.3	-	-	-	-	65.3	-	-
Islamic Center	65.7	-	-	-	-	-	65.7	-
UNDP	157.6	87.0	5.4	8.2	-	-	-	57.0
IMF	25.5	25.5	-	-	-	-	-	-
UNICEF	39.0	14.1	-	-	-	-	-	24.9
UNFPA (Population Activities)	47.8	27.9	-	1.0	-	-	-	18.9
WHO	108.7	71.9	-	12.8	-	-	-	24.0
Senegal	8.5	8.5	-	-	-	-	-	-
Italy	137.4	157.4	-	-	-	-	-	-
Canada	132.8	99.6	-	-	-	-	-	33.2
ACCT	124.4	124.4	-	-	-	-	-	-
APEFE	117.6	117.6	-	-	-	-	-	-
Arab League	91.5	91.5	-	-	-	-	-	-
Red Cross	35.0	5.0	30.0	-	-	-	-	-
Kuwait	76.5	76.5	-	-	-	-	-	-
3. <u>Projects financed from external loans</u>	<u>1,922.7</u>	-	-	-	<u>109.3</u>	<u>1,807.4</u>	-	<u>6.0</u>
a. <u>Investments</u>	<u>1,813.4</u>	-	-	-	-	<u>1,807.4</u>	-	<u>6.0</u>
Kuwait (roads)	324.9	-	-	-	-	324.9	-	-
FAD/BAD (roads)	108.1	-	-	-	-	108.1	-	-
IBRD/IDA (roads)	505.4	-	-	-	-	505.4	-	-
Abu Dhabi (aerodrome)	82.3	-	-	-	-	82.3	-	-
Saudian Fund (roads)	786.7	-	-	-	-	786.7	-	-
France (electricity)	6.0	-	-	-	-	-	-	6.0
b. <u>Others</u>	<u>109.3</u>	-	-	-	<u>109.3</u>	-	-	-
OPEC (balance of payments support)	109.3	-	-	-	109.3	-	-	-
GRAND TOTAL	4,393.6	1,062.0	470.3	334.3	109.3	1,887.7	75.7	454.3

Table 3.4 TREASURY ACCOUNTS, 19791. Reclassification  
(CF millions)

ACCOUNT TITLE	Account No	DEBIT			CREDIT			BALANCE	
		Opening	Operations	Total	Opening	Operations	Total	Debit	Credit
		1	2	3	4	5	6	7	8
<b>I. <u>First category of operations</u></b>									
Budget operations of the State sector									
<b>A. <u>Federal budget</u></b>									
Final allocation									
- Receipts	12-01				-	2,643.3	2,643.3	-	2,643.3
- Expenditures	12-02	-	2,450.9	2,450.9	-			2,450.9	-
Provisional allocation									
1. <u>Receipts</u>									
- Receipts to be allocated due to taxes received without issue of assessment	12-11	-	8.3	8.3	-	8.3	8.3	-	-
- To be allocated, sundry proceeds	12-14	-	16.6	16.6	-	31.3	31.3	-	14.7
- Cost of enforcement proceedings	12-16	-	-	-	-	4.2	4.2	-	4.2
2. <u>Expenditure</u>									
- Customs, registration, public domain	12-52	-	5.9	5.9	-	-	-	5.9	-
- Various budget expenditures	12-54	-	859.0	859.0	-	411.2	411.2	447.8	
<b>B. <u>Governorates (final allocation)</u></b>									
- Governorate budgets	41-02	-	1,327.6	1,327.6	-	1,268.4	1,268.4	59.2	
<b>C. <u>Treasury accounts and special funds</u></b>									
- Roads fund	32-02	-	160.1	160.1	124.9	96.2	221.1	-	61.1

(Cont.)

