A tropical beach scene with palm trees in the foreground and turquoise water in the background. A yellow diagonal stripe runs from the top right towards the center. A white graphic of vertical lines is on the left side.

# Doing business in Comoros

August 2009





## Preface

This book was prepared by Ernst & Young Consultancy Co. W.L.L., Kuwait, a member firm of Ernst & Young Global. It was written to give the busy executive a quick overview of the investment climate, taxation, forms of business organization, and business and accounting practices in Comoros. Making decisions about foreign operations is complex and requires an intimate knowledge of a country's commercial climate, with a realization that the climate can change overnight. Companies doing business in Comoros, or planning to do so, are advised to get current and detailed information from experienced professionals. This book reflects information current at August 2009.





# Doing business in Comoros

In the preparation of this guide, every effort has been made to offer current, correct and clearly expressed information. However, the information in the text is intended to afford general guidelines only. This publication is distributed with the understanding that Ernst & Young is not responsible for the result of any actions taken on the basis of information in this publication, nor for any errors or omissions contained herein. Ernst & Young is not attempting through this work to render legal, accounting or tax advice. Readers are encouraged to consult with professional advisors for advice concerning specific matters before making any decision.

The information in this publication should be used as a research tool only, and not in lieu of the tax professional's own research with respect to client matters.

Ernst & Young firms provide public accounting, tax and advisory services in the principal cities of the world. This book is one in a series of country profiles prepared for use by clients and professional staff. Additional copies may be obtained from:

Ernst & Young Consultancy Co. W.L.L  
P. O. Box 74 Safat  
18-21 Floor, Baitak Tower  
13001 Safat, Kuwait

Telephone: (965) 2245 2880  
Facsimile: (965) 2245 6419

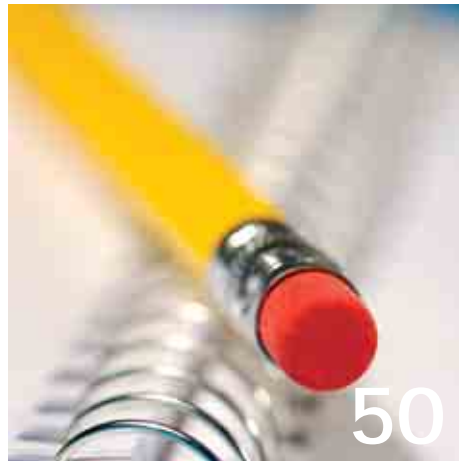
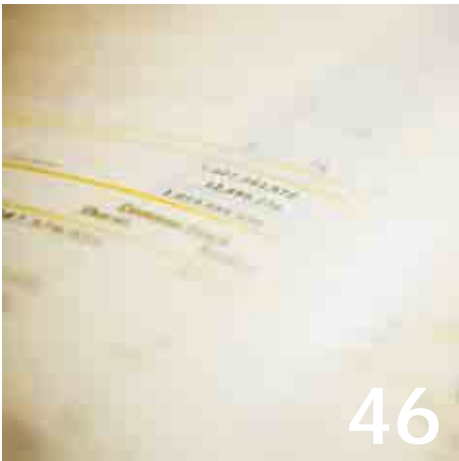
# Abbreviations

°C	degree centigrade	ICSID	International Center for Settlement of Investment Disputes
€	Euro	IFC	International Finance Corporation
ADB	African Development Bank	IFRS	International Financial Reporting Standards
BCC	Central Bank of Comoros	IMF	International Monetary Fund
BCEAO	Central Bank of Western African States	km	Kilometers
BDC	Development Bank of Comoros	KMF	Comorian Franc
BFC	Federal Bank of Commerce	m <sup>2</sup>	Square Meters
BIC	Bank for Industry and Commerce	mm	Millimeters
c.i.f	Cost, insurance and freight	Mw	Megawatts
CAGR	Compounded Annual Growth Rate	NIPA	The National Investment Promotion Agency
CBI	Cross Border Initiative	OHADA	Organization for the Harmonization of Business Law in Africa
CCGC	Chamber of Commerce of Grande Comore	OIF	International Organization of the French-speaking World
CGH	Comoro Gulf Holding	OPACO	Organization Patronale des Comores
GCP	General Commissariat of Planning	PPP	Public-Private Partnership
CHB	Cement Hollow Brick	SNPSF	National Society of Postal and Financial Services
cm	Centimeters	sq. km	Square Kilometers
COMESA	Common Market of Eastern and Southern Africa	UAE	United Arab Emirates
DNEF	National Directorate of the Environment and Forest	UCCIA	Union of Chambers of Commerce, Industry and Agriculture
DSB	Deformed Steel Bar	UN	United Nations
EIB	European Investment Bank	US \$	United States Dollar
EONIA	Euro Overnight Index Average	USA	United States of America
EU	European Union	WTO	World Tourism Organization
FDI	Foreign Direct Investment		
FIU	Financial Intelligence Unit		
GAP	General Accounting Plan		
GDP	Gross Domestic Product		
GMT	Greenwich Mean Time		
HE	His Excellency		











18



24



28

# Contents

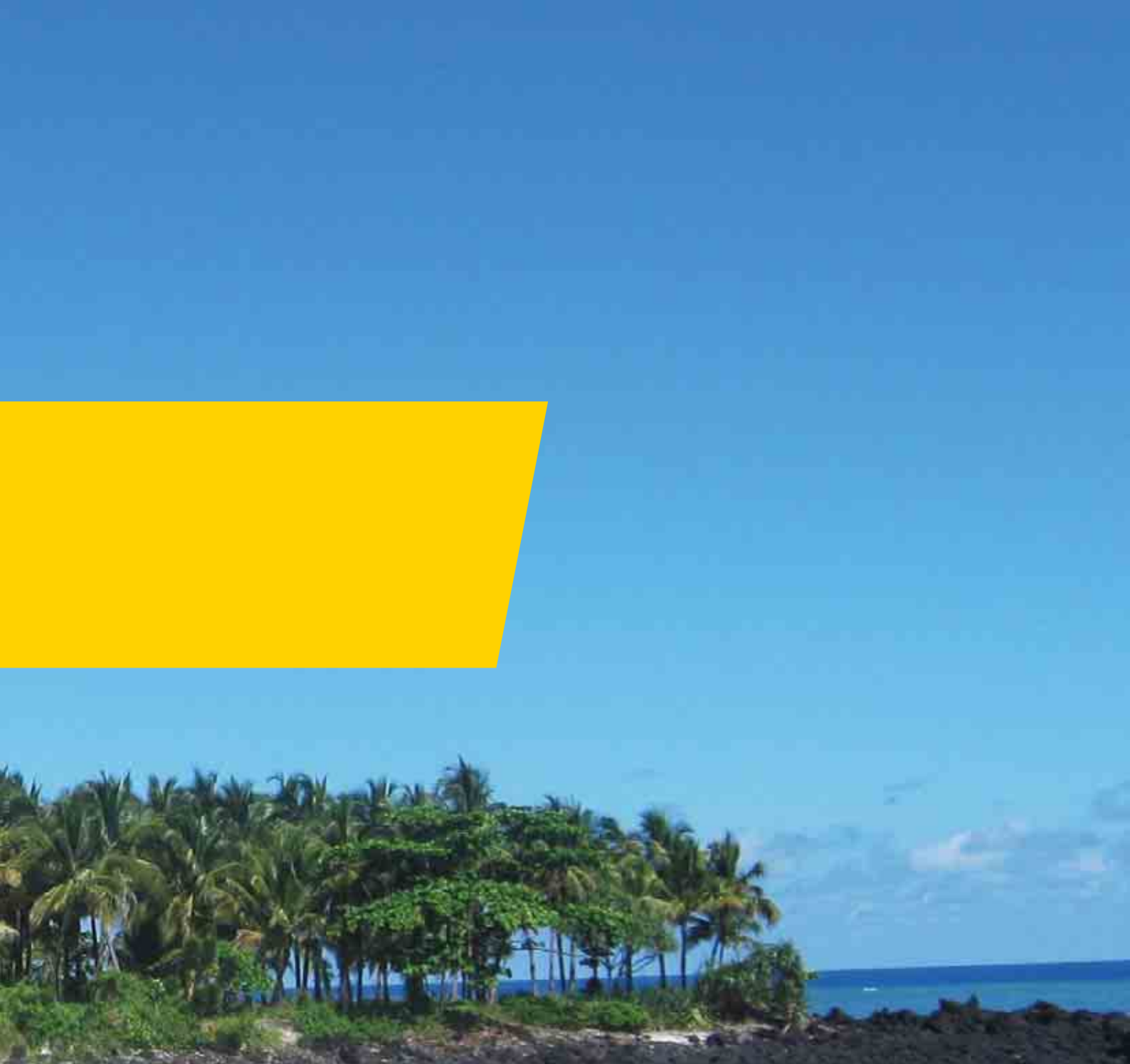
Executive summary .....	6
Country profile .....	10
Political conditions, form of government and judiciary .....	14
Economy .....	18
Trade .....	24
Foreign investment .....	28
Financial system .....	32
Business entities.....	38
Labor force .....	42
Taxation .....	46
Financial reporting and auditing .....	50
Industry profile.....	55
<b>Appendix</b>	
Useful contact numbers .....	73
Ernst & Young .....	77



A tropical beach scene with palm trees and a yellow banner. The top half of the image shows a close-up of palm fronds against a clear blue sky. A bright yellow banner with a dark grey vertical bar on the left side is overlaid across the middle. The bottom half of the image shows a wide view of a white sandy beach with a dense line of palm trees in the background and tall grass in the foreground.

# Executive summary





## Country profile

Comoros islands are an archipelago located in the Indian ocean about 480 kilometers west of the northern tip of Madagascar and 320 km east of northern Mozambique. This archipelago comprises four islands: Grande Comore, Anjouan, Mohéli and Mayotte. Three islands gained their independence from France in 1975 while the fourth, Mayotte, chose to remain under the French control. Grande Comore, Anjouan, and Mohéli constitute the sovereign state of Union of Comoros while Mayotte remains an overseas departmental collectivity of France. In this document, 'Comoros' and 'islands' refer only to the 'Union of Comoros'. President Ahmed Abdallah Sambi is the head of the state of Comoros.

The international 'Prince Said Ibrahim' airport is located in the Grande Comore. This airport is the hub for international travel from and to the archipelago and is located 23 km north

of Moroni. Airlines that serve Comoros include Comoros Aviation International, Comoros Air Services, Air Austral, Air Madagascar, Kenya Airlines and Yemenia Airways. The Comorian Franc, the currency of Comoros, is pegged to the Euro at the fixed rate of 491.97 Comorian Franc to 1 Euro since 1999. The convertibility of the Comorian currency is guaranteed without limit by the French Treasury on the basis of the fixed parity indicated.

The total land area of the four islands is 2,236 square kilometers. The climate is tropical, characterized by low variation in temperature; it averages between 28°C in March and 23°C in August. The mean annual rainfall is about 1,000 millimeters.

Comoros is famous for the prehistoric deep sea fish known as the Coelacanth, thought to be long extinct, but discovered earlier this century in her waters. Some areas in the archipelago are protected zones due to the rare nature of the flora and fauna. Comoros has 'picture-postcard beaches' which remain practically untouched.



# Executive summary

Comoro's population in 2008 was estimated to be about 652 thousand. The majority of the population is Muslim. The western lifestyle is fairly accepted in the archipelago. French, Arabic and Shikomoro are the three official languages of the country.

Since independence from France in 1975, Comoros endured more than 20 coups and secession attempts. A constitution, adopted in December 2001, created the 'Union of Comoros' and gave more autonomy to each of the three islands. Since then, Comoros had a president and a government with a four year term and a parliament with five years term, while each of the three islands had a president, a government and a parliament with a five year mandate.

Since 2006, the country has witnessed positive political developments. These include:

- ▶ The 2006 election in Comoros, which was considered as free, transparent and credible by international observers from the Arab League, the African Union, the International Organization of the French-speaking World, the Indian Ocean Commission, the USA, France and the Netherlands.
- ▶ The May 2009 referendum in which the Union of Comoros voted to have one president, one government and one parliament. The head of each island would now be known as a governor. Under the new constitution, the government's term will be 5 years.

Comoros is a member of various international organizations and fora such as the United Nations, African Union, Arab League, European Development Fund, World Bank, IMF, Indian Ocean Commission, Organization of African Unity, Organization of the Islamic Conference, Common Market of Eastern and Southern Africa, African Development Bank and International Organization of the French-speaking World. Comoros is also a member of the Franc Zone monetary union. Transparency International ranked Comoros 29<sup>th</sup> (out of 47 African countries) in its Corruption Perception Index for 2008. The three islands that make up the Union of Comoros are considered crime-free, according to the travel advice given by the British Foreign and Commonwealth Office.

## Economy & trade

Comoros is a democratic country with a liberalized economy, which allows foreign entrepreneurs to operate in a relatively secure business environment. The country's economy is small and heavily dependent on the agriculture sector for its exports and employment. The main exported commodities are ylang-ylang and vanilla. The country's membership in the Franc Zone has been one of the elements of its stability. The country mainly depends on international aid, which ranged from 27.0% to 39.4% of the government revenue during 2006-08. In 2008, the GDP was €355.2 million and the per capita GDP was estimated at €544.7. Agriculture and fishing remain the principal economic activities for Comoros, with these two sectors contributing approximately 40% of GDP between 2001 and 2008. Inflation rates have remained stable, ranging between 3% and 5% during 2002-08.

The limited sources of public revenues have made the country increasingly dependent on external loans, donations and remittances. In 2008, the Comorian government received €31.8 million in donations from various countries and international organizations. The same donors have also allocated a budget of €61.5 million for financing multiple projects and services in 2009.

Comoros is the leading producer and exporter of perfume essences, which are processed from the ylang-ylang. It is also the second largest producer and exporter of vanilla in the world. Exports of vanilla, cloves and ylang-ylang contributed between 78% and 98% of the country's total exports between 2001 and 2008 (June). Imports to Comoros are concentrated on products of basic necessity, including cement, meat, rice, vehicles and petroleum products. The country had a trade deficit of €89.3 million in 2007. The country's trade deficit ranged between 23.5% to 26.4% of GDP during 2006 and 2007. France has been the major trading partner of Comoros for both imports and exports.

Comoros is also a member of the Indian Ocean Commission, an inter-governmental organization that connects Madagascar, Mauritius, Seychelles, France and Mayotte. The main objective of the commission is to develop diplomatic, economic and commercial cooperation between the member countries. In 2007, Comoros signed a short-term Economic Partnership Agreement with the EU that guaranteed a liberal access to the European market starting January 2008. In June 2008, Comoros gained eligibility to benefit from the commercial agreements of the African Growth and Opportunity Act. This act offers tangible incentives for the African countries including a liberal access to the USA market.

## Foreign investment

During 2007 and 2008, foreign investors expressed more interest in doing business in Comoros than in the past. This period witnessed a relatively large inflow of Foreign Direct Investment totaling €16.2 million compared to a yearly average of €0.7 million during the period 2001-06. Some of the recent investments into Comoros include:

- ▶ Gulf Com, a private company which has invested in Moroni Port
- ▶ Exim Bank and Bank Federal de la Commerce, investing in the banking sector
- ▶ Comoro Gulf Holdings, which has invested in the expansion and renovation of Royal Itsandra Hotel.

In 2009, the World Bank ranked the country 155<sup>th</sup> (out of 181) in terms of the ease of doing business. The government's efforts to improve the country's standing in this regard include attempts to reorganize the public enterprises with low historical performance in order to provide reliable services and attract investors. The government has requested the assistance of the International Finance Corporation, a member of the World Bank group, to develop a coherent strategy to reform the public sector enterprises in the country.





In 2007, the government introduced a 'New Investment Code', which broadly focused on reduced tariffs and tax incentives to eligible businesses. The objectives of the new investment code are: (a) creation of new enterprises, (b) job creation, (c) establishment of businesses in inland areas, (d) innovation and development of existing businesses and (e) encouragement and facilitation of enterprise freedom. Some of the salient features of the investment code include:

- ▶ Guarantee of rights, freedoms and obligations for national and foreign investors in the same manner, and in principle opening up all sectors to foreign investments (a few industries such as telecommunication, oil & gas, banking & finance, water & electricity and airlines need specific government approval)
- ▶ Guarantee of the transfer of capital and income under Articles 6 and 7 of the investment code
- ▶ Transfer of regular accounting profits and funds without any restriction by foreign entities
- ▶ Exemption of corporate tax for a period of 7 - 10 years.

To stimulate economic growth and enhance employment, the Comorian government is promoting the country as an investment destination, and created the National Investment Promotion Agency in December 2008 to spearhead her efforts in this direction.

Some of the key industries identified by the government for development include tourism, power generation, oil & gas, fishing and healthcare.

## Business entities and labor force

The preferred choice of company type for foreign investors in Comoros is the 'Société Anonyme' (SA) structure, which is a public company structure similar to a limited liability company. The minimum share capital required to establish an SA company is Central African Franc 10 million. An SA company typically requires about 5 days to complete the company incorporation related procedures. During 2006-2008, 644 business entities, including 275 companies and 369 shops, were registered with the Chamber of Commerce of Grande Comore. Comoro Gulf Communication S.A. is the largest company in terms of capital, with a registered capital of €73 million. There is no stock exchange or parallel exchange in Comoros.

There is a general lack of skilled labor in the country. The unemployed population was estimated by the IMF at around 20,100 in 2005, representing 13.3% of the total labor force.

Employers are usually responsible for the visa process and the associated costs for expatriate employees and also bear the cost of air passage for the employees and their families between Comoros and their home countries upon joining and on expiry of the contract. Employment contracts in Comoros can be for a fixed term

or for an indefinite period. There is no mandatory standard form of contract. The monthly salary of a white collar, non-executive employee in the public sector typically ranges between €150 and €300.

## Taxation

The taxation structure of Comoros is broadly classified into direct and indirect taxation. The direct taxation includes various types of taxes such as profit tax, single professional tax, business licensing tax, capital income tax, payroll tax, property tax and tax on revenue of agriculture lands. The indirect taxes levied in Comoros mainly comprise consumption tax and tax on international trade.

Profit taxes range from 35% to 50% of the profits depending on the turnover of the company. The tax on capital income is at a flat rate of 15%. Property taxes vary from 2% to 9% of the selling price. Taxes on salaries range from 0% to 30%.

Consumption tax is a value added tax levied on imports and domestic services. Consumption taxes on imports are levied through custom duties based on c.i.f. value. Consumption taxes are also levied on domestic services such as hotels, restaurants, banks, electricity, water and telecommunication, and they vary from 0% to 25%.

The new finance law of 2007 reduced the maximum rate of import tariffs on essential goods from 30% to 20%. Currently, imports are taxable at 0%, 5%, and 20% of the c.i.f. value in accordance with the economic classification of goods.

## Financial reporting and auditing

The commercial law of the country is based on the OHADA ('Organization pour l'Harmonisation en Afrique du Droit des Affaires', which stands for Organization for the Harmonization of Business Law in Africa). The OHADA accounting system, developed under the aegis of the Central Bank of Western African States, is commonly applicable in Comoros. It is based on the General Accounting Plan, the traditional reporting methodology in the Francophone world.

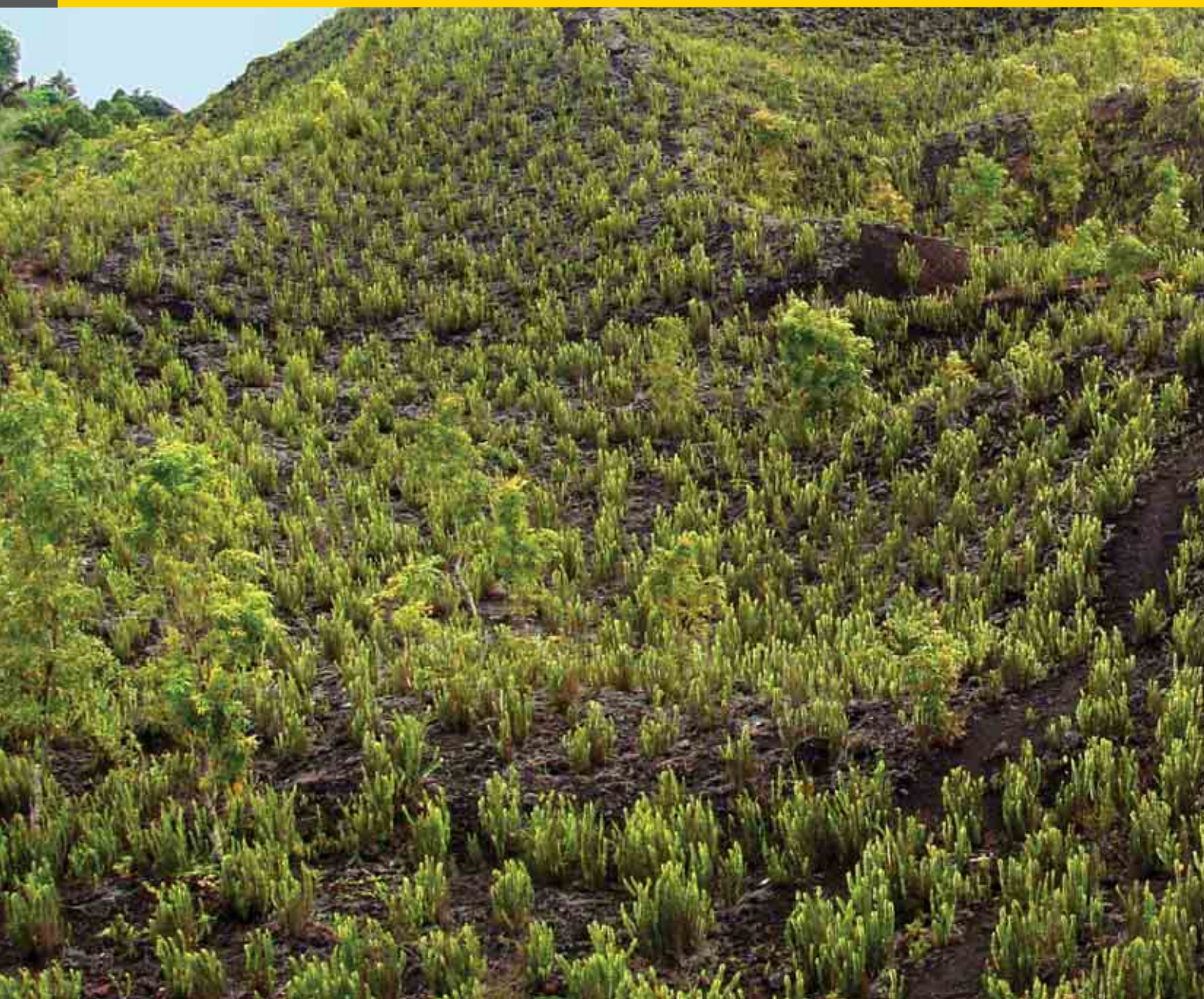
It is mandatory to have an auditor for SA entities. For private limited liability companies, audit is mandatory if the registered capital is in excess of €15.2 thousand or if a company fulfills either of the following two conditions:

- ▶ the annual turnover exceeds €381 thousand
- ▶ the entity employs more than 50 permanent staff.

