

COOPERATION
European Union – Republic of Mauritius

JOINT ANNUAL REPORT

2005

Final
APRIL 2006
(finalised APRIL 2007 following ETR)



EUROPEAN COMMISSION

DELEGATION OF THE EUROPEAN COMMISSION TO THE REPUBLIC OF MAURITIUS, COMOROS
AND THE REPUBLIC OF SEYCHELLES

A/3982

Port Louis, 21 JUN 2007
HR/AC/LN/db D(2007) 01029

NOTE TO THE ATTENTION OF MR. JEREMY LESTER
HEAD OF UNIT DEV/E/2

Subject: Mauritius - JAR 2005 finalised

With reference to the note dated 29 March 2007 (ref. 1905), please find enclosed herewith the finalised version of the JAR 2005, as well as the NAO official transmission letter.

The present document is the result of a joint EC/Government review process carried out following the transmission of ETR conclusions.

Please note that the in country review meeting for the finalisation of the JAR 2005 took place on 28th May 2007. Participants to the meeting included our main implementing partners in the country, NSAs, trade unions, parliamentarians as well as two EU Members States, France and UK.

Claudia Wiedey
Head of Delegation

Encl. : - JAR 2005 + Annexes
- NAO transmission letter



EUROPEAN COMMISSION

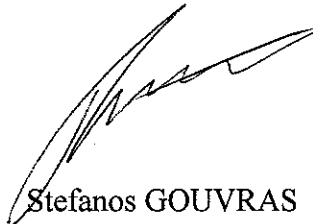
DELEGATION OF THE EUROPEAN COMMISSION TO THE REPUBLIC OF MAURITIUS, COMOROS
AND THE REPUBLIC OF SEYCHELLES

Port Louis, 12 JUL 2007
SG/LN/db D(2007) 1175

**NOTE TO THE ATTENTION OF MR. JEREMY LESTER
HEAD OF UNIT DEV/E/2**

Subject: Mauritius - JAR 2005 finalised

With reference to our note no. 1029 dated 21.06.07, please find enclosed herewith the original transmission letter from the NAO no. EPU/41/29/1 dated 05.06.07, as requested.



Stefanos GOUVRAS
Chargé d'Affaires a.i.

Encl. : Original NAO transmission letter

Copy: - Mr Jean Pierre Remondet-Commoy, Head of Unit – DEV/C/1
- Ms Daniela Concina, DEV/E/2



MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT
Government Centre, Port Louis, Mauritius

In reply please quote EPU/41/29/1

Date: 05 June, 2007

Mrs Claudia Wiedey
Head of Delegation
European Union
Delegation of the European Commission
8th Floor, St. James Court
Port Louis

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Dear Madam,

Re: Joint Annual Report 2005

Please find enclosed the final version of the Joint Annual Report 2005 which has been revised after taking into account the conclusions of the 9th EDF- End of Term Review and the discussions with key stakeholders at the Consultative workshop held on 28th May 2007 in Port Louis.

2. Thanking you for your usual cooperation.
3. Regards.

Yours sincerely,

A. Mansoor
Financial Secretary & Deputy NAO for
EDF

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1. Executive Summary

The year 2005 was, on the political front, rich in events, with national elections being held in July 2005, municipal elections in October 2005 followed by local elections (villages) in December 2005. There was a change in government following the victory of the former opposition party (Alliance Sociale). National and local elections are held every five years under the supervision of an independent Electoral Commission.

On the economic front, the year 2005 confirmed the precariousness of the economy in this new era of globalization. The country started experiencing the negative consequences of trade liberalization, following the dismantling of the Multi-Fibre Agreement in early 2005. The year further saw a closure of a number of manufacturing (mainly textile) industries, resulting in substantial job losses and thus aggravating the poverty situation in the country. Many locally-owned factories closed because of inability to compete with large volume low cost competitors, such as China and Bangladesh in the textiles and garments sector. The manufacturing sector as a whole registered a negative growth of 4.5% in 2005.

The agricultural sector faced increased economic difficulties in 2005. This sector registered a negative growth of 6.5%. Sugar production contracted by 9.1% and non-sugar products by 3.6%. The economic outlook of the agricultural sector is likely to worsen in years to come, following the Commission's proposal to reduce the internal EU sugar price by a quantum which is equivalent to 36% reduction in the export price of ACP raw sugar exports. While intense lobbying is underway in Brussels by Government to maintain the 'acquis' of the Sugar Protocol in its current form, Government is also actively encouraging diversification into up-market sugar by-products and other agricultural products where Mauritius could have a comparative advantage.

The year 2005 also witnessed a sharp increase in the total number of registered unemployed from 45,100 in 2004 to 51,900 in 2005. This increase is partly attributed to the Voluntary Retirement Scheme in the sugar sector and closure of textile manufacturing units. Many of the re-trenched workers in the ailing sectors, ie sugar and textiles could not be re-employed owing to the current mismatch of skills.

The above problems, compounded by a fall in investment and a severe contraction in construction, impacted on economic growth which was to the tune of 3.0% in 2005 as compared to 4.5% in 2004. Constant rise in energy prices and the continuous depreciation of the rupee against major currencies led to an increase in inflation from 3.9% in 2004 to 5.6% in 2005. This is likely to adversely affect the cost of living, and further worsen the conditions of the lowest segment of the population.

To address the above problems, Government rated diversification and enhanced competitiveness high on its agenda. Government's policies to diversify into new emerging sectors such as ICT and sea food should urgently be accompanied by necessary training and/or re-skilling of workers.

Government is therefore proposing to utilize the reliquats of the 9th EDF which would become available after closure of old commitments and those from the FLEX for (i) an increase in the Decentralised Cooperation Programme (DCP) envelope to the tune of €4.4 m for support to the ailing sugar and textile and emerging sectors; and (ii) a second Technical Cooperation Facility (TCF) to allow for necessary studies for the preparation of the 10th EDF.

In the context of the End of Term Review and the discussion of the first year of Sugar Accompanying Measures, the Commission and the Government decided at the end of 2006 that the reliquats would be better allocated to complement the Sugar Sector Budget Support Programme 2006, instead of the DCP that had just been launched.

Furthermore, considering the country's majors challenges and overall good performance, the End of Term Review increased the envelope A by 8.7 m to support the Government economic reforms including the sugar sector, and to bridge the gap before the 10th EDF budget support. The phasing out of EC support to the Wastewater sector will hence be accompanied by a phasing in of support initially to the Sugar Reform (2006/2007) and, subsequently, to the overall economic reform programme (from 2007 onward) through General Budget Support.

As regards programming for the 10th EDF, Government considers the use of general budget support to support the restructuring of the Mauritian economy. Government has developed a program that turns the challenges facing Mauritius into an opportunity to make the economy more resilient and launch the country on the growth path to convergence with industrialised countries. To do so, the reform programme focuses on the following four goals:

- i. Restoration of fiscal discipline and fiscal consolidation to reduce budget deficit
- ii. Improving the Investment Climate in order for Mauritius to be in the top 10 countries worldwide
- iii. Pro-active efforts to attract foreign investment
- iv. Restructuring the economy
In particular by reforming the traditional sectors in difficulty such as Sugar and Textiles

The program has been developed by the Ministry of Finance working in collaboration with other Government Departments and para-statal, particularly the Board of Investment, Enterprise Mauritius and the State Investment Corporation. The IMF, World Bank and US Treasury have provided technical assistance with a focus on costing policy options.

The Government expects the World Bank and the IMF to formally endorse the government program and to assist in mobilizing international support for the reengineering of the Mauritian economy under the Aid for Trade Programme to which Mauritius attaches great importance.

According to Government calculations, early and very preliminary costs of restructuring over a ten year period, including investment to develop new sectors, amounts to about Euro 4 billion of which about half is expected to come from the domestic private sector and FDI. Government is expected to finance about one quarter of the remainder leaving a financing gap of about Euro 1.5 billion to be financed by external partners. Moreover, much of this financing gap is expected to be front loaded during the early years. This is because private investment will lag behind public investment in infrastructure to ease supply side constraints and to finance social safety nets and training programs.