1. Reclassification (cont.)  
(CF millions)

ACCOUNT TITLE	Account No	DEBIT			CREDIT			BALANCE	
		Opening 1	Operations 2	Total 3	Opening 4	Operations 5	Total 6	Debit 7	Credit 8
<b>First category of operations (cont.)</b>									
- Chamber of Commerce, Industry and Agriculture	41-11	-	44.7	44.7	-	52.9	52.9	-	8.2
- Copra Price Stabilization Fund	42-01	-	5.0	5.0	-	10.5	10.5	-	5.5
- Vanilla Price Stabilizn, Fund	42-02	-	2.7	2.7	-	111.3	111.3	-	108.6
- Rice Price Stabilization Fund	42-03	-	-	-	-	32.5	32.5	-	32.5
- Ylang-ylang Price Stabilizn. Fund	42-05	-	198.1	198.1	-	200.3	200.3	-	2.2
- Liaison accounts with General Treasury, Nantes	438-02	10.2	142.1	152.3	-	154.1	154.1	-	1.8
- Retirement fund	71-53	31.4	72.2	103.6	-	107.0	107.0	-	3.4
<b>II. <u>Second category of operations</u></b>									
<b>Financial operations</b>									
<b>A. <u>Cash and portfolio</u></b>									
- Availabilities with collectors under financial systems (régies)	562-2	6.9	3.1	10.0	-	10.0	10.0	-	-
- Current accounts at IEC	563-0	561.9	4.140.6	4.702.5	-	4.291.7	4.291.7	410.8	-
- Cash	563-1	14.6	2.902.8	2.917.5	-	2.902.0	2.902.0	15.5	-
- IEC advance	61-09/1	-	-	-	193.0	-	193.0	-	193.0
- Account for movement of funds with collectors	390-6	26.6	2.300.4	2.327.0	-	2.293.0	2.293.0	34.0	-
									(Cont.)

Table 3.4 TREASURY ACCOUNTS, 1979ANNEX IV1. Reclassification (cont.)  
(CF millions)

ACCOUNT TITLE	Account No	DEBIT			CREDIT			BALANCE	
		Opening 1	Operations 2	Total 3	Opening 4	Operations 5	Total 6	Debit 7	Credit 8
Second category of operations (cont.)									
<u>B. Receipts and expenditures to be collected/paid/posted</u>									
- Duties and proceeds	21-01	59.0	353.1	412.1	-	264.8	264.8	147.3	-
- Funds reserved for ac. of expenses via deferred trans- fers	22-01	-	383.3	383.3	249.1	230.6	479.7	-	96.4
- Demand notes issued in settlement of expenditures		-	66.1	66.1	46.0	24.6	70.6	-	4.5
		-	1,567.6	1,567.6	-	1,627.0	1,627.0	-	59.4
- Receipts of collectors of financial systems (régies)	61-01	-	2,517.6	2,517.6	0.7	2,518.3	2,518.3	-	0.7
- Fines, pecuniary sentences, to be distributed	61-06	-	1.5	1.5	0.1	1.9	2.0	-	0.5
- Sundry receipts to be classified, settled	61-09	-	2,411.8	2,411.8	688.7	2,052.9	2,721.6	-	309.8
- Sundry transactions to be classified, settled	61-59	62.0	375.9	437.9	-	315.8	315.8	122.1	-
- Debt regularization	61-60	-	131.1	131.1	5.1	126.5	131.5	-	0.4
- EDF	61-61	-	77.9		-	85.8	85.8	-	7.8
<u>C. Deposit accounts</u>									
- Private funds	450	-	1,395.4	1,395.4	198.4	1,433.2	1,631.5	-	236.2
- Deposits of public establishments	440-09	-	497.8	497.8	15.5	615.6	631.1	-	133.3
- Deposits of funds interest- free	369-12/1	-	43.4	43.4	20.1	23.6	43.7	-	0.3
- Deposits of funds	369-12/2	-	182.8	182.8	1.6	186.6	188.2	-	5.4
- Presidency fund	449-0	-	129.4	129.4	-	135.9	135.9	-	6.5

(Cont.)

Table 3.4 TREASURY ACCOUNTS, 1979ANNEX IV1. Reclassification (cont.)  
(CF millions)

ACCOUNT TITLE	Account No	DEBIT			CREDIT			BALANCE	
		Opening 1	Operations 2	Total 3	Opening 4	Operations 5	Total 6	Debit 7	Credit 8
Second category of operations (cont.)									
- French pensions	592-99	0.2	0.7	0.9	-	0.8	0.8	0.1	
- Postal current account	62-06	-	214.1	214.1	334.8	330.2	665.0	-	450.9
<u>D. Third parties</u>									
- Settlement by transfer and account not effected	71-02	-	0.3	0.3	0.5	1.0	1.5	-	1.2
- Residue of sums improperly collected	71-03	-	3.5	3.5	2.4	3.2	5.6	-	2.1
- Receipt transactions to be distributed	71-04/1	-	-	-	-	0.1	0.1	-	0.1
	71-04/2	-	6.5	6.5	0.7	7.0	7.7	-	1.2
- Remittances on bonded obligations	71-05	-	1.8	1.8	0.1	2.1	2.2	-	0.4
- Funds consigned by sundry private parties	71-52/1	-	0.9	0.9	12.4	2.1	14.5	-	13.6
	71-52/3	-	47.7	47.7	-	49.0	49.0	-	1.3
- Deposits of sundry agencies and of private parties	71-58	-	2.7	2.7	1.1	67.9	69.0	-	66.3

