



Inclusive insurance and risk financing in the Union of the Comoros Snapshot and the way forward 2024

Why this report?

This report summarizes the key findings of an inclusive insurance and disaster risk finance country diagnostic conducted by the UNDP's Insurance and Risk Finance Facility (IRFF) and UNDP Comoros. The objective of this summary report is to present a high-level overview of the following information for the Union of the Comoros:

1

Key risks,
especially
climate risks

2

The current
state of
**inclusive
insurance**

3

The current
state of
**disaster risk
finance**

4

**Recommendations
to advance** inclusive
insurance, disaster risk
finance and overall
development.

This summary is a starting point for discussion and collaborative action planning on inclusive insurance and disaster risk finance between UNDP and critical stakeholders, including the insurance sector, government agencies and other development sector actors.

IRFF goals

Impacts: Reduced vulnerability, enhanced resilience of countries and communities and strengthened prospects for sustainable development.

Outcomes: Country and community long-term resilience improved by development and delivery of integrated insurance, risk finance and investment solutions, from products, tools and services all the way leading to market transformation.

Contact IRFF for questions:

If you wish to discuss the findings and recommendations of this report, reach out to:

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Key messages



Risks: Tropical storms, epidemics and volcanic activity are the country's main risks, followed by flood, drought and earthquakes.



Inclusive insurance: Financial inclusion is gradually becoming a priority of the Government of Comoros, but inclusive insurance is still in its early stages. So far, health mutuals have been among the main providers of products for low-income populations and the Government has created a new programme to expand health insurance for vulnerable people.



Disaster risk finance: Comoros has developed and implemented several laws, policies and strategies related to Disaster Risk Management (DRM) and Disaster Risk Financing (DRF). The most important one is the National Strategy for Disaster Risk Reduction (Stratégie Nationale de Réduction de Risques de Catastrophes, SNRRC), which was introduced in 2015 and sets out financial, structural and operational aspects for disaster risk reduction and management. To increase financial preparedness and create capacity for immediate response, Comoros has recently started testing sovereign risk insurance and is also creating a National Emergency and Resilience Fund (Fonds National d'Urgence et de Résilience, FNUR). However, there is no comprehensive DRF framework, disaster risk budget allocations are mainly managed in a reactive rather than a preventive way and private (re)insurance activities are underdeveloped.

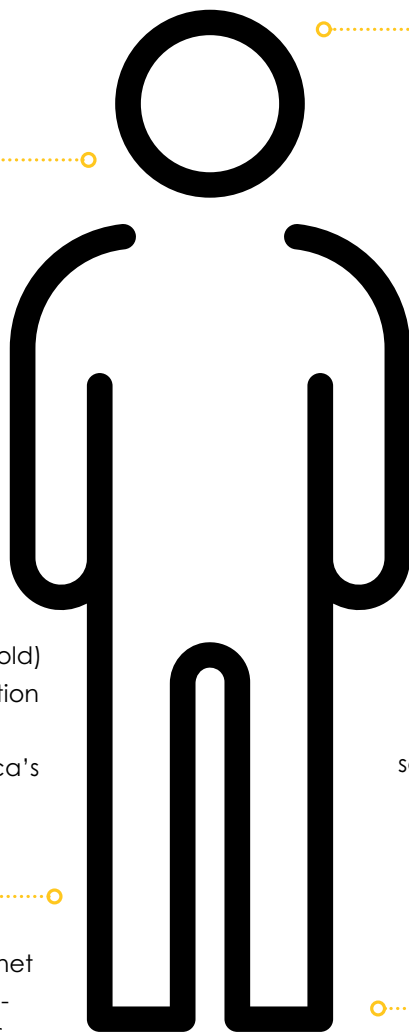


Key recommendations: To support inclusive insurance development, interventions are proposed on: promoting comprehensive market research and evidence-based planning for inclusive insurance market development; establishing a legal and regulatory framework for insurance that also encourages and facilitates inclusive insurance development; creating inclusive insurance products and services adapted to the needs of low-income populations; promoting insurance education within national strategies and programmes; and supporting the development and delivery of certified training and other capacity-building efforts for insurers.

To improve disaster risk financing, key interventions are recommended on supporting the planning, establishment and sustainable implementation of the FNUR; implementing a centralized, accessible catastrophic risks data management system; strengthening logistical tools, coordination, knowledge and skills at national and local levels to anticipate and manage risks; and diversifying and expanding tools for disaster risk management and financing.

Comoros' development and risk profile

Key macroeconomic and development indicators



70% of the country's population live in rural areas, where the majority rely on agriculture, including forestry and fishing.¹



34.3% of adults (over 15 years old) had an account at a financial institution in 2022 (24% men and 40% women)², which is lower than sub-Saharan Africa's average of 51% in 2021.