For other private limited companies, the appointment of an auditor is optional. The accounting period coincides with the calendar year.



# Country profile







## Introduction

The Comoros Islands are an archipelago located in the Indian ocean to the southwest of Seychelles, and in between Madagascar and the African continent. Comoros islands are located about 480 kilometers (km) west of the northern tip of Madagascar and 320 km east of northern Mozambique. The Comoros archipelago consists of four islands: Grande Comore, Anjouan, Mohéli and Mayotte and are also known locally as Ngazidja, Nzwani, Mwali and Mahoré, respectively. Comoros is the southernmost member state of the Arab League. The islands derive the name from the Arabic word 'Qamar' meaning the 'moon'. The islands are known in Arabic as 'Juzur Al Qumur', which means 'Islands of the moon'.

The total land area of the four islands is 2,236 square kilometers (sq. km) spread as 1,148 sq. km for Grande Comore, 424 sq. km for Anjouan, 374 sq. km for Mayotte and 290 sq. km for Mohéli.

The islands became a French colony following the Berlin conference of 1884-85 in which the European powers divided Africa. The islands remained under direct French political control until 1975. In 1975, three islands i.e., Grande Comore, Anjouan and Mohéli gained independence from France.

The four islands were formed by volcanic activities between 0.5 to 15 million years ago. Grande Comore has an active volcano, the Karthala, which is a key tourism destination in Comoros and located at the country's highest point (at 2,360 meters).

Politically, the islands are divided into two entities:

- ▶ The Union of Comoros, which is comprised of 3 islands: Grand Comore, Anjouan, and Moheli; and
- ▶ Mayotte island, which is a departmental collectivity of France.



# Country profile

In this report 'Comoros' or the term 'islands' refers to the 'Union of Comoros' only.

Moroni, the capital city of Comoros, is the main business district and is located at the heart of Grande Comore.

Comoros is characterized by rich and diverse vegetation. The islands are the leading producer and exporter of perfume essences, which are processed from the ylang-ylang. Comoros is also the second largest producer and exporter of vanilla in the world.

Comoros is famous for the prehistoric deep sea fish known as the Coelacanth, thought to be long extinct, but discovered earlier this century in her waters. Some areas in the archipelago are protected zones due to the rare nature of the flora and fauna.

The climate of Comoros is tropical, characterized by low variation in temperature; it averages about 28 degree centigrade (°C) in March and 23°C in August. The monsoon season lasts from December to April; rainfall is at maximum in the month of January and averages 42 centimeters (cm). October is generally the dry month when the rainfall averages about 8.5 cm.

Despite a potential 'holiday paradise with picture-postcard beaches', the tourism activity and the Foreign Direct Investment (FDI) inflow in Comoros is far below its neighboring islands; Seychelles and Mauritius.

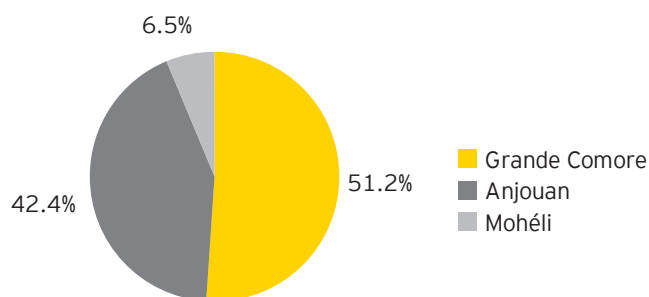
The current government has taken certain new measures such as the 'new investment code' to exploit the unachieved potential in the tourism sector.

## Population

### Demographic distribution and estimated population

According to Comoros' General Commissariat of Planning (GCP), which is the agency in charge of economic planning for the country, the Union of Comoros had an estimated population of about 652,200 in 2008, up from 575,660 in 2003, i.e., at a Compounded Annual Growth Rate (CAGR) of 2.5%. The distribution of population amongst the three islands for the year 2008 is shown in the chart below.

Population by Island, 2008

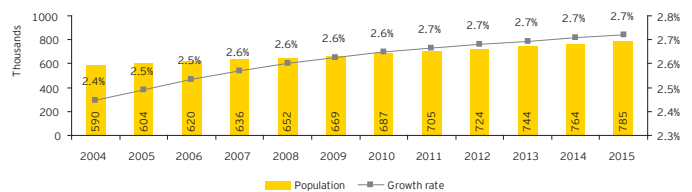


Source: Ministry of Planning

Comoros had a population density of about 350 people per sq. km in 2008 compared to 181 people per sq. km in Seychelles and 1,264 people per sq. km in Maldives.

The historical and projected population for the period 2004 to 2015 and the year-on-year growth are presented in the chart below.

Population, 2004-15

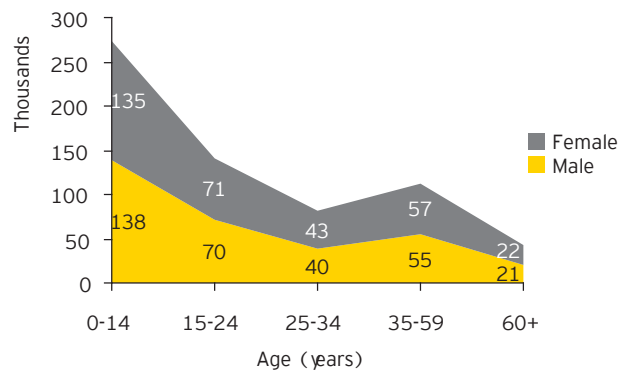


Source: Ministry of Planning

### Gender mix and age distribution

The age structure of the population of Comoros is similar to that of many developing countries; a very large proportion of the population is young (41.92% of the population is below 15 years). According to GCP, males accounted for 49.81% of the total population in 2008. The gender and age profile of the population in 2008 is presented in the chart below.

Distribution of population by age and gender, 2008



Source: Ministry of Planning

### Ethnic groups

The first human inhabitants of Comoros Islands are thought to have been Polynesian and Melanesian settlers. The islands of Comoros became populated by a succession of diverse groups from the coast of Africa, the Persian Gulf, Indonesia and Madagascar. By the 19<sup>th</sup> century, Sunni Arabic-speaking Persians from Shiraz, Iran, had dominated the islands. Over the last two centuries, Comoros has attracted people from various parts of the world and was populated by Indonesians, Bantous, Arabes, Chirazians, Malagazys and Swahilis, making Comoros ethnically diverse. Today, the main Comorian ethnic groups are Antalote, Cafre, Makoa, Oimatsaha and Sakalava. Despite these diverse ethnicity, the country is free of ethnic tension.



## Literacy rate

The adult literacy rate in 2006 (for the population aged 15 and above) was estimated to be 74.2% and the combined primary, secondary and tertiary school gross enrolment ratio for the same year was 46.4%.

## Languages

Comoros has 3 official languages; French, Arabic and Shikomoro (a language with Swahili-Arabic roots and widely spoken in the country). Languages commonly used by the business community are French and Shikomoro.

## Religions

About 98% of the Comorian population is Muslim. The society is moderate and open to other religions and cultures. The western lifestyle is fairly accepted in the archipelago.

## Time zone

The time zone in Comoros is Greenwich Mean Time (GMT) + 3 hours (same as Kuwait, Bahrain, Riyadh and Nairobi).

## Business hours

Business hours for public sector are generally from 7:30 am to 2:30pm. The business hours for the private sector are generally from 8:30 am to 5:00 pm.

## Secular holidays

The government and companies generally follow the Gregorian calendar. The Islamic calendar is seldom used for business purposes, but it does determine certain religious holidays that are observed by businesses.

The following are the secular holidays in Comoros:

January 1:	New Year's Day
May 1:	Labor Day
July 6:	National Day

Additionally, there are 10 religious public holidays, the dates of which depend on the Islamic calendar.

## Airport connectivity

The international 'Prince Said Ibrahim' airport is located in the Grande Comore. This airport is the hub for international travel from and to the archipelago and is located 23 km north of Moroni. Airlines that serve Comoros include Comoros Aviation International, Comoros Air Services, Air Austral, Air Madagascar, Kenya Airlines and Yemenia Airways.

Each of the Comoros islands has a paved airport. There are daily flights between the archipelago islands.

## Police and army

The military resources of Comoros consist of a 500 member police force as well as a 500 member defense force. A defense treaty with France provides naval resources for protection of territorial waters, training of Comorian military personnel, and air surveillance. The United States of America (USA) maintains a small International military education and training program in Comoros. Under this program, Comorian officers receive professional military education and technical training courses. France maintains a small maritime base and a foreign legion contingent on Mayotte.

## Protection of foreign businesses

At the end of 2008, the Comorian authorities completed a plan to reform public enterprises and improve the business environment by streamlining business licensing requirements, and strengthening investor protection and the legal system. This plan has been endorsed by the International Monetary Fund (IMF). One of the initiatives taken by the Comorian government is the 'New Investment Code', which is detailed in the chapter on Foreign Investment.

## Corruption and security related issues

According to the 2008 Transparency International perception index within the African countries, Comoros was ranked 29<sup>th</sup> (out of 47 African countries) on the Corruption Perception Index. President Ahmed Abdallah Sambi has promised to eliminate corruption in this Indian Ocean archipelago. The three islands that make up the Union of Comoros are considered crime-free, according to the travel advice given by the British Foreign and Commonwealth Office.

## Memberships with global and regional organizations

Comoros is a member of various international organizations and forums such as the United Nations (UN), African Union, Arab League, European Development Fund, World Bank, IMF, Indian Ocean Commission, Organization of African Unity, Organization of the Islamic Conference, Common Market of Eastern and Southern Africa<sup>1</sup> (COMESA), African Development Bank (ADB) and International Organization of the French-speaking World (OIF).

Comoros is also a member of the Franc Zone<sup>2</sup> monetary union embracing all those countries and groups of countries whose currencies was previously linked to the French franc at a fixed rate of exchange (now linked to the Euro).

1 The COMESA is a preferential trading area with twenty member states stretching from Libya to Zimbabwe.

2 The countries include Benin, Burkina Faso, Cameroon, Central African Republic, Chad, the Republic of the Congo, Côte d'Ivoire, Gabon, Mali, Niger, Senegal, Togo, Equatorial Guinea and Guinea-Bissau, Comoros and France.





# Political conditions, form of government and judiciary





## Country's liberation history

Due to its strategic location, the archipelago has served in the past centuries as a transit location between the African continent and Madagascar for Arab traders operating along the East African coast. The country became a French Protectorate in 1886 and an overseas territory of France in 1947.

In 1974, a referendum was held in each island and three of the four islands voted in favour of independence from France; Mayotte chose to remain an overseas territory of France. A referendum held in Mayotte in 1976 confirmed its determination to forgo independence, with 99% of the votes cast against the unification with Comoros. This was followed by another referendum on March 29, 2009, when 95% of voters opted in favor of the island being a 'Department of France'. Following this, it is expected that Mayotte will change its status from an overseas territory of France to become the 101st 'Department of France' in 2011.

The Comorian government has authority only on Grande Comore, Anjouan and Mohéli islands as Mayotte continues to be administrated by France. Comoros is important to France due to its strategic location on the trade route in the Mozambique Channel.

A constitution, adopted in December 2001, created the 'Union of Comoros' and gave more autonomy to each of the three islands. Prior to 2001, Comoros had one president, one government and one parliament for the three islands. Since the change to the constitution in 2001, Comoros had a president and a government with a four year term and a parliament with five years term. In addition, each of the three islands had a president a government and a parliament with a five year mandate. In effect, Comoros had four presidents, four governments and four parliaments.



# Political conditions, form of government and judiciary

In May 2009, the Union of Comoros voted positively on a referendum, which changed the system to have one president, one government and one parliament. The head of each island would become a governor. Under the new constitution the government's term will be five years.

Under the new constitution, the federal law takes precedence over laws of individual islands and the Union government has exclusive authority over subjects such as nationality, monetary affairs, foreign relations, national defense and religion, and is the key point of contact for foreign investments. Each island administers and manages its own local affairs.

## Current political situation

After the independence in July 1975 from France, Ahmed Abdallah was elected the first president of Comoros. A month later, he was overthrown by Said Mohamed Jaffar, who was then ousted by Ali Soilihi in 1976. In 1978, Ahmed Abdallah returned to the Presidency and overthrew Ali Soilihi through a coup. He remained in power until his death in 1989. During his 11 years as President, Comoros enjoyed political stability.

After Ahmed Abdallah's death in 1989, Comoros' political environment became relatively unstable with two coups and four presidents (Said Mohamed Johar, Mohammed Taki Abdulkarim, Ben Said Massoude and Colonel Azali Assoumani) between 1990 and 2006. After the adoption of the new constitution in 2001, Colonel Azali stepped down in 2002 and later became the country's democratically elected President, a position he occupied until 2006. Since 2006, there have been a positive developments in the political system. In May 2006, His Excellency (HE) Ahmed Abdallah Mohamed Sambi became the President of the Union of Comoros.

The 2006 election in Comoros was considered as free, transparent and credible, and its outcome was regarded as a 'a true reflection of the will of the Comorian people by international observers from the Arab League, the African Union, the OIF, the Indian Ocean Commission, the USA, France and the Netherlands.

As of 2008, Comoros is one of the only two countries in the Arab world that are considered by USA-based organization Freedom House<sup>3</sup> as real 'electoral democracies'.

Comoros does not have a bipolarized party system. Political groupings are generally formed by individuals having significant

<sup>3</sup> Freedom House is a non-profit organisation that conducts research and advocacy on democracy, political freedom and human rights. Freedom House was founded by Wendell Willkie and Eleanor Roosevelt in 1941 and is predominantly funded by the USA government.

influence to receive support from people for their candidacy. The focal national discussion in Comoros was the political organization structure between the federal government and the islands. The referendum on the constitution in May 2009 is seen by international observers as a positive step in the distribution of power between the federal and the island governments.

The Comorian political system is multipartite with a rotating presidency from the three islands. The current head of state is also the head of government. The current President HE Ahmed Abdallah Mohamed Sambi is from Anjouan and the next president will be from Mohéli. A brief profile of Comoros' head of state and governors is presented in the table below.

## Head of State, Head of Government and Governors

Particulars	Union of Comoros	Grande Comore	Anjouan	Mohéli
Designation	Head of State and Head of Government	Governor	Governor	Governor
Name	HE Ahmed Abdallah Mohamed Sambi	HE Mohamed Abdoulwahab	HE Moussa Toybou	HE Mohamed Ali Said
Profile	Islamic leader and businessman educated in Sudan, Saudi Arabia and Iran	Lawyer and veteran politician	Civil engineer trained in Algeria	Businessman
Date elected	May-2006	June-2007	July-2008	June-2007

Source: *worldstatesmen.org, Ernst & Young research*

## Parliament

Comoros has a parliamentary unicameral regime called the federal assembly, which comprises 33 members who are elected for five-year terms. Elections were held last in April 2004 and the next elections are due in 2009.

## Form of courts and specialization

The judicial system is inherited from the Shariah law, the common law and the French law. The judiciary is independent of the executive and the legislature.

The Supreme Court acts as the constitutional council in resolving constitutional queries and supervising the presidential elections.



Based on the French law, there is a court of first instance and a court of appeal. There are five specialized courts, namely, administrative, civil, penal, commercial and social.

The commercial law of the country is based on the OHADA ('Organization pour l'Harmonisation en Afrique du Droit des Affaires, which stands for Organization for the Harmonization of Business Law in Africa). OHADA represents 16 African countries and its objective is to foster economic development and improve the investment climate of the region through the adoption and implementation of a modern, unified legal framework that governs commercial activities and business transactions.

### Disputes and measures taken for resolution of disputes

The main international issue involving Comoros was the difference of opinion with France over the sovereignty of Mayotte.

The UN in its 3,385<sup>th</sup> resolution of 12 November 1975 affirmed the Comorian sovereignty over the island of Mayotte, and urged France to open negotiations with Comoros "with a view to ensuring the effective and prompt return" of that island to Comoros. In a recently-held referendum in Mayotte, the people of Mayotte have opted to be a French Department by 2011.

Despite this, France and Comoros enjoy sound relations. France is the leading customer, supplier and main trading partner of Comoros.





# Economy





## Introduction

Comoros has a small economy and the country is heavily dependent on the agriculture sector for its exports and employment. The main exported commodities include ylang-ylang and vanilla. The Comorian economy is significantly exposed to price fluctuations as most of the essential requirements are imported and major export items are commodities.

The country's membership in the Franc Zone has been one of the elements of its stability. The peg of the exchange rate under the Franc Zone agreement has contained the increases in inflation rates and helped in supporting relatively strong asset reserves, which stood at €80 million in 2008.

The country mainly depends on international aid, which ranged from 27.0% to 39.4% of the government revenue during

2006-08. With a GDP per capita of €544.7 in 2008, remittances from Comorians residing abroad continue to be the back bone of the country's economy. Total annual remittances in 2007 were estimated to equal the government revenue for the same period.

## Type of economy and economic policy

Comoros is a democratic country with a liberalized economy, which allows foreign entrepreneurs to operate in a relatively secure business environment. Discussions with various representatives of the government indicate that the government is actively considering foreign investments in tourism, infrastructure development (roads and electricity), fishing and agriculture.



# Economy

## Economic trends and performance

### GDP by economic activity

Comoros' Gross Domestic Product (GDP) was €355.2 million in 2008. The country was ranked by Central Intelligence Agency 179 out of 190 economies in terms of its GDP in 2008. The country's real GDP grew at a CAGR of 0.5% during 2006-08. The slow growth in the economy is attributed to the lack of foreign investments in the country. As mentioned earlier, the federal government is seeking foreign participation in certain key sectors to expand the economy.

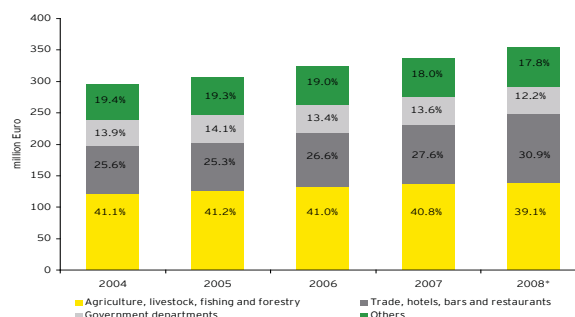
Agriculture and fishing remain the principal economic activities for Comoros, with these two sectors contributing approximately 40% of GDP during the past eight years. Trade and hospitality have been the fastest growing sectors at a CAGR of 8.5% between 2001 and 2008. Together, the agriculture, fishing, trade and hospitality sectors ranged from 66.1% to 70.0% of GDP during 2001-08. The nominal GDP by economic activity from 2001-2008 is presented in the table below.

GDP by economic activity (million Euro)	2001	2002	2003	2004	2005	2006	2007	2008*
Agriculture, livestock, fishing and forestry	100.6	107.7	115.6	121.8	126.1	132.6	138.0	138.9
Manufacturing	10.2	11.0	11.8	12.4	12.5	13.1	13.8	13.5
Electricity, gas and water	3.8	4.1	4.4	4.6	4.9	5.6	5.4	5.1
Construction and public works	15.4	15.9	17.1	18.0	18.8	19.0	17.6	19.7
Trade, hotels, bars and restaurants ^	62.0	67.1	72.0	75.9	77.5	86.1	93.2	109.9
Banks, insurance, real estate business and services to enterprises	10.6	11.8	12.7	13.3	13.6	14.1	14.0	15.3
Transportation and communications	13.0	13.5	14.5	15.3	15.6	16.1	17.0	16.6
Government departments	35.2	36.5	39.2	41.3	43.2	43.5	45.8	43.3
Other services	1.4	1.4	1.5	1.6	1.7	1.7	1.8	1.8
Less: imputed banking production	(6.1)	(6.8)	(7.3)	(7.7)	(7.9)	(8.1)	(8.5)	(8.8)
GDP at market prices	246.0	262.2	281.4	296.5	305.9	323.7	337.9	355.2

Source: Ministry of Planning, IMF

\* Provisional figures ^ Include import duties and taxes

### GDP by economic activity, 2004-08



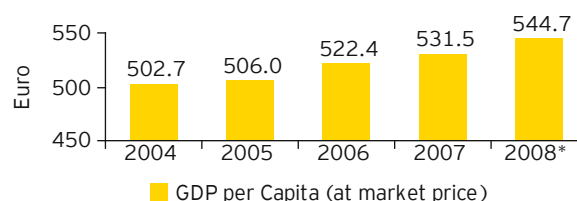
Source: Ministry of Planning, IMF

\* Provisional figures

### GDP per capita

The per capita GDP grew at a CAGR of 2.0% between 2004 and 2008 and by 2.5% in 2008. The estimated GDP per capita stood at €544.7 in 2008 compared to €531.5 in 2007. The GDP per capita for the period 2004-2008 is presented in the chart below.

### GDP per Capita, 2004-08



Source: Ministry of Planning, IMF

\* Provisional figures

### Balance of payments

Comoros' balance of payments has been impacted by the large deficits in trade balance. Capital and current transfers were the main contributors to balancing the economy. Since 2007, the country has witnessed an increased level of FDI. The balance of payment position between 2003 and 2007 is presented in the table below.