The World Bank and IMF are assisting Mauritius in refining the costing but preliminary indications are that annual financing needs would amount to about Euro 300 million in the first two years, about Euro 200 million in the following two and decline to below Euro 100 million thereafter.

Borrowing on market terms is precluded by the strained starting position of public finances: high public debt (70 percent of GDP), large initial fiscal deficit (6 percent of GDP) and rising interest payments due to the debt overhang (3 percent of GDP this year, 4.5 percent of GDP in 06/07, 5.5 percent of GDP in 07/08 and 4 percent in 08/09 under a tough adjustment scenario).

Under the circumstances Mauritius would prefer to use the resources under 10th EDF for general budget support for the restructuring program rather than focusing on sector projects.

In combination or support to any GBS programme, other priority sectors that are being considered as focal sectors are (i) environment (more specifically water/wastewater in complementarity with

the Water initiative); (ii) trade and regional integration (more specifically trade related assistance for improved efficiency of the port, airport, transport, international communications including internet and telecommunications) – these would be soft instruments which would be used in complementarity with EIB and other donors for infrastructure development to facilitate trade. For the non-focal sector, a continuation of the Decentralised Cooperation Programme initiated under the 9th EDF could be considered.

The justifications for the two focal sectors are respectively to build on acquis of the investment already carried out under the 9th EDF for the wastewater sector and to assist the Government in its efforts for the much needed economic reform in the wake of trade liberalization and globalization.

2. Update on the political, economic, social and environmental situation

2.1 Update on the political situation

The Republic of Mauritius is a parliamentary democracy based on the Westminster system of democracy since independence in 1968. The constitution of Mauritius provides for the Parliament of Mauritius to consist of the President and the National Assembly. The President is the Head of State and has no executive powers. National and local elections are held every five years under the supervision of an independent Electoral Commission. The political landscape consists of numerous political parties, both small and large. The system of parliamentary democracy has helped to boost democratic values and political stability, an essential ingredient for steady economy growth. Mauritius also has an independent judiciary based on a combination of English Common Law and the Napoleonic Code. Human rights are protected under the Constitution.

The year 2005 was rich in events with national elections in July 2005, followed by municipal elections in (five towns) in October 2005 and local elections (villages) in December 2005.

There was a change in ruling alliance/government following the victory of the former opposition party (Alliance Sociale). This has led to the collapse of the MMM/MSM alliance. In general political ideologies do not vary drastically among parties and governments in Mauritius and therefore there is usually a continuation in economic strategy that is adopted for the country. However, educational reform programme put in place by the previous Government is an exception because it has prompted a national debate. The new government wishes to restore part of the original programme in place.

Commitment of Government in regional integration is unflinching.

2.2 Update on the economic situation

2.2.1 Economic trends

Over the preceding 3 years, the Mauritian economy grew at an annual average rate of 3.4%. Economic growth stood at an estimated rate of 3.0 % in 2005, as against 4.5% in 2004. This estimation is slightly lower than the 3.1% growth forecasted earlier in September 2005.

Many factors have contributed to the subdued performance of the economy, including exogenous shocks such as sharp increases in oil prices and erosion of our trade preferences. The weak performance in the sugar sector and the continuous decline of the EPZ sector for four consecutive

years have largely contributed to the lower growth. The EPZ sector is bearing the brunt of increased global competition following the liberalisation in the textiles and clothing sector.

On the other hand, the financial business, transport and to some extent tourism sectors have grown quite steadily, partly offsetting the negative performances in manufacturing (textiles) and sugar sectors.

2.2.1.1 Inflation

Inflation has picked up from 3.9% to 5.6% for financial years 2004 and 2005 respectively. The impact on domestic prices have been driven mainly by the constant rise in energy prices, increased freight charges combined with the continuous depreciation of the rupee against currencies of major trading partners.

2.2.1.2 Consumption

Consumption expenditure increased by 6.8% in real terms in 2004 and is estimated to grow by a higher rate of 7.0% in 2005, mainly driven by private sector consumption. The latter is estimated to grow by 7.3% in 2005 compared to an average of 5.2% over the period 2002-2004. The share of final consumption expenditure in GDP at market prices is expected to be around 83.6% in 2005 as compared to 77.9% in 2004.

2.2.1.3 Unemployment

The number of unemployed increased from 45,100 in 2004 to 51,900 in 2005, a factor partly attributable to job losses in the two main traditional employment-generating sectors, namely, agriculture and manufacturing (textiles), which are facing serious economic difficulties. The majority of the re-trenched workers have a low level of education and skills. As Mauritius moves for high value added sectors like ICT, seafood sector and knowledge hub, among others, which require skilled manpower, the challenge will be to address the skills gap.

2.2.1.4 Investment

The required investment level has not been up to expectations to boost economic growth. Investment contracted by 1.1% in 2005 as opposed to a growth of 2.2% in 2004, mainly as a result of lower investment in the residential and non-residential buildings. Investment rate decreased slightly to 21.3% in 2005 from 21.7% in 2004. The share of private investment declined marginally to 69.2% in 2005 as compared to 69.3% in 2004 whilst that of public sector investment increased from 30.7% to 30.8% over for the same period.

An Investment Climate Improvement Committee is looking into measures to remove impediments to foreign and domestic investments and streamline administrative procedures. This Committee will focus on four main areas, namely governance, infrastructure, innovation and skills, and finance.

2.2.1.5 Savings

The national savings rate decreased from 22.7% in 2004 to 16.7% in 2005. In 2005, the economy, therefore, invested more than it would save, resulting in increased borrowing to meet its domestic consumption and investment requirements.

2.2.1.6 Budget Deficit

The budget deficit has been relatively high over the period 2000-2004, averaging 6.1% of GDP. During 2004/05, public debt stood at Rs 105 billion which is equivalent to 58% of GDP. The debt service burden rose to Rs 10 billion in 2004/05. This accounted for a quarter of recurrent expenditure.

2.2.1.7 External Accounts

As at December 2005, the net international reserves of Mauritius stood at MUR 56,397 mn, representing 34.8 weeks of imports (excluding the purchase of aircraft). The current account for 2004/2005 registered a deficit of MUR 6,245 mn, largely attributable to the trade imbalance.

Imports of goods and services for 2005 are estimated at Rs 124,224m compared to Rs 99,025m in 2004, representing an increase of 25.4% in nominal terms. This increase is mainly explained by higher level of activities in the Freeport and a sharp increase of 50% in the import bill of petroleum products. Exports of goods and services increased to Rs 112,856m in 2005, from Rs 94,859m in 2004.

The balance of payments (BOP) recorded a deficit of Rs 3,133m for the fiscal year 2005 (ended June) as compared to a BOP surplus of Rs 3,225m in 2004 (fiscal year ended June).

2.2.2 Agricultural Sector

The agricultural sector registered a negative growth rate of 6.5% in 2005, with the sugar sector contracting by 9.1%. The non-sugar agricultural sector which grew by 5.0% in 2004 recorded a negative growth of 3.6% in 2005. The share of agriculture has been decreasing in the economy and stood at 5.7% of GDP in 2005, from 6.3% in 2004.

Sugar has traditionally been an important income earner – proceeds from export of sugar amount to some 300 m US\$ per year on average. At the same time, it has a significant social dimension in terms of the employment that it creates. As at end 2005, it is estimated that the sugar sector was providing direct employment to around 20,000 people. In fact, 60,000 persons, representing one out of every three family in the rural areas, are directly or indirectly involved in the sugar industry.

The decision of the EC to reduce the internal EU sugar price by a quantum which is equivalent to 36% reduction in the export prices of ACP raw sugar exports, over a period of four years, will have a significant negative impact not only on the sugar sector but over the whole economy.

