



# COUNTRY PROFILE

## COMOROS



<b>Full Name:</b>	Union of Comoros
<b>Area:</b>	2,170 km <sup>2</sup>
<b>Capital:</b>	Moroni
<b>Main Languages:</b>	Arabic (official), French (official) Shikomoro
<b>Currency:</b>	Comoron franc (KMF)
<b>Head of State:</b>	President Ahmed Abdallah Sambi



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*This overview of the ICT sector has been prepared by BK Consultants on behalf of the organizers. The authors accept sole responsibility for the profile which does not necessarily reflect the views of the organizers: Pro€Invest, the Centre for the development of Enterprise (CDE), the African Union (AU) and the Common Market for Eastern and Southern Africa (COMESA).*

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## 1. BUSINESS OVERVIEW

### 1.1 Key Economic Indicators

Table 1 shows the recent trend for selected key economic indicators using the most up-to-date available information. More general country information is provided in the websites referred to in Section 4.0 at the end of this report.

**Table 1: Key Economic Indicators 2002-06**

	2002	2003	2004	2005	2006
<b>Population ('000')</b>	564	576	589,5	604,5	620
<b>Population Growth (%)</b>	2.20	2.10	2.10	2.00	2.20
<b>GDP (US\$ mn. at current prices)</b>	252	323	363	369	386
<b>GDP per capita (US\$ at current prices)</b>	447	561	617	615	630
<b>GDP growth at constant prices (%)</b>	4.10	2.50	- 0.20	4.20	1.20
<b>Current account balance (US\$ mn.)</b>	(1)	(9)	(15)	(17)	(18)
<b>Inflation Rate (%)</b>	4.20	5.00	1.80	1.60	2.00
<b>Exchange Rate: annual average Comoron Franc* per US\$</b>	522.74	435.90	396.21	395.60	392.03

\* Comoron franc is pegged to the euro at 491.9677

Sources: COMTRADE, World Development Indicators, Oanda.com et Direction Nationale du Tourisme

### 1.2 Economic Context

The Comoros archipelago comprises the four main islands of Njazidja (formerly Grand Comore), Mwali (formerly Mohéli), Nzwani (formerly Anjouan) and Mayotte, plus several smaller islets. Mayotte is administered by France but claimed by Comoros.

In 2006, Gross Domestic Product (GDP) amounted to over US\$386 million at current market prices. The country's economy is dominated by the services sector and agriculture. In 2005, according to the World Bank, the services sector contributed 55 percent to GDP, whilst agriculture, hunting, forestry and fishing contributed 36 percent, with the balance being accounted for by industry.

The Comoros economy has been growing slowly since 2001, averaging generally just over two percent per year. The first half of 2006, however, saw a slowdown in this growth coupled with deterioration in the fiscal situation, as noted by the International Monetary Fund (IMF).

The international donor community currently plays a modest role in the country's development. According to the OECD statistics, Comoros received approximately US\$25 million in development assistance in 2005. France was by far the largest donor contributing almost \$17 million followed by UN agencies (including the World Bank) with over \$7 million and the EC with over \$4 million. Further, the economy is also significantly dependent upon remittances from the estimated 150,000-strong Comoran diaspora in France and elsewhere.

A recent IMF mission (March/April 2007) noted that more progress in meeting its agreed targets could help Comoros "to catalyse increased economic support from the wider international community ... and is a step towards moving towards debt relief under both the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative".

### 1.3 Population and Labour Force

Population estimates to be 619,700 in 2006 which implies a population density of 333 persons per square kilometers. About 86 percent of the population lives on the three main islands of Njazidja, Mwali and Nzwani. In the absence of reliable and recent domestic labour force statistics, the International Fund for Agricultural Development (IFAD) estimated that the labour force was over 200,000 in 2004.

## **1.4 General Institutional and Regulatory Framework**

The legal system in Comoros is based on the French civil law system and traditional Comoron law. Private foreign investment in the Comoros has been minimal since independence. The Comoros economy is supported by foreign aid and assistance, primarily from France, but to a lesser extent from Japan, Saudi Arabia, Kuwait, and the United Arab Emirates.

Much of the aid Comoros has received in the past has gone towards payments of debt.

In 1994, Comoros became a member of the Common Market of Eastern and Southern Africa (COMESA), a regional trading bloc of 23 countries, which plans to introduce a common external tariff structure to simplify procedures and manage all third party trade.

### ***Land Tenure and Property***

The vestiges of French colonial law continue to provide the texts for land ownership and registry. There are four basic categories: untitled land; titled land; State Domain; and village reserves. Approximately 80 percent of the people own small parcels without titles; those with larger land holdings (635- 5,000ha) possess land titles from the colonial period which are respected today.