Balance of payments (million Euro)	2003	2004	2005	2006	2007*	CAGR
Trade balance	(36.5)	(50.4)	(65.4)	(76.2)	(89.3)	25.1%
Net income	(2.6)	(1.7)	(0.9)	0.3	1.5	-
Current transfers	22.8	36.8	46.6	59.6	63.4	29.1%
Capital transfers	6.4	7.8	11.9	14.7	22.0	36.2%
Foreign direct investments	0.7	0.5	0.4	0.7	5.5	67.2%
Net portfolio and other investments	8.9	6.1	5.6	0.7	(5.5)	-
Errors and omissions	0.3	0.9	1.7	0.2	2.5	-

Source: Central Bank of Comoros

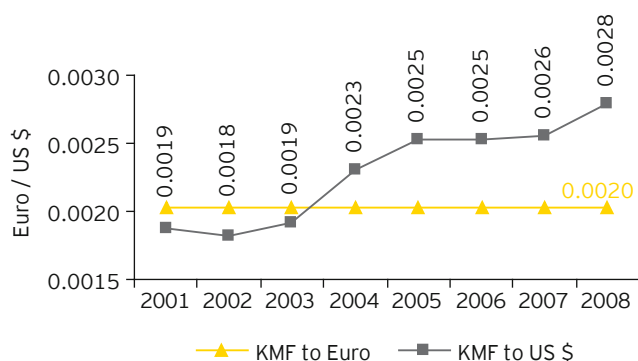
\* Provisional figures



## Currency movement

The currency of Comoros is the Comorian Franc (KMF). The KMF is pegged to the Euro at the fixed rate of KMF 491.97 to 1 Euro since 1999. The KMF thus mirrors the Euro in terms of currency movement and appreciated by 48.2% against the United States Dollar (US \$) between 2000 and 2008, as shown in the chart below.

Evolution of the KMF exchange rates, 2001-08

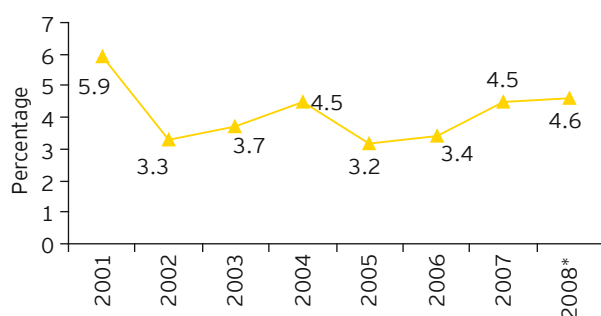


Source: Oanda.com

## Inflation rates

Inflation in the country mainly reflects changes in the cost of imports as all essential commodities are imported. Between 2002 and 2008, inflation has largely remained stable, ranging between 3% and 5%. This is due to the appreciation of the Euro against the US \$, which has offset sharp increases in the prices of food and construction materials. The movement of inflation between 2001 and 2008 is presented in the chart below.

Movement in inflation rates, 2001-08



Source: Central Bank of Comoros

\* Provisional figures

## Unemployment

The unemployed population was estimated by the IMF to be approximately 20,100 in 2005, representing 13.3% of the total labor force. IMF also stated that half of the unemployed population has never worked.

## Public finance

### Government financial operations

The limited sources of public revenues have made the government increasingly dependent on external loans and donations. The public wages and the payment of debt service averaged 48% of the total revenues and grants between 2001 and 2008. These payments limited the amounts available for social and economic development. The provisional data for 2008 shows a deficit of €8.0 million in the primary balance of the nine months ending September 2008, compared to €7.4 million for the whole year 2007. The consolidated government account for the years 2001 to 9-months ended September 2008 is presented in the table below.

Consolidated government financial operations (million Euro)	Dec 2001	Dec 2002	Dec 2003	Dec 2004	Dec 2005	Dec 2006	Dec 2007	Sep 2008*
Total revenue and grants	45.2	54.7	51.8	53.7	62.0	60.0	69.0	53.5
Revenues	34.4	43.7	45.4	45.6	48.7	43.8	43.0	32.4
Tax revenues	29.4	36.7	39.9	39.4	36.2	35.1	33.9	24.6
Non-tax revenues	4.9	7.1	5.5	6.2	12.6	8.7	9.1	7.8
External grants	10.8	11.0	6.4	8.1	13.3	16.2	26.0	21.1
Budgetary assistance	3.0	2.3	-	0.3	1.4	1.5	4.3	5.0
Project finance (including technical assistance)	7.8	8.7	6.4	7.8	11.9	14.7	21.7	16.1
Total expenditures and net lending	54.1	64.4	61.7	58.6	61.8	68.3	75.8	58.5
Wages and salaries	19.5	21.8	23.4	25.7	26.2	26.8	30.6	24.2
Goods and services	15.7	16.1	10.8	12.3	10.5	11.3	10.8	10.3
Transfers	3.4	2.7	4.1	4.0	5.9	6.9	6.5	3.1
Interest payments	2.7	2.7	2.9	2.6	2.4	2.3	1.7	1.4
Other expenses	1.8	5.9	5.1	1.2	2.9	5.0	5.3	1.4
Capital expenditures	10.9	15.4	15.4	12.8	14.0	15.9	20.9	18.0
Net lending	(0.1)	(0.1)	-	-	-	-	-	-
Domestic primary balance	(5.5)	2.9	1.5	(1.5)	3.4	(3.8)	(7.4)	(8.0)
Overall balance (commitment basis)	(8.9)	(9.7)	(9.9)	(4.9)	0.2	(8.3)	(6.8)	(5.0)
Change in net arrears	3.5	2.0	4.5	3.8	(0.6)	2.9	(4.7)	4.7
External debt arrears	1.9	1.8	2.0	1.4	1.1	0.8	(10.8)	0.6
Domestic arrears	1.7	0.2	2.5	2.4	(1.7)	2.1	6.2	4.1
Change in treasury accounts	-	-	-	0.3	(1.1)	-	-	-
Overall balance (cash basis)	(5.3)	(7.7)	(5.4)	(0.9)	(1.5)	(5.3)	(11.5)	(0.3)
Errors and omissions	-	(3.6)	(1.7)	(0.8)	(0.8)	(0.1)	0.4	1.7
Financing	5.3	11.3	7.0	1.7	2.3	5.5	11.1	(1.4)
Net foreign financing	9.4	12.6	6.8	0.5	(0.3)	0.9	9.9	(2.3)
Net domestic financing	(4.0)	(1.2)	0.2	1.2	2.6	4.6	1.2	0.9

Source: IMF



## External financing

### Foreign debt

External debt outstanding by creditors (million Euro)	2007
Multilateral loans	155.5
International Development Association	90.7
International Fund for Agricultural Development	6.3
African Development Fund	31.1
Arab Bank for Economic Development in Africa	23.3
Others	4.1
Bilateral loans	34.5
France	3.3
Kuwait	20.2
Saudi Arabia	10.4
Mauritius	0.7
Arrears	11.3
Principal	7.7
Interest	3.6
Stock of debt	201.3

Source: IMF

Comoros' external debt has increased steadily since independence to a peak of nearly 100% of GDP in the mid-eighties.

During a conference organized in Paris in December 2007, Comoros benefited from a cancellation of €25.2 million of its debt due to the ADB. In 2007, the outstanding debt of the country stood at €201.3 million, representing 59.6% of GDP. Comoros is also in continuous collaboration with the IMF to obtain reliefs on part of its foreign debt under the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative.

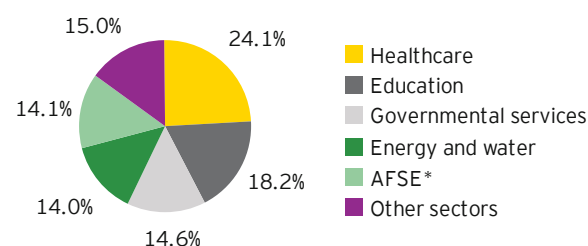
### Donations

Foreign assistance remains vital for financing public spending. In 1996, Comoros received €75.0 million in foreign assistance. However, foreign assistance declined to a low of €14.7 million in 2000 due to the unfavorable political situations in the country. The improvement in the political situation in the country has helped the country in terms of financial assistance and the country received €31.8 million in donations in 2008 from various countries and international organizations. The same donors have also allocated a budget of €61.5 million for financing multiple projects and services in 2009.

During 2008, donors had contributed predominantly to the healthcare and the education sectors, which received €7.8 million and €5.9 million respectively. The largest contributions during the same period came from France and China, which together accounted for 67.6% of total donations.

International donors have also been financing various projects in Comoros. These organizations have planned to provide assistance of €42.2 million in 2009 compared to €18.1 million released during 2008. The donations by recipient sector and by country/institution are presented in the chart and the tables below.

### Donations by recipient sector, 2008



Source: Ministry of Planning

\* Agriculture, fishing, livestock and environment

Donations from countries (million Euro)	A 2008	P 2009
France	1.7	5.2
China	7.6	11.2
Saudi Arabia	1.1	1.4
Iran	0.3	0.6
United States of America	0.5	0.4
Libya	0.7	0.5
United Arab Emirates	1.8	-
Total	13.7	19.3

Source: Ministry of Planning, news publications

A: actual, P: planned

Donations from international organizations (million Euro)	A 2008	P 2009
United Nations	4.1	4.5
European Development Fund	5.7	13.2
International Association for Development	2.2	3.3
Islamic Development Bank	-	0.7
International Fund for Agricultural Development	0.7	1.2
World Health Organization	1.3	2.3
Global fund*	3.1	-
Arab Authority for Agricultural Investment and Development	1.0	-
Arab League	-	17.1
Total	18.1	42.2

Source: Ministry of Planning, news publications

\* No further information is available on Global Fund, A: actual, P: planned

## Other economic indicators

### Poverty

Poverty is widespread in the country and even more prominent in the rural zones of Anjouan. As per the latest statistics of the UN, more than 50% of the population is continually food insecure.

### Remittance from abroad

Remittances from migrants represent the largest source of external funding. As per a 2008 report by ADB, the annual inward remittances from Comorians working abroad are around €73 million. It is believed that about two-thirds of these transfers are routed into the country via unofficial channels. A 2006 report by the UN indicated that 70% to 90% of remittances were spent on domestic consumption.







# Trade



## Introduction

The international trading activities of Comoros principally include the export of agriculture products and the import of basic food products, construction materials and vehicles. Principal agricultural products exported include vanilla, cloves and the essence processed from ylang-ylang. The country's trade deficit ranged between 23.5% to 26.4% of GDP during 2006 and 2007.

## Trade policy

The government is increasingly following a liberalized trade policy and is actively involved in aligning its tariff structures to those of other countries within the African region. The government's objective is to reduce prices of raw materials and intermediate products in order to improve the performance of the private sector.

## Trade agreements

Comoros is a member of the COMESA, a regional trading union of 23 countries set up with the objective to introduce a common external tariff structure.

Comoros is also a member of the Indian Ocean Commission, an inter-governmental organization that connects Madagascar, Mauritius, Seychelles, France and Mayotte. The main objective of the commission is to develop diplomatic, economic and commercial cooperation between the member countries.

The country also joined the Cross Border Initiative (CBI) in 1994; the initiative involves a common policy framework for 14 countries located in the Eastern and Southern Africa and the Indian Ocean. The CBI has been sponsored by the IMF, the World Bank, the ADB and the European Union (EU). One of the key elements of this initiative is to eliminate tariffs on trade between CBI participants.



# Trade

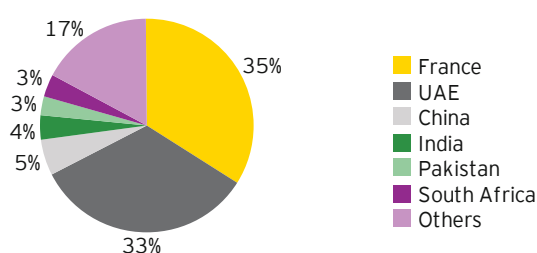
In 2007, Comoros signed a short-term Economic Partnership Agreement with the EU that guarantees a liberal access to the European market since January 2008.

In June 2008, Comoros gained eligibility to benefit from the commercial agreements of the African Growth and Opportunity Act (AGOA). This act offers tangible incentives for the African countries including a liberal access to the USA market.

## Trading partners

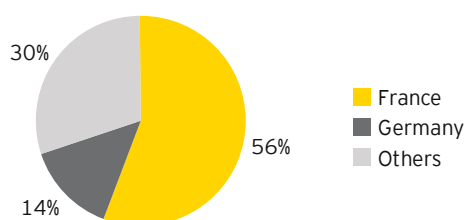
France has been the biggest trading partner of Comoros for both imports and exports. United Arab Emirates (UAE), China, Singapore, Pakistan, India and South Africa are the other significant exporters of goods into Comoros. Besides France, Germany and Turkey have been other key export destinations. The share of imports and exports by country is presented in the charts below.

Geographic distribution of imports by value - Feb to Dec 2008



Source: General Directorate of Customs

Geographic distribution of exports by value - Feb to Dec 2008



Source: General Directorate of Customs

## Leading exports and imports

### Exports

Comoros has three major agricultural products, namely vanilla, cloves and ylang-ylang, which ranged from 78% to 98% of its exports between 2001 and 2008 (June). Changes in the international prices of these products have a significant impact on the economy of Comoros; decreasing prices was the main reason for the decrease in the value of exports between 2004 and 2006. The value of exports decreased at a CAGR of 9.7% during the period 2001 to 2007. The details of exports from 2001 to the first six months of 2008 are presented in the table below.

Exports (million Euro)	2001	2002	2003	2004	2005	2006	2007*	June 2008*
Vanilla	11.0	13.4	18.6	6.9	2.7	2.1	2.6	0.7
Cloves	4.9	4.3	3.2	5.9	4.2	4.2	5.8	0.3
Ylang-ylang	2.0	2.1	1.3	1.7	2.0	1.9	1.4	1.3
Other products	0.6	0.6	0.7	0.5	0.7	0.2	0.2	0.6
<b>Total</b>	<b>18.6</b>	<b>20.4</b>	<b>23.8</b>	<b>15.0</b>	<b>9.7</b>	<b>8.3</b>	<b>10.1</b>	<b>2.9</b>

Source: General Directorate of Customs

\* Provisional figures, data for 2008 is covering the first half of the year

### Imports

Imports are concentrated on products of basic necessity, which ranged from 30.7% to 54.4% of total imports between 2001 and 2008 (June). The major imported items include cement, meat, rice, vehicles and petroleum products. Import activity is mainly to meet the growing needs of a rising population. The value of total imports increased by a CAGR of 10.2% during the period 2001 to 2007. The details of imports, by product category, for the period 2001 to 2008 (first six months only) are presented in the table below.

Imports (million Euro)	2001	2002	2003	2004	2005	2006	2007*	June 2008*
Rice	6.4	6.9	5.8	9.7	9.2	8.2	11.9	4.3
Meat, fish	4.5	4.5	5.7	6.1	7.7	6.2	6.8	4.0
Flour	1.3	1.5	1.6	2.0	2.0	1.8	1.9	1.7
Sugar	2.0	1.8	1.6	1.4	1.8	2.8	1.9	0.7
Dairy products	1.6	1.8	1.6	1.6	1.7	2.3	1.8	1.4
Pharmaceutical products	1.5	1.1	1.1	1.5	1.3	1.4	1.1	0.8
Clothing textiles	0.7	0.7	0.6	0.7	0.9	1.4	1.5	0.3
Petroleum products	8.6	11.4	12.1	14.4	17.1	20.1	21.6	2.1
Cement	2.8	2.4	3.2	3.5	5.5	6.4	4.9	4.9
Vehicles	8.8	5.3	7.7	7.9	4.6	6.0	6.1	6.7
Iron and steel	1.1	2.2	2.4	2.7	2.1	5.6	2.3	2.4
Other products	17.0	16.5	18.3	17.3	25.7	44.1	39.0	20.8
<b>Total</b>	<b>56.5</b>	<b>56.0</b>	<b>61.6</b>	<b>68.9</b>	<b>79.4</b>	<b>106.3</b>	<b>101.1</b>	<b>50.3</b>

Source: General Directorate of Customs

\* Provisional figures, data for 2008 is covering the first half of the year

## Procedures and requirements for importing and exporting

Importers and exporters need to complete the following procedures and prepare the necessary documents in order to undertake any international trade activity in Comoros.

### Procedures

The basic procedures and the estimated time taken to import/export a standardized cargo of goods in Comoros is presented in the table below.

Nature of procedures	Export		Import	
	Estimated Duration (days)	"Estimated Cost (Euro)"	Estimated Duration (days)	"Estimated Cost (Euro)"
Document preparation	18	179	13	179
Customs clearance and technical control	5	11	2	11
Ports and terminal handling	4	369	5	358
Inland transportation and handling	3	171	1	171
<b>Total</b>	<b>30</b>	<b>729</b>	<b>21</b>	<b>718</b>

Source: World Bank, 2009

### Documents required

The minimum documentation required for undertaking international trading activities is presented in the table below.

Standard documentation required	Additional documents required for export	Additional documents required for Import
Bill of lading	Technical standard/health certificate	Fiscal identification card
Certificate of origin	Terminal handling receipts	Import license
Commercial invoice	Cargo release order	Insurance certificate
Customs declaration	Inspection report	Pre-shipment inspection clean report of findings
Foreign exchange authorization		
Packing list		

Source: World Bank, 2009



# Foreign investment

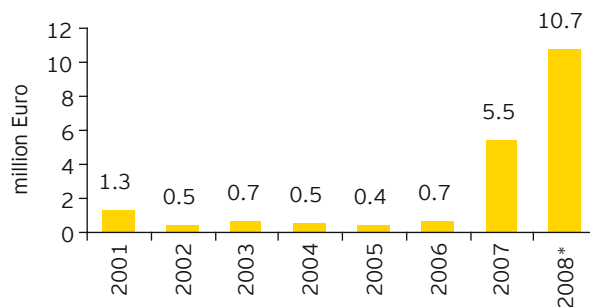




## Foreign direct investment

Between 2001 and 2006, FDI recorded an annual average of 0.2% of GDP. The years 2007 and 2008 witnessed a relatively large inflow of FDI, a total of €16.2 million. During these years, foreign investors have expressed more interest in doing business in Comoros. Data on FDI for 2001-2008 is presented in the adjacent chart.

Foreign direct investment, 2001-08



Source: Central Bank of Comoros  
\* as per eStandardsForum



# Foreign investment

Some of the recent investments into Comoros include:

- ▶ Gulf Com, a private company, which has invested in Moroni Port
- ▶ Exim Bank and Bank Federal de la Commerce- private institutions, which have invested in the banking sector
- ▶ Comoro Gulf Holdings (CGH), which has invested in the expansion and renovation of Royal Itsandra Hotel.

As per the eStandardsForum<sup>4</sup>, foreign investments are expected to increase during the upcoming years with estimated investments of €27.2 million in the telecommunication sector and €122.3 million in the tourism sector leading the way.

## Governmental policy toward foreign investment

Over the years, the development of the private sector in Comoros was limited by the inadequacy of the basic infrastructure, the high costs of energy, telecommunication and transport, an undeveloped banking sector and the lack of qualified labor force. In 2009, the World Bank ranked the country 155<sup>th</sup> out of 181 economies it had compared in terms of the ease of doing business. The government, in this regard, has decided to reorganize the public enterprises with low historical performance in order to provide reliable services and attract investors. The government has requested the assistance of the International Finance Corporation (IFC), a member of the World Bank group, to develop a coherent strategy to reform the public sector enterprises. It is also collaborating with the UN and the ADB under two separate programs for improvement of capabilities in the public sector.

In 2007, the Ministry of Investment Promotion, Micro finance and Decentralized Cooperation was created under the decree no. 07-038. The new ministry comprises two directorates in charge of (a) monitoring and promoting major projects and (b) supervising and promoting micro finance institutions. Plans include introducing a single window clearance for all procedures related to company formations.

In order to stimulate economic growth and enhance employment, the Comorian government is in the process of promoting the country as an investment destination. In 2007, the government introduced a new investment code, which broadly focused on reduced tariffs and tax incentives to eligible businesses. The National Investment Promotion Agency (NIPA) was created in December 2008 to promote the country as an attractive investment center and to provide guidance and assistance to potential investors. In addition to the NIPA, the Union of Chambers of Commerce, Industry and Agriculture (L'Union des Chambres de Commerce, d'Industrie et d'Agriculture - UCCIA) is another public establishment that acts as an interface between the private sector and the government. It is currently the main gateway of information exchange between the private sector and the government.

<sup>4</sup> eStandardsForum is a public domain involved in monitoring and reporting a country economic, financial, and political conditions, by using public information.

## Regulatory framework

The regulatory environment that shapes the investment climate of the country is primarily governed by the new investment code; however, investors' requests for additional exemptions or benefits are also considered on a case-to-case basis. The new investment code has provides for adequate levels of freedom and parity for foreign investors in terms of capital transfer and ownership rights.

## Investment code of 2007

### Objectives

The objectives of the new investment code are as follows:

- ▶ Creation of new enterprises
- ▶ Job creation
- ▶ Establishment of businesses in inland areas
- ▶ Innovation and development of existing businesses
- ▶ Encouragement and facilitation of enterprise freedom

### Eligible sectors

The new investment code applies to both domestic and foreign enterprises who seek to invest or expand their operations in the following sectors:

- ▶ Agriculture, farming, fishing and forest exploitation
- ▶ Conservation of plant, animal or fishing products
- ▶ Processing, storage and conditioning
- ▶ Manufacturing activities
- ▶ Mining or processing of mineral or natural substances
- ▶ Tourism and hotel infrastructures
- ▶ Banking and financial institutions
- ▶ Air, sea and road transport services
- ▶ Handicraft
- ▶ Services in the following sectors:
  - ▶ Health
  - ▶ Education and vocational training
  - ▶ Assembly and maintenance of equipments
  - ▶ Ground, port and airport infrastructures
  - ▶ Banks, insurance and micro credit institutions

The NIPA could recommend adding more services/industries to the above list.

### Special investment considerations

The following benefits/facilities are provided to enterprises under Article 5 of the new investment code.

- ▶ Right to acquire properties and concessions of any kind, required for their business activities, such as real estate, immovable, industrial or forest properties
- ▶ Right to choose suppliers, service providers and partners
- ▶ Right to take part in tenders in the Union of Comoros
- ▶ Right to chose management policy and freedom to recruit personnel



### Transfer of capital

The state of Comoros guarantees the transfer of capital and income under Articles 6 and 7 of the investment code. Foreign companies are eligible to transfer their regular accounting profits and funds without any restriction. Transfer of remuneration is also guaranteed for any staff member of the enterprise.