The sugar sector is being restructured to meet these challenges and in this process will urgently need adjustment financing from the EU. Government is also actively encouraging diversification into up-market sugar by-products and other agricultural products where Mauritius could have a comparative advantage.

Agricultural diversification programmes for the non-sugar sector will be further strengthened by the provision of support services like training, insurance, technical assistance, mentoring and market counseling. The commercial production of high value non-sugar products using modern technologies will be explored.

Efforts to diversify out of sugar into other exportable horticultural crops will face greater difficulties with time since the same products produced in EU (OCT) countries and territories will be benefiting from special branding e.g Label Rouge for pineapples/litchi from France (Reunion), and later on from protection under Geographical Indications(GI).

2.2.3 Manufacturing Sector

The manufacturing sector, in particular the EPZ sub-sector is bearing the full brunt of the tough global competition, as evident by its poor performance. From a low growth rate of 0.3% growth in 2004, the manufacturing sector contracted by 4.5% in 2005. This aggregate figure for the manufacturing sector however masked the relatively good performance of the non-EPZ -non-sugar milling sector, where, in 2005, a growth rate of 2.5% was recorded.

The EPZ sector is expected to decline for the fourth consecutive year on account of intensified international competition from low-cost high-volume producers. This sector in fact witnessed a double digit negative growth rate of 13% in 2005 compared to a decline of an average of 6% in the preceding three years. Firms need to review the mode of production if they want to survive through this phase of tough competition. The methods of management, production and marketing have to be reviewed and revamped.

2.2.4 Financial Services

Financial services, comprising banks, insurance companies, stock market and other financial intermediaries constitute a fast growing sector of the Mauritian economy, representing around 10 per cent of GDP in 2005 and employing more than 10,000 persons in both large and small establishments.

Since 2000, Government has undertaken fundamental reforms to put in place a sound regulatory and supervisory framework for the oversight of the diverse financial activities being undertaken within and from Mauritius. The new legislative framework incorporates high international standards and best practices enunciated by international bodies such as OECD, FATF and expressed in the core principles of international supervisors such as IAIS and IOSCO. For more details please refer to Annex 1.

2.2.5 Emerging sectors

In quest for new sources of economic growth, the Information and Communication Technology sector is being given high priority to build up on an informatics-led growth strategy. One of the major constraints identified so far is IT skills shortages in Mauritius.

Moreover, the Seafood Hub is also emerging as an industry that has immense potential for further diversification of the Mauritian economic base. The objective is to turn the country into a centre for transshipment, processing, storage, distribution and re-exportation of high value-added seafood products, which would boost export revenue, generate value added services, and create employment.

Other new potential sectors are the land based oceanic industry and the development of '*villages pharmaceutiques*'.

Table of Key macroeconomic indicators at Annex XX.

2.2.6 EPA negotiations

EPA negotiations between Eastern and Southern Africa (ESA) group and EC were launched in Mauritius on 7th February 2004. Negotiations have been following a joint roadmap comprising the following three phases:

Phase I: Setting of priorities (March to August 2004)

Phase II: Substantive Negotiations (September 2004 to December 2005)

Phase III: Continuation and Finalisation (January 2006 to December 2007)

The preparatory period has been used for identifying areas and developing regional negotiating positions.

A number of dedicated sessions, Regional Negotiating Forums meetings and technical sessions with the EC through Regional Preparatory Task Force (RPFT) have been held. So far four informal RPFT technical levels meetings and three senior officials negotiations sessions were held between ESA and EC.

A fifth RNF meeting was held in Lusaka in October 2005 where ESA and EC engaged in the first substantive negotiations covering development, agriculture and market access. While ESA and the EU agree on the objectives and principles of the EPA negotiations, there are some divergences on the approach to some of the key areas, including on the development dimension.

Discussions between the ESA and EC focused on the development cluster issues, trade-related matters and services such as trade facilitation, competition policy, investment and intellectual property rights. The ESA region has indicated that it does not intend to negotiate rules for “new issues” that are currently not covered under WTO.

Negotiations undertaken have led to a number of areas of convergence as well as divergence. However, discussions are ongoing.

Notwithstanding these divergences, significant progress has been achieved in the preparations of ESA negotiations positions. However, the time left for negotiations for EPAs itself is very limited, and there are yet a number of issues to be negotiated. The main challenge for ESA countries is to ensure the achievement of their development objective from EPAs before the end of the trade provisions under the Cotonou Agreement in 2008.

Mauritius deems it essential that development under EPA be equated with preserving the acquis under the Lomé and Cotonou Agreements, and safeguards the benefits derived by ACP states under the commodity protocols for both industrial and agricultural products. Any development package under the EPA should effectively address all capacity constraints and needs of the country.

2.2.7 Trade aspects

Mauritius is part of the multilateral trading system and of several regional agreements such as COMESA (Common Market of Eastern and Southern Africa), SADC (Southern African Development Community), IOC (Indian Ocean Commission) and IOR (Indian Ocean Rim). In

the context of the above membership, Mauritius applies different tariffs to the entry of products depending on their origins.

The membership of SADC has since grown from the original 9 to 14 with the accession of Madagascar in August 2005.

COMESA was established in 1980 as a Preferential Trade Area with focus on trade liberalization. So far 11 of the 19 members of COMESA are operating under a Free Trade Area. **7 members of COMESA are also members of SADC.**

The issue of multiple and overlapping membership was discussed at the last Trade Ministers' meeting in August 2005. It was agreed that it would be maintained as a standing agenda for future meetings. It was thereby agreed that SADC member states should carry out a national impact assessment study to enable each country to take an informed decision on the issue of multiple and overlapping membership.

The ongoing negotiations of EPA should provide an important stimulus and support the process of deeper integration by promoting intra-regional trade and capacity building initiatives. The negotiations are, however, severely constrained by the fact that none of the groupings currently negotiating is a CU yet.

2.2.7.1 African Peer Review Mechanism (APRM)

The African Peer Review Mechanism, which is an initiative of NEPAD, has been proposed as a framework for enabling a country which has accepted to be peer-reviewed, to prepare its own Self-Assessment Report using a standard questionnaire devised by the APRM Secretariat. The report is expected to cover the country's performance and achievements as perceived by its internal stakeholders, on **four broad focus areas** namely:

- (i) Democracy and Good Political Governance;
- (ii) Economic Governance and Management;
- (iii) Corporate Governance; and
- (iv) Socio Economic Development.

Government has agreed to entrust to the National Economic and Social Council (NESC) the responsibility for preparing a Self-Assessment Report for Mauritius according to the requirements established for conducting the APRM.

During the course of 2005, a Trade Needs Assessment was undertaken by the European Commission with the objective of identifying constraints that ACP countries are facing in participating in the world trading system and recommending a prioritised list of actions that would remove these constraints. The study rated Mauritius in the B Category, that is 'Countries with partial needs analysis available'.

2.2.7.2 Trade Liberalisation

The country has made important efforts to lower tariff barriers to trade. Significant reforms were undertaken in 1994 when 60 tariff rates were reduced to only 8 tariff rates. Most Favoured Nation (MFN) customs tariff was reduced from 600% to 80% in the same year. In 2005, the 80% tariff band has been abolished and the maximum tariff rate was set at 65%.

The formula for tariff reduction proposed in the Non Agricultural Market Access (NAMA) negotiations at the WTO Hong Kong Ministerial Conference in December 2005 will have further adverse effects for Mauritius, especially on the textile and clothing goods and fish and fish products in the EU market. The country is active in the WTO NAMA negotiations, especially on the need to address the issue of preference erosion in its traditional markets.

On-going negotiation at the level of the WTO, following the Hong Kong Ministerial meeting, may impact negatively on future export earnings the country derives from both sugar and non-sugar exports. Mauritius anticipates with apprehension the erosion of existing preferences and relies on the support of the EU in the critical phases of the negotiations.