## **1.5 Infrastructure Services**

### **1.5.1 International air access**

The main international airport is Moroni International Prince Said Ibrahim (HAH), 25km (16 miles) north of the city. The airport is situated 14 miles (23km) north of Moroni on Ngazidja Island. Other airports with paved runways are at Ouani (Anjouan) and Baderessalam (Moheli).

Airlines operating to the Comoros include Air Austral, Air Madagascar, Air Tanzania Corporation, Sudan Airlines and Yemenia Yemen Airways. Air France operates regularly from Paris via Réunion.

### **1.5.2 Domestic air services**

Comores Aviation provides domestic air services between Moroni, Moheli, Anjouan and Mayotte.

### **1.5.3 Roads Access**

By regional standards Comoros has a fairly extensive road network, more than three-quarters of which is paved. This is the result of a rolling programme of work to upgrade roads throughout the country and improve links to rural communities. Nonetheless, maintenance of the road network has not been given a similar priority, meaning that many of the paved roads, outside Moroni in particular, are in relatively poor condition. The Government hopes to address this and to double the size of the road network, in part to facilitate the development of tourism and light manufacturing sectors and in part because road construction and maintenance should provide a substantial number of jobs at a time when unemployment is running at around 15 percent.

### **1.5.4 Sea Access**

There are irregular sailings from East Africa (Mombasa, Kenya), Madagascar, Mauritius, Réunion or Zanzibar to Moroni or Mutsamudu. These are mostly cargo vessels which might carry passengers. The islands are linked by regular ferry services. Travellers can hire motorboats, sailing craft and canoes in port villages and towns. Travel to Mayotte from Comoros can be problematic owing to the fact that this is disputed territory.

## 2. ICT SECTOR

### 2.1 Overview

Modern telecommunications started in 1970 in the Comoros, but the system only became fully automatic in 1988. In 1995, the Comoros opened its first International Transit Center permitting direct international calls from the islands; this was established with the aid of the European Development Fund. Even to this day, outgoing international calls must be made through the international operator.

### 2.2 Telecommunications

The national operator is the former **Société Nationale des Postes et telecommunications (SNPT)**, now split into respectively postal services and telecommunications via **Comores Telecom or Comtel**. A law authorising the liberalisation of the telecom sector and the privatisation of SNPT or its daughter companies was approved by Parliament already in 1997, but so far nothing has been finalised. The SNPT/Comtel however remains the sole provider of telecommunication and Internet services.

SNPT has about 10 000 lines, mostly on the main island and capital Moroni, but also on two other islands, which are linked by analogue microwave that also connects the Comoros with Mayotte (the French protectorate).

- In 2006 there were 15,000 subscribers; thus a fixed tele-density of 2.3%.
- The lines are primarily located in the main cities – half of them in Moroni -, and the rural areas are for the most part not connected;

#### **Comoros was the last country in the world to introduce a mobile telephone network.**

In principle, **Comtel** no longer has a monopoly.

- In October 2003, the Comores Telecom installed a GSM network called “Huri”, which was sponsored by the companies own funds;
- The network can carry up to 15,000 subscribers, and after 9 months Comtel already had 6,000 subscribers, where of only 1,5% used post-payment;
- 8,500 subscribers in 2006; a mobile tele-density of 1%
- You get the best connectivity in the big cities, and there is often no connectivity in the rural areas of the islands;

Comoros generally has a very poor and under-developed ICT infrastructure and very low levels of ICT access in education institutions.

### 2.3 Internet

- The country counted 895 internet subscribers in 2004, using a server of 80Go of capacity;
- It was estimated that there were 13,600 Internet Users in 2005;
- A few hotels have internet access;

### 2.4 Regulatory framework and sector regulation

Law nr 97-004 of the Federal Assembly, dated 24<sup>th</sup> of July 1997, authorises the Comorian government to liberalise and privatise the activities of the Société Nationale des Postes et telecommunications (SNPT).