### Restrictions on foreign investment

Unlike other countries, the liberal nature of the new investment code of 2007 implies that no sector is closed to foreigners. In addition, the guarantees, rights, freedoms and obligations for national and foreign investors are the same.

### Settlement of disputes

In 1978, Comoros entered into a convention with the International Center for Settlement of Investment Disputes (ICSID), an institution of the World Bank group that provides facilities for conciliation and arbitration of international investment disputes.

The new investment code provides the following methods for settlement of disputes:

- ▶ Mutual agreement between two parties
- ▶ Agreements and treaties on investment protection agreements between the Union of Comoros and the state of which the investor is a national
- ▶ Settlement procedure in the jurisdiction of the OHADA/COMESA which the Union of Comoros is a member of
- ▶ Procedures for the settlement by an international court.

### Tax incentives

The following tax incentives are provided under the investment code:

Tax incentives under the investment code of 2007	Companies with an investment program of KMF 5 million to KMF 100 million	Companies with an investment program of over KMF 100 million
Royalty on imported materials and equipments	Exemption for 7 years from maximum applicable rate On the expiry of 7 years, exemption at half of the maximum rate	Exemption for 10 years from maximum applicable rate On the expiry of 10 years, exemption at half of the maximum rate
Corporate tax exemption	7 years holiday	10 years holiday

*Source: Investment Code - Law No. 07-0010/UA*

In addition, the companies covered under the investment code are also eligible for any other benefits available to other companies not covered by the investment code.

### Competition

Article 253 of the Commercial Code states that doing business in Comoros should be based on the principle of free competition even though certain sectors would be subject to special regulations determined by a decree. The new investment code has also emphasized on securing a complete economic freedom based on competition.

### Privatization

The government is actively considering enhancing its infrastructure facilities through privatizing its public enterprises such as the Petroleum Corporation, the Electricity Company and the Telecommunication Company. The government also plans to allow participation of the private sector in import of rice, the staple diet for most of the Comorians.

### Other relevant considerations

#### Land tenure and property

The vestiges of the French colonial law continue to provide the texts for land ownership and registry, which have four basic categories: untitled land; titled land; State domain; and village reserves. Approximately 80% of the people own small parcels without titles; those with larger land holdings of between 635 and 5,000 hectares possess land titles secured by them during the colonial period and which continue to be respected today.

#### Intellectual property

The Union of Comoros is a member of the World Intellectual Property Organization and it abides by most international conventions on this subject. The Office for Intellectual Property of the National Directorate of the Ministry of Energy, Mines, Industry and Handicrafts handles all enquiries related to the intellectual property.

The country lacks technical capacity and human resources to enforce the intellectual property protection. However, authorities are in the process of preparing a draft decree for establishing the Comorian Office of the Intellectual Property under the Ministry of Industry, and a Comorian Office for Copyrights under the Ministry of Education.

#### Environmental law

The environment is governed by the law of 22 June 1994, which was amended in 1995. No decrees of this law have been adopted but a national environmental policy and an environmental action plan were initiated during 1994-1995 of which further details are not available. Comoros has also participated in 11 international and regional conventions on environmental protection. The new investment code of 2007 also includes obligations towards respecting the environment.

#### Corruption

In 2003, Comoros signed the UN convention against corruption. The government launched an anti-corruption campaign in 2006.

### Mergers and acquisitions

During 1990-2007, the country did not witness any cross-border merger and acquisition transactions.



# Financial system







## Central Bank of Comoros

### Overview

The independence of Comoros in 1976 was accompanied with an institutional arrangement with France by which the Institute of Emission of Comoros (l'Institut d'émission des Comores) held the privilege of currency issuance. This right was later transferred to the Central Bank of Comoros (Banque Centrale des Comores - BCC) on 1 July 1981.

The law governing the BCC provides for an eight-member Board of Directors, with members chosen from the Comorian government, the French Central Bank (Banque de France) and the French government. The post of Deputy Director of BCC is held by a Banque de France official, who is responsible for monetary policy. Since 19 November 1999, BCC's official rates have been pegged to the Euro Overnight Index Average (EONIA), leading to a stabilization of interest rate differentials with the Euro.

BCC applies a compulsory reserves system of 25% of deposits and debt securities issued. It has the exclusive right to issue the local currency and its main role is to formulate the monetary and credit policy and manage international reserves.

The BCC headquarters are located in Moroni, and the current bank governor is Mr. Ahamadi Abdoubastoi.

### Authorities and main functions

#### Banking Supervision

The Law 80-08 of 3 May 1980 details the role of BCC in the control of banks, financial institutions, credit and foreign exchange. It defines the laws and regulations relating to the supervision of banks and other financial establishments such as the micro-finance and currency exchange firms. This legal framework was completed through a regulatory regime in the form of instructions



# Financial system

and circulars including the decree 04-069/PR, which regulates the activities of decentralized financial institutions, and the ordinance 03-002/PR on money laundry, confiscation and international cooperation in crime proceeds.

## Licensing

In accordance with the Law No. 80-07 of 26 June 1980 on regulating banks and financial institutions, only the Minister of Finance of Comoros, following a recommendation from BCC, can license an institution or company aiming to pursue a banking or financial services activity in Comoros' territories. However, some non-banking agencies had managed to acquire licenses from Anjouan island; these licenses authorized the license holders to engage in off-shore banking and financial services. BCC was able to bring to a close these illegal off-shore activities by undertaking a series of measures. In this context, BCC issued two circulars and raised two legal complaints to the court of Moroni during 2004-06. Subsequently, a media campaign was launched in February 2008 to create awareness among central banks in various countries, and BCC issued a warrant to stop the illegal sale of off-shore licenses in the national territory.

## Anti-Money laundering

Inclined by FATF's<sup>5</sup> recommendations, the Comorian authorities adopted the decree No. 03-002/PR, relating to money laundering, confiscation and international cooperation in the proceeds of crime, on 28 January 2003. It was followed by Decree No. 03-025/PR on 18 February 2003, establishing a financial intelligence unit (FIU), whose permanent secretariat is represented by BCC. The FIU's mission is to collect, process and disseminate information on the subject financial networks and on illegal money laundering, as well as facilitate and coordinate as necessary, nationally and internationally, investigations and techniques of various jurisdictions and agencies.

With the expertise of the Liaison Committee for Anti-money Laundering of the Franc Zone, BCC is currently undertaking the drafting of a new law governing money laundering and combating terrorist financing in order to bring the Comorian legislation into harmony with the FATF recommendations. Subsequent to its completion and adoption by the Parliament of the Union of Comoros, this new law will revoke the 2003 law.

## Currency and exchange rate policy

In 1979, Comoros signed a monetary cooperation agreement with France, making the country a member of the Franc Zone<sup>6</sup> with its own currency and central bank. KMF's exchange rates are officially quoted on the basis of the fixed exchange rate of the KMF to the Euro and the Paris exchange market's rates for other currencies. The convertibility of the Comorian currency is guaranteed without limit by the French Treasury on the basis of the fixed parity indicated.

Forward cover against exchange rate risk is authorized by BCC and is provided to traders for up to three months by commercial banks that are authorized to conduct such transactions.

## Monetary policy

The government is committed to the independence of BCC in conducting its monetary policy and funding. BCC follows a prudent monetary policy, conducted within the Franc Zone framework, which is tailored to ensure price stability and preserve a sustainable external position.

The monetary union conducted between the countries of the Franc Zone and France involves a centralization of foreign exchange reserves. Member states are required to centralize their foreign exchange reserves in each of the two central banks in Africa (the Central Bank of the West African States and the Bank of the Central African States) against unlimited guarantee of currency convertibility by France.

Consequently, the participation of Comoros in the Franc Zone has enabled the government to contain inflation, and maintain a stable exchange rate and an adequate level of foreign reserves despite major fiscal imbalances.

<sup>5</sup> The Financial Action Task Force (FATF) is an inter-governmental body, located in France, whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing. The FATF has issued 40 key recommendations relating to the fight against money laundering, supplemented later by 9 special recommendations against terrorist financing.

<sup>6</sup> The Franc Zone has four currencies: Euro, Comoros franc, the Central African CFA franc and the West African CFA franc. In January 2002, both CFA franc (XAF and XOF) were pegged to the Euro at a fixed rate of 655.957 CFA francs to 1 Euro.



## Money supply

The money supply grew at a CAGR of 1.3% during the years 2001-2007. In 2007, the money supply increased by 8.1% against a 5.8% decrease in 2006. The money supply for years 2001-2008 is presented in the table below.

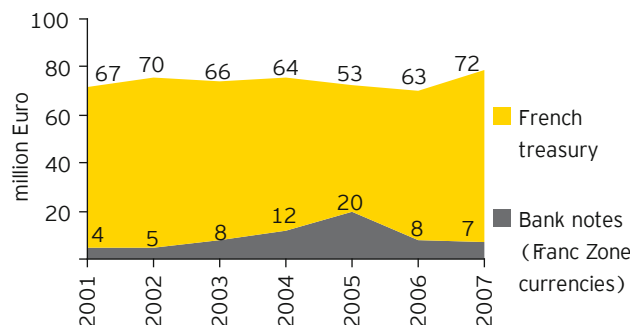
Money supply (million Euro)	Dec 2001	Dec 2002	Dec 2003	Dec 2004	Dec 2005	Dec 2006	Dec 2007	Jun 2008
Money	46.6	51.5	50.4	46.6	51.6	50.2	52.1	46.8
Fiduciary circulation	25.1	25.4	23.4	25.1	23.3	25.9	27.4	25.3
Deposits	21.5	26.1	27.0	21.5	28.3	24.2	24.7	21.5
Central Bank	3.3	4.4	4.5	3.3	5.5	3.5	5.6	3.9
Treasury	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Commercial bank	17.4	20.8	21.7	17.4	22.0	19.9	18.2	16.7
Quasi Money	21.1	23.5	21.1	21.1	20.5	17.7	21.3	21.3
Total money supply	67.7	75.0	71.5	67.7	72.1	67.9	73.4	68.1

Source: Central Bank of Comoros

## Central Bank reserves

BCC had almost a constant level of foreign assets - averaging about €75.5 million - during the period 2001-07. The operational account with the French treasury and the bank notes in Franc Zone currencies were the main components of the country's foreign assets and accounted for about 98.0% of the total assets during 2001-07. The major components of BCC's foreign assets are presented in the chart below.

Major components of Central Bank foreign assets, 2001-07



Source: Central Bank of Comoros

## Central Bank's Interest rates

The EONIA, the effective overnight reference rate for the Euro, is the main interbank rate of the Euro Zone. BCC's interest rate is linked to EONIA. Saving deposits rates are fixed by the Ministry of Finance to a level below that of inflation. Accordingly, most deposits inflow is for fund security rather for generating additional return. The key reference rates of BCC for the period 2001-08 are presented in the table below.

Central Bank rates	2001	2002	2003	2004	2005	2006	2007	2008
Voluntary reserves of banks and financial institutions	4.5%	3.4%	2.4%	2.2%	2.1%	2.7%	3.7%	3.7%
Statutory reserves of banks and financial institutions	4.3%	3.2%	2.2%	1.9%	2.0%	2.6%	3.6%	3.6%
Discount rate	5.9%	4.8%	3.8%	3.5%	3.6%	4.3%	5.4%	5.4%

Source: Central Bank of Comoros

## Financial system structure

In addition to the Treasury and a central bank, the financial system of Comoros consists of three commercial banks, one development bank, two micro-finance agencies, and one financial services provider. Financial service intermediaries such as Western Union, MoneyGram and Comores Express are also actively involved in money transfers.

## Banking and insurance industry setup

The Comoros' financial services sector is relatively small and is principally concentrated in the banking sector. The main banking services in the country are provided through the following financial outlets.

- ▶ Bank for Industry and Commerce (La Banque pour l'industrie et le commerce - BIC) - a universal commercial bank with relatively limited product offerings, both in terms of savings and credit.
- ▶ Exim-Bank - a commercial bank, which started its operations in January 2007 in Grande Comore and in March 2009 in Anjouan.
- ▶ Comoros Federal Bank of Commerce (Banque Fédérale du Commerce - BFC) - a commercial bank, which was inaugurated in February 2009.



# Financial system

- ▶ Development Bank of Comoros (Banque de Développement des Comore - BDC) - which is involved in providing medium and long term financing, mainly to industrial enterprises. The bank does not receive deposits. The French Development Agency (Agence Française de Développement) finances the lending activities of BDC.
- ▶ National Society of Postal and Financial Services (Société Nationale des Postes et des Services Financiers - SNPSF) - a financial intermediary that houses the departments of the National Deposit Fund (Caisse Nationale d'Épargne), the Postal Accounts and transfer services of Western Union.
- ▶ Decentralized financial institutions for micro-financing, namely SANDUK and MECKS networks.
- ▶ MoneyGram and Comores Express - financial service intermediaries involved in money transfers.

Key characteristics of the finance sector are presented in the tables below.

Particulars	2005	2006	2007	2008
Saving deposit rates	3.0%	2.5%	2.5%	2.5%
EONIA rates	2.1%	2.8%	3.9%	3.9%
Commercial banks lending rates	8% to 14%	7% to 14%	7% to 14%	7% to 14%
Saving market share				
BIC	63.0%	56.0%	46.0%	37.0%
SNPSF	7.0%	9.0%	14.0%	23.0%
MECKS	22.0%	27.0%	30.0%	26.0%
SANDUK	7.0%	9.0%	10.0%	10.0%
EXIM-BANK	-	-	-	4.0%
Lending market share				
BIC	64.0%	57.0%	52.0%	41.0%
BDC	7.0%	8.0%	5.0%	4.0%
SNPSF	4.0%	12.0%	16.0%	24.0%
MECKS	17.0%	15.0%	17.0%	18.0%
SANDUK	8.0%	8.0%	9.0%	9.0%
EXIM-BANK	-	-	-	4.0%

Source: Central Bank of Comoros

Particulars	Comoros	Grande Comore	Anjouan	Mohéli
Number of branches				
BIC	2	1	1	-
SNPSF	21	12	7	2
MECKS	11	6	4	1
SANDUK	66	26	31	9
EXIM-BANK	2	1	1	0
Total number of branches	102	46	44	12
Estimated number of accounts (in thousands)				
BIC	20.2			
SNPSF	31.0			
MECKS	36.8			
SANDUK	26.6			
EXIM-BANK	5.0			
Total number of accounts	119.6			

Source: Ministry of Planning, United Nations, Ernst & Young research

Comoros has a relatively small insurance sector, mainly for car insurance certificate.

## International financial institutions

Comoros, as a signatory to the agreement between African, Caribbean and Pacific nations and the EU, known as the Cotonou Agreement, has access to the facilities of the European Investment Bank (EIB).

Under this facility, entities in the COMESA region can borrow money from EIB up to 50% of the investment value at competitive interest rates with flexible structures.

As a member of the World Bank, the facilities of the IFC are also available for projects in Comoros. Other potential finance development funding sources include ADB, Development Bank of Southern Africa and Industrial Development Corporation of South Africa Limited.

## Stock exchange

There is no stock exchange or parallel exchange in Comoros.

-19.5	-1.34%	TYM3	1112-03	-02	
-8.93	-1.14%	DOM3	1113-11	-06	
-90.00	-1.04%	USM3	1113-12	-08	
-91.62	-1.19%	fvM3	1114-22	-08	
+70.0	+0.91%	tyM3			
-1.50	-1.01%	usM3	1.0000	-0002	
+55	+0.66%	EUR	1.0000	-0000	
+26.03	+0.31%	GBP			
+30	+0.42%	JPY			
+34	+0.47%	CAD			
-3.30	-1.83%	AUD			
-3.91	-2.16%	CHF			
-22.0	-3.73%	HKD			
-27.40	-5.88%	INR			
		KRW			
		SGD			
		TWD			
		ZAR			

<b>BOND FUT</b>			
120.02	-01	-0000	
1111.40	-02	-0000	
114.30	-03	-0000	





The background of the page features a series of tall, fluted classical columns, likely made of marble or limestone, arranged in a row. The columns are set against a bright, clear sky with some green foliage visible in the background. The lighting is warm, suggesting a sunny day. A horizontal yellow band is overlaid across the middle of the image, containing the main title.

# Business entities



## Corporate legal framework

All foreign and local business entities operating in Comoros are subject to the laws enacted by OHADA.

### Commercial corporate law

OHADA had incorporated the 'Uniform Act' related to the Commercial Corporate and Economic Interest Group Law, in April 1997. The Uniform Act is the corporate law adopted by business

entities in Comoros. The Uniform Act provides the operating rules, and governs the formation and the functioning of various types of business entities. The civil liability of managers is also defined within the Uniform Act.

### Commercial disputes

Commercial disputes can be resolved within the local juridical system or through the Common Court of Justice and Arbitration established by the OHADA.



# Business entities

## Business entities

The influence of the French commercial law is visible in the types of business entities that are permitted in Comoros. The permissible types of business entities are presented in the table below.

Entity type	Short description	Minimum share capital in CFA Franc	Minimum value of 1 share in CFA Franc
Société en Nom Collectif (SNC)	General partnership between General Partners (GP) who have unlimited liability	No. Min. K.	No. Min. K.
La Société en Commandite Simple (SCS)	Limited partnership, similar to a general partnership but which combine at least one GP and some limited partners	No. Min. K.	No. Min. K.
Société à Responsabilité Limitée (SARL)	Limited Liability Company (LLC), usually used for small sized investments	1,000,000	5,000
Société Anonyme (SA)	Public Company, similar to a LLC, usually used for large sized investments	10,000,000	10,000
La société en participation (SEP)	General partnership, but the SEP has no legal status and therefore has no right to conclude contracts. Only the partners of a SEP can conclude contracts in their personal capacity	No. Min. K.	No. Min. K.
Groupement d'Intérêt Economique (GIE)	Economic Interest Group like a joint venture that facilitates or develops the economic activity of its members	No. Min. K.	No. Min. K.
Succursale	Branch of a company. The establishment of a branch of a foreign company is permitted in Comoros	No. Min. K.	No. Min. K.

Source: OHADA Uniform Act

No. Min. K: Refers to no minimum share capital and share value requirement

Business entities, except joint ventures, need to obtain a Register of Commerce and Trade certificate with the UCCIA before starting any activity.

The preferred choice of company type for foreign investments in Comoros is the SA structure. The Comoros government assists foreign investors through a public-private-partnership (PPP) framework by investing as a minority stake holder in certain ventures. Most foreign investors usually prefer public participation in order to get a certain degree of comfort and security by engaging the government in their project ventures.

## Company's establishment procedures

The UCCIA is the public establishment, which is acting as an interface and the main gateway of information exchange between the private sector and the government. Additionally, with the recent incorporation of the NIPA, establishing and registering a company in Comoros is now handled by the NIPA and the UCCIA. Both the NIPA and the UCCIA facilitate investors' activities and safeguard investors' interests.

A SARL/SA Company typically requires about 5 days to complete the following establishment procedures:

Required formalities	Required documents	Cost
Register the company's Article of Association and Article of Incorporation	<ul style="list-style-type: none"> <li>Article of Association and the Article of Incorporation</li> </ul>	3% of the capital
Register the company at the commercial court	<ul style="list-style-type: none"> <li>Certified copy of the Article of Association</li> <li>Regularity and conformity declaration*</li> <li>Shareholders minutes</li> <li>Extracts of shareholders' police records</li> <li>Bank statement showing the release of the capital</li> <li>Rental contract of the office</li> </ul>	€46
Obtain the business license at the tax administration	<ul style="list-style-type: none"> <li>Commercial registration certificate</li> <li>Rental contract of the office</li> </ul>	Depends on the business activity
Register with the Chamber of Commerce	<ul style="list-style-type: none"> <li>Commercial registration certificate</li> <li>Business license</li> <li>Photographs of the shareholders</li> </ul>	€20
Obtain the trade license at the Ministry of Economy	<ul style="list-style-type: none"> <li>Commercial registration certificate</li> <li>Business license</li> <li>Photographs of the shareholders</li> </ul>	Depends on the business activity

Source: Chamber of Commerce

\*Declaration made by the company's shareholders confirming all necessary procedures for establishing the company have been complied with.

Subject to government approval, business entities are free to operate with a 100% private ownership or seek government participation through a PPP.

## Investment restrictions

Foreign investors and Comorian nationals are entitled to the same rights and have access to investment opportunities in all the sectors. However, a few industries such as telecommunication, oil & gas, banking & finance, water & electricity and airlines need specific government approval.

## Business entities in Grande Comore

During 2006-2008, 644 business entities, including 275 companies and 369 shops, were registered with the Chamber of Commerce of Grande Comore (CCGC). The chart below shows the registration of companies and shops between 2006 and 2008. Comoro Gulf Communication S.A. is the largest company in terms of capital, with a registered capital of €73 million. Details of companies registered on the other two islands are not available.