Mauritius is seeking improved access to foreign markets in the context of the multi-lateral and regional liberalization. The country is defending the cause of small economies under different auspices. It is also proactive in the fight for special and differentiated treatment for small economies in the multi-lateral system. Moreover, the country has special interest in trade in services such as accountancy, finance, IT and tourism.

Mauritius has been benefiting from the Africa Growth and Opportunity Act (AGOA) since 2000. This legislation allows the country to export textile and non-textile products to the US duty-free and quota-free. The AGOA I was first amended in 2002. Mauritius has been granted third country fabric derogation since October 2004 for a period of one year. Request has been made to the US for the extension of the third country fabric derogation to Mauritius.

2.2.8 Good Governance and Fight against corruption

The Corporate Affairs Division was set up in early 2001 with a view to enhance the corporate image and business environment, and strengthen the competitiveness of the business sector in the country.

With the technical assistance of the World Bank, three “Reports on the Observance of Standards and Codes” (ROSC) have been completed in respect of :

- (i) Corporate Governance (published on **October 1st 2002**);
- (ii) Accounting and Auditing Practices (published on **April 16th 2003**), and
- (iii) Insolvency and Creditor Rights Systems (published on **March 26th 2004**).

For more detailed information, please refer to Annex XVII.

2.3 Update of the social situation

2.3.1 Progress towards poverty reduction : Millenium Development Goals (MDG)

According to the UN Millenium Declaration, the 188 member countries agreed on 8 specific goals by 2015. In the case of Mauritius, with some exceptions, it can be said that the country has fared relatively well in moving in that direction. In effect, if the year 1990 is used as a base, it can be seen that significant progress has been made in the attainment of the overall objectives set by the UN, ie in meeting the objectives of the MDGs.

Mauritius continued to make progress on its Human Development Index (HDI), by moving from 0.779 in 2001 to 0.791 in 2003. It is also noteworthy that by end 2005, 4 of the 8 MDGs have been achieved and these are universal primary education; reduction of child mortality; improvement of maternal health through the reduction by three quarters of maternal mortality ratio; and gender equality through equal enrolment in primary and secondary education. It is interesting to note the improvement that has been constantly taking place since the 1990's in areas like sustainable water access to the population which rose from 95.6% to reach more than 99 in 2005. Under-five infant mortality rate is seen to have fallen from 23.1 per thousand in 1990 to 16.5 in 2005. The proportion of births attended by skilled health personnel and the proportion of 1 year old children immunised against measles have also shown considerable improvements over that time period.

The overall trend in the MDGs is positive, showing the constant commitment of the Government over 15 years on health and education.

Type	Indicator	1990	2000	2001	2002	2003	2004	2005	Target 2015
Impact	1. Proportion of population below \$1 per day ¹	NA	NA	< 1%		NA	NA	NA	halved
	2. Prevalence of underweight children (under-five years of age)	-	-	-	-	-	-	-	halved
	3. Under-five mortality rate (per 1000)	23.1	18.2	16.8	17.3	16.0	16.5	NA	Reduced by 2/3
Outcome	4. Net enrolment ratio in primary education ² -%	99	97	97	96	97	98	97	100%
	Net enrolment in secondary education ³ -%	45	59	61	62	64	64	62	NA
	5. Primary Completion Rate-%	NA	68	68	69	68	69	72	NA
	6. Ratio of girls to boys in:								
	- primary education	98	97	97	98	98	97	97	NA
	- secondary education	100	101	102	104	104	103	103	NA
	- tertiary ⁴	NA	116	119	103	99	108	NA	NA
7. Proportion of births attended by skilled health personnel	91.1	99.7	98.9	98.8	98.3	99.2	99.6 ⁵	NA	

8. Coverage Rate for immunization against measles(%) ⁶	76.1	84.0	89.9	85.1	93.5	88.6	87.4	NA
9. No of HIV cases among 15-24 year old pregnant women		4	3	7	7	8	19	
10. Proportion of population with sustainable access to an improved water source	95.7	98.9	>99%	>99%	>99%	>99%	>99%	100%

Note

- 1 The absolute poverty line is based on World Bank benchmark of \$ 1 international purchasing power parity (PPP) per day in 1985 or \$ 1.08 in 1993, and updated for changes in Mauritius
- 2 Number of students aged 6-11 years enrolled per 100 population of 6-11 years
- 3 Refers to number of students aged 12-19 years enrolled in both academic and pre-vocational schools instead of those in academic institutions only
- 4 Based on students enrolled in public-funded institutions following diploma and higher level courses (*source: Tertiary Education Commission*)
- 5 Provisional
- 6 Number of children aged 12-15 months immunised against measles in public health institutions per 100 live births.

NA : Not available

Source : Central Statistical Office, Republic of Mauritius and MDG report

2.3.2 Human Rights

In December 1998, the Protection of the Human Rights Act was passed in Parliament, which provides for the setting up of a National Human Rights Commission. This Commission has the following responsibilities:

- propose changes to existing legislation with a view to better implement human rights norms
- visit places of detention
- present periodic reports to the President of the Republic on the evolution of the human rights situation.

2.3.3 Assessment of the health sector

Following the publication of the White Paper on Health Sector Development and reform and consultation exercise thereon, an Implementation Plan has been prepared. It has been developed in the context of Programme Budgeting, Result Based Management and the Medium Term Expenditure Framework.

The Implementation Plan aims at bringing major structural reforms in the health sector in order to achieve higher levels of efficiency, effectiveness and responsiveness to patients. The plan incorporates nine programmes, namely Curative Services, Primary Health Care, Public Health, Non-Communicable Diseases and Health Promotion, Asset Management, Central Support Services, Education and Training, Management and Rodrigues and the Outer Islands.

The general state of health of the population of Mauritius is good and has been improving steadily over the past decades. In the last thirty years, in Mauritius, expectation of life has increased from 63 years to 71 years and infant mortality has fallen from 64 to 14 deaths in the first year of life for every 1000 live born babies. Mauritius has also managed to reduce its population growth rate significantly over the years (from 3% in early seventies to less than 1% today). The other main success of the health system in Mauritius has been to improve the health of its people by virtually eradicating the major infectious diseases of the past, such as malaria, polio, diphtheria, typhoid and cholera, which still seriously affect many countries in the African region.

The alarming increase in Non-Communicable Diseases (NCDs) continues to pose a serious threat on the health of the population. Among these is the diabetes. Government has already embarked on a national strategy for the screening and early detection of NCDs. In addition, a national survey is presently being carried out, in order to update information available on the extent of the spread of these NCDs in Mauritius.

Mauritius has actively tried to contain sexually transmitted diseases including HIV/AIDS. A comprehensive strategy and programme on HIV/AIDS has been established, and is being implemented through the Health Ministry's national HIV/AIDS unit. Preventive treatment with antiretroviral drugs is provided free of charge.

2.3.4 Assessment of the education sector

The educational sector reform which started in 2000 aims at providing the country with a critical pool of highly specialized human resources in support of the structural transformation of Mauritius into a more sophisticated economy to meet the international trading challenges and the demand for new technologies. Despite remarkable progress in the education sector, yet the current education system falls short of quantity and quality to respond to the requirements of an innovation-driven economy. In addition, the Human Resource Development Plan outlining the country's training strategy is presently being finalized.

Mauritius is also positioning itself as a regional Knowledge Hub/Multidisciplinary Centre of Excellence. The objective is to explore the role of tertiary education in building up the country's capacity to better integrate it with the world's increasingly knowledge-based economy.

2.3.5 Other sectors

2.3.5.1 Pensions

The financial sustainability of the pension system is under pressure due to ageing of the population. Life expectancy has been continuously improving. It is further projected to increase from 68.5 years for men and 75.4 years for women in 2004 by more than 7 years and 4 years respectively in the next 40 years. The increase in life expectancy has been accompanied by a decline in the fertility rate. This trend is expected to continue into the future. Consequently, a relatively smaller working population will have to support the growing number of elderly persons who will rely on pensions.