27% of the population had internet access in 2021, a rate lower than sub-Saharan Africa's regional average of 36%.³ In 2022, the mobile connectivity index stood at 28.3.⁴ Mobile money was introduced in 2019 and is fast gaining traction: by 2022, almost 8% of adults had a mobile money account.⁵

Comoros is

a Least Developed Country.⁶ Rising food and fuel prices have made its economy even more vulnerable, with inflation reaching 12.3% in 2022.⁷ However, the country's gross domestic product (GDP) is expected to grow by 4% in 2024.⁸



35% of the working population are employed in the agricultural sector, which dominates the economy.⁹

The economy is predominantly informal and is highly dependent on international remittances, which contribute around 20% to GDP.¹⁰

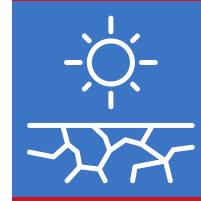
53% of the country's 836,774 population are under the age of 20 and 45% of the population live below the poverty line.¹¹

Geographic context:

Comoros is comprised of three islands and is located off the east coast of Africa. The densest island is Grande Comore, where 50% of the population live, followed by Anjouan with 43% and Mohéli with 7% of the country's total inhabitants.¹² Grande Comore is home to the Karthala Volcano and features rocky terrain, along with some coral reefs.¹³ Anjouan has a dense hydrographic network and many narrow and steep-sided valleys. Mohéli, the smallest island, consists of a basalt plateau, with a coastline that includes a two-kilometre-wide coral bank and mangrove ecosystems. Comoros's climate is tropical, with a hot and rainy season from December to April, when the north-west monsoon prevails, and a relatively cool and dry season from May to November, in which the south-east trade winds predominate.¹⁴ Comoros experiences extreme seasonal variations in monthly rainfall.

Hazard context:

The country's location and topography mean that it is among the most climate-vulnerable countries in the world and 54.2% of the population live in at-risk areas.¹⁵ In its National Contingency Plan 2021–2022, the Government of Comoros classified hazards into four main categories: geophysical and geological; hydrometeorological and climatic; epidemiological; and other hazards such as technological and anthropogenic risks. Based on the average annual occurrence of natural hazards between 1980 and 2020, epidemics, tropical storms and volcanic activity are the main risks, followed by flood, and finally by drought and earthquake.¹⁶



Key risks and hazards



Tropical storms

Cyclones, which bring heavy rainfall and powerful winds, occasionally deviate from their typical paths and strike Comoros, in spite of the geographical protection usually offered by Madagascar.

Cyclone Hellen in March 2014 caused extensive damage, particularly in Mohéli and Anjouan, with floods and landslides that damaged more than 900 houses. Cyclone Kenneth in April 2019 displaced **11,969** people, destroyed or damaged almost 12,000 houses, and damaged 60% of food crops and 30% of cash crops.¹⁷ Cyclone Kenneth caused **US\$185.4 million** in damages and losses, and **\$277.5 million** was needed for reconstruction. As a result, GDP growth was more than halved, dropping from 3.1% in 2018 to 1.3% in 2019.¹⁸

Over the past 30 years, the frequency and severity of storms has increased. Average annual direct losses are **\$3.6 million**. Anjouan faces the highest risk, with average annual losses of **\$3.1 million**.¹⁹



Flooding

Flooding in Comoros is caused by heavy rainfall and rising tides. The country's mountainous terrain and volcanic flows worsen runoff, for example following the 2005 volcanic eruptions in Grande Comoros, and deforestation in Anjouan and Mohéli causes waterlogged slopes, leading to landslides.²⁰

Flood risk is further exacerbated by the lack of natural resource management: only **33.75%** of Comoros' land and inland waters are protected areas, and just **0.37%** of its marine and coastal areas are protected.²¹

Average annual direct losses due to flooding are **\$2 million**. Anjouan is the most vulnerable, with average annual losses of **\$1.3 million**.²²



Volcanic eruptions

The Karthala volcano represents a significant risk, with more than 20 eruptions since the 19th century.²³ Since 2005 alone, **four** eruptions have been recorded. The eruption in 2006 caused a blanket of ash and dust that covered three-quarters of Grande Comore.²⁴

The impact on health and housing has been substantial. In April 2005, eruptions led to the evacuation of more than **30,000** people.²⁵ Eruptions also have negative consequences on the natural environment, causing the soil to become impermeable, which worsens flooding.



Earthquake

Earthquakes in Anjouan and Mohéli, while noticeable, are relatively mild. At the national level, there is a low probability of major earthquakes. However, earthquakes can create a tsunami risk.



Epidemics

Communicable diseases such as malaria, cholera, Chikungunya, Dengue, H1N1 and typhoid are prevalent in Comoros. Epidemiological risks are exacerbated by adverse environmental and socioeconomic conditions. Risk factors are associated with living conditions, including hygiene and sanitation, especially among vulnerable populations.²⁶



Temperature increase and drought

National observations and analysis record a temperature increase of 1°C and variations in rainfall amount and frequency, as well as the occurrence of early and prolonged droughts.