Establishment of business entities, 2006-08



Source: Grande Comore Chamber of Commerce

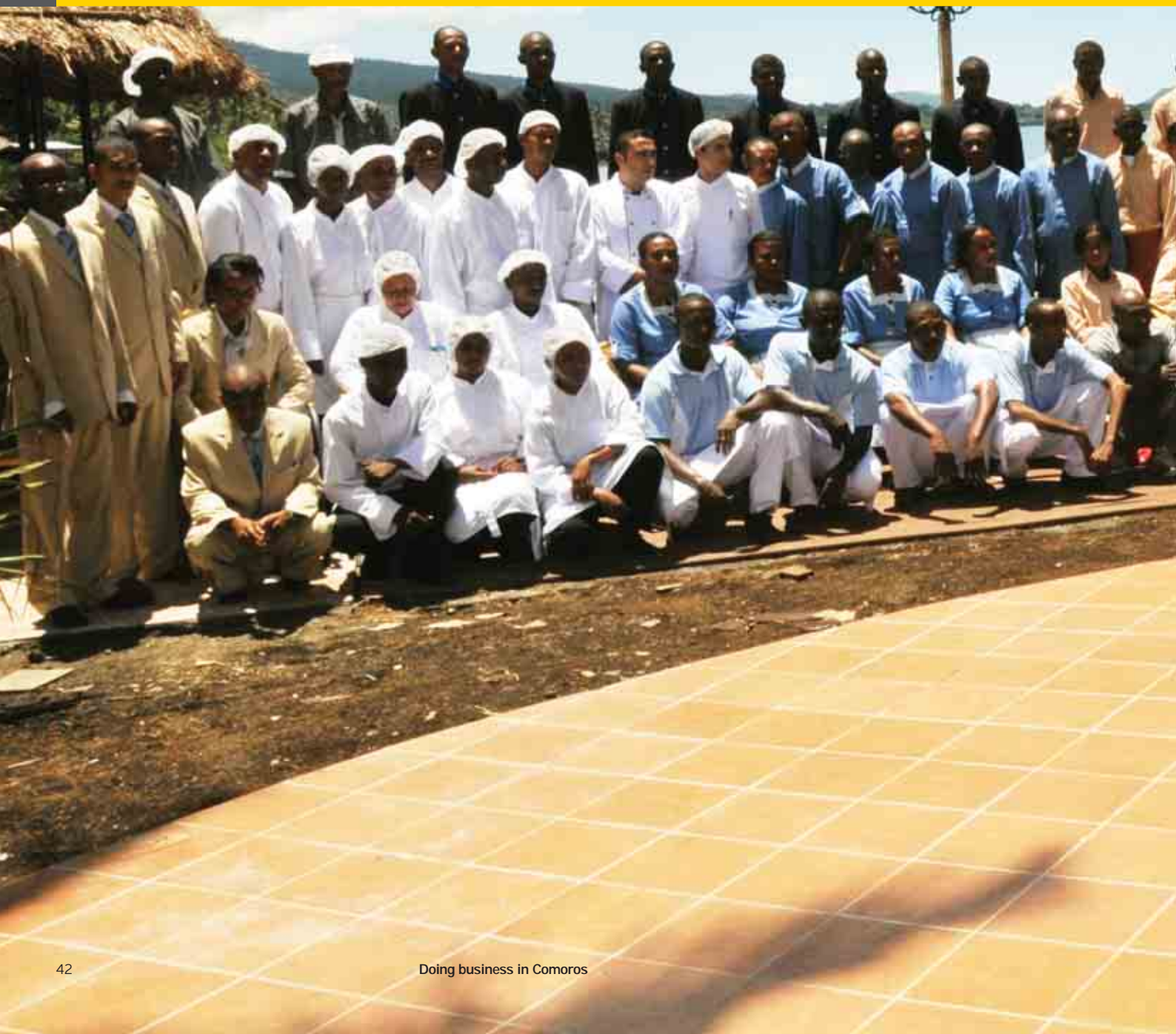
Certain select companies in terms of registered capital, which were registered with CCGC during the period 2006-08, are listed in the table below.

Major companies established in Grande Comore during 2006-08	Year of incorporation	Capital (thousandEuro)
Comoro Gulf Communication S.A.	2007	72,953.3
Bank Federale du Commerce (BFC)	2006	10,000.0
Exim Bank	2007	1,422.9
Gulf Com Port Management	2007	1,016.3
Comoros International Airline	2008	679.7
Societe Industrielle de Concassage et de Fabrications (SICOP)	2006	152.4
Pharmaci Al-Kamar	2007	20.3
Fish Alliance	2007	16.3
LAACO Comores	2006	16.3
Comoro Gulf Holding	2006	15.2
Dubai World Comoros Beach Hotel and Resort	2007	15.2
Air International	2006	10.2
Catovair Comores	2007	10.2
Etablissement Zamenhof	2008	10.2
Groupe Scolaire Foundi Mzehmou	2006	10.2
Karthala Airways	2006	10.2
Maison Keldi SARL	2008	10.2
SARL Munganya Comores Airlines	2008	10.2

Source: Grande Comore Chamber of Commerce



# Labor force







## Domestic and foreign labor force

An independent agency, International Fund for Agricultural Development estimated the labor force at around 200,000 in 2004. There are no updated statistics of the workforce in Comoros. However, it is believed that foreign labor force is not significant.

## Availability of professionals and skilled labor

There is a general lack of skilled labor in the country. Most of Comorian nationals who study in France prefer to stay outside Comoros, due to better employment opportunities there.

## Working hours and salaries

The Comoros labor code sets the minimum age for work at 15 years. The code specifies a maximum of 40 hours week for public and private corporations. In the agriculture sector, the annual working hours are capped at 2,400. In practice, employers do not necessarily follow these rules as long as employees consent to higher working hours. The labor law does not have separate laws/provisions for expatriate and national employees. The basic salary for workers ranges from €50 to €80 per month.

## Leaves

Generally, employees have one day off per week and are also entitled to a one month of paid vacation every year.



# Labor force

## Employment contracts

Employment contracts can be for a fixed term or for an indefinite period. There is no mandatory standard form of contract. The labor law states that contracts with undefined term can be cancelled anytime by the employer or the employee; however, the law requires a proper justification before making employees redundant and requires payment of redundancy compensation. Any unfair labor contract cancellation may result in damages as awarded by the courts. In contrast with the public sector, the private sector employers are not required by law to provide for social security or pension contributions though they may do it voluntarily.

### Typical contract terms for foreign labor

For a Comoros national and any foreigner having a principal residence in Comoros, an employment contract with defined term should not exceed two years but is renewable once for a maximum period of one year. After three years of employment with the same employer, all contracts become undefined contracts.

For expatriate employees, employers are usually responsible for the visa process and the associated costs and also bear the cost of air passage for the employee and his/her family from Comoros to his/her country upon joining and on expiry of the contract.

If an expatriate employee is not able to afford the housing and the food cost with the salary received, the employer is required to provide such benefit (housing and food) to the employee.

The monthly salary of a white collar, non-executive employee in the public sector typically ranges between €150 and €300.

## Types of permits/visas

People going to Comoros require a passport valid for at least six months from the date of entry. Tourist and business (45 day visas) are issued on arrival for €60.

Other visas, such as those for long-term business stays, may be obtained by applying to Comorian embassies and consulates overseas, or at the immigration office upon entering the country. A one year residence permit costs €250 and the 10-year residence permit costs €500.

According to the Labor Law, Article 38, the employer is responsible for obtaining visa for employees. If no response is received from the local authority within 30 days after requesting for an employee visa, it is assumed that the visa request has been granted to the employee.

## Labor unions

The labor code allows workers to form labor unions independent of the government. There are no restrictions on unions joining federations or affiliating with international bodies. The OPACO (Organization Patronale des Comores) is the main Employers' organization in Comoros. Its main objective is to strengthen relations between its members, safeguard their interests and represent its members with various government authorities.







# Taxation



## Introduction

The country's taxation system is derived from the Comorian General Tax Law no. 85-018/AF of 24 December 1985 and the Comorian Law of Customs no. 92-008/PR of 7 September 1992. Taxation laws in Comoros are based on the old taxation regimes of France. Subsequently, the government has issued a number of decrees under circulars of the finance law to adjust tax rates and also introduced the new investment law of 2007, which granted companies and individuals with high levels of tax exemptions and reliefs.

## Direct taxes

Under the direct taxation, various types of taxes are levied in Comoros such as profit tax, single professional tax, business licensing tax, capital income tax, payroll tax, property tax and tax on revenue of agriculture lands. Approximately 350 companies are registered with the Department of Taxation; 20 of these companies have a turnover in excess of KMF 500 million.

### Corporate taxes - Overview

Business entities and self-employed individuals involved in business activities or professions in Comoros are subject to corporate taxation. Companies and individuals with turnover of less than KMF 20 million are subject to the single professional tax. Those with a turnover greater than KMF 20 million are subject to the profit tax. A capital income tax is applicable on all dividends distributed and interest paid.



# Taxation

## Business license charges

Fees on business licenses vary from KMF 5,000 to KMF 750,000. These fees are composed of a fixed charge, depending on the type of business, and a proportional charge, based on the rental value of the business premises, which in turn depends on the location of the premises.

## Single professional tax

The tax charges range from one to four times the cost of a business license for companies and individuals depending on the turnover ranges outlined below.

Turnover (KMF)	Charges
Less than 3 million	1 time the cost of business license
Equal to 3 and up to 5 million	2 times the cost of business license
Equal to 5 and up to 15 million	3 times the cost of business license
Equal to 15 and up to 20 million	4 times the cost of business license

Source: General Code of Taxes and amendments

## Profit tax

Profit taxes are imposed at the following rates based on the turnover.

- ▶ 35% of the profit for turnover between KMF 20 million and KMF 500 million
- ▶ 50% of the profit for turnover above KMF 500 million

## Capital income tax rate

The tax on capital income is at a flat rate of 15%.

## Taxation of individual income - Overview

All individuals with a permanent occupation in Comoros are subject to personal taxation. Employees in the organized sector are subject to progressive payroll tax while self-employed individuals are subject to corporate tax.

## Payroll tax rates

Payroll tax rates on salaries and wages are presented in the table below.

Tax bracket (in KMF)	Tax rate
Less or equal to 150,000	0%
150,001 - 500,000	5%
500,001 - 1,000,000	10%
1,000,001 - 1,500,000	15%
1,500,001 - 2,500,000	20%
2,500,001 - 3,500,000	25%
over 3,500,000	30%

Source: General Code of Taxes and amendments

## Property taxes

Property taxes include property-recording fees, tax on registered property, tax on rental income and tax on capital gains on real estate.

## Property tax rate

Tax rates on the usage, transfer and trade in properties are as follows:

- ▶ Property recording fees: Taxes on recording property transactions are levied at 2% of the value for property rights and mortgages and 1% of the cumulative value for leases.
- ▶ Tax on registered property: Tax on real estate transfers are charged at different rates, depending on the type of transfer, as outlined below.

Transfer types	Tax rates
Sale	2% to 9% of the selling price
Donation and inheritance	5% to 60% of the assessed value
Judicial act	Fixed amount of KMF 1,000 to KMF 20,000

Source: General Code of Taxes and amendments

- ▶ Tax on rental income: Annual tax levied on the rental value at 20% for residential units and farms, and 30% for commercial and industrial units
- ▶ Tax on real estate gains: Capital gains are taxable at a flat rate of 20%.

## Tax on the revenue of agricultural lands

Income tax on agricultural land is levied on any individual who operates, occupies or owns agricultural land.

Taxes imposed on the agricultural lands are based on the usage of land and are as per the details presented in the following table.

Land category	Description	Tariffs (KMF/hectare)
1st category	Land used for poultry farm	10,000
2nd category	Land cultivated with commercial crops	5,000
3rd category	Land cultivated with vegetable crops	3,000
4th category	Arable land not developed	2,000
5th category	Land devoted for cultivation of food crops	1,000
6th category	Forest land and pastures	500

Source: General Code of Taxes and amendments

## Indirect taxes

The indirect taxes levied in Comoros mainly comprise consumption tax and tax on international trade. The government has continued its policy of simplifying its tariffs in accordance with its commitments to the framework of the regional economic integration.

## Consumption tax

Consumption tax is a value added tax levied on imports and domestic services. Consumption taxes on imports are levied through custom duties based on cost, insurance and freight (c.i.f.) value. Consumption taxes are also levied on domestic services such as hotels, restaurants, banks, electricity, water and

telecommunication. Enterprises with turnover up to KMF 20 million and those transacting in petroleum products, medical services and publishing activities are not subject to consumption tax.

### Consumption tax rates

The rates for consumption tax are presented in the table below.

Items	Rate
Basic necessities	0%
Water supply, private schools and inter-island airfares	3%
Electricity, telephone, banking services	5%
Importation, production, transformation and trade activities, and other services	10%
Casino	25%

Source: General Code of Taxes and amendments, IMF

### Tax on international trade

Comoros has undertaken efforts to reform and simplify its customs duties in order to be closer to the objectives of the Common External Tariff initiative of COMESA. Hence, the level of customs tariff has been progressively reduced since 1990s.

### Taxes on imports

The new finance law of 2007 has reduced the maximum rate of import tariffs on essential goods from 30% to 20%. Currently, imports are taxable at 0%, 5%, and 20% of the c.i.f. value in accordance with the economic classification of goods.

### Taxes by type of goods

Rice has a flat tax rate of KMF 40 per kilogram for the ordinary type and KMF 150 per kilogram for the other, higher grades.

A special fiscal duty is levied on the c.i.f. value for certain commodities. Rates vary from 15% for cement, 200% for tobacco and up to 250% for alcoholic beverages.

Petroleum products are taxable at the rates below.

- ▶ KMF 230 for 1 liter of gasoline
- ▶ KMF 115 for 1 liter of diesel oil
- ▶ KMF 10 for 1 liter of kerosene

### Other taxes on imports

Additional taxes levied on importers are as follows:

- ▶ Ocean Freight (Forfait Tax) - levied on containers with numerous goods, at KMF 2.25 million and KMF 4.5 million for 20 feet and 40 feet containers respectively
- ▶ Administrative levy - applied at 1% of customs receipts on taxable imported goods and at 3% of the c.i.f. value of exempt goods.

### Taxes on exports

A levy of 1% of export value is charged on behalf of the Chamber of Commerce. However, the main export products of Comoros, namely vanilla, cloves and ylang-ylang, were exempted from this tax in 2006 and 2007.

## Other Indirect taxes

### Taxes on vehicles

Annual taxes on vehicles are charged based on the following:

- ▶ KMF 3,000 to KMF 22,500 per cylinder, depending on the vehicle's age and engine capacity
- ▶ KMF 25,000 per ton of load capacity for diesel engine vehicles except those used in agricultural activities
- ▶ KMF 1,000 parking fees per vehicle except those used in agricultural activities.

### Tax on insurance policies

Tax on insurance is levied at 3% of the policy value for life, maritime and rental insurance; 15% for fire insurance and 4% for all other insurance categories.

### Stamp duty

It ranges between KMF 500 and KMF 25,000, depending on the nature of transaction.

## Tax exemptions and reliefs

Under the new investment law of 2007, foreign and national enterprises with an investment program of over KMF 5 million and having a potential to create significant employment for the nationals are able to benefit from certain tax exemptions. These have been outlined in the chapter titled Foreign Investment.

The other main tax exemptions existing under the national taxation law are:

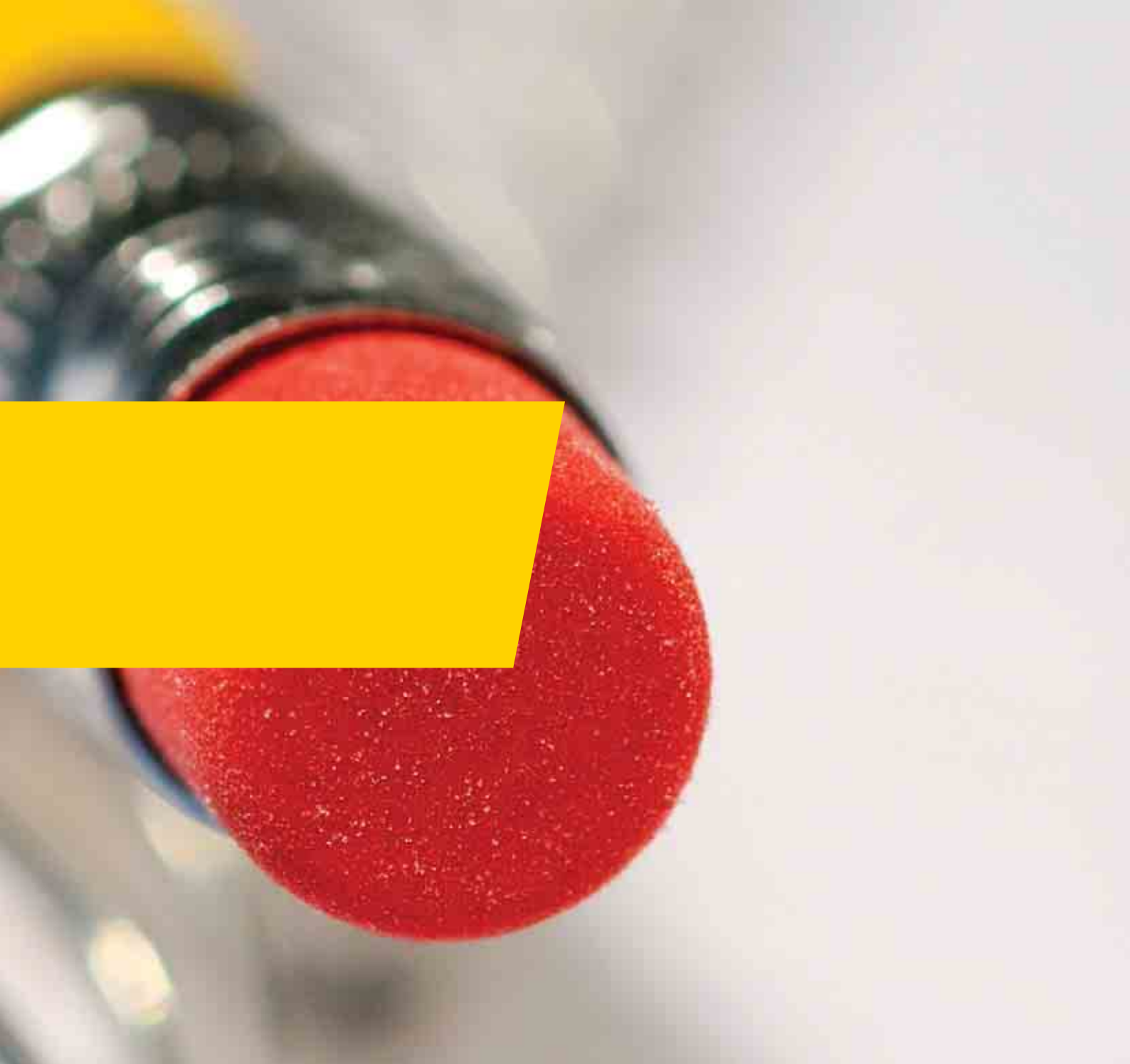
- ▶ Exemption from property tax: new properties used for private residence are not subject to property taxes during the first two years of usage.
- ▶ Exemptions from tax on imports: petroleum products, cements, fertilizers, flour and rice are exempted from the administrative levy tax. Reduced rates on petroleum products are further applied to diplomatic missions, ships and aircrafts. Forfait tax is exempt under the following circumstances:
  - ▶ A container with more than 60% of one product
  - ▶ A container with a mixture of more than 60% the following: rice, tobacco, alcohol, soda beverages, cosmetics, spare parts and printed textiles.
- ▶ Exemption from capital income tax: capital income tax does not apply on interest on loans contracted or granted by microcredit agencies, housing cooperatives and agricultural credit unions.

The Government of Comoros also grants tax exemptions for business entities and employees of the business entities on a case to case basis.





# Financial reporting and auditing



## Overview

The OHADA accounting system, developed under the aegis of the Central Bank of Western African States (BCEAO)<sup>7</sup>, is based on the General Accounting Plan (GAP). The GAP is the traditional reporting methodology in the Francophone world. It provides a chart of accounts that needs to be adhered to in the preparation of the financial statements. The OHADA system incorporates some elements of the International Financial Reporting standards (IFRS).

## Scope of application

The OHADA accounting system is applicable to both private and public businesses. Only entities that are subject to public sector

<sup>7</sup> The BCEAO is a central bank serving the eight west African countries (Benin, Burkina Faso, Cote d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo) which comprise the West African Economic and Monetary Union countries.

accounting rules, such as non-profit entities in the public sector, are excluded from the requirements of adopting the OHADA accounting system. Banks, financial institutions and insurance companies are also excluded and are governed by sector-specific accounting plans.

## Statutory requirements

The OHADA accounting system includes standards for presentation of the financial statements, principles for the recognition and measurement of assets and liabilities, and detailed, practical guidance regarding the accounting of specific transactions.

As per Article 7 of the OHADA Act, financial statements must be prepared at least once each year, for a period of twelve months. The accounting period coincides with the calendar year.



# Financial reporting and auditing

The books of account and relevant supporting documents should be maintained for ten years.

According to Article 19 of the OHADA Act, the mandatory books of account and supporting documents include:

- ▶ Books of prime entry in which transactions are recorded throughout the accounting period;
- ▶ Ledger, made up of all the undertaking's accounts, in which the different transactions are entered or posted from journals in batches throughout the accounting period ;
- ▶ General trial balance, which at the end of an accounting period shows all debit and credit balances;
- ▶ The annual accounts book in which the balance sheet, profit and loss account and summary of closing inventories for each accounting period are transcribed.

## Audit requirements

It is mandatory to have an auditor for SA entities. For private limited liability companies, audit is mandatory if the registered capital is in excess of €15.2 thousand or if a company fulfills either of the following two conditions:

- ▶ the annual turnover exceeds €381 thousand
- ▶ the entity employs more than 50 permanent staff

For other private limited companies, the appointment of an auditor is optional.

## Financial statements disclosure and reporting

At the close of each fiscal year, the manager or board of directors or the general administrator of a business entity, as appropriate, is required to finalize and adopt the summary financial statements in accordance with the provisions of the Uniform Act. The annual financial statements should be compiled within four months of the close of the relevant accounting period. The accounts should be kept in the country's official language and official currency unit. The reporting currency used in Comoros is the KMF.

The OHADA accounting system has a modular structure, with three levels of requirements, depending on the size and nature of the business entity, as illustrated below.

Accounting system	Turnover threshold (thousand Euro)	Balance sheet	Profit and loss account	Statement of source and application of funds	Notes to the financial statements
Normal	Over 152	✓	✓	✓	✓
Simplified	152	✓	✓		✓
Minimal cash-basis	15/30/46*		✓		

*Source: OHADA Uniform Act  
\* €15 thousand for service undertakings, €30 thousand for handicraft and similar undertakings and €46 thousand for trading undertakings*

This three-tier approach was endorsed by the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting hosted by the UN Conference on Trade and Development, in its Accounting and Financial Reporting Guidelines for Small and Medium-sized Enterprises Division published in June 2004. These guidelines were developed with a focus on developing countries and countries with economies in transition.

The OHADA accounting system uses the accrual basis for accounting. However, under the minimal cash system, the cash basis of accounting may be adopted.

The key qualitative characteristics of the principles underlying the OHADA accounting system are reliability, understandability and comparability.

## Accounting profession

There is no accounting body in Comoros. In order to practice as a Certified Accountant in Comoros, applicants have to submit requests together with certain documentation such as copies of diploma and details of previous experiences to the commercial court. If the data provided are relevant and the commercial court considers the level of expertise as sufficient, the status of Certified Accountant is awarded.