Mauritius has a multi-pillar pension system. It consists of basic pensions including universal basic retirement pension, mandatory occupational pensions (National Pension Fund and Public Sector pensions) and voluntary pension schemes.

The Government has initiated a reform exercise to address pension issues in time and to ensure the future viability of the pension system thus safeguarding an important source of income of the elderly.

In this context, options for containing the cost of the Basic Retirement Pension as well as that of the Civil Service Pension Scheme are being considered. As for the National Pension Fund and National Savings Fund, which are well run by the standards of most developing countries, measures are being worked out for further improving the management and investment performance. The regulatory framework for the voluntary pension schemes is also being strengthened. A “Private Occupational Pension Scheme Bill” is being finalized for presentation in parliament. The purpose of the Bill is to provide for a regulatory and supervisory framework for private occupational pension schemes in order to ensure the protection of their beneficiaries and the soundness of such schemes.

A White Paper on Pensions Reform outlining the main policy options for national consultation is expected to be completed in the course of 2006.

2.3.5.2 Gender

In view of promoting the development of women, Mauritius acceded to the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) in 1984. In 1999, a National Gender Action Plan was set up to promote social justice and equity. Since then, a number of policies and actions have been taken in favour of further promoting this equality between the sexes. For more details see annex XVIII.

2.3.5.3 Infrastructure

In terms of modernisation of economic infrastructure, major upgrading of the primary and secondary road networks have been pursued. Depending on the results of feasibility study and the decision of the Government, one option amongst the Light Rail Transit (LRT), guided bus way and monorail will be considered as mass transit system. This is expected to alleviate the problems related to acute congestion along the heavily urbanized Port Louis-Curepipe corridor. Other bypass road infrastructures are also being studied.

The major concern of the Government relates to financing of the infrastructure projects without jeopardizing fiscal stability as it is reckoned that more economic infrastructure projects would have to be considered in the near future.

Port Sector

One of the main strategic orientations of Government is to develop and promote Mauritius as a World Class Port and Logistic Platform. Much effort and investment is being geared towards the

port and Freeport so as to upgrade services provided to shipping lines and the business community at competitive and international levels. In order to expand and strengthen the national shipping line, the Government will carry out a study for the procurement of a medium sized container vessel; look into the possibility of chartering a product carrier/oil tanker; and stabilisation of maritime freight rates. Furthermore, in the context of developing Mauritius as a major seafood hub, the construction of a fishing port is being envisaged.

Airport

The capacity of the existing airport, the gateway to Mauritius is an important element in establishing the capacity of the entire access system of the country. A lack of capacity in the gateway airport will have a negative effect on the development of the entire aviation sector and, because of its gateway function, on the national economy. Taking into account the anticipated traffic, aircraft movements and air cargo tonnage, but also the capability of handling specific aircraft types and cargo and environmental aspects, major airport infrastructure projects are envisaged. These include the construction of a second runway, a second passenger as well as a cargo terminal. Ample infrastructure for activities such as aircraft maintenance and petroleum storage and also the development of a major freeport facility will be developed.

Telecommunication Sector

Mauritius is well set to be on the Information highway which places a high premium on the provision of a state-of-the-art telecommunications services. These services are essential for the development of international trade, international business, financial and other services and impacts on every aspect of economic activity. The participation in the installation of a second fibre optic cable is being considered. High priority is being accorded to the development of the Information and Communication Technology (ICT) sector through the setting up of 'intelligent' infrastructure. The first cyber tower is fully operational and the construction of Cyber tower II is already underway. As regards telephony, a gradual approach towards liberalization of the Mauritius Telecom has already started. As such, the Mahanagar Telephone Nigam Ltd has recently been awarded license to operate in Mauritius. This is expected to ensure access to affordable info-communication services in Mauritius.

2.3.6 Rodrigues

Rodrigues island, an autonomous district of the Republic of Mauritius at 650 km, eastwards of the main island, has an economy different from the main island. It is conditioned by its geography, topography, its low human resource capacity, the scarcity of natural resources (water) and a severe land erosion problem. Its population is among the poorest of the Republic. In 2003 an MDG report was specifically drawn for Rodrigues, with UN assistance, as the MDG report for Mauritius did not address the particular case of Rodrigues.

With the advent of the autonomy of its local administration since end 2002, the Rodriguan Administration, politically embodied by the Rodrigues Regional Assembly, has launched an ambitious programme of infrastructural development, human resource development and strengthening of the tourism sector, the principal viable earning pillar, with the overall aim of achieving the MDGs and the overall development objectives of Rodrigues.

2.4 Update on the environment situation

As regards the environment, the Government is pursuing its major investment programme to protect and better manage the country's environment in line with the National Environment

Action Plan. A series of projects in the environment sector have been implemented to improve and protect the natural environment and living conditions across the island, with a particular focus on deprived areas.

The National Environmental Action for the next decade (NEAP2), which was finalized in 1999, outlines the environmental strategy and action plan for the period 1999-2010. It regroups the most important areas of potential degradation arising from continuing economic development into six categories namely, land resources, water resources, air quality, biodiversity, coastal zones and solid waste. The status in each area is as follows: -

- Land resources – National Development Strategy of 2003 replaced the National Physical Development Plan of 1994. Design guidelines on sectoral development have been finalised and outline schemes have also been revised. The Planning and Development Act 2004 paves the way for integrated and land use planning and management.
- Air quality
- Water resources – An integrated Plan for the Water Resources Sector to meet water demand up to 2040 has been prepared. Midlands Dam with a storage capacity of 25.5 mm³ was completed in 2002.
- Biodiversity – The National Biodiversity Strategy and Action Plan will be finalized in March 2006. Conservation of natural biodiversity and sustainable utilization of natural resources are part of the Non-Sugar Sector Strategic Plan 2003-2007. In June 2004, eight islets have been proclaimed as Islets National Park.
- Coastal and Marine Resources – Legislation and guidelines for coastline development have been revised and strengthened to increase protection for the ecologically fragile areas of the country. A study to determine and assess the extent of coastal erosion was completed in September 2003 and pilot projects at Flic-en-Flac has been undertaken. The Integrated Coastal Zone Management Unit to develop a comprehensive approach to coastal zone planning in Mauritius has been set up.
- Solid Waste – The National Solid Waste Management Strategy of April 2002 aims to promote the reduction of waste through composting separation and recycling. In the meantime, all waste are disposed at Mare Chicose Landfill which has void space to receive waste till December 2007. The possibility of extending Mare Chicose is being envisaged.

Chapter 3 Overview of past and on-going cooperation

Following the mid-term review which was undertaken in the beginning of 2004, it was agreed to revise the resource allocation for Mauritius by increasing the A-envelope by around €10 m. The overall country strategy as contained in the CSP and the NIP has been maintained. Together with the previous re-allocations of all transfers, this resulted in a total increase in the focal sector (waste water) envelope by € 11.8 mn and by € 8.5 m for the Decentralised Cooperation Programme and €0.5 m for the Technical Cooperation Facility in the non-focal sectors.

Given that the initial funding for DCP was €5 mn, the total allocation for the DCP now amounted to €13.5 m. A Financing Agreement for DCP was signed in August 2005 while the Technical Cooperation Facility was signed in October 2004

3.1 Focal sectors (and macroeconomic support)

The focal sectors of the 7th EDF (€34 million) were agricultural diversification (55%-60% of the total allocation) and the protection of the environment (17%). Under the 8th EDF, the protection of the environment has remained one of the focal sectors with half of the total Fund allocation;

the other focal sectors being the private sector and human resource development (30%). Under the 9th EDF, environment accounted for around 80% of total resources allocation.