Inclusive insurance²⁷: Status

Highlights from the enabling environment
for inclusive insurance in Comoros

Enabling environment

Stakeholders

Central Bank of Comoros (La Banque Centrale des Comores, BCC)

- The insurance market in Comoros is in its earliest stages and the country lacks a national insurance regulatory or supervisory body.
- The possibility of mandating the BCC to supervise the insurance market is currently being studied as part of a review of the BCC's statutes, which are expected to enter into force in 2024.²⁸
- The BCC has also been entrusted with overseeing the country's financial inclusion mission. In September 2023, a team was created to develop and later implement a national financial inclusion strategy.²⁹

Ministry of Finance, Budget and Banking Sector (Ministère des Finances, du Budget et du Secteur Bancaire, MoF)

- The MoF's General Secretariat is responsible for granting insurers authorization to operate. Its decision to do so is based on a preliminary study conducted by the General Directorate of Public Accounting and the Treasury (Direction Générale de la Comptabilité Publique et du Trésor, DGCPT).
- Other ministries such as health and agriculture could in future play an important role in promoting inclusive insurance.



Insurance association

- The insurance industry in Comoros is not federated around a professional association. Efforts by some insurance companies to form an association were unsuccessful because not all insurers were willing to comply with proposed membership requirements and conditions.³⁰
- Lack of industry cohesion reportedly leads to unethical competitive behaviours by some insurance market players.³¹

Regulations

Insurance Act

- The insurance profession is currently governed by the decree of 30 December 1938 on insurance companies.³²
- Despite being one of the 14 signatory states of the 1992 treaty establishing the regional insurance body, the Inter-African Conference on Insurance Markets (Conférence Interafricaine des Marchés d'Assurance, CIMA), Comoros has not ratified the treaty.³³ It is therefore not obliged to apply CIMA's main governing legislation, the CIMA Insurance Code (Code des Assurances), nor to follow the directives of the regulatory body of CIMA, the Regional Insurance Control Commission (Commission Régionale de Contrôle des Assurances, CRCA).
- However, some insurance companies choose to follow the CIMA codes and the French Insurance Code, even though compliance is neither enforced nor supervised.³⁴
- Insurance companies are in favour of the enforcement of an insurance code, either by Comoros adopting the CIMA code or by creating a national code, as in other countries such as Madagascar. This code should also specify the regulatory authority and mandate the formation of an industry association.³⁵
- As with standard insurance, there is no specific microinsurance code or enabling microinsurance regulations in Comoros.

Reporting

- Insurers have no obligation to report, given the absence of a supervisory authority. Nevertheless, like all companies in Comoros, they must prepare financial statements and file tax returns.³⁶
- For accounting standards, insurers currently opt to follow the Chart of Accounts of the Organization for the Harmonization of Business Rights in Africa (Organisation pour l'harmonisation en Afrique du droit des affaires, OHADA).³⁷

Taxation

- Insurance products are taxed based on their type through a Tax on Insurance Contracts (TCA).³⁸ Unlike in other countries in Africa, insurance premiums in Comoros are not subject to value-added taxes (VAT). The income tax of an insurance company is set at 35% of its taxable net income.³⁹



Inclusive Finance Master Plan (Schéma Directeur de la Finance inclusive, SD-FIC) and the Inclusive Finance Support Programme in Comoros (Programme d'Appui à la Finance Inclusive aux Comores, PAFIC)

- Since 2009, financial inclusion has been one of the Government's priorities. The preamble of the SD-FIC notes that an inclusive financial sector is characterized by a diverse array of financial services accessible to all residents of a country.⁴⁴
- PAFIC is a programme set up as a result of the SD-FIC. It aims to work towards sustainably improving the socioeconomic conditions of the people of Comoros. It is a collaborative effort between the Government of Comoros, UNDP and the United Nations Capital Development Fund (UNCDF).
- The objective of PAFIC is to develop an inclusive financial sector, by enhancing capacity, creating a favourable environment for a diverse range of financial services accessible to everyone and developing both an institutional and financial infrastructure.⁴⁵

National Financial Inclusion Strategy (Stratégie nationale de la finance inclusive, SNIF)

- Comoros has started working on its first ever SNIF.⁴⁶
- Under the BCC, a dedicated team has been working on developing the SNIF since the end of 2023, beginning with a diagnostic study.⁴⁷

National Social Protection Policy

- The social protection framework in Comoros remains largely undeveloped, though a National Social Protection Policy was adopted in 2017. The policy aims to guarantee each citizen sustainable access services to meet their basic needs.⁴⁰ This policy is organized around four strategic pillars, with the objectives of: (i) developing social safety nets for vulnerable groups; (ii) improving access to basic social services; (iii) promoting innovative risk management strategies; and (iv) strengthening the institutional framework for coordination, monitoring and evaluation.
- The social protection system is based on two main regimes: a non-contributory scheme targeting deprived populations (for example through social transfers and assistance) and a contributory scheme (including pensions, maternity allowance and mutual health insurance).⁴¹
- A Solidarity and Social Protection Commission has recently been created and in 2024 the Government allocated it a budget of 27 million Comorian francs (\$59,459)⁴². Initiatives under way include the development of a Single Social Register and the implementation of General Health Insurance (see below).⁴³
- Comoros is a member state of the Inter-African Conference on Social Welfare (Conference Interafricaine de la Prévoyance Sociale, CIPRES) and the entity in charge of social welfare in Comoros is the National Fund for Solidarity and Social Welfare (Caisse Nationale de Solidarité et de Prévoyance Sociale (CNSPS) de l'Union des Comores).