# Industry profile



# Agriculture

## Overview

The agriculture sector is the main economic activity in the country, accounting for about 40% of the GDP. The economy of Comoros is highly dependent on exports of commercial crops, primarily vanilla, cloves and ylang-ylang. There is also substantial subsistence farming. Most farms are small, and about 62% of the population is dependent to a certain extent on agricultural production.

## Climatic conditions and natural resources

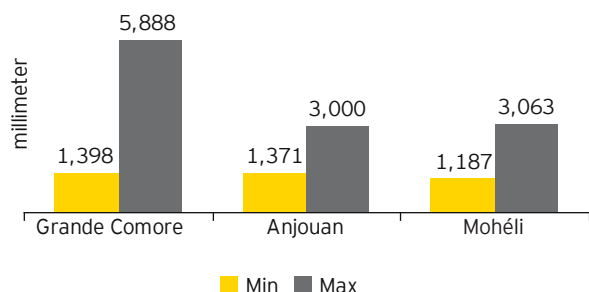
### Temperature

Temperatures range from 26°C to 29°C in the wet season (from November to April) and average about 19°C from May to October.

### Rainfall

The archipelago of Comoros is dominated by a humid tropical climate that is favorable for agricultural activity. The mean annual rainfall is 1,000 millimeters (mm) among the three islands and the rainy season occurs between November and April. The chart below shows the yearly rainfall ranges for each island.

Yearly rainfall ranges by island



Source: United Nations

### Water sources

Farmers in Comoros depend mainly on rainfall for irrigating crops. Artificial irrigation systems are limited within the islands; however, natural water sources are available all over the three islands. Mohéli is well supplied with running water, Anjouan has water that flows from its central mountain and Grande Comore has the highest rainfall amongst the three islands.

## Soil

The archipelago of Comoros is characterized by its fertile volcanic soils, especially in Anjouan and Mohéli. This facilitates the cultivation of a large diversity of crops including vegetables and fruit trees.

## Agricultural techniques

Agriculture techniques adopted in Comoros have not witnessed dramatic changes during the past 30 years. Agriculture is based on basic technology with high emphasis on manual operations.

## Labor force

The agriculture sector employs around 80% of the active labor force with two thirds coming from within the families of the land cultivators. The permanent employment constitutes only 2% of the agricultural labor force. Anjouan accommodates the mass of the labor force while Grande Comore has the highest levels of payment for such labor. Agricultural activity is undertaken mostly by individual households. Agricultural enterprises, production associations and cooperatives have a marginal presence in the islands.

## Agricultural production

### Subsistence products

The agricultural production is mainly focused on staples and other food crops that are locally consumed. The major food products of the country are cassava, coconut, bananas, rice, sweet potatoes, taro, pulses and corn. Other food products include horticultural products, fruits and vegetables. The large variety of agricultural produce, together with favorable climatic conditions, has led to a harvest season throughout the year. The estimated agricultural production for the years 2001-07 is presented in the table below.

Estimated agricultural production (tons)	2001	2002	2003	2004	2005	2006	2007
Rice	2,945	2,934	2,924	2,914	2,904	2,893	2,883
Maize	3,812	3,835	3,859	3,882	3,906	3,929	3,953
Tubers	68,447	69,447	70,467	70,080	71,623	73,201	74,813
Pulses	9,054	9,707	9,886	10,067	10,253	10,441	10,632
Bananas	60,003	60,891	61,779	59,000	61,036	63,782	67,609
Vegetables	7,210	2,266	2,382	2,434	2,487	2,540	2,596
Other fruits	3,550	3,409	3,465	3,521	3,578	3,636	3,696
Total	155,021	152,489	154,762	151,898	155,787	160,422	166,182
Coconut (1,000 unit)	75,451	76,821	52,127	39,793	40,503	40,700	40,900

Source: Central Bank of Comoros





### Commercial products

The most important commercial crops for Comoros, with high export potential, are vanilla, ylang-ylang and cloves. Grande Comore is the main source of production of vanilla while Anjouan dominates the production of cloves and ylang-ylang.

#### Vanilla

The production of vanilla as well as its agricultural area has decreased over the past 20 years due to several factors including recent forest fires in Washili, one of the most productive regions in Grande Comore. The domestic production was estimated at 50 tons for 2008. The trading price of vanilla during that year was about €2.0 per kilogram for green vanilla and €12.2 per kilogram for the prepared vanilla.

#### Cloves

Cloves production is cyclical in nature. The production was estimated at 3,000 tones in 2008, 3,500 tones in 2007 and 2,500 tones in 2006. The purchase prices to the producer varied between €1.5 and €2.5 per kilogram during 2007-08.

#### Ylang-ylang

Comoros is the world largest producer of ylang-ylang essence, an essential ingredient of the top branded perfumes. Essence production is still dependent on outdated distillation facilities, and requires mass work-force. The production of ylang-ylang in 2008 was estimated at 50 tones, approximately the same level as in the previous two years.

Base on its distillation level, the ylang-ylang essence is classified under five grades. The five grades are commonly known as the best extra, the extra, the first, the second and the third. During 2007-08, the trading prices ranged between €28.5 and €35.6 per kilogram for the third grade.

### Consumption

Agricultural production in Comoros is largely for consumption; only a third of the total production is meant for the commercial purpose. Even with a high emphasis on staple production, the country imports about 95% of its rice consumption.

### Exports

The country's exports are focused on three agricultural products, which account for more than 90% of the total value of its exports. In 2007, exports of vanilla, cloves and ylang-ylang products amounted to €9.8 million compared to €8.2 million in 2006. The estimated agricultural exports for the years 2001-07 and the half year ended 30 June 2008 are presented in the table below.

Agricultural exports (tons)	2001	2002	2003	2004	2005	2006	2007*	June 2008*
Vanilla	120	112	83	38	78	60	74	24
Cloves	1,106	1,616	2,605	2,880	1,500	1,670	2,722	106
Ylang-ylang	40	40	43	33	40	40	31	30

Source: General Directorate of Customs

\* Provisional figures, data for 2008 covers only the first six months

### Agricultural bodies

The National Society of Comorian Farmers (Société Nationale des Agriculteurs Comoriens) is the most active agricultural body in the country. It is supported by the French Development Agency (Agence Française de Développement) and assists its members in many areas, in particular those in connection with the export of vanilla corps.

### Ownership of arable lands

Access to arable lands is open for foreign investors as per the new investment code. However, most of the arable land currently owned by families generally do not have ownership titles. Ownership titles are generally held for large land areas. Arable lands that are not privately owned are controlled by villages of the islands.

### Credit facilities toward agriculture sector

There are no agriculture specific credit facilities or agricultural banks in Comoros.



# Tourism



## Introduction

Comoros presents itself as an ideal tourism destination with the perfect sandy beaches, turquoise waters hemmed by coral reefs, scenic sunsets, and air scented with the tropical blossoms of ylang-ylang, jasmine and vanilla, all of which forms a perfect paradise for tourists. However, Comoros has not received the same tourist attention as its regional competitors such as Seychelles, Réunion and Mauritius. Comoros offers an interesting holiday destination for those seeking ethnic tourism. The islands possess a practically untouched natural environment, including, water filled with corals and fish, a variety of unique animals and birds, diverse terrain from volcanic craters to undisturbed beaches.

## Comoros' tourism & leisure environment

The islands' vegetation is rich and diverse: two-thirds of the world's perfume essence comes from Comoros, being processed from the blossoms of ylang-ylang, jasmine and orange. The islands are of volcanic origin and are surrounded by coral reefs.

Some of the interesting tourism spots/activities include:

### The Karthala

The crater of Mount Karthala is one of the largest active volcano patches in the world that is still active. The volcano has erupted about 20 times in the last century and minor eruptions still occur on a biennial basis. The Karthala forest has diversity with the presence of animals, vegetal species and several protected ecosystems.

### The Coelacanth

The coelacanth that was thought to have been extinct about 65 million years ago, have been found in the coast of Comoros Islands. This caused a sensation throughout the scientific community. Comoros is thought to be the only region where this fish can still survive. In addition, cetaceans like whales and dolphins also swim in this area.

Other tourism attractions are presented below.

### Grande Comore

- ▶ The capital, Moroni, is a charming town with diverse architectures
- ▶ Itsandra, a fishing village about 6 km from Moroni, has a beach, royal tombs and a fortress
- ▶ Mitsamiouli, a town in the north of the island, is known both for its diving facilities and a stretch of some scenic beaches
- ▶ Hot sulphur springs can be found at Lac Sale near Mitsamiouli
- ▶ Iconi is a 14th century village surrounded by the sea.

## Anjouan

- ▶ Anjouan has a rich bio-diversity of marine and coastal areas and is surrounded by mountains and valleys, which offer great possibilities for walks and trekking activities
- ▶ Mutsamudu is the second largest city in Comoros and is located in Anjouan. It is built in Swahili-Shirazi style, with 17th-century houses with carved doors, twisting alleyways, mosques and a citadel
- ▶ There are perfume distilleries at Bambao and eye catching beaches in the Bimbini area.

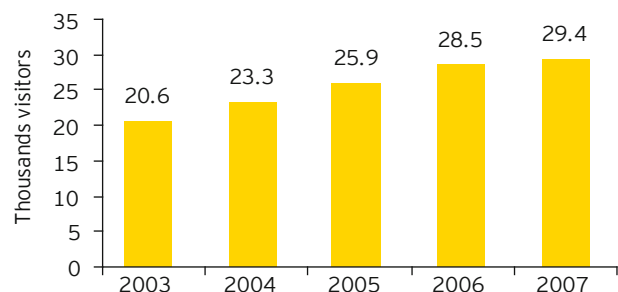
## Mohéli

- ▶ Dhows (Arab sail boats) in Mohéli are a favorite tourism destination
- ▶ Mohéli's marine park: A natural landmark site in the Indian Ocean, which is the home to the protected green turtle
- ▶ Hikers may also travel to Dziani Boundouni, a sulphurous crater lake at the centre of Mohéli.

## Visitors to Comoros by nationality and purpose of visit

Comoros experienced a significant decrease in terms of absolute tourism arrival since 1998 due to its uncertain political environment, which caused many international flights and the main tourist hotel in the country, the Galawa, which had 364 beds capacity, to close down. Between 1998 and 2003, the tourist arrivals decreased by about 28.7%. However, about 29,400 tourists arrived in Comoros in 2007, which represents a 42.9% increase from the 2003 levels. The chart below presents the data on tourism arrivals in Comoros between 2003 and 2007.

International arrivals, 2003-07

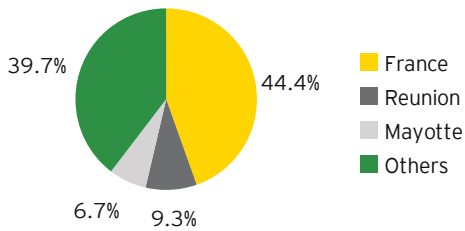


Source: Central Bank of Comoros



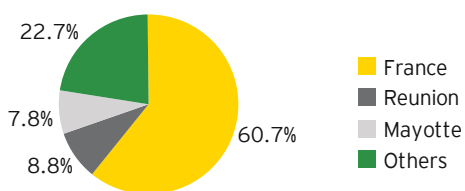
The following charts present the tourist arrivals by country of origin for 2006 and 2007 as well as the arrivals by purpose of visit for 2006 and 2007.

Arrivals by country of origin, 2006



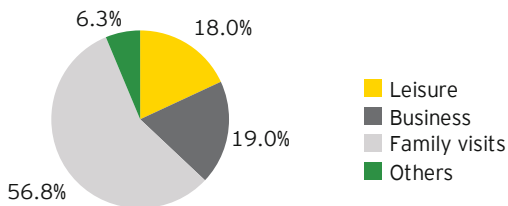
Source: Ministry for Transport and Tourism

Arrivals by country of origin, 2007



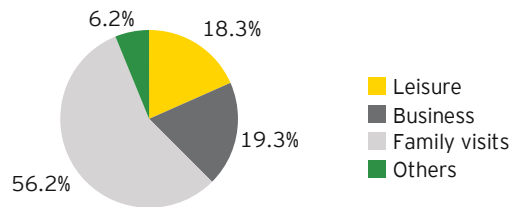
Source: Ministry for Transport and Tourism

Arrivals by purpose of visit, 2006



Source: Central Bank of Comoros

Arrivals by purpose of visit, 2007



Source: Central Bank of Comoros

## Hotels

Hotel accommodation is sparse in Comoros with only two 3-star hotels and one 4-star hotel. The government is actively seeking investment in the hospitality sector to develop its potential.

A summary of the hotel accommodation in Comoros is presented in the following table.

Particulars	Comoros	Grande Comore	Anjouan	Mohéli
Number of hotels	17	9	3	5
Total number of keys	236	171	28	37

Source: Comorian Press Agency

There are no official figures for the hotel occupancy rates. However, occupancy rates are said to generally range from 50% to 60%. Hotels in the country expect the occupancy rates to increase in the future due to the following reasons:

- ▶ Increase in inbound travel for business activities
- ▶ No immediate increase in supply of rooms.

# Tourism

A brief description of the 3-star and 4-star hotels is presented below.

## Itsandra Beach Hotel

The Itsandra Beach Hotel is a 4-star hotel located about 10 km from Moroni city center in Grande Comore. It is regarded by many as the best hotel in Comoros. The key features of the hotel include:

- ▶ 24 rooms and 12 bungalows comfortably furnished, air-conditioned, Wi-Fi access and full sea view
- ▶ A private beach
- ▶ Two restaurants and two bars: the main (Lava) and the terrace (Le Deck) serving international cuisine
- ▶ Banquet facilities for up to 300 invitees
- ▶ A conference room fully equipped with a capacity of 100
- ▶ A business centre with secretarial services
- ▶ Recreational services including beach activities and children's playground
- ▶ Room rates start from €163 for a single room to €274 for a senior bungalow.

## Moroni Hotel

The Moroni Hotel in Grande Comore is a 3-star hotel located in the capital city Moroni. The key features of the hotel include:

- ▶ 60 air conditioned rooms with 120 bed capacity; some rooms have sea view
- ▶ Extensive outdoor area with a swimming pool and a three hole golf course
- ▶ Choice of European, Indian, Moroccan and Comorian food
- ▶ Other facilities include a business centre with Wi-Fi access, bar, casino, tennis court and conference room
- ▶ Room rates start from €81 for a single room to €122 for a suite

## Al Amal Hotel

The Al Amal hotel is a 3 star hotel is located in Anjouan, Mutsamudu. The key features of the hotel include:

- ▶ 24 air conditioned rooms
- ▶ Swimming pool, tennis, casino and conference room
- ▶ The restaurant offers international and local food
- ▶ Room prices range from €47 for a single room to €64 for a double room.

The average length of stay (for all visitors, including persons visiting friends and/or relatives) is approximately seven nights.

The average expenditure per tourist for the region per 2004 data is presented below.

Particulars	Comoros	Mauritius	Reunion	Seychelles	Tanzania
Average expenditure per tourist (Euro)	1,161	1,186	1,042	1,421	1,312

Source: United Nations

## Tourism initiatives by the government

Tourism development is one of the key priorities of the Comorian government. A series of actions are planned in order to assist the industry to exploit its potential.

A six-point plan, as detailed in the table below, has been envisaged by the Government of Comoros to improve the tourism sector.

Initiative	Action points
Organize tourism institutions	<ul style="list-style-type: none"> <li>▶ Implementation of tourism offices on the 3 islands</li> <li>▶ Creation of a national structure in charge of regional and international tourism</li> </ul>
Develop tourism through marketing and promotion	<ul style="list-style-type: none"> <li>▶ Enrich tourism web sites for each island</li> <li>▶ Participate in international forums and provide incentives for creation of new hotels</li> <li>▶ Creation of a tourism office in Europe</li> </ul>
Improve infrastructure	<ul style="list-style-type: none"> <li>▶ Renovation of existing hotels</li> <li>▶ Creation of ecotourism accommodation</li> </ul>
Train tourism workforce to improve skills	<ul style="list-style-type: none"> <li>▶ Training centers for hotel and restaurant related jobs</li> <li>▶ Focus on language skills with an interpreter-guide diploma</li> </ul>
Increase the appeal of tourism products	<ul style="list-style-type: none"> <li>▶ Providing incentives for creation of tourism services companies</li> <li>▶ Rehabilitation of monuments and tourism sites</li> </ul>
Diversify cultural aspects and entertainment options	<ul style="list-style-type: none"> <li>▶ Development of the Comorian folklore and music</li> <li>▶ Reorganization of the National Centre of the Crafts Industry</li> </ul>

Source: Ministry of Planning

## New tourism projects in Comoros

### Dubai World Africa - Galawa Beach

- ▶ The Dubai state-owned company is anticipated to invest around €48 million in the development of a 5-star international luxury hotel.
- ▶ It also has plans to develop a 22.5 hectare of adjacent prime beach front property, with 100 new upscale residential villas and townhouses. The site includes three exquisite white sandy beaches.





#### Beach Front “Corniche”

- ▶ CGH is developing a beach front spread over a 6.8 hectares land space at the main Corniche in the heart of Moroni.
- ▶ The Corniche project will include a combination of commercial & leisure facilities such as offices, coffee shops, restaurants, a traditional souk, a hotel and furnished apartments.

#### Itsandra Beach Hotel

- ▶ At one of the best locations in Grande Comore, CGH opened a 4-star boutique resort hotel in December 2008.
- ▶ CGH intends to increase the hotel lodging capacity of 24 rooms and 12 bungalows with additional 50 rooms. It also intends to enhance the hotel facilities by including tennis courts, a swimming pool, a gym, a massage center, a SPA and a night club.

### Comoros' tourism outlook

From 1995 to 2005, the tourism sector experienced a significant growth in the Indian Ocean, with an average growth rate of 5.4 % per year compared to the world tourism growth rate of 3.6%. In 2005, the 22 countries of the Indian Ocean area welcomed around 55.4 million international tourists. With the highest increases between 1995 and 2005, Madagascar, Malaysia and Mauritius, with respectively 11.8%, 8.2% and 6.1% as CAGRs, were the emerging tourist destinations. During the same period, only 2 countries from the Indian Ocean experienced a CAGR decrease in term of tourist arrivals; Eritrea (-12.5%) and Comoros (-2.4%).

Despite its touristic potentials, Comoros has attracted lesser tourists compared to its neighboring islands such as Mauritius and Seychelles. Mauritius attracted 1.3 million tourist arrivals in 2008. Seychelles attracted 159 thousand in 2008. From 2000 to 2008, tourism arrivals in Mauritius and Seychelles increased at a CAGR of 4.3% and 2.5% respectively. The increase in tourist arrivals in these countries is attributed to quality hotels, direct and reliable air services and high-quality supporting infrastructure.

Since Comoros, Mauritius and Seychelles share similar characteristics as holiday destinations, development of amenities and infrastructure similar to that in Mauritius and Seychelles may act as a catalyst to increase tourism arrivals in Comoros.

WTO, in its 2005 report titled 'WTO, Tourism : Horizon 2020, Africa, volume 1, has stated that the 22 destinations of the Indian Ocean will welcome more than 179 million international tourists in 2020. It is also anticipated by the WTO that Comoros would see its share of international arrivals almost doubling between 2010 and 2020. The annual growth rate of tourist arrivals for Comoros for the same period, as per this, report is expected to be 7%.

# Real estate and construction

## Classification of land

There are four types of land classification in Comoros:

- ▶ Relatively small individual or family owned land
- ▶ Relatively large land of former settlers or great Comorian families
- ▶ Village reserves
- ▶ State eminent domain property.

In Comoros, there is no specific zoning for industrial, commercial or residential constructions.

## Building permits

It is mandatory to obtain a building permit in Comoros before starting construction. The building permit is cancelled if construction work is not started within two years or if construction is suspended for a period exceeding 10 years for individual projects.

## Types of real estate properties

The real estate market in Comoros is relatively undeveloped. Most people own land and property. Very few houses are rented and vacancy rate is very low. Most residential properties are villas and townhouses of one or two floors.

## Accommodation status by type

Particulars	Owner occupier	Rented house	Rented land	Free of charge	Vacant house	Total
Grande Comore	44%	3%	1%	3%	2%	53%
Anjouan	35%	1%	-	3%	1%	41%
Mohéli	5%	-	-	1%	-	6%
Total	84%	4%	1%	7%	3%	100%

Source: Ministry of Planning, 2003 census

According to some real estate builders, the recent trends have indicated an increased activity in the development of residential space and offices. New construction taking place in Comoros is financed mainly by the Diaspora (the estimated 200,000 Comorians living in France). The country has small-sized supermarkets and other small shops, and there are currently no large shopping malls in Comoros.

## Recent prices of land by type in key areas

In Comoros, land prices vary significantly by location. The most populated island, Grande Comore, has relatively high prices of land whereas the less populated island, Mohéli, despite being promoted as an ecotourism destination, has more affordable land prices.

The average land price per square meter (m<sup>2</sup>) in the island is presented in the following table.

Residential	Grande Comore	Anjouan	Mohéli
Urban area average land price (Euro/m <sup>2</sup> )	35.6	20.3	15.2
Rural area average land price (Euro/m <sup>2</sup> )	1.5	1.1	0.9

Source: Ernst & Young research

A sample of the property transactions in March 2009 in Moroni are presented in the table below.

Location	House size	Land size	Year of construction	Price (Euro)
Moroni Sahara	400 m <sup>2</sup>	1,500 m <sup>2</sup>	2001	200,000
Moroni Daché	200 m <sup>2</sup>	1,100 m <sup>2</sup>	2007	130,000

Source: Comoros-online.com

Real estate players have indicated that based on the current sale prices, the average yield on residential property in Comoros is around 10%. The average rental for a villa in Moroni, for properties similar to those included in the table above, are estimated at €1,000 - €2,000 per month.

## Construction costs

Construction cost is relatively high in Comoros. All materials are imported, mainly from Dubai. The table below presents the prevailing cost of construction materials in Euro (estimated in March 2009) in Comoros.

Materials	Price (Euro)
Cement bag (metric tons)	152.4
DSB (per unit)	2.4
Sand (m <sup>3</sup> )	27.8
Gravel (m <sup>3</sup> )	24.4
CHB (per unit)	1.2

Source: Ernst & Young research

- ▶ Deformed Steel Bar (DSB) 8 mm of diameter together with DSB 6 mm and DSB 10 mm are the most commonly used in the Comorian construction sector
- ▶ Cement Hollow Brick (CHB) 15, together with CHB 10 and CHB 20, are widely used in construction. The numbers correspond to the width in cm.