Note: Accounts reproducing balancing transactions, of a purely accounting nature, are not taken into consideration in preparing the above table.

Table 3.4. TREASURY ACCOUNTS (CONT'D) 19792. Calculation of the Management Balance of the State Sector  
(CF millions)

CAF millions				
Heading	Location of data	Expenditure (E)	Receipts (R)	Balance (R-E)
<u>A. Federal Budget</u>				
Final allocation				
Receipts	column 5		2,643.3	
Expenditure	column 2	2,450.9		
Provisional allocation				
Receipts	column 8 - column 4		18.9	
Expenditure	column 7 - column 1			
TOTAL A		2,904.5	2,662.2	-242.4
<u>B. Governorates (final allocation)</u>				
Receipts	column 5		1,268.4	
Expenditure	column 2	1,327.6		
TOTAL B		1,327.6	1,268.4	-59.2
<u>C. Special Funds and Accounts</u>				
Receipts	column 5		764.8	
Expenditure	column 2	624.9		139.9
<hr/>				
REAL RECEIPT AND EXPENDITURE FLOWS		4,857.1	4,695.4	-161.7

Table 3.4 TREASURY ACCOUNTS, 1979

3. Establishment of the Financial Account of the  
State Sector, Year 1979  
(CF millions)

Heading	IN (I)		OUT (O)		DIFFERENTIAL BALANCE SH	
	Debit	Credit	Debit	Credit	Assets (O-I)	Liabilities (O-I)
<b>A. <u>Cash and portfolio</u></b>						
Current account at IEC	561.9		410.8		-151.1	
Cash	14.6		15.5		0.9	
Available in hands of collectors	33.5		34.0		0.5	
<b>B. Receipts and expenditures receivable/payable, to be posted</b>						
Receipts	121.0		269.4		148.4	
Expenditures		969.7		479.5		-490.2
FY 1978 (accounts 11) (1)					-3.6	-7.7
<b>C. <u>Deposit Account</u></b>						
Private deposits		235.6	381.8			146.2
Postal current a/c		-334.8	450.9			116.1
<b>D. <u>Third Parties</u></b>						
		17.2	86.2			69.0
<b>TOTAL BALANCE</b>					<u>-4.9</u>	<u>-166.6 161.7</u>

(1) Not included in the table of reclassification of Treasury Operations for the Year 1979.

Table 3.5 MERCHANDISE EXPORTS AT CURRENT PRICES, FOB, 1976-1980  
(CF millions)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1980</u>
	<u>(10 months) (Estimate)</u>					
Ylang-ylang essence	618.0	587.1	537.9	708.4	321.9	486.0
Extra	(299.1)	(265.0)	(318.0)	..	(227.7)	..
1st category	(40.3)	(29.0)	(45.5)	..	(48.8)	..
2nd category	(28.2)	(18.7)	(19.0)	..	(16.5)	..
3rd category	(246.4)	(262.4)	(247.6)	..	(15.2)	..
Solid	(4.0)	(12.0)	(7.8)	..	(13.7)	..
Essence of basil	14.5	17.8	14.0	14.7	62.6	63.0
Other essences	23.7	33.6	19.8	20.1	0.6	5.0
Vanilla	464.9	1084.6	736.8	2272.1	49.7	192.0
Copra	122.7	133.4	205.3	254.2	78.8	138.0
Cloves	812.0	294.1	452.2	446.4	908.1	1374.0
Cocoa	5.1	9.7	3.6	6.3	1.6	4.0
Coffee	17.4	16.9	10.8	9.1	1.2	9.0
Miscellaneous	145.7	25.7	22.2	13.8	10.9	11.0
<u>Total exports</u>	<u>2224.0</u>	<u>2202.9</u>	<u>2102.6</u>	<u>3745.1</u>	<u>1435.4</u>	<u>2282.0</u>