**General Health Insurance Support Programme
(Projet d'appui à la mise en oeuvre de l'assurance-maladie généralisée, PAAMG)⁴⁸**

- Access to health care is one of the pillars of the Government's Emerging Comoros Plan (Plan Comores Émergent, PCE).⁴⁹
- Through PAAMG, the French Development Agency (Agence Française de Développement, AFD) is working alongside the Government to strengthen access to health care for Comoros's population and establish General Health Insurance (assurance-maladie généralisée, AMG).
- PAAMG aims to protect the Comorian population against financial risk caused by illness through the establishment of a sustainable universal health coverage system. During the pilot period, which is scheduled to begin in July 2024, target beneficiary segments will be the extreme poor, the vulnerable and the financially stable/non-poor individuals.⁵⁰

Insurance education initiatives

- The SNIF in development will include a specific objective to establish a national mechanism for promoting and coordinating financial education and consumer protection.⁵¹ Insurance education could be incorporated into this plan.

Supply-side snapshot

Overall insurance coverage (traditional and inclusive): Fast facts

Given the absence of a regulator, no central source of information records how many insurance companies are active in Comoros or distinguishes the type of insurance provider as a brokerage firm, agency or other service company. However, based on a diagnostic conducted by UNDP, an estimate is as follows:⁵²

○
Nine insurance companies are thought to be active in Comoros, although numerous organizations provide insurance in the country.⁵³



There is no national reinsurer, but reinsurers such as Africa-Re, Zep-Re, Sica-Re, Kenya-Re, MTA-Re, Wica-Re and Avenir-Re are involved with insurers in the Comorian market.

..... ○

Inclusive insurance: Fast facts



- There are no specialized microinsurers, but insurers newly entering the Comorian market are using digital technology for marketing and enrolment, targeting low-income customers with new products.
- Health mutuals are also offering a type of inclusive insurance solution. Their industry body, the National Federation of Health Mutuals in Comoros (Fédération Nationale des Mutuelles de santé aux Comores, [FENAMUSAC](#)), aims to ensure the autonomy of health mutuals and to enhance their technical and financial stability.⁵⁴

Products offered

Inclusive insurance offerings are limited. If inclusive insurance offerings in Comoros are to increase, it is vital to strengthen the insurance sector's capacity in actuarial expertise, insurance product development (particularly parametric crop insurance) and other crucial skills such as marketing.⁵⁵

Health Insurance



- The main type of inclusive insurance in Comoros is health insurance.
- A 2022 survey of 6,945 women aged 15 to 49 indicated that 4.9% of women were covered by any form of health insurance. Of these, the majority (43%) were serviced by health mutuals; 15.9% by employer health insurance; 30.8% by Social Security; 9.8% by private commercial health insurance; and 5.1% by other types of insurance. Only 2.8% of the 2,850 men surveyed had any type of health insurance.⁵⁶
- Health mutuals are the main provider of health insurance, and as such, the industry federation FENAMUSAC has been designated as a key implementation partner within the framework of PAAMG in offering General Health Insurance. Health mutuals will have the key functions of monitoring access to care, invoicing and settling payments, and monitoring medical services.⁵⁷
- FENAMUSAC represents 32 active mutuals serving 14,693 beneficiaries. Its members are comprised of 22 institutional company mutuals (representing 84% of the insured), with the remaining 10 members accounted for by village mutuals (8% of the insured) and school mutuals (8% of the insured).

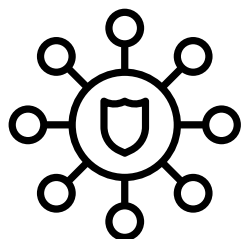
Other initiatives



- **Credit life insurance** is offered by microfinance providers and to cover loans in the event of the death of the borrower.⁵⁸
- **Car insurance** is compulsory in Comoros and is reportedly a growing segment.⁵⁹
- **Multiple other life and non-life products** were identified in the market, but they are not specifically designed for low-income customers. These include life and non-life insurance products such as repatriation insurance for diaspora, personal accident cover and home insurance.⁶⁰

Distribution

Common channels



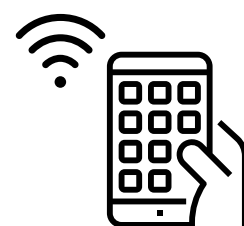
The Comorian insurance market is structured around four main distribution channels: ⁶¹

- Insurance companies, through their branches or agents
- General agents or insurance intermediaries
- Brokers, sometimes called "independents" in Comoros
- Bancassurance, in which AFG Assur, a subsidiary of AFG Bank, is the only player. However, it also collaborates with other financial institutions such as SANDUK, BIC and SNPSF to offer insurance products to their clients, which include both individuals and small and medium-sized enterprises (SMEs).