3.1.1 9TH EDF : ENVIRONMENT –WASTEWATER SECTOR

3.1.1.1 Results

In December 2003, in accordance with the provisions of the 9th EDF Country Support Strategy to implement a Sector Policy Support Programme (SPSP) in the waste water sector, a financing decision for €29.8 million has been taken, by the European Commission. The SPSP would be funding components of the 1994 National Sewerage Master Plan (NSMP).

The major policy measures to be taken by the Government as a contribution to the implementation of the Programme are:

- the overall implementation of the National Sewerage Plan;
- the continued commitment to achieving financial sustainability of the Wastewater Management Authority (WMA);
- the continued commitment to develop human resources within the WMA.

The, WMA and Central Water Authority (CWA) implemented joint billing as from January 2004, following which the WMA has noted a considerable increase in rate of revenue collection.

The WMA has an organisation structure not fully operational, and suffers from lack of qualified and experienced staff. The WMA is experiencing considerable difficulty in attracting and retaining staff. The Government will recruit experienced professional engineers and project managers on contract to reinforce the WMA capacity.

A mid-term evaluation of the WSPSP was carried out in September 2005. The final report is expected to be submitted in January 2006. The findings of the evaluation show that the programme is generally on track. However, the main issues that need to be tackled as matters of priority are:

- Institutional capacity of the sector and the organisational capacity of WMA;
- Revision of the Sector Policy letter 2005-2010;
- Increasing the number of house connections to improve financial sustainability.

3.1.1.2 Progress in activities

The SPSP operates on a yearly disbursement basis on fixed and variable disbursements, linked to triggers and indicators. The first disbursement was effected in July 2004 in the amount of Euro 8 M. The second tranche payment was effected in June 2005. The amount paid was however reduced (only 75% of expected payment on the variable component) because of difficulties encountered in fulfillment of certain conditionalities, namely those related to performance indicators (that is Euro 7.1 m instead of Euro 9.5 m)

A rider to the Financing Agreement was agreed upon and signed in June 2005 prior to the disbursement of the second tranche. The objective of the Rider was to transfer the indicator connected to Capital Expenditure from fixed tranche conditions to variable tranche performance indicators. The Rider N°1 had also the effect of amending the ratio fixed/variable tranche from 3:1 to 1:2.

Following the Mid-term evaluation of the CSP, 10M€ top-up has been allocated to the wastewater sector. The disbursement of the top-up fund will be effected through a Rider to the Financing Agreement.

The Donors Coordination Meeting in November/December 2005 discussed about the difficulties that the country had in meeting the conditionalities and how this could affect the disbursement of the 3rd tranche.

Following the Joint Donors' Technical and Ministerial meetings held in December 2005, it was agreed that:

- an independent tariff study would be undertaken for the tariffs proposed in the draft SPL (2005-2010), with a view to determining its impact on the financial sustainability of the sector.
- An independent institutional study focusing on the two instruments under which WMA is operation will be carried out;
- two Technical and one Ministerial meetings would be held each year, to enhance co-ordination amongst the various stakeholders.
- the donors would be apprised of the situation regarding capacity building within the Wastewater Management Authority.
- there would be consultations between Government of Mauritius and the donor agencies regarding the draft Public Procurement Legislation, and private participation in the wastewater sector.

3.5 Projects and programmes outside focal sectors

3.5.1. Road Infrastructure and Human Resources - 7th EDF

The non-focal sectors of the 7th EDF were road infrastructure and human resources. All operations are completed. More details in Annex XIX.

3.5.2 Poverty Alleviation and Upgrading of Housing Estates - 8th EDF

Under the 8th EDF, 20% of total allocated resources were earmarked for activities outside the concentration sectors. More details in Annex XXI.

3.5.3 Project 9.ACP.MAS.001 – Post-Kalunde Rehabilitation Programme in Rodrigues – 9th EDF

Resources under the B-envelope were used to finance the Post-Kalunde Rehabilitation Programme in Rodrigues. The project was expected to be completed by end March 2006. (See 3.7 below)

3.6 Utilisation of resources for non-State actors (NSA)

In accordance with the provisions of the Cotonou Agreement, Mauritius and the EU accept the key role of political dialogue as a means of addressing all issues of mutual concern and of ensuring consistency and increased impact of development cooperation. In this respect, the

integration of the private sector and of civil society has been duly encouraged and consultations have been held during the elaboration of the CSP, the 9th EDF framework and the EU response strategy for Mauritius.

Originally, based on a formal study was carried out in 2003, a draft Financing Proposal was prepared for the non-focal sector 9th EDF Decentralised Cooperation Programme (DCP) for an amount of €5 million as earmarked in the EDF9 CSP. However, following the MTR of 2004, it was agreed that the envelope of this programme would be increased by adding reliquats from prior EDFs. In effect, during the course of 2004, the financing proposal was revised to include activities for a total envelope of €13.5 m. The overall objective of the Programme is to fight against poverty, and the activities foreseen to achieve this objective are (i) reinforcement of the capacity of NGO's; (ii) promotion of good governance; (iii) support in the setting up of an appropriate environment for the private sector, whereby small and medium private operators can get the necessary support to gear up in the face of the competition ahead, and by doing so, remain competitive and do not shed jobs; and (iv) activities to develop the rural and agricultural sectors in Rodrigues. The financing agreement was signed in August 2005 and soon afterwards, a start-up work programme was prepared for the setting of a Programme Coordination Unit. The Programme Coordination Unit is now fully operational, with the Programme Coordinator and five Project Officers being in post since October 2005 and January 2006 respectively.

3.7 Utilisation of B envelope

As per the CSP, a total envelope of €1.6 m is earmarked for the B Envelope. The envelope was subsequently revised downwards to €1.1 m, in favour of the Africa Peace Facility. The Peace Facility has mobilized Euro 0.5 m from this envelope, leaving a balance of Euro 0.55m.

€499,000 of the total envelope were committed to the Post-Kalunde Rehabilitation Programme for Rodrigues following a cyclone by that name in early March 2003, causing major devastation to the island, bringing a halt to economic activities and hindering growth prospects (See 3.5.3 above). The prevalent poverty situation has thus been aggravated. The overall objective of the programme is to contribute to poverty alleviation by restoring the population's access to drinking water, and by improving the prevention capacity and capability against natural calamities.

3.8 Other instruments

3.8.1 European Investment Bank

As at the end of 2005 EIB's loan portfolio Mauritius adds up to EUR 208m of signed loans of which EUR 99m has been disbursed and EUR 62m is still outstanding. The large majority of these (i.e. 89% of signed loans) is on the Bank's own resources. A detailed schedule of all EIB supported projects in Mauritius, which have not yet been fully repaid, can be found in the annex XIV.

The majority of the above resources went towards the financing of large public sector infrastructure projects such as **AML's extension of the SSR Airport** (€18m), the **Plaines Wilhems Sewerage project by WMA** (€35m), the **reduction of CWA's Non Revenue Water** (€20m) and the provision of two additional ship to shore gantry cranes for the extension of the **Mauritius Container Terminal by the Cargo Handling Corporation** (€14m).

In line with its mandate the Bank has in recent years also developed the portfolio of projects with private sector promoters: these comprise the **Central Thermique de Belle Vue coal / bagasse**

power station, Mauritius' first large IPP project (EUR 10m) and the **Bel Ombre Hotel** project (EUR 12.2m) in the poorest part of the island.

Further private sector projects have been realized in 2005: this concerns firstly a EUR 20m **Global Loan Facility** made available to the, majority privately owned, **State Bank of Mauritius (SBM)**. The objective of this facility is to provide long term funding in foreign currency for foreign exchange earning companies, notably in the still expanding tourism sector; this type of funding, which is not readily available in Mauritius, allows to spread the amortisation of the loan over a longer period thereby meeting the demands of Mauritian project promoters. The second (fully private sector) project, which was identified, appraised, approved and (partly) signed in 2005 concerns the **Albion Resort**, being the second hotel operation of Club Méditerranée S.A. in Mauritius. The funding comprises a EUR 5m direct equity participation and a EUR 14m senior loan.

