THE WAVERLEY SERIES

COMOROS

An Insight of Investment, Trade and Economy

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For Advisory & Partnership
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COMOROS — AT A GLANCE

Capital	Moroni
Population	≈ 883,000
GDP	≈ USD 1.6 billion (2026)
Real GDP growth	3.8% (2025), up from 3.3% in 2024; projected around 3.2-3.4% for 2026, moderated by Middle East conflict-linked energy and food cost pressures, before rising to around 4.0% in 2027, driven by investment and the 2027 Indian Ocean Island Games
Inflation	Estimated in a range of roughly 6.1-9.9% depending on the source, driven by higher energy and food import costs
Unemployment	6.5%, though persistent underemployment remains a structural characteristic
Currency	Comorian franc (KMF)
Foreign reserves	Strengthened to USD 395 million, equivalent to 9.4 months of import cover
Fiscal position	Trade taxes account for roughly 60% of domestic revenue; Games-related capital spending, higher fuel subsidies and the reversal of a May fuel-price increase are together widening the fiscal deficit
Key exports	Cloves, ylang-ylang and vanilla — a narrow agricultural commodity base
Governing framework	President Azali Assoumani, re-elected for a third term in January 2024; his ruling Convention for the Renewal of the Comoros holds 31 of 33 National Assembly seats following a Supreme Court-ordered rerun of four contested constituencies in February 2025, and also won February 2025 municipal elections including the capital, Moroni

Comoros enters this reporting period with genuinely solid underlying economic momentum: a strengthening banking sector, a newly launched treasury-bill market, improving reserve coverage, and growth approaching 4% ahead of hosting the 2027 Indian Ocean Island Games. This progress unfolds alongside increasing political consolidation under President Azali Assoumani, whose ruling party now holds an overwhelming 31 of 33 parliamentary seats following a Supreme Court-ordered rerun of four contested constituencies, set against Comoros' long history of political instability that independent assessment continues to cite as a major deterrent to long-term investment. Investors should weigh this genuine economic progress against a business environment independent analysts describe as challenging, alongside intensifying fiscal pressure from Games-related spending and fuel subsidies.

1. INVESTMENT & FDI

A newly launched treasury-bill market and continued hotel and infrastructure investment reflect genuine capital-market development, even as weak rule of law and unreliable contract enforcement remain structural deterrents.

The government launched a treasury-bill market in 2026, attracting initial investor interest and representing a genuine domestic capital-markets development milestone. The World Bank reports that investment remains robust, supported by new hotel developments and ongoing airport and road works. Separately, independent investment-climate assessment finds that Comoros' rule of law remains weak and contract enforcement unreliable, with the country's underlying political fragility continuing to serve as a major deterrent to long-term investment despite recent periods of relative calm.

- **A genuine new domestic financial instrument:** the treasury-bill market's launch represents concrete progress in developing Comoros' domestic capital markets, offering a new channel for both government financing and investor participation.
- **Continued tangible investment in tourism and transport:** new hotel developments alongside ongoing airport and road works reflect genuine, active capital deployment ahead of the 2027 Games, described further in Section 4.
- **A persistent structural investment deterrent:** independent assessment's finding that rule of law is weak and contract enforcement unreliable represents a genuine, sourced constraint that any investor should factor directly into risk pricing, regardless of near-term macroeconomic momentum.
- **Structured agricultural investment cases:** Comoros presented approximately $50 million in investment cases at the FAO Hand-in-Hand Investment Forum, targeting banana production, industrial poultry and fisheries development with projected internal rates of return of 19-23%, aimed at reducing food-import dependency.

2. TRADE & BUSINESS

A narrow agricultural export base and heavy trade-tax dependence leave Comoros acutely exposed to external shocks, even as remittances provide a critical, growing buffer.

Comoros' export base remains narrowly concentrated in cloves, ylang-ylang and vanilla, while total imports surged 26.4% year-on-year in the first quarter of 2026, driven by energy costs and equipment purchases. Remittances grew 13.5% between January and April 2026, providing a critical and growing buffer for household consumption, while foreign reserves strengthened to $395 million, equivalent to 9.4 months of import cover, a genuinely solid external position for an economy of this size.