Other potential channels

Microfinance providers. Made up of decentralized microfinance networks of savings and credit mutuals, microfinance providers have a wide reach across the country and could present an opportunity for the distribution of inclusive insurance products tailored to their customer base.

- Of the nine credit providers in Comoros, four are decentralized microfinance networks. These microfinance providers account for 71% of all financial service provider branches, covering rural and urban areas.⁶² In 2017, microfinance providers granted loans to more than 20,646 borrowers (compared to 6,628 borrowers from banks)⁶³ and the largest microfinance provider's total outstanding loans represented more than one-third of all credit issued within the economy.⁶⁴
- The union of the longest established savings and credit mutual network, MECK-MORONI, has included setting up an insurance structure in its future business plans.⁶⁵



Digital channels offer new opportunities for inclusive insurance, especially as some insurers are already starting to use digital technology for marketing and enrolment:

- **Mobile money:** While relatively new in Comoros, mobile money is gaining traction and is governed by a regulatory legal structure adopted in 2017 by the Central Bank of Comoros. For example, Mvola, a private mobile network operator, launched a mobile money product in April 2019.
- **Digital payments:** The financial intermediary Maison Comorienne de Transferts et Valeurs (MCTV) launched digital financial services for money transfers and payments in 2017, which can be accessed online and by mobile phone.



Non-financial community-based organizations, such as producer organizations, are as yet unexplored.

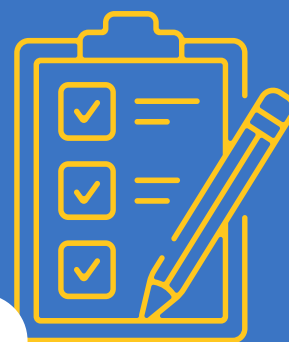
Demand



There are no published studies on microinsurance demand in Comoros. However, stakeholder consultations revealed some insights:⁶⁶

- The Comorian population have a culture of short-term risk management, rather than risk preparedness. However, people are progressively acknowledging the importance of financial protection. Engagement with health mutuals is likely one reason for this. Companies like AFG are noticing a growing interest in inclusive insurance and emphasize the importance of raising awareness, educating people about insurance and building trust in insurance companies.
- Even if insurance is not a widely known concept among low-income people in Comoros, different stakeholders generally recognize that the population have unmet needs. As such, interviews with insurers and the Comoros Chamber of Commerce indicated that there is an appetite to develop microinsurance.
- Young people and women in particular were highlighted as significant potential customer bases in Comoros, particularly because of the young age of the population and the access of women to other financial services. However, insurers do not have yet tailored products.
- Clients of microfinance providers in the Comoros present an ideal starting point for researching different low-income demand-side needs, since microfinance institutions already reach a large part of this population. In addition to women and young people, their typical clients include adult male heads of households, rural populations traditionally excluded from formal financial systems, and micro, small and medium-sized enterprises (MSMEs).

Disaster risk financing: Status



Disaster risk assessments and data systems

Monitoring extreme weather events and implementing preventive measures is the responsibility of the **Directorate of Maritime Transport (Direction Technique de la Météorologie, DTM)** a sub-directorate of the **Civil Aviation and Meteorological Agency (Nationale de l'Aviation et de la Météorologie, ANACM)**. Over the past five years, DTM has been using new equipment to monitor hydrometeorological hazards, procured with support from UNDP and the Green Environment Fund (GEF).⁶⁷

Karthala volcano monitoring and related scientific research is carried out by the **Karthala Volcano Observatory (L'Observatoire Volcanologique du Karthala, OVK)**.⁷³

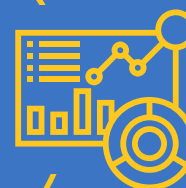


Environmental and health risk analyses and impact assessments are carried out by various departments, including:

- The **Directorate for Information Analysis and Processing (Cellule d'Analyse et de Traitement de l'Information, CATI)**, which collects, analyses and processes georeferenced data⁶⁸
- The **Directorate of Environment and Forests (Direction Générale de l'Environnement et des Forêts)** and its regional branches
- The **Ministry of Health on Epidemiological Risks (Ministère de la Santé sur les Risques Épidémiologiques)**
- The **National Directorate of Territorial Planning (Direction Nationale de l'Aménagement du Territoire)**.

Risk assessments in Comoros have also been conducted by external stakeholders, including the United Nations Office for Disaster Risk Reduction (UNDRR) and the World Bank.⁷²

The Government of Comoros simulated the financial and human impacts of disasters during the development of its national contingency plan.⁶⁹ The Evaluation Report on Poverty and Equality (Rapport de l'Évaluation de la Pauvreté et de l'Équité) also highlights the impact of risks on the population.⁷⁰ For example, it underscored the compound negative effects on well-being that happened as a result of the COVID-19 pandemic, which took place while the country was still recovering from Cyclone Kenneth.⁷¹