Since 2003, the Comoran government has been involved in the development of an ICT policy and strategic plan with the support of the UN Economic Commission for Africa. The National ICT Policy adopted in 2004, commits the Government to develop a multi-disciplinary policy that takes into account 9 strategic axes and principles. These 9 principles are:

- Using ICT as a tool for human development and to reduce poverty;
- Promoting good governance through ICT;
- Facilitating the process of reconciliation and reconstitution of national unity in;

- encouraging social and cultural interaction in the society;
- Taking into account regional differences;
- Taking into account the gender aspect;
- Adopting the regional vision on ICT;
- Intensifying economic activities;
- Building capacities for firms;
- Promoting a new policy for cooperation and partnership;

## **2.5 Opportunities**

The East Africa Submarine Cable System (EASSy), based on a fibre-optic cable extending from South Africa to Sudan represents a major opportunity for the Comoros ICT sector. The open-access model adopted will namely enable smaller, poorer states such as Comoros to benefit from this new system without having to pay substantial entry fees. Capacity and connectivity will be enhanced along the East African coast and international telecom charges will decrease. To obtain full advantage of the new system, however, Comoros Télécoms (Comtel) will need to make complementary investments in its local network. Notwithstanding this, Comtel is likely to join the EASSy system, as staying out would make planned privatisation even more difficult.

## 3. INVESTMENT ENVIRONMENT

### 4.1 Investment Framework

#### 4.1.1 Investment agencies

The Investment Division of the Ministry of Finance, Budget, Economy, Commerce and Investments provides administrative information around setting up a business. It provides entrepreneurs with the necessary documents and helps them make their applications.

#### 4.1.2 Investment guarantees

Comoros is not yet a member of the Multilateral Investment Guarantee Agency (MIGA) which protects investors against non-commercial risks.

### 4.2 Investment Incentives

There are no general fiscal or other incentives for investors, but each case is judged by Government on its merits regarding which, if any, tax benefits should be granted.

### 4.3 Access to Finance

Comoros has a relatively small, undeveloped banking sector.

The *Banque Centrale des Comores* (BCC) is the central bank. Other banks include: the Banque pour l'Industrie et pour le Commerce - Comores (BIC-C); the Banque de Développement des Comores (BDC); and the Standard Hellier, which is located in Nzwani (Anjouan). In addition, the Société Nationale des Postes et des Services Financiers (SNPSF) and two agencies (SANDUK and MECK) play a role. The authorities wish to introduce some competition into the banking sector which will be facilitated by the opening of a new merchant bank in Moroni. Another is reported to be planned by Exim Bank Tanzania.

#### 4.3.1 International Financial Institutions

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

As a member of the World Bank, the facilities of the International Finance Corporation (IFC) would also be available for projects in Comoros. Other potential development finance sources include the African Development Bank (AfDB), the Development Bank of Southern Africa (DBSA), the Industrial Development Corporation of South Africa Ltd (IDC) and the New Partnership for Africa's Development (NEPAD).

#### 4.3.2 Transfer of Capital and Profits

Capital transfers are subject to prior authorisation from the Ministère des Finances, du Budget, de l'Economie, du Commerce et des Investissements.

### 4.4 Entry Visas

Nationals of EU and most other countries going to Comoros require a passport valid for at least six months from the date of entry and a visa (except for those continuing their journey by the same or first connecting aircraft without leaving the airport and holding documents certifying onward/return travel). Two types of visa - Tourist and Business (single-entry) - are issued on arrival at the port of entry for a small fee. Other visas, such as those for long-term business stays, may be obtained by applying to Comoros' overseas embassies or consulates.

## **4.5 Promotional Assistance**

### **Indian Ocean Commission**

Comoros is a member of the Indian Ocean Commission (IOC) which is a regional governmental organisation comprising Réunion, Mauritius, Madagascar, Comoros and the Seychelles. The primary objective of the IOC is to promote regional co-operation in economic development (including tourism) and to promote the free movement of goods, services, capital and human resources.



## 4. LIST OF KEY CONTACTS

### **Ministry for Transportation, Post & Telecommunications, Communication, & Tourism**

Direction Générale du Tourisme et de l'Hôtellerie

BP 97

Moroni, Comoros

Tel: +269 744 242 / 65

Fax: +744 241

### **Ministère des Finances, du Budget, de l'Economie, du Commerce et des Investissements**

BP 324

Moroni, Comoros

Tel: +269 730 000

### **Banque Centrale des Comores (Central Bank of Comoros)**

Place de France

BP 405

Moroni, Comoros

Tel: +269 731 814 / 731002

Fax: +269 730 349

[www.bancecom.com](http://www.bancecom.com)

### **Chambre de Commerce, d'Industrie et d'Agriculture**

BP 763

Moroni, Comoros

Tel: +269 730 958

E-mail: [pride@snpt.km](mailto:pride@snpt.km)

### **Useful Websites:**

- **The British Broadcasting Corporation (BBC)** profiles provide a guide to the history, politics and economic situation of countries and territories (including Comoros), and background on key institutions.

[http://news.bbc.co.uk/2/hi/country\\_profiles/default.stm](http://news.bbc.co.uk/2/hi/country_profiles/default.stm)