## Acceptable forms of ownership for foreign investors

There is no foreign ownership restriction on the land and real estate properties for foreigners. Foreigners enjoy the same rights as Comorian nationals.

# Public infrastructure

## Transportation Infrastructure

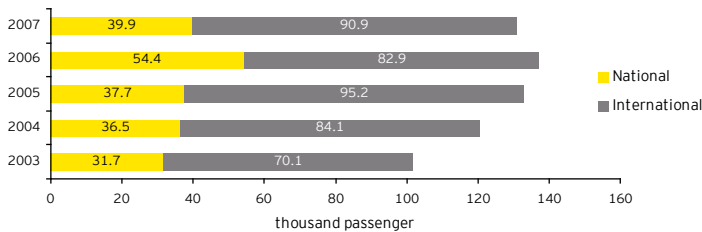


### Airports

Each Comorian island has a paved airport, which is used only for domestic flights. The airports are similar with each having a runway of 1,350 meters in length and 30 meters width. Comoros has one international airport, 'Moroni Prince Said Ibrahim, located in the north of the Grande Comore, about 23 km from the capital city of Moroni.

The passenger and freight traffic handled by the international airport are presented in the chart below.

International and national passengers traffic, 2003-07

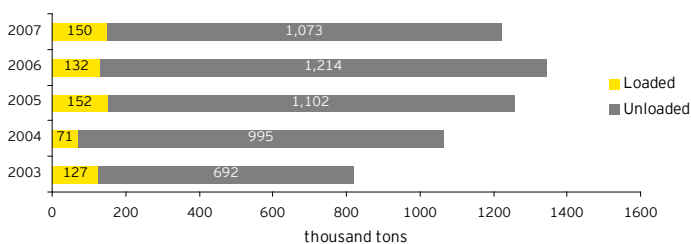


Source: United Nations

The CAGR for the total passenger traffic was 6.5% between 2003 and 2007. The international passenger traffic had a CAGR of 6.7% during the same period and accounted for 67.9% of the total traffic. The domestic traffic had a CAGR of 5.9% during the same period.

The loaded and unloaded cargos handled by the international airport are presented in the chart below.

Loaded and unloaded cargos, 2003-07



Source: United Nations

The CAGR from 2003 to 2007 for the total cargo movement was 10.6%, with the unloaded cargo showing a CAGR of 11.6% and accounting for 88.9% of the total cargo. The loaded cargo had a CAGR of 4.4% during the same period.

### Water ports

As an island nation, Comoros receives most of its imported goods through its ports. Moroni (located in Grande Comore) and Mutsamudu (located in Anjouan) are the active ports. Certain details of the ports are presented in the table below.

Water port name	Main quay length (meters)	Main draft (meters)	Main pier	Main sheds (m <sup>2</sup> )	Main earth height (m <sup>2</sup> )	TEU capacity*
Moroni Port	100	5	240	2,500	6,200	1,700
Mutsamudu Port	173	9	NA	3,000	40,000	1,400
Mohéli Port	70	2	NA	NA	NA	NA

Source: The Hydratec Bureau for the Government of the Union of Comoros and the European Commission, Ernst & Young research

\*TEU stands for 20-feet equivalent unit. It is a unit of cargo capacity often used to describe the capacity of container ships and container terminals.

Mutsamudu port with its deeper draft became prominent since 2005, when the government of Anjouan signed an agreement with Maersk Sealand, one of the world's largest shipping companies. Under this agreement, Mutsamudu acts as a redistribution center for the other ports such as Moroni, Mozambique, Madagascar, Mayotte, Mauritius, Réunion, Seychelles and Zanzibar. United Africa Feeder Lines currently acts as a feeder for Maersk from Mauritius to Anjouan. The port handles approximately 36 thousand containers annually and the Anjouan government is currently looking for investors to develop the port capacity as a regional hub.

### Road network

Grande Comore has the biggest paved and unpaved road network, followed by Anjouan and Mohéli. The key characteristics of the road infrastructure in the country are presented in the table below.

Particulars	Size in km.			Size Percentage		
	Paved Roads	Non Paved Roads	Total	Paved Roads	Non Paved Roads	Total
Grande Comore	292	132	424	69%	31%	55%
Anjouan	183	62	244	75%	25%	32%
Mohéli Port	90	12	102	88%	12%	13%
Total	565	206	770	73%	27%	100%

Source: The Hydratec Bureau for the Government of the Union of Comoros and the European Commission

Most of the roads outside the capital city of Grande Comore need improvement. The Comorian government, Libya and the European Development Fund are allocating resources to help enhance Comoros' road network. In this respect, the GCP, the authority in charge of economy planning in the country, estimates the investment program in this sector to be about €2.2 million in 2009; €0.6 million from the government and €1.7 million from the European Development Fund.



# Public infrastructure

## Oil & Gas, Electricity, Water and Communication

### Oil & Gas

The Mozambique Channel is a newly recognized zone in deep water petroleum. Significant gas and oil reserves are present onshore and offshore. Major oil companies such as ExxonMobil and Total are active in the Mozambique Channel. Madagascar and Tanzania have already started oil production whereas Mozambique has found significant quantity of gas and is still searching for oil. Exploration companies such as Anadarko and Artumas Group have held discussions with the Comorian government for exploration of oil and gas.

Currently, Comoros' requirements for oil and gas are met through imports, mainly from the Emirates National Oil Company, UAE. The Society National of Hydrocarbures, called Comor Hydrocarbures, is a government-owned company with a monopoly over oil & gas imports in Comoros.

Some of the key aspects of the oil & gas sector in Comoros are presented in the tables below.

Particulars	Comoros	Grande Comore	Anjouan	Mohéli
Number of petrol stations	26	21	4	1

Fuel depot capacity in cubic meters at Comor Hydrocarbures (m3)				
Regular gasoline	4,610	1,500	3,000	110
Diesel	8,320	4,200	4,000	120
Kerosene	4,080	2,000	2,000	80
Jet A1	750	750		

Petrol station depot capacity in m3				
Regular gasoline		143		
Diesel		173		
Kerosene		109		

Annual consumption in thousand liters				
Regular gasoline	12,780	9,000	3,060	720
Diesel	28,800	21,600	5,580	1,620
Kerosene	24,840	13,500	8,100	3,240
Jet A1	10,800	10,800		

Source: The Hydratec Bureau for the Government of the Union of Comoros and the European Commission

Particulars	2004	2005	2006	2007	2008
Petroleum products import					
Value (millions of KMF)	7,085	8,395	9,888	10,649	11,974
Volume (metric tons)	49,016	47,042	55,132	35,837	31,744
Unit value (KMF)	145	178	179	297	377

Sales price to petrol stations in KMF					
Regular gasoline	485	485	585	585	585
Diesel	290	340	490	490	490
Kerosene	195	195	195	195	195

Retail price at petrol stations in KMF					
Regular gasoline	500	500	600	600	600
Diesel	300	350	500	500	500
Kerosene	200	200	200	200	200

Source: The Hydratec Bureau for the Government of the Union of Comoros and the European Commission, Central Bank, IMF, Ernst & Young research

In early 2009, IFC was involved in assessing the value of the National Comoro Hydrocarbures Company for a possible privatization of the company.

### Electricity

The electricity sector presents a big challenge to Comoros as power blackouts occur frequently, especially outside the capital city. Lack of skilled labor to operate the power sector network and carry out reliable maintenance of the power plants are the main reasons attributed to the power shortages. As at end of March 2009, only 6 megawatts (Mw) were operational in Grande Comore out of the installed capacity of 18 Mw. Only about 60% of the energy produced generates revenue. The losses are caused due to its aged network.



The electricity production cost is currently around KMF 337 per KWh. The statistics on production and consumption of electricity for the years 2004-2008 are presented in the table below.

Particulars	2004	2005	2006	2007	2008
Installed capacity (Mw)	18.2	21.0	23.0	23.0	25.0
Grande Comore	16.0	16.0	18.0	18.0	18.0
Anjouan	2.2	5.0	5.0	5.0	5.0
Mohéli	NA	NA	NA	NA	2.0
Operational capacity (Mw)	11.6	11.6	10.3	10.5	11.2
Grande Comore	10.0	9.7	8.1	8.1	7.8
Anjouan	1.6	1.9	2.2	2.4	2.4
Mohéli	N/A	N/A	N/A	N/A	1.0
Production (million kilowatt-hours "KWh" )	44.1	46.6	49.2	51.5	NA
Grande Comore	36.0	37.9	39.5	41.1	NA
Anjouan	8.1	8.7	9.7	10.4	NA
Mohéli	NA	NA	NA	NA	NA
Power demand in (Mw)	7.5	8.0	10.0	12.5	15.8
Grande Comore	5.5	6.0	7.0	8.5	10.0
Anjouan	2.0	2.0	3.0	4.0	5.0
Mohéli					0.8
Network coverage rate*					28%
Grande Comore					40%
Anjouan					27%
Mohéli					18%
Power demand at 80% coverage (Mw)					38.4
Grande Comore					20.0
Anjouan					14.8
Mohéli					3.6
Electricity price in KWh charged to customers (KMF)	120	120	120	120	120

Source: The Hydratec Bureau for the Government of the Union of Comoros and the European Commission

\* The network coverage is the percentage of land area covered by the electricity network

The types of power sources used by the residential sector are presented in the table below.

Particulars	Electricity network	Personal power plant	Solar energy	Petromax	Other kerosene lamps	Candle	ND	Total
Grande Comore	36%	2%	0%	1%	45%	8%	7%	100%
Anjouan	21%	2%	0%	1%	68%	1%	6%	100%
Mohéli	19%	2%	0%	0%	72%	0%	6%	100%
Total	29%	2%	0%	1%	56%	5%	7%	100%

Source: Ministry of Planning

Only 29% of residential units have access to the electricity network and use it as a power source.

#### Potential alternative power sources

The Karthala presents significant economic potential in terms of geothermal energy source and eco-tourism.

#### Attempts to augment electricity supply

In March 2009, the Iranian President, during his visit to Comoros signed an agreement to fund a power plant of 25 Mw. During 2008, China had agreed to provide financial assistance of more than €10.2 million to this sector.

## Water

### Water supply

Running water supply to homes is as low as 24%. Other alternative sources of water are private tanks and public fountains. These three sources provide water to 73% of the population.

### Consumption of water

Certain key indicators of the water sector in Comoros are presented in the table below.

Villages with drinkable water conveyance systems	Villages with drinkable water conveyance systems (%)	Drinkable water production capacity	Water network length	Number of connections	Quantity of water supply	Water quantity produced in 2007
13	52%	12,000 m <sup>3</sup> /day	123 km	18,000	18.9 liters/person/day	5,320,000 m <sup>3</sup>

Source: The Hydratec Bureau for the Government of the Union of Comoros and the European Commission

The quantity of water supply per person per day in Comoros is very low compared to international standards of 180 liters per person per day. Besides, only 52% of the Comorian population have access to drinkable water. This rate is below the African average of 62%. According to experts, an acceptable level of water supply for Comoros would be 90 liters per person per day. The current water retail price per m<sup>3</sup> is KMF 220. China and France have contributed €1.7 million in 2008 for the developments and maintenance of the water sector in Comoros.

# Public infrastructure

## Oil & Gas, Electricity, Water and Communication

### Communication

#### Operators for mobile and landline phone

Comores Telecom (Societe Nationale Des Telecommunications Des Comores) is the national telecommunication company. It is the sole active telecommunication company in Comoros and uses the 900 GSM technology for its mobile telephony service.

Some key statistics on the mobile telephony traffic in Comoros is presented in the table below.

Particulars	2004	2005	2006	2007	2008
Number of mobile lines (in thousand)					
Active	8.4	16.1	36.7	62.1	90.7
Inactive	0.8	1.7	2.5	3.5	4.8
Total	9.2	17.8	39.2	65.6	95.5

#### GSM traffic (in thousands of minutes)

National	4,470	8,685	40,462	40,127	44,679
International	333	607	1,453	1,572	1,893
Total	4,803	9,292	41,915	41,700	46,572

Source: National Society of Telecommunication

Comores Telecom has around two thousand internet subscribers and 18 thousand fixed line subscribers.

The network coverage<sup>8</sup> in Grande Comore and Anjouan is 80% and 50% respectively. Mohéli has less than 50% of network coverage.

### Calling rates

GSM Huri communication cost	2005		2006		2007-08	
	Connection fixed cost	Variable calling rates	Connection fixed cost	Variable calling rates	Connection fixed cost	Variable calling rates
<b>National</b>						
to a mobile in Comoros (HURI)	KMF 100*	KMF 55 / 30 sec	nil	KMF 75 / minute	nil	KMF 75 / minute
to fixed line in Comoros	KMF 150*	KMF 55 / 30 sec	KMF 100*	KMF 50 / 45 sec	KMF 100*	KMF 50 / 45 sec
Mobile or fixed in Mayotte	KMF 150	KMF 270 / minute	KMF 75	KMF 270 / minute	KMF 75	KMF 270 / minute
<b>International</b>						
Call to a fixed line in France	KMF 150	KMF 630 / minute	KMF 75	KMF 525 / minute	KMF 75	KMF 525 / minute
Mobile lines in France and, fixed and mobile lines in the Indian Ocean islands	KMF 150	KMF 720 / minute	KMF 750	KMF 630 / minute	KMF 750	KMF 630 / minute
Mobile and fixed lines to South Africa	KMF 150	KMF 870 / minute	KMF 75	KMF 870 / minute	KMF 75	KMF 870 / minute
Mobile and fixed lines to Arab countries, Kenya and Tanzania	KMF 150	KMF 1,200 / minute	KMF 75	KMF 945 / minute	KMF 75	KMF 945 / minute

Source: National Society of Telecommunication

\* Fixed charge for the first minute

Comores Telecom invested €2.5 million in 2008 and has budgeted €2 million for investment in 2009 to improve its telephone network, including laying optical fiber cables that would allow high speed internet connection. In March 2008, IFC held discussions with the Government of Comoros to privatize the Comores Telecom. In 2007, the government had granted a telecom license to a private sector participant, CGF, to operate mobile telephony in Comoros.

<sup>8</sup> The network coverage is the part of the land area with mobile network connectivity.



# Healthcare

## Overview

Comoros has low levels of accessible healthcare facilities and a limited number of healthcare providers. Only 14% of the population has adequate access to primary healthcare. The lack of access to potable water, the expensive health services and unavailability of health insurance coverage present serious challenges to the government's efforts to improve the standards of healthcare in Comoros.

## Health conditions

Over the years, the quality of health services supply has deteriorated due to factors such as a lack of qualified personnel, limited staff training, deficiency in rehabilitation and re-equipping of healthcare facilities, and high cost of essential drugs.

## Diseases

Common diseases for Comoros include malaria, intestinal parasites, lymphatic filariasis, respiratory infections and diarrheal diseases. Several occurrences of cholera have also been reported since 1997 but incidence of HIV/AIDS remain very low (0.15% in 2006) on all the three islands.

## Health policy

The national health policy adopted by the Ministry of Health aims to develop the healthcare services by strengthening the planning and financing capacities. The health policy includes developing various health programs for reducing morbidity and mortality. It also seeks to develop the pharmaceutical sector to ensure availability and accessibility of essential medicines.

The allocation for the health sector was about 3% to 4% of the country's budget in 2004 and 2005, with 70% to 90% of this spent towards paying salaries.

## Medical facilities

### Healthcare centres

Comoros' network of healthcare centers consists of one national hospital located in Grande Comore, two regional hospitals located in Anjouan and Mohéli, 5 medical centers, 49 peripheral health posts, military health facilities and Caritas<sup>9</sup> dispensaries. This network is supplemented by a number of private clinics and various community health facilities.

Caritas in Comoros employs about 60 people. The organization is running healthcare programs for about 270,000 beneficiaries in Comoros archipelago. Caritas health programs include providing primary healthcare to poor people and malnourished children.

<sup>9</sup> Caritas International is a confederation of 162 Catholic relief, development and social service organizations operating in over 200 countries and territories worldwide.

## El-Maarroof hospital

The main hospital of the country is the National Hospital or El-Maarroof hospital, located in Moroni. In 2007, the hospital had more than 500 staff. The hospital has many operational problems including lack of regular maintenance of its building and equipments, inadequate hygienic facilities, and shortage of water supply. However, due to the high demand for health services and the unavailability of better healthcare facilities elsewhere, El-Maarroof hospital presents the only worthwhile alternative for the Comorians unwilling to travel abroad. A new plan for developing the hospital would involve the construction of eight new blocks that will house the intensive care and maternity units. The Abu Dhabi Fund for Development and the Islamic Development Bank have granted €3.6 million and €0.4 million respectively for financing this plan.

The hospital facilities include a laboratory, a pharmacy and, medical and surgical departments, which provide the following services:

- Internal medicine
- Cardiology
- Ophthalmology
- Gynecology and obstetrics
- Pediatrics and neonatology
- Pneumology
- General surgery
- ORL surgery
- Reanimation
- Radiology
- Dentistry

## Medical training

The School of Medicine and Public Health is the only center in Comoros that provides initial training for the healthcare sector. It provides training for nurses and midwives. People seeking training in core medical fields go abroad.

## Healthcare labor force

About half of the healthcare sector employment pertains to the national hospital (El-Maarouf) and in the two regional hospitals of Anjouan and Mohéli. The private healthcare sector only has about 45 personnel.

The healthcare labor force in 2007 for the public and private sector is presented in the tables below.

Healthcare labor force in private sector, 2007	
General practitioner doctors	8
Specialist doctors	8
Nurses (State graduate)	10
Midwives (State graduate)	6
Pharmacists	13

Source: Ministry of Health

Distribution of healthcare human resources in 2007	Doctors	Midwives (State graduates)	Nurses (State graduates)
El-Maarouf hospital	38	59	58
Regional hospitals of Anjouan and Mohéli	23	17	44
Sanitary districts	26	72	64
Administration of islands	8	7	3
Central administration and private sector	28	13	20
Total	123	168	189

Source: Ministry of Health

Healthcare labor force by specialization, 2007	Grande Comore	Anjouan	Mohéli	Total
Doctors	77	37	9	123
Nurses (state graduate)	107	70	12	189
Midwives (state graduate)	124	31	13	168
Dentists	11	6	2	19
Pharmacists	15	2	0	17
Physiotherapists	9	6	2	17
Medical technicians	48	6	2	56
Biologists	3	1	5	9
Laboratory Technicians	52	17	3	72
Ancillary laboratory	20	7	2	29
Radiology technicians	19	2	1	22
Staffs of the environment and public health	14	12	4	30
Agents of community health	59	34	-	93
Other	-	1	-	1
Total	635	269	64	968

Source: Ministry of Health

## Health indicators

Comoros ranked 134<sup>th</sup> out of the 177 countries and territories covered by the UNDP Human Development Index in 2007.

For 2007, the healthcare staff to population ratios were 19 doctors, 30 nurses and 26 midwives per 100,000 inhabitants. Certain key healthcare indicators are presented in the table below.

Health indicators	
Annual birth rate	47 births per 1,000
Annual death rate	12 deaths per 1,000
Fertility rate	6.8 children born per woman
Life expectancy	62.0 years for males / 66.3 years for females

Source: United Nations, [standardsforum.org](http://standardsforum.org)

# Fishing



## Overview

Fishing is a relatively small-scale activity in all the three islands and is estimated to have a 8% share of the GDP.

## Maritime zone and coastline

Comoros maritime zone is estimated at over 160,000 sq. km., which covers 900 sq. km of continental shelf and 427 km of coastline.

## Fishing season

Comorian fishermen identify the high fishing season from November to February.

## Species

The volcanic nature of the islands provides an ideal habitation to a variety of fish species. Tuna is on top of the commercially-captured fish species with about 80% of the total landing. Other fish species captured by the Comorian fishermen include the Yellowfin (Albacore), the Skipjack (Listao), the Demersal (Poisson demersaux), the Large pelagic (Grand Pélagique), the Small pelagic (Petit Pélagique), the Carangid (Carangue) and the Sailboat (voilier). Other marine animals such as octopus, dolphins, sharks and rays also inhabit the Comorian water.

## Labor force

The fishing sector employs about 6% of the active population, including 8,500 fishermen, and is estimated to generate indirect employment for 24,000 people.

## Fishing techniques

The local fishing techniques are traditional compared to those used by the European vessels fishing in the Comorian maritime space. Most of the Comorian fishermen use the traditional fishing lines.

## Fishing facilities

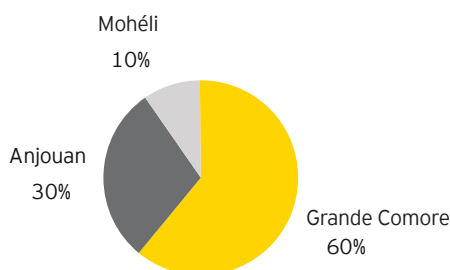
Comoros does not have any large commercial fishing fleet. The traditional canoe that is made from a single tree trunk is commonly used for fishing activity. There are also boats made of fiberglass and powered by outboard motors. The estimated numbers of the existing canoes and fiberglass vessels are about 3,500 and 1,500 respectively.

## Fish production

Almost the entire fish catch is sold in the domestic market. Commercial production remains constrained by the lack of storage and processing facilities. Most fishermen have to sell their catch on a daily basis since no commercial freezers exist to store the catch.

The Comorian vessels land between 16,000 to 17,000 tons of fish every year. Grande Comore Island remains the largest contributor in the fish production, accounting for about 60% of the country's total fish production. The share of fish production of by island for 2006 is presented in the chart below.

Fish production by island, 2006



Source: Ministry of Agriculture, Fishing and Environment

The total production of fish for the years 2000-2006 is presented in the table below.

Estimations of fish production (metric tons)	2000	2001	2002	2003	2004	2005	2006
Fresh fish	13,200	14,000	15,387	15,965	16,000	17,200	17,000

Source: Ministry of Production

According to certain French experts quoted in the UN World Food Program report the Comorian waters could provide a sustainable fish output of around 85,000 tons per year.