Existing legal, institutional and policy frameworks

Legal

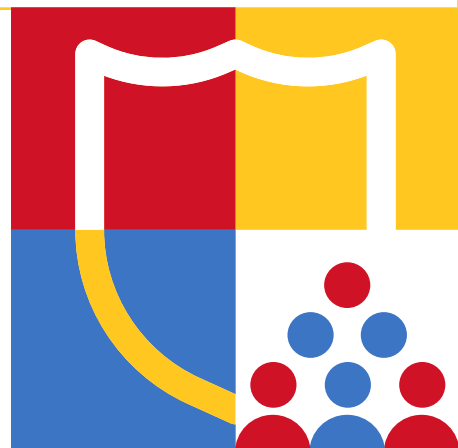
- **Decree No. 12-054/PR of March 2012** makes the **Directorate for Civil Security (Direction Générale de la Sécurité Civile, DGSC)** the main coordinating entity for Disaster Risk Management (DRM).⁷⁴
- **Decree No. 12-181/PR of September 2012** established the **National Platform for Disaster Risk Prevention and Reduction (Plateforme Nationale de la Prévention et Réduction des Risque de Catastrophe, PNPRRC)** and defines its multifaceted role in promoting the sustainable integration of disaster prevention and Disaster Risk Reduction (DRR) into national policies, plans and strategies.⁷⁵
- **Law No. 94-018 on the Environment** includes clauses to (i) preserve the diversity and integrity of the environment; (ii) create the conditions for the quantitative and qualitative sustainable use of natural resources by present and future generations; and (iii) ensure an ecologically sound and balanced living environment for all citizens.⁷⁶
- **Law No. 95-013** addresses public health issues in the event of natural disasters.⁷⁷
- **Order No.12-029/MSSCSPG/CAB** concerns the creation and organization of the National Committee and the Island Committees for the management and coordination of emergencies and disasters in the health sector.

Policies

- The **Emerging Comoros Plan (PCE)** summarizes the Government's development vision for 10 years until 2030. Finalized in 2019 after a national consultation led by the General Planning Commission, the PCE focuses on six key sectors (tourism, handicrafts, blue economy, finance, agriculture and industry) and five major enablers, including the policy framework, infrastructure, human capital, competitiveness reforms and the digital revolution. Within this context, the PCE aims to make Comoros resilient to natural disasters by 2030.⁷⁸
- The **Accelerated Growth and Sustainable Development Strategy (Stratégie de Croissance Accélérée et de Développement Durable)** (2018–2021) laid the foundation for the structural transformation of the national economy, with a focus on sustainable natural resource management and disaster resilience.
- The **SNRRC** of May 2015 deals with the financial, structural and operational aspects of national DRM, including but not limited to DRR. It also emphasizes the need to establish a comprehensive in-country risk assessment and information system to assess likely losses and conduct simulations based on cost-benefit analyses, as well as to assist in identifying risk mitigation options.⁷⁹
- The **National Contingency Plan (Plan de Contingence National)** was developed in 2017 and updated between 2021 and 2022. It defines the measures to be taken in the event of a natural disaster or humanitarian emergency. It is aimed at coordinating the actions of the different stakeholders involved in DRM.⁸⁰

Institutional

- The **MoF** manages budget allocations in the event of disasters.⁸¹
- The **DGSC** is the main coordinating entity for disaster risk management (DRM) in Comoros. Its primary mandate is the protection of people, property and the environment, as well as the coordination and implementation of DRM programmes and actions. CATI is part of DGSC operations.
- An **administrative and financial unit, composed of DGSC and MoF focal points**, was created under Chapter 7 of the National Strategy for Disaster Risk Reduction (Stratégie Nationale de Réduction de Risques de Catastrophes, SNRRC). The unit is responsible for administrative and financial planning, as well as mobilization of financial resources for DRR, rehabilitation and post-disaster programmes.⁸²
- The **PNPRRC** was also established as a result of the SNRRC. The PNPRRC plays a broad role in promoting the integration of Disaster Risk Reduction (DRR) into national policies, plans and strategies. It is responsible for developing synergies between sectoral plans and programmes to ensure effective implementation. In addition, the PNPRRC oversees the implementation of climate change adaptation activities at national and local levels. The governance structure of the PNPRRC includes the National Commission, chaired by the Minister of the Interior (Mol) as the supreme body responsible for civil security, while the DGSC is responsible for the coordination and implementation of programmes and actions related to DRM.⁸³
- The **Centre of Excellence for Disaster Risk Reduction (Centre d'Excellence en Réduction de Risques de Catastrophes, CERRC)** was proposed as a specialized unit of the PNPRRC which would bring together expertise from diverse scientific institutions. It was intended to be responsible for all activities related to DRM knowledge and information. However, due to time and financial resource constraints, it was never established.
- The **Directorate of Health (Direction Générale de la Santé, DGS)** is responsible for the design, planning, coordination and monitoring of actions related to epidemiological risks. For other risks, the DGSC takes the lead.⁸⁴
- The **DTM** is a sub-directorate of **ANACM** and is tasked with monitoring extreme weather events and implementing preventive measures.⁸⁵