- **Extreme trade-tax revenue dependence:** with trade taxes accounting for roughly 60% of domestic government revenue, Comoros' fiscal position remains highly vulnerable to any disruption in trade flows, a structural characteristic distinct from economies with more diversified domestic revenue bases.
- **Remittances as a critical, growing economic buffer:** the 13.5% growth in remittances over just four months demonstrates the diaspora's continued and expanding role in supporting household welfare amid rising import costs.
- **A genuinely solid reserve position:** 9.4 months of import cover represents a comfortable external buffer relative to many peer small island economies, providing some resilience against near-term trade or price shocks.

3. MAJOR ECONOMIC DEVELOPMENTS

Genuinely solid growth and a strengthening banking sector continue even as political power has become increasingly consolidated and fiscal pressures intensify ahead of the 2027 Games.

The Central Bank of the Comoros' 2025 Annual Report, published 28 August 2026, described the national banking sector as consolidated after several years of structural reform, with total assets rising 14%, deposits 13.5%, and loans 8%, while non-performing loans fell sharply to 9%. The Central Bank's stated 2026 priorities include transforming these gains into more direct financing of the productive economy, maintaining financial stability, reviving credit to the productive sector, and implementing new regulatory powers for the insurance sector. Politically, President Azali Assoumani was re-elected for a third term in January 2024, and parliamentary elections in January 2025 initially gave his ruling Convention for the Renewal of the Comoros 28 of 33 seats; the Supreme Court then annulled results in four constituencies, and reruns held on 16 February 2025 brought the CRC's total to 31 of 33 seats, with the new Assembly holding its first session on 4 April 2025. The CRC also won February 2025 municipal elections, including in the capital, Moroni. Comoros' long history of political instability, including numerous coups and secession attempts since independence, continues to inform investor caution even amid recent years of relative calm. Fiscal pressures are intensifying, with Games-related capital spending, higher fuel subsidies, and the reversal of a May fuel-price increase together widening the deficit, while France's August 2026 push for aid conditionality tied to Mayotte migration issues could alter Comoros' external financing and diplomatic room.

- **A genuinely strengthening banking sector:** the documented improvements in asset growth, deposit growth and loan-portfolio quality represent real, verifiable progress in Comoros' financial-sector development, independent of the political developments occurring in parallel.
- **Significant, rapid political consolidation:** the CRC's rise from an initial 28 seats to 31 of 33 total seats, achieved through a Supreme Court-ordered rerun in four constituencies, together with its sweep of February 2025 municipal elections, represents a substantial concentration of political power investors should note directly.
- **A long historical backdrop of instability shaping investor caution:** Comoros' history of numerous coups and secession attempts since independence means that even the current period of relative calm is assessed by independent analysts against a backdrop of underlying structural fragility.
- **Intensifying fiscal pressure ahead of a major hosting commitment:** the combination of Games-related capital spending and fuel-subsidy costs widening the deficit illustrates the near-term fiscal trade-offs Comoros faces in preparing to host the 2027 Indian Ocean Island Games.
- **A specific, current bilateral financing risk:** France's August 2026 aid-conditionality push tied to Mayotte migration issues represents a concrete, ongoing diplomatic dynamic with direct potential implications for Comoros' external financing access.

4. MAJOR PROJECTS & INFRASTRUCTURE

Preparations for the 2027 Indian Ocean Island Games anchor Comoros' current infrastructure investment cycle, alongside continued hotel and transport development.

- **2027 Indian Ocean Island Games:** the single largest current driver of both investment activity and fiscal pressure, with Games-related capital spending explicitly cited as a factor widening the government deficit.
- **New hotel developments:** continued hospitality-sector construction supports both the broader tourism ambition and specific Games-hosting requirements.
- **Ongoing airport and road works:** ongoing transport-infrastructure investment reflects the government's efforts to address Comoros' persistent connectivity constraints.
- **Persistent electricity and port constraints:** access to electricity remains limited and unreliable, with the state-owned utility facing significant operational and financial challenges, while each island's port lacks

modern container-handling facilities, making shipping expensive and inefficient — both genuine, unresolved infrastructure limitations.

5. CONFERENCES, FORUMS & EXHIBITIONS

The FAO Hand-in-Hand Investment Forum has served as Comoros' primary platform for presenting structured agricultural investment cases to international partners.