Source: Comorian authorities

Table 3.6 VOLUME OF MERCHANDISE EXPORTS, 1976-1980

(in Metric Tons)

	1976	1977	1978	1979	1980 (10 months)	1980 (estimate)
Ylang-ylang essence	73.1	60.0	61.1	72.7	20.9	32.0
Extra	19.6	15.6	18.5	—	11.8	—
1st category	4.1	2.5	3.8	—	3.5	—
2nd category	3.7	2.2	2.2	—	1.6	—
3rd category	45.5	39.1	36.2	—	2.3	—
Solid	0.2	0.6	0.4	—	1.7	—
Essence of basil	1.1	1.4	1.1	1.2	8.3	8.0
Other essences	1.1	0.7	1.1	1.2	0.1	1.0
Vanilla	124.1	230.4	116.9	179.9	3.3	25.0
Copra	2322.6	1317.2	2060.5	2290.8	720.5	1266.0
Cloves	880.2	219.9	329.6	342.0	581.8	880.0
Cocoa	10.7	12.0	8.1	14.7	3.0	8.0
Coffee	31.7	18.2	22.8	15.7	2.0	16.0
Miscellaneous	2859.2	239.3	181.8	431.8	105.7	106.0
<u>Total exports</u>	<u>6303.8</u>	<u>2099.1</u>	<u>2783.0</u>	<u>3350.0</u>	<u>1445.6</u>	<u>2342.0</u>

Source: Comorian authorities

Table 3.7 MERCHANDISE IMPORTS AT CURRENT PRICES. C.I.F., 1976-1980  
(CF millions)

ANNEX IV

	1976	1977	1978	1979 <sup>1/</sup>	1980 <sup>2/</sup>	1980 (estimate)
<u>Food products</u>	<u>1264.6</u>	<u>1150.5</u>	<u>2004.0</u>	<u>2278.1</u>	<u>1108.2</u>	<u>2871.0</u>
Meat	147.4	144.4	343.1	547.4	136.0	577.0
Rice	600.5	564.7	1049.1	1091.7	717.0	1508.0
Flour	73.1	40.3	131.1	125.4	58.8	140.0
Sugar	126.5	75.4	161.0	264.6	42.0	367.0
Miscellaneous	317.1	325.7	319.7	249.0	154.4	279.0
<u>Finished products</u>	--	<u>1184.1</u>	<u>1042.5</u>	<u>(1976.1)</u>	--	<u>2400.0</u>
Tobacco	43.0	54.9	22.2	79.5	10.8	--
Pharmaceuticals	81.2	45.6	62.3	125.1	34.9	--
Textiles	183.5	186.3	245.1	534.7	--	--
Automobiles	37.7	103.9	49.7	398.4	326.7	--
Miscellaneous	--	793.4	623.2	(838.4)	--	--
<u>Petroleum products</u>	<u>349.8</u>	<u>513.0</u>	<u>432.5</u>	<u>385.4</u>	<u>375.9</u>	<u>915.0</u>
Aviation fuel	34.2	42.0	40.5	--	--	--
Automobile fuel	115.2	152.8	95.3	--	179.3	--
Gas-oil	148.0	167.8	142.8	--	196.6	--
Miscellaneous	52.4	150.4	153.9	--	--	--
<u>Raw materials and semi-finished products</u>	--	<u>529.7</u>	--	<u>(1201.1)</u>	--	<u>1700.0</u>
Products of animal or vegetable origin	--	3.6	4.1	(5)	--	--
Mineral products:	--	16.9	24.7	(30)	--	--
Cement	131.1	160.4	222.3	145.4	122.1	--
Iron and steel	25.2	173.9	--	520.7	--	--
Miscellaneous	--	174.9	325.7	(500)	--	--
<u>Capital goods</u>	--	<u>675.9</u>	<u>276.0</u>	<u>665.3</u>	--	<u>1129.0</u>
Farm equipment	--	48.9	2.7	--	--	--
Industrial equipment	--	627.0	273.3	--	--	--
<u>Total imports</u>	<u>3118.6</u>	<u>4053.2</u>	<u>4329.8</u>	<u>6506.0</u>	<u>2773.3</u>	<u>9015.0</u>

-- Not available

1/ Figures in parentheses = mission estimates.

2/ First six months

Source: Comorian authorities and mission estimates.