## Consumption

Fish consumption in Comoros has been estimated at 29 Kg per year per person. Fish production remains insufficient for domestic consumption, especially in the low season. This shortage in supply is compensated by importing between 500 to 1,000 tons of fish per year.



# Fishing



## Export and fishing agreements

Currently, no company in Comoros exports fish or fish products. However, the country has signed an agreement with the EU allowing the latter's vessels to fish up to 6,000 tons of Tuna in the Comorian water space. The agreement has granted access rights to the EU for a fleet of 40 long-liners and 17 purse seiners against a yearly compensation of €390,000, with 60% of this allocated directly towards technical and scientific programs for developing the fishing sector.

## Fish prices

Fish prices are highly variable and depend on the fishing season; the prices also differ across the three islands. Moroni is the more attractive market to fishermen since fish prices in Grande Comore

could be as high as double of those in Mohéli and one and half times those in Anjouan.

## Government policy

As per the Ministry of Agriculture, Fishing and Environment, the fishing activity in Comoros is exposed to the risk of environmental degradation, which is seen in the high levels of soil erosion, coral harvesting and pollution from household waste dumped into the sea. This is responsible for smothering, bleaching or reducing the coral reefs which could lead to a reduction in the fish and marine animals dependent on the coral for survival. The government policy towards developing the fishing activity has been placed within the context of a sustainable management of fishery resources. The government now promotes fishing as one of its priority sectors for private investment.

# Livestock



## Overview

Livestock production is a small-scale activity of farming households. Very few commercial producers operate in the country.

## Stock

The livestock in 2007 was estimated to be about 207 thousands of ruminants which include mainly goats, cattle and sheep. Some details on the country's livestock from 2000-2007 are presented in the table below.

Livestock (in number of heads)	2001	2002	2003	2004	2005	2006	2007
Cattle	50,000	55,000	50,000	63,828	60,637	63,457	65,573
Sheep	20,000	21,000	21,000	16,271	17,085	17,814	18,219
Goats	170,000	175,000	180,000	95,830	119,788	121,385	122,450

Source: IMF

## Demand

Local meat production does not meet the national demand and more than 4,000 tons of meat products are imported annually. Between 2005 and 2007, only 36% of the meat consumption was

produced by the local market. Cattle are frequently exploited for their milk and almost the entire milk production is for household consumption. The poultry production is undertaken by less than 100 individuals and domestic consumption of poultry is mostly imported. Estimates of production of meat, poultry and dairy products and livestock imports are presented in the table below.

Estimated production of meat, poultry and dairy products	2001	2002	2003	2004	2005	2006	2007
Meat (intons)	2,008	2,606	2,150	2,606	2,400	2,858	2,822
Poultry (in tons)	97	130	182	169	208	187	213
Milk (in thousands of liters)	4,002	4,331	4,002	4,208	3,997	4,197	4,367

Source: Ministry of Production, IMF

Livestock imports	2005	2006	2007
Cattle (heads)	6,440	8,028	3,938
Goat (heads)	3,773	6,357	3,483
Meat products (tons)	4,749	4,156	5,570

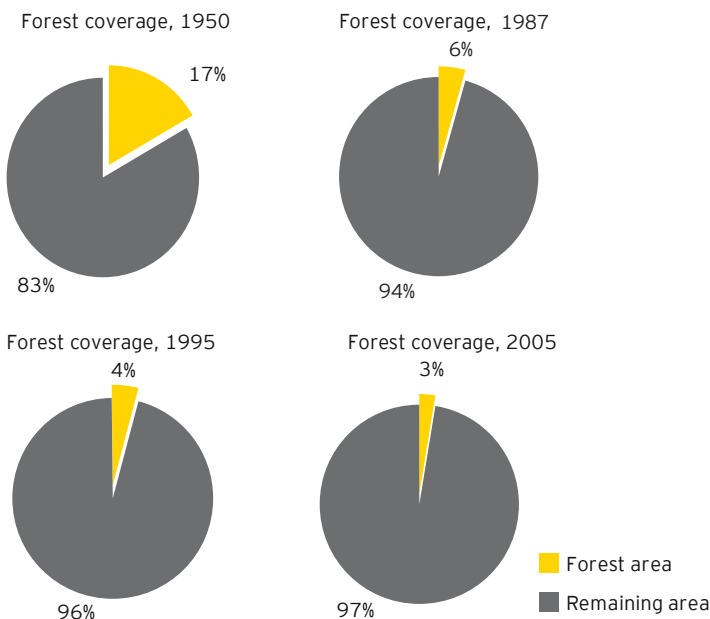
Source: Union of Chambers of Commerce, Agriculture and Industry

# Forestry

## Forest Coverage

The area of natural forests witnessed a drastic decline at an average of 1,277 hectares per year since 1971. Forest coverage has been estimated at 2.8% in 2005 compared to 6.7% in 1985. Between 1971 and 1987, the forest cover diminished by an estimated 36% in Grande Comore, 73% in Anjouan and 53% in Mohéli. The forest coverage from 1950-2005 is presented in charts below.

Forest coverage, 1950-2005



Source: Ministry of Planning, Agrar

## Consumption

High level of deforestation has occurred in response to the need for expanding the productive agricultural land. Forest resources also constitute the major source of energy in Comoros. The high cost of petroleum products and the erratic electricity supply also contribute to the deforestation. According to a fact sheet produced by the Population Reference Bureau<sup>10</sup>, firewood provides about three-quarters of the country's energy. As per the Food and Agriculture Organization, 74% of households use the forest resources for fuel at around 20 to 25 kilograms of fuel wood per day. Wood is the major fuel used for construction, cooking, and producing flour essences, primarily the ylang-ylang.

## Environmental threats

Soil erosion occurs due to the strong deforestation activity witnessed all over the country, and primarily in Anjouan.

## Forestry policy

Comoros has defined the development of the forestry resources to assure a substantial contribution to poverty reduction as a national priority. In this regard, the government is looking to develop a national forestry program to address and respond to problems affecting the forest sector.

## Governmental bodies

In order to assure a sustainable and integrated management of the forest resources, the Ministry of Agriculture, Fishing, Industry, Artisan and Environment has set up the National Directorate of the Environment and Forest (DNEF). The DNEF is in charge of implementing the state policy in relation to the forestry sector and to insure the application of the forestry laws and regulations throughout the country. A regional directorate has also been set up on each island to assist the National Directorate in the fieldwork.

<sup>10</sup>The Population Reference Bureau is a non-profitable organization located in Washington with objective to provide information about population, health, and the environment.





# Appendix

## Useful contact numbers



## Government offices

### Presidency of the Union of the Comoros

Phone: (+269) 764 47 12

### Vice-presidency, in charge of the Ministry for Transport and Tourism

Phone: (+269) 773 86 56

### Vice-presidency, in charge of the Ministry for Health, the Solidarity and the Promotion of the Kind,

Phone: (+269) 775 20 40

### Ministry for the Foreign relations and the Co-operation, charged with the Diaspora, the Francophonie and the Arab World

Phone: (+269) 774 41 01

### Ministry for the Economy, the Trade, Work, the Promotion of the Investments and female Entrepreneuriat,

Phone: (+269) 774 41 61

### Presidency of Grande Comore

Phone: (+269) 764 44 78

### Presidency of Anjouan

Phone: (+269) 771 05 02

### Presidency of Mohéli

Phone: (+269) 772 08 69

## Foreign embassies / consulates and international organizations in Comoros

### French Embassy

Phone: (+269) 773 07 53 / 773 16 19 / 773 03 95

Fax: (+269) 773 09 22

### Chinese Embassy

Phone: (+269)-773 25 21

Fax: (+269) 773 28 66

### Italy - Honorary Consulate

Phone: (+269) 771 13 49

Fax: (+269) 771 14 48

### India - Honorary Consulate

Phone: (+269) 773 21 29 Fax: (+269) 773 16 52

### Libya Embassy

Phone / Fax: (+269) 773 28 19

### Madagascar - Honorary Consulate

Phone: (+269) 773 18 69 Fax: (+269) 773 51 12

### Mauritius - Honorary Consulate

Phone: (+269) 773 21 65 Mobile: (+269) 32 21 65

Fax: (+269) 773 22 12

### South Africa Embassy

Phone: (+269) 773 45 24 Fax: (+269) 773 45 62

### Spain - Honorary Consulate

Phone: (+269) 773 22 18 Fax: (+269) 773 32 36

### Yemen - Honorary Consulate

Phone: (+269) 773 14 04 Fax: (+269) 773 14 05

### European Union. Technical desk of the European Commission Delegation

Phone: (+269) 773 53 33 Fax: (+269) 773 53 43

### French Development Agency

Phone: (+269) 773 29 10 / 773 35 06 Fax: (+269) 773 22 88

### Liaison office of the African Union in Comoros

Phone: (+269) 773 34 71 / 773 22 27 Fax: (+269) 773 32 81

### United Nations Development Program

Phone: (+269) 773 15 58 / 773 10 83 / 773 15 59

Fax: (+269) 773 15 57

### World Health Organisation

Phone: (+269) 773 00 36 / 773 00 76 / 773 14 85

Fax: (+269) 773 18 25

## Comoros' embassies and consulates abroad

### Comoros Embassy in the USA and Permanent Mission of the Union of Comoros to the United Nations

Phone: (+1212) 750 1637

Fax: (+1212) 750 1657 715 06 99

### Comoros Embassy, Paris, France

Phone: (+33) 1 40 67 90 54

Fax: (+33) 1 48 45 13 65 / (+33) 1 48 59 87 26

### Comoros Embassy, Tana, Madagascar

Phone / Fax: (+261) 20 22 658 19

### Comoros Embassy, Cairo, Egypt

Phone: (+202) 33 76 114 / 76 08 517

### Comoros Embassy, Riyadh, Saudi Arabia

Phone: (+966 1) 293 46 97 / 293 60 02

### Comoros Embassy, Pretoria, South Africa

Phone / Fax: (+2712) 34 45 429

### Comoros Embassy, Tripoli, Libya

Fax: (+218) 21 48 93 865

### Comoros Embassy, Abu Dhabi, UAE

Phone: (+971) 2558 3765

Fax: (+971) 2558 4298

### Consulate of the Comoros, Dubai, UAE

Phone: (+971) 4229 9044

Fax: (+971) 4228 8044

---

**Consulate of the Comoros, Belgium**

Phone: (+32) 779 58 38

---

**Consulate of the Comoros, Burundi**

Phone: (+257) 93 93 10 27

Fax: (+257) 226 097

---

**Consulate of the Comoros, Luxembourg**

Phone: (+352) 456 790 444 343

Fax: (+352) 456 792 445 795

---

**Consulate of the Comoros, Ghana**

Phone: (+223 21) 22 84 22 / 22 92 97

Fax: (+223 21) 23 56 13

---

**Consulate of the Comoros, Switzerland**

Phone: (+22) 818 01 20 Fax: (+22) 311 37 50

---

**Consulate of the Comoros, Nairobi**

Phone: (+2545) 222 748 / 222 964

---

**Consulate of the Comoros, Mauritius**

Phone: (+230) 286 5974 / 286 59 75 Fax: (+30) 286 95 77

---

**Consulate of the Comoros, Kuwait**

Phone: (+965) 245 17 59 / 243 11 28

Fax: (+965) 240 70 53 / 240 54 87

---

**Consulate of the Comoros, Majunga**

Phone: (+261) 20 62 91

---

**Consulate of the Comoros, Pakistan**

Phone / Fax: (+92 21) 49 36 295

---

**Consulate of the Comoros, Great Britain**

Phone / Fax: (+44 20) 74 60 11 62

---

**Consulate of the Comoros, Senegal**

Fax: (+221) 832 11 32

---

**Consulate of the Comoros, Germany**

Fax: (+49) 223 45 44 44

---

**Consulate of the Comoros, Spain**

Phone: (+93) 200 97 22 Fax: (+93) 200 02 47

---

**Consulate of the Comoros, Köln**

Fax: (+49) 223 454 444

---

**Consulate of the Comoros, Lebanon**

Phone: (+961) 174 71 11

---

**Consulate of the Comoros, Burkina Faso**

Phone: (+226) 50 30 94 95 / 50 36 19 25

---

**Consulate of the Comoros, India**

Phone: (+9198) 403 10 661 Fax: (+9198) 258 23 110

## Other organizations

---

**Union of Comoros Chambers of Commerce (UCCIA)**

Phone: (+269) 773 09 58

---

**National Investment Promotion Agency**

Phone: (+269) 773 85 70

---

**Comoros Telecom**

Phone: (+269) 774 43 20

---

**International Airport Prince Said Ibrahim**

Phone: (+269) 773 15 93

---

**University of the Comoros**

Phone: (+269) 773 42 00

---

**Comoros Red Crescent**

Phone: (+269) 773 06 64

---

**Comoros Development Bank (BDC)**

Phone: (+269) 773 08 18

---

**Exim Bank**

Phone: (+269) 773 94 00

---

**Comoros Federal Bank for Commerce (BFC)**

Phone: (+269) 773 88 80

---

**National Society of postal and financial services (SNPSF)**

Phone: (+269) 774 43 00

---

**Economic Planning Department (CGP)**

Phone: (+269) 773 31 08

---

**Comoros Employers Organization (OPACO)**

Phone: (+269) 763 23 05

---

**El Maarouf Hospital**

Phone: (+269) 773 34 33







# Ernst & Young





# Ernst & Young

## About Ernst & Young, Middle East

The Middle East practice of Ernst & Young has been operating in the region since 1923. For over 85 years, we have evolved to meet the legal and commercial developments of the region. Across the Middle East, we have over 4,500 people united across 20 offices and 15 Arab countries, sharing the same values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

For more information, please visit [www.ey.com/me](http://www.ey.com/me)

Ernst & Young in Kuwait has been operating since 1952 and is the largest accounting and consulting firm in the country. Our 375 professionals are available to serve clients anywhere in Kuwait working in both Arabic and English. Ernst & Young professionals in Kuwait can provide expert advice on every business issue. We are fully integrated with Ernst & Young Middle East in terms of methodology, training and quality control.

## About Ernst & Young's Assurance Services

Around the world, the journey to success is governed by increasingly complex and broadening regulatory requirements and stakeholder demands. Strong independent assurance helps meet these demands by providing a timely and constructive challenge to management, a robust and clear perspective to audit committees and critical information for investors and other stakeholders. The quality of our audit starts with our 60,000 assurance professionals, who have the breadth of experience that comes from auditing many of the world's leading and fastest growing companies, and to whom we provide ongoing personal and professional development. We provide a consistent worldwide audit by assembling the right multidisciplinary team to address the most complex issues, using a proven global methodology and deploying the latest, high-quality auditing tools and perspectives. And because we understand that, to achieve your potential, you need a tailored service as much as a consistent methodology, we work to give you the benefit of our broad sector experience, our deep subject matter knowledge and the latest insights from our work worldwide. It's how Ernst & Young makes a difference.

## About Ernst & Young's Tax services

Your business will only achieve its true potential if you build it on strong foundations and grow it in a sustainable way. At Ernst & Young, we believe that managing your tax obligations responsibly and proactively can make a critical difference. Our global teams of talented people bring you technical knowledge, business experience and consistent methodologies, all built on our unwavering commitment to quality service – wherever you are and whatever tax services you need.

Effective compliance and open, transparent reporting are the foundations of a successful tax function. Tax strategies that align with the needs of your business and recognize the potential of change are crucial to sustainable growth. So we create highly networked teams who can advise on planning, compliance and reporting and maintain effective tax authority relationships – wherever you operate. You can access our technical networks across the globe to work with you to reduce inefficiencies, mitigate risk and improve opportunity. Our 25,000 tax people, in over 135 countries, are committed to giving you the quality, consistency and customization you need to support your tax function. It's how Ernst & Young makes a difference.

## About Ernst & Young's Transaction Advisory services - overview

Our Transaction Advisory Services (TAS) team works with some of the world's largest organizations, fastest growing companies and private equity firms on some of the biggest and most complex cross-border deals in the global market. We can help you achieve the growth, performance improvement and returns your stakeholders expect.

We offer integrated, objective advisory services that are designed to help you evaluate opportunities, make your transactions more efficient and achieve your strategic goals. We have an extensive global reach, with 7,000 transaction professionals worldwide, and the experience of thousands of transactions across all markets and industry sectors. We can bring together the people you need, wherever you need them, to focus on helping you achieve success





throughout the transaction life cycle – and beyond. Whether it's a merger, acquisition, strategic alliance, divestment, equity offering or restructuring, we offer you the advice you need to help you make the right deal at the right price at the right time. It's how Ernst & Young makes a difference.

## TAS service lines

### About Ernst & Young's Transaction Tax Services

Every transaction has tax implications, whether it's an acquisition, disposal, refinancing, restructuring or initial public offering. Understanding these implications can mitigate transaction risk, enhance opportunity and provide crucial negotiation insights. Our Transaction Tax Services comprise a worldwide network of professional advisors who can help you navigate the tax implications of your transaction. We mobilize wherever needed, assembling a personalized, integrated global team to work with you throughout the transaction life cycle, from initial due diligence through post-deal implementation. And we can suggest structuring alternatives to balance investor sensitivities, promote exit readiness and raise opportunities for improved returns. It's how Ernst & Young makes a difference.

### About Ernst & Young's Transaction Support Services

Our global network of experienced transaction support professionals can help you achieve your strategic goals, whether you are acquiring or divesting, restructuring, embarking on a joint venture or executing an initial public offering. We work with many of the world's largest organizations, fastest growing companies and private equity firms on some of the most complex deals in the global market and can tailor our comprehensive financial, commercial, accounting and people knowledge to your business. We offer objective, responsive advice about potential value and risk and can provide confidence around key questions and the numbers. Our focus is on helping you to improve your growth, profitability and competitiveness and our global reach means that, wherever you are in the world, we can help you get the facts you need to achieve

the value your investors expect. It's how Ernst & Young makes a difference.

### About Ernst & Young's Valuation & Business Modeling Services

Our market-leading valuation and business modeling team will focus on your needs to improve growth, profitability or competitiveness, whether you are acquiring, divesting, restructuring or embarking on a joint venture. We have assisted some of the largest companies in the global market with our responsive, objective advice on valuing businesses, shares and assets. Our business modeling professionals help you to carry out the model review, model support and model build services you need to make strategic decisions. Our professionals can apply their commercial judgments and technical skills to a wide range of complex valuation and business modeling situations, wherever you are in the world. Our clients see us as a vital part of the team, valuing the deep sector-specific experience and industry understanding our professionals bring to the deal. It's how Ernst & Young makes a difference.

### About Ernst & Young's Project Finance Services

Our market-leading project finance professionals can help you achieve your strategic objectives, whether you are acquiring or divesting, restructuring or embarking on a joint venture. Our global teams will focus on your need to improve growth, profitability and competitiveness. We take a multidisciplinary approach, offering responsive, objective advice to both private and public sector clients, on major infrastructure and industrial deals. We assess your options for delivering projects, develop financial models to evaluate financial options and structures and negotiate with the funding community to get you the most competitive terms. With experience of hundreds of transactions across all geographies, our professionals bring deep sector-specific knowledge and understanding to their work. We regularly win awards for our work and bring experience and insight that our clients consider a vital part of the deal. Our global reach means that, wherever you are in the world, we can help you to achieve the value your stakeholders expect. It's how Ernst & Young makes a difference.



# Ernst & Young

## About Ernst & Young's Transaction Integration Services

Our global network of transaction integration professionals will help you achieve your strategic objectives, whether you are acquiring or divesting, restructuring or embarking on a joint venture. We work on some of the most complex transactions in the market and offer responsive, objective advice to some of the world's largest organizations, fastest growing companies and biggest private equity firms. We can help you plan effective integration or separation strategies, identify synergies and sources of value and mitigate risk. We can also provide advice on successfully transitioning operations, functions and people so that you can achieve greater value – our focus is on your need to improve growth, profitability and competitiveness. Our global reach means that, wherever you are in the world, we can help you get the information you need to achieve the value your investors expect. It's how Ernst & Young makes a difference.

## About Ernst & Young's Transaction Real Estate Services

Our global network of transaction real estate professionals can help you make strategic real estate decisions with objective and responsive advice. We understand the biggest challenges you face – the need for capital, the long-term investment horizon, the immobility of assets and the complexity of construction. We take a multidisciplinary approach, bringing together experienced teams to help you achieve the potential of your real estate assets, portfolios or companies. Our clients see us as a vital part of the team and we will work closely with you to develop capital market strategies for acquiring and disposing of real estate assets, including fund concepts or sale and leaseback structures. Our global reach means that, wherever you are in the world, we can help you raise or structure necessary capital and buy or sell individual properties, property portfolios or equity investments. It's how Ernst & Young makes a difference.

## About Ernst & Young's Restructuring Services

Our global network of restructuring professionals can help you find financial, strategic and operational solutions to improve liquidity, credit availability and returns to your stakeholders. Our multidisciplinary teams offer integrated, objective advice and help you evaluate opportunities, optimize transactions and achieve your strategic goals – whether you are buying or selling a distressed asset, restructuring your business or dealing with under performance or cash management. Wherever you are in the world, we draw on our significant industry and sector knowledge to create a tailored commercial approach that helps meet your needs. Our strong track record in advising some of the world's largest businesses demonstrates our commitment to securing your long-term success. It's how Ernst & Young makes a difference.

## About Ernst & Young's M&A Advisory Services

Our global network of mergers and acquisitions professionals can help you achieve your strategic objectives across acquisitions, disposals, buy-outs, buy-ins, fund-raising, initial public offerings, takeovers, mergers and strategic reviews. We assemble multidisciplinary teams to work with you throughout the whole project life cycle, from conception of an idea through to closing the transaction, wherever you are in the world. Our objective, responsive advice helps you link transaction strategy with business strategy, reduce complexity and mitigate risk. We can also help you move from public to private ownership and fulfill your fiduciary duties to shareholders, boards, partners and others who need objective financial analysis. Whatever your needs, we focus on helping you choose the right transaction for your investors, and our strong track record in advising market-leading businesses and private equity firms demonstrates our commitment to securing your long-term success. It's how Ernst & Young makes a difference.







Ernst & Young

Assurance | Tax | Transactions | Advisory

**About Ernst & Young**

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 135,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve potential.

For more information, please visit [www.ey.com](http://www.ey.com)

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients

© 2009 Ernst & Young.  
All rights reserved.