During 2005 the existing portfolio with its large scale public sector infrastructure projects continued to absorb a considerable part of EIB's attention as demonstrated by important amounts of funding (EUR 83.5m) for public sector projects remaining undisbursed.

3.8.2. Regional co-operation

Mauritius is a member country of the Indian Ocean Commission (IOC), and hence also benefits from EDF regional allocations. Under the 7th EDF, the regional allocation was Euro 30 million, out of which 80% was reserved to the following focal sectors:(1) development of trade in products and services and (2) protection and sustainable management of natural and maritime resources. The same focal sectors benefited from Euro 25.5 million, i.e. 85% of the 8th EDF regional allocation of Euro 30 million.

The chosen priority sector for Mauritius within the 9th EDF, namely the environment, exhibits significant coherence with on-going regional co-operation in the South Indian Ocean. An on-going project under the 7th EDF in this region is the Regional Support Programme for Environmental Initiatives. Under the 8th EDF another environmental initiative has started and concerns the development and implementation of a programme for environmental education.

Contrary to previous regional indicative programmes that were specific to the Indian Ocean Region, the 9th EDF RIP covers also Eastern and Southern Africa. The total allocation of the RIP is 223 million euros. The functional policies to be implemented especially by the IOC within the RIP are concentrated on sustainable management of marine and coastal resources.

3.8.3 All ACP

Under the All-ACP (or better known now as the intra-ACP funds) envelope, Mauritius mobilized €2.9 million under the 7th EDF for a project under the cross-border initiative, the Technology Introduction Scheme (see already documented above). Annex V gives details of all instruments available to the ACP countries.

3.8.4 Sugar Protocol

Since 1975, Mauritius has been granted preferential access to the European market under the Sugar Protocol of the Lomé Conventions. The quota amounts to 491,000 tons (white sugar equivalent) per year together with an additional amount of 65,000t tons per year which has been allowed under the Special Preferential Sugar Agreement.

The decision of EC to reduce the internal EU sugar price by a quantum which is equivalent to a 36% reduction in the export price of ACP raw sugar exports, over a period of four years, will have a significant negative impact not only on the sugar sector but over the whole economy. Taking cognizance of this impact and difficulties in adjusting to the proposed reform of the Sugar Protocol, an important lobbying activity was initiated by the Mauritian Government with several Member States of the Commission during the course of 2004. The lobbying by the Mauritian Government both at the level of the Commission as well as with individual Member States continued throughout 2005.

A first official meeting was organized between the Delegation and Government/Industry in early June 2005 to discuss the Mauritius National adaptation strategy. The Accelerated Action Plan was tabled and discussed. In addition, Government made available the 'Evaluation of the Multi-Functional Role of the Sugarcane Cluster and Validation of the 2005-2015 Accelerated Action Plan'; an impact assessment study on the competitiveness of the sugar industry. This document, produced in March 2005, served as a basis for discussions on accompanying measures on sugar. To note that following the change in Government in the June 2005 elections, the action plan adopted by Government was modified to 'A Roadmap for the Mauritius Sugarcane Industry for the 21st Century'.

3.8.5 Fisheries

Since December 2003, a new Fisheries Protocol (fifth) between the Republic of Mauritius and the EC has been under application.

Due to a better level of tuna catches and an increase in the number of licenses to be delivered to EU fishing vessels (41 seiners and 49 longliners instead of respectively 43 and 40 in the previous Protocol), the reference tonnage has been increased from 5,500 to 6,500 tonnes a year. For any supplementary tonnage, € 75/T will be paid to the Republic of Mauritius instead of € 50/T previously.

The new agreement is for a four-year period (December 2003 – December 2007) with an annual total compensation of €487,500 (excluding the contribution of vessel owners which is maintained at €25 per ton of tuna) compared with €412,500 in the previous Protocol (+18%).

The 5th Protocol will come to an end in December 2007. However, the EC has proposed Mauritius to start the negotiations for a new Fisheries Partnership Agreement and a new Protocol well in advance the termination of the present one. In this context, the EC has is already supporting Mauritius' authorities' to strengthen their long term Sector Policy for Fisheries.

For already some years, the EC fisheries bilateral relations are gradually moving from access agreements to fisheries partnership agreements (FPA) with a view to contribute to responsible fishing in the mutual interest of the parties concerned. The new Fisheries Partnerships Agreements signify a change in emphasis and priorities from previous bilateral fisheries agreements with developing countries. The overarching aim of an FPA is to ensure that the activities of the European fleet are compatible with the development objectives of the third countries and that this activity is progressively embedded into the local economy.

Revenue generated from EU calling vessels in the port sector stood at approximately €6 million. The activity generates 100 direct employment for transshipment and an additional 500 indirect employment in respect of services in the port area. In addition to the above employment creation, the procurement of fish for canning and loining provided for 3,600 further jobs.

These funds will come in addition to amounts already committed from the previous Protocol for the setting up of the Vessels Monitoring System (VMS) in Mauritius. The VMS became operational in June 2005. This VMS, together with those in place in Madagascar and Seychelles) will complement at the regional level, by activities scheduled under the new Regional “Fisheries Monitoring Control and Surveillance Programme” (€3.5 million from the 9th EDF)

Complementary financing interventions in the tuna fisheries sector in the region, for instance the recently approved € 14 million (9th EDF) tuna tagging programme, is essential for (i) the conservation of fragile marine resources having significant economic value and (ii) to provide further coherence to the EC fishing and development policies.

Following the incident of falsified EUR 1 certificates which was revealed in 2004, Government was required to provide several clarifications to the European Commission on how the EUR 1 were issued, namely what procedures were adopted.

An inspection mission is expected to be fielded in early 2006.

The low utilization of resources available under the All-ACP SFP is regretted since these could provide for important complementary financing, besides funds available under the NIPs and RIPs, to allow for studies and expertise. It was agreed that more efforts would be deployed to make use of such horizontal programmes to ensure more efficient use of available resources as well as more synergies between existing instruments. In this respect, resources available through projects implemented by the Indian Ocean Commission under the regional envelope such as the Marquage du Thon, the Surveillance des Peches and the Gestion des Ressources Marines et Cotières should also be tapped in the most optimal manner.

3.8.6 Seafood Hub

The Seafood Hub is emerging as an industry that has immense potential for further diversification of the Mauritian economic base. The objective of this initiative is to turn Mauritius into a center for transshipment, processing, storage, distribution and re-exportation of high value-added seafood products, which will yield export revenue, generate value added service and create employment.

The Government/Private Sector have made considerable progress since 2003. A ‘One-Stop Shop for Seafood Hub’ has been set up since July 2004 for more efficient and timely clearance of fishing vessels. Mauritius is also promoting its seafood hub in India. Investments in the sector amount to more than €400,000 and employment creation is approximately 2,000. A comparative study to assess the cost competitiveness of the seafood hub has been initiated to benchmark Mauritius against other regional and world leading ports involved in seafood hub activities. The study was submitted to the Commonwealth Secretariat for funding after being found non-eligible for assistance under the EDF Regional ACP Project ‘strengthening the Health Certification Capacity for Fisheries for all ACP Countries’.

During the year 2005, a study on health certification capacity of Mauritius, with respect to seafood products, has been undertaken under the Regional ACP Project ‘strengthening the Health Certification Capacity for Fisheries for all ACP Countries’ financed by EDF. Mauritius also envisages promoting its Seafood Hub on the international scene by participating in seafood conferences. An international conference will also be organized from 2-3 March 2006 in Mauritius to facilitate strategic partnerships and create joint ventures between European investors in the seafood sector and local operators.