Table 3.8 EXPORTS PROJECTIONS, 1980-85

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<b>A. <u>In 1979 Prices (CFA million)</u></b>						
Vanilla	151.0	2300.0	2300.0	2300.0	2300.0	2300.0
Ylang-ylang (essence)	486.0	550.0	550.0	550.0	550.0	550.0
Cloves	1227.0	500.0	500.0	500.0	500.0	500.0
Copra	200.0	195.0	227.0	255.0	281.0	239.0
Others	192.0	202.0	212.0	222.0	233.0	292.0
<u>Total goods</u>	<u>2256.0</u>	<u>3747.0</u>	<u>3789.0</u>	<u>3827.0</u>	<u>3864.0</u>	<u>3881.0</u>
Non-factor services	488.0	512.0	538.0	565.0	621.0	683.0
<u>Total goods &amp; n.f.s.</u>	<u>2744.0</u>	<u>4259.0</u>	<u>4327.0</u>	<u>4392.0</u>	<u>4485.0</u>	<u>4564.0</u>
<b>B. <u>At Current Prices (US\$ million)</u></b>						
Vanilla	0.9	10.8	11.8	12.7	13.7	14.5
Ylang-ylang (essence)	2.3	2.8	3.1	3.3	3.6	3.9
Cloves	6.5	2.9	3.2	3.6	3.7	3.9
Copra	0.6	0.7	1.0	1.4	1.7	1.7
Others	1.0	1.2	1.3	1.5	1.7	2.3
<u>Total goods</u>	<u>11.3</u>	<u>18.4</u>	<u>20.4</u>	<u>22.5</u>	<u>24.4</u>	<u>26.3</u>
Non-factor services	2.6	3.0	3.4	3.8	4.5	5.3
<u>Total goods &amp; n.f.s.</u>	<u>13.9</u>	<u>21.4</u>	<u>23.8</u>	<u>26.3</u>	<u>28.9</u>	<u>31.6</u>
<b>C. <u>Export Price Index (1979 = 100)</u></b>						
<u>Price Index</u>	106.2	104.5	114.5	124.5	133.5	143.9
<u>Terms of Trade Index</u>	88.9	78.9	79.2	79.1	78.1	78.2

Table 3.8 - GDP PRICE DEFLATORS, 1976-80

(1979 : 100)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Agriculture <u>1/</u>	70.7	75.2	86.7	100.0	109.4
Construction <u>2/</u>	69.9	72.8	87.3	100.0	114.2
Gross Domestic Capital Formation <u>2/</u>	69.9	72.8	87.3	100.0	114.2
Consumer Prices <u>3/</u>	70.1	75.5	87.9	100.0	111.2
Exports	70.7	77.3	88.0	100.0	107.7
Imports <u>4/</u>	69.3	75.9	89.3	100.0	113.4
GDP deflator	70.5	75.2	86.9	100.0	110.8

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1/ Wages and salaries index.

2/ Average of price indices for steel and consumer prices.

3/ Weighted index of agricultural prices and unit value of manufactured goods for EEC.

4/ Weighted index of unit value of manufactured goods exported from European Economic Community and other industrial countries.

Source: Mission estimates.

Table 3.9 BALANCE OF PAYMENTS PROJECTIONS, 1980-85

(US\$ million)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Exports of goods and services	13.889	21.431	23.836	26.305	28.865	31.671
-goods f.o.b.	11.299	18.467	20.460	22.476	24.337	26.341
Imports of goods and services	47.149	52.605	59.766	66.893	74.645	81.723
-goods, f.o.b.	42.567	47.072	53.065	58.843	65.149	70.552
Net transfers	9.200	10.120	11.132	12.245	13.470	14.817
<u>Current account balance</u>	<u>-24.060</u>	<u>-21.054</u>	<u>-24.798</u>	<u>-28.343</u>	<u>-32.311</u>	<u>-35.236</u>
Grants	6.244	1.646	5.677	7.544	7.810	5.264
Medium and long term capital (net)	20.052	20.319	20.316	21.989	25.795	31.154
-official (net)	19.666	20.510	20.507	21.989	25.795	31.154
-private (net)	0.386	-0.191	-0.191	-	-	-
Other capital	-0.286	-	-	-	-	-
Change in net reserves	0	-0.911	-1.196	-1.190	-1.295	-1.182
(-: increase)						