- **FAO Hand-in-Hand Investment Forum:** Comoros presented small-island-developing-state-specific investment cases targeting banana production, industrial poultry, and fisheries and aquaculture development, framed explicitly around reducing food-import dependency and diversifying the agricultural economy.

6. BUSINESS & INVESTMENT EVENTS

The Central Bank of the Comoros' publication of its 2025 Annual Report on 28 August 2026 served as the most significant recent institutional communication of the country's financial-sector progress to investors and international partners, detailing the banking-sector improvements described in Section 3.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

A notable aid-conditionality tension with France over Mayotte migration illustrates how bilateral relationships remain central to Comoros' external financing position.

- **France:** the August 2026 push for aid conditionality tied to Mayotte migration issues reflects a historically significant relationship, given Comoros' geographic and colonial-era ties to Mayotte specifically, now carrying direct potential consequences for external financing and diplomatic space.
- **World Bank:** continued IDA-backed support for job creation, farm-yield improvement, and private-investment mobilisation for MSMEs and rural communities represents Comoros' most substantial ongoing multilateral development relationship, alongside the Bank's 'Making Remittances Work' agenda aimed at channelling diaspora funds toward investment rather than consumption alone.
- **FAO:** the Hand-in-Hand investment forum partnership continues providing a structured channel for presenting Comoros' agricultural investment opportunities to international partners.
- **Concessional finance and donor relationships:** with public debt levels improving but debt-distress risk remaining high, Comoros continues depending substantially on concessional finance and donor goodwill for its broader development financing needs.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

World Bank-backed MSME support and a strengthening banking sector's credit capacity define the clearest current private-sector development channels.

The World Bank's IDA-backed programming specifically supports job creation, farm-yield improvement, and private-investment mobilisation for micro, small and medium enterprises and rural communities. This support is complemented by the banking sector's improving credit capacity, with loans growing 8% in 2025 alongside a sharp improvement in loan-portfolio quality, providing a genuinely stronger foundation for private-sector financing access than in recent prior years.

- **Targeted MSME and rural development support:** the World Bank's specific focus on job creation and farm-yield improvement for MSMEs and rural communities directly addresses some of the structural constraints facing Comoros' smallest businesses and agricultural producers.
- **A remittance-to-investment conversion opportunity:** the World Bank's 'Making Remittances Work' agenda specifically targets converting a portion of diaspora remittances from pure household consumption into productive investment, a potentially significant structural shift given remittances' scale relative to the broader economy.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Agricultural value-chain development, tourism infrastructure, and new treasury-bill instruments define Comoros' most concretely promoted new investment channels.

- **Agricultural value chains:** the FAO-presented banana, industrial poultry, and fisheries and aquaculture investment cases, totalling approximately $50 million with projected returns of 19-23%, represent Comoros' most structured current agricultural investment opportunities.
- **Tourism and hospitality infrastructure:** new hotel developments tied to broader Games-hosting and tourism ambitions offer near-term hospitality-sector investment opportunities.
- **A new domestic financial instrument:** the newly launched treasury-bill market offers investors a fresh channel for engagement with Comoros' government financing needs.
- **Games-related infrastructure:** broader construction and transport opportunities tied to 2027 Indian Ocean Island Games preparations remain open across multiple project categories.

SUMMARY ASSESSMENT

Comoros enters this reporting period with genuinely solid underlying economic momentum: a strengthening banking sector, a newly launched treasury-bill market, improving reserve coverage, and growth approaching 4% ahead of hosting the 2027 Indian Ocean Island Games. This progress unfolds alongside increasing political consolidation under President Azali Assoumani, whose ruling party now holds an overwhelming 31 of 33 parliamentary seats following a Supreme Court-ordered rerun of four contested constituencies, and against the backdrop of Comoros' long history of political instability that independent assessment continues to cite as a major deterrent to long-term investment.

Fiscal pressures are intensifying as Games-related spending and fuel subsidies widen the deficit, even as trade taxes, representing roughly 60% of domestic revenue, leave government finances acutely exposed to external trade disruption. A notable bilateral tension with France over Mayotte migration adds a further, specific external-financing risk to monitor.

Investors should treat Comoros as a small, structurally fragile island economy where genuine financial-sector and macroeconomic progress is real, but where weak rule of law, persistent infrastructure constraints, and political concentration remain first-order considerations for any investment decision.