Disaster risk finance mechanisms and instruments



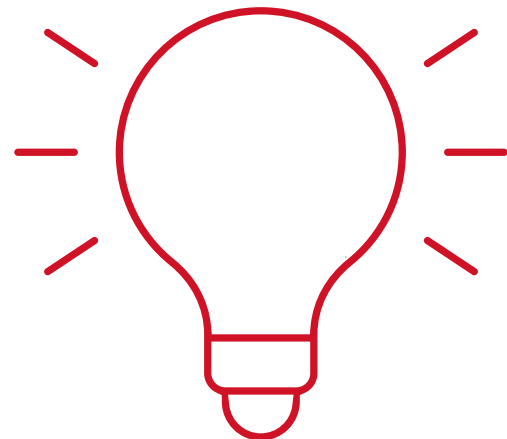
Existing instruments:

- **State reserves/budget allocations.** Before the 2015 Finance Act, there was no specific budget line for DRF. The 2015 Act proposed that the government should allocate 5% of its annual budget for DRF. However, this was later reduced to 2%, and then the allocation was discontinued altogether, as the National Emergency and Resilience Fund (Fonds National d'Urgence et de Résilience, FNUR) is being designed to take its place.⁸⁶
- **Contingency funds.** An emergency fund was established after intense flooding in 2012 and was approved by the Council of Ministers. It is managed by a special commission created under the Presidency and monitored by the Ministry of Finance. It has been housed in a special account, which can be mobilized in case of emergency, but it has not been replenished.
- Within the **Comprehensive Approach to Health System Strengthening** (COMPASS) project on healthcare funded by the World Bank, a component is included on Contingent Emergency Response (CERC) to meet urgent health assistance needs, such as in the event of an epidemic.
- **Sovereign risk insurance.** Comoros subscribed to the African Risk Capacity's (ARC) tropical cyclone product for the 2023–2024 hurricane season. If an eligible risk event occurs, the product will allow the government to quickly mobilize resources in accordance with the contingency plan put in place by the Government together with ARC. The insurance policy was financed by the World Bank and the African Development Bank (AfDB).⁸⁷
- **Ex-post financing** consists of budget reallocations, international aid and borrowing from bilateral and multilateral institutions, such as the World Bank loan provided after Cyclone Kenneth.

Instruments under development:

- The **National Emergency and Resilience Fund (Fonds National d'Urgence et de Résilience, FNUR)** is currently being prepared, as foreseen in the National Contingency Plan. It will contribute financing for disaster preparedness and actions to strengthen the country's resilience and disaster response.⁸⁸

Way forward for inclusive insurance and disaster risk financing



The following recommendations support the development of inclusive insurance and disaster risk financing in Comoros.

1

Recommendations for the development of inclusive insurance

1.1

The insurance sector in the Comoros does not operate within a regulated, supervised and secured framework.

Establish a legal and regulatory framework for insurance that also encourages and facilitates inclusive insurance development.

Together, MoF and industry stakeholders should be supported to:

- Develop and advocate for the signing of a decree on insurance to fill the legal void while waiting for the development of an insurance code.
- Create an insurance code through a participatory and inclusive process, which should assess and include: the establishment of an insurance industry association; the expansion of the roles of the Budget Directorate of the MoF and the BCC to provide instructions and set prudential rules; and the implementation of a mechanism for policyholder grievance redressal with arbitration.
- Ensure the widespread dissemination of the code at the national and island levels.
- Conduct awareness-raising and capacity-building activities related to the code, in collaboration with international entities such as the Access to Insurance Initiative and the International Association of Insurance Supervisors.
- Encourage knowledge-sharing from the region regarding a microinsurance regulatory approach that encourages rather than restricts market development and innovation, while also protecting consumers.

1.2

There is a significant lack of information and understanding on inclusive insurance gaps and needs.

Promote comprehensive market research and evidence-based planning for inclusive insurance development.

- In coordination with national-level efforts such as the development of the SNIF, a wide range of information should be collected on insurance gaps and the needs of low-income target groups, including specific segments such as young people, women and MSMEs.
- In collaboration with PAAMG (and AFD), health insurance studies should be conducted on segments that are not an immediate priority for General Health Insurance but are still targets for inclusive insurance.
- The National Statistical Institute for Economic and Demographic Study (Institut National Statistique pour l'Etude Économique et Démographique, INSEED) should be involved to ensure the reliability of the results, and methods and plans should be shared with the insurance sector to ensure buy-in from the outset.
- Activities to disseminate knowledge should be conducted with public and private insurance sector stakeholders and the results should be fed into national-level frameworks and strategies.

1.3

Insurance product and service offerings are poorly adapted to the specific needs of low-income populations.

Create inclusive insurance products and services tailored to the needs of low-income populations.

- Insurance companies should be assisted in improving their understanding of low-income market needs in terms of products and service delivery along the entire insurance value chain, from marketing and awareness to payment, claims processing and settlement.
- Finance and technical assistance should be provided for insurance companies to conduct in-depth feasibility studies on specific market segments and/or sectors, understand the business case, and develop appropriate product and service offerings that bring value to insurers, distribution channels and customers.
- Innovation should be encouraged. The MoF, with support of development partners, could spearhead a competition to create innovative inclusive insurance products and/or services.
- The insurance industry's awareness of new product types should be built, including of different agriculture insurance products and product lines, as well as of products covering related areas such as fishing, for individuals and MSMEs.
- Distribution channels should be brought together with insurers to build efficient distribution for inclusive insurance, taking advantage of the reach of health mutuals, savings and credit mutuals/microfinance service providers, and the emerging opportunity of mobile money and digital payment channels.

1.4

The population has limited experience, lack of understanding and negative perceptions of insurance.

Promote insurance education within national strategies and programmes.

- A specific activity/objective on insurance education should be included within the SNIF. Examples from other countries which have done the same should be shared.
- Education strategies should align with and learn from the consumer education and awareness plans of the PAAMG.
- As more appropriate products and services are developed (a key input to helping the market recognize the benefit of insurance), experiences should be captured and disseminated to help educate the low-income market, the insurance industry and government decision-makers.

1.5

A lack of insurance expertise in the market limits strategic vision.

Support the development and delivery of certified training and other capacity-building efforts for insurers.

- A strategy should be developed for building industry capacity over the long term, in line with regulatory updates for actuaries, agents, loss assessors and other relevant stakeholders. This should be done in collaboration with relevant training institutes in Africa.
- Support from international-funded inclusive insurance training programmes and initiatives should be explored, such as those of the Microinsurance Master and the ILO Impact Insurance Facility.
- Training modules and courses on specific inclusive insurance topics and product lines should be developed.

2

Recommendations for the development of disaster risk financing

2.1

Insufficient financing is currently allocated by the Government for disaster preparedness and response.

Support the planning, establishment and sustainable implementation of the National Emergency and Resilience Fund (FNUR).

- Periodic evaluation of the Fund should be conducted, led by the DGSC and with the support of CATI, to monitor and assess effectiveness (efficiency, compliance and transparency), performance and prospects for sustainability and impact on disaster resilience.
- The plan and government commitment for the FNUR should be leveraged to crowd in co-financing from programmes financed by institutions such as the World Bank, the World Health Organization, the Global Fund and the European Union.
- To inspire ownership and promote sustainability, the MoF should be supported to design and implement a communication strategy to (i) increase contributing stakeholders' understanding on the benefits and importance of DRF and (ii) ensure transparency and clarity on access to and use of the fund. This could be supported by an intranet platform managed by the MoF and made accessible to FNUR users.
- risks and to inform decision-making and disaster finance planning.

2.2

Catastrophic risk data are collected but are not aggregated. Not every DRM stakeholder benefits from regular and systematic distribution of this information to inform their decision-making.

Implement a centralized, accessible catastrophic risks data management system led by DGSC and DGS.

- A centralized system should be established to manage data provision related to risks and disasters.
- A single digital platform should bring together all risk and disaster data and should be updated regularly and systematically. The platform should be designed and implemented with GIS experts.
- Capacity-building should increase the ability of technicians to contribute data to the platform and of other stakeholders to use the data.
- Data should be made accessible and affordable for all key users (ministries; the private sector including insurers; civil society; development actors; and technical and financial partners) and the platform should be user-friendly, easy to access in real time, secure and protected.
- Using the improved database, the DGSC should periodically lead DRM and DRF framework updates, such as the SNRRC and the National Contingency Plan.

2.3

Disaster preparedness and response is uncoordinated and skills and tool gaps need to be addressed to maximize effectiveness and efficiencies.

Strengthen logistical tools, coordination, knowledge and skills at national and local levels to anticipate and manage risks.

- DGS-DGSC collaboration should be strengthened to ensure an integrated and coordinated DRM approach.
- The equipment and logistics resources needed for effective management of specific risks should be assessed. For health risks, for example, an in-depth study should be conducted on (i) the risk factors for epidemics and preventive measures needed (e.g. hospital waste management, public hygiene) and (ii) the acquisition needs for epidemiological risk screening and monitoring (e.g. reactive laboratory, adapted means of transport).
- A financing plan should be created to mobilize national and external resources based on the needs assessed for equipment acquisition, training and monitoring, prevention and rapid response costs.
- A training programme should be led by DGSC and DGS for national and local stakeholders that have key roles in disaster anticipation, prevention and response.
- Other programmes should be leveraged for support, such as PAAMG with support from AFD.

2.4

The country's DRF toolbox is limited, but ARC experience can be capitalized on.

Diversify and expand tools for disaster risk management and financing.

The expansion of insurance for DRF should be explored.

- The MoF, in collaboration with DGSC, DGS and technical and financial partners including ARC, should develop and implement a communication strategy to strengthen understanding and acceptance among decision-makers on sovereign climate risk insurance. This effort should draw on regional case studies and include training sessions.
- A study should be conducted on the possible expansion of ARC to protect against other priority risks such as floods, drought and epidemics, drawing on the experience with the existing cyclone cover.
- Technical and financial collaboration should be conducted with members of the Start Network involved in Comoros for possible implementation of ARC Replica.⁸⁹
- The feasibility should be assessed of developing additional insurance solutions for managing disaster risk in specific sectors such as agriculture and public assets.

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