4.5.6 Horizontal instruments for private sector development

Utilization of resources existing under horizontal instruments for private sector development remained low during the course of 2005. It would appear that the causes of this regrettably poor performance is the lack of information on these schemes and secondly, the difficulty for the local private sector to make suitable applications. Among these instruments are CDE, Proinvest, ESIPP, TRINNEX and TRADE.com. Efforts should be made to address this problem especially given the real need for local enterprises to benefit from such assistance.

4. Programming perspectives for the years 2006-2007

4.1 Pipeline and absorption capacity

Two projects, namely 7.MAS.051 (Mahebourg Market) and 8.MAS.015 (West Coast Sewerage Feasibility Study) were closed during the course of 2005. A number of individual commitments were also closed such as under 8.MAS.005(St Martin Sewerage Treatment Plant) and 8.MAS.010(SME project). The following projects were also in advanced stages of being closed; 8.MAS.12 (Ports Authority), 8.MAS.009(ANDE), 8.MAS.003(Anti-Erosion), 8.MAS.017(TA WMA), 8.MAS.006(Clothing Technology Center), 8.MAS.011(CHA estates).

With the closure of these projects, the de-commitment of funds under the 6th-8th EDF and the de-commitment of funds under FLEX, Government proposes to use the reliquats available for (i) an increase in the Decentralised Cooperation Programme envelope to the tune of €4.4 m for support to the ailing sugar and textiles and emerging sectors; and (ii) a second Technical Cooperation Facility (TCF) to allow for necessary studies for the preparation of the 10th EDF.

Regarding the budget support for the wastewater sector, the Euro 10 million which Mauritius received as top-up funds during the Mid-Term Review of the 9th EDF in 2004 could constitute the fourth tranche and fifth tranches for 2006/2007 and 2007/2008 respectively. It is also proposed that all the unspent balance from the 2nd to 4th tranches could be disbursed as a fifth tranche in 2007/08 in the form of a fixed amount and a variable tranche based on performance indicators.

4.2 Proposal for revision of strategy

Given the Government's plan to reform the sugar sector and, more important, the entire economy (see ch. 2.2), the ETR proposes to introduce a transition in the Community's response strategy. Following ETR conclusions, it was decided that the phasing out of EC support to the Wastewater sector will be accompanied by a phasing in of support initially to the Sugar Reform (2006/2007) and, subsequently, to the overall economic reform programme (from 2007 onward).

The financial consequences of this transition will be:

- the phasing out of the Wastewater sector policy support programme in FY 2007/08 with a fifth tranche financed from unspent funds from previous tranches of the programme (€2.8 m), thus avoiding an abrupt end of EC support to the sector;**
- the phasing in, initially through the sugar sector support programme amounting to € 6.543.000 from the Community budget (in the process of decision), reinforced by € 4.557.000 from uncommitted EDF funds and identified funds under FLEX 2004 (2006/2007);**

- the allocation of €9.404.887 from an additional allocation of €8.742.531 proposed in this decision and the maximum balance from expected decommitments (€1.562.468). This contribution will allow the Commission to assure General Budget Support in advance of the expected coming on-stream of the 10th EDF

4.3 Preparation for the next programming exercise 2008-2013

As a small island developing economy with no natural resources, the country is presently reckoning with serious difficulties in the wake of trade globalization, liberalization and competition. The country is a highly open economy and therefore is extremely exposed to external shocks as evident by the recent oil crisis. Its geographical isolation with the main markets, narrow economic base and other handicaps associated with its small size contribute to a significant extent to its fragility and vulnerability. Notwithstanding the expected economic benefits that may arise from the negotiations and conclusion of an EPA with the ESA region, the subsequent opening of the markets might further exacerbate the vulnerability of the country

Notwithstanding this, the country is trying to respond to the challenge of sustaining economic growth. In its development agenda, Government is laying considerable emphasis on putting people first, and is implementing a series of measures to promote sustainable economic development and an inclusive society and while arresting environmental degradation. In fact, in the Presidential Address on the Government Programme for 2005/10 and Government Statement on 'Setting the stage for robust economic growth' released last year, the major orientations for the economic reform agenda have been charted out.

To prevent the country from being left on the sidelines of development, an integrated approach is required to position the country on the forefront of the global trading arena. This will not only enhance its trade opportunities and prospects in the region and beyond and but also improve its chances for increased integration into world trade system. Accordingly, heavy emphasis needs to be laid on raising the efficiency and effectiveness of the trade facilitation and promotion infrastructure, namely, port, airport, transport and external telecommunications.

Under the Aid for Trade Initiative, the Bretton Woods Institutions have agreed to assist in this endeavour in support of the Mauritius reform program involving action on four fronts:

- Restoration of fiscal discipline and fiscal consolidation to reduce budget deficit
- Improving the Investment Climate in order for Mauritius to be in the top 10 countries worldwide
- Pro-active efforts to attract foreign investment
- Restructuring the economy
 - In particular by reforming the traditional sectors in difficulty such as Sugar and Textiles

In view of the programming dialogue that would be held between Government and European Commission in the context of the 10th EDF, several options including various combinations of general budget support and sector support are being discussed. The allocations under the 10th EDF could be as follows:

- (i) 85% or above to be apportioned between general budget support and any focal sectors through sector budget support; and
- (ii) up to 15% for the Non-State Actors under the Decentralised Cooperation Programme (project approach)

The options considered for budget support and focal sectors under the 10th EDF in the form of budget support are namely:

- i. GBS: general budget support to finance the public sector component of the government's reform program
- ii. Focal sector 1: Water and Wastewater. This choice will help maintain a predictable and sustainable investment in the wastewater sector. Besides Mauritius could also tap the Water Facility under all-ACP funds to foster greater complementarity between the water and wastewater sectors.
- iii. Focal sector 2: Trade-Related Assistance, with emphasis on external communications (port, airport, telecommunications) for improved efficiency of the port, airport and communications (soft instruments with complementarity with EIB and other donors for infrastructure development to facilitate trade. The focus of regional programming is entirely based on regional economic integration, trade and Economic Partnership Agreements, which are coming into force in January 2008. It is proposed that a Joint Donors approach be adopted with a blend of EDF grant funds with other funding instruments available from other funding agencies in the sector of external communications.

Mauritius would, however, like to emphasize the desirability for all or almost all 10th EDF resources to take the form of general budget support in view of its strong reform program, likely to be endorsed by the Bretton Woods Institutions, and large financing needs for the budget.

In view of these large financing needs and the importance of reorienting import substitution industries to serve the COMESA and SADC markets, Mauritius is also proposing, in the forthcoming 10th EDF Country Strategy Paper, to adopt greater complementarity and synergies with the regional strategies while tapping into special programs of support such as the Infrastructure Initiative, the Water and Energy Initiative and, perhaps most importantly the Aid for Trade Initiative.

The Aid for Trade Program is complementary and fully consistent with the four plank economic strategy of Government. However, by providing transitional support, Aid for Trade would allow Mauritius (and other participants) to pursue bolder reform more rapidly and thus complete the transition within a few years.

With the assistance of the IMF and the World Bank, Mauritius has initiated several actions to implement its program as a first pilot country to be considered under Aid for Trade. Mauritius expects the IMF and World Bank to submit to their Boards a joint paper describing and endorsing its program while identifying the transitional costs.

Mauritius would also explore its eligibility under the various non- National Indicative Programme instruments on-going and planned regional and all-ACP funding facilities in the various sectors (infrastructure, water, trade related assistance, energy, etc).and will show in the 10th EDF Country Strategy Paper synergies with the regional strategies.

To advance with the preparation for the next programming exercise 2008-13 and with related preparatory studies, Government will hold a series of consultative meetings with the Delegation of the European Commission and the key stakeholders of society.

5. Conclusion

The draft JAR 2005 was discussed in the Country Team Meeting on 8 June 2006. Based on the comments/observations as per the Minutes of the Country Team Meeting, the JAR 2005 was revised. The document was further updated following the End of Term Review conclusions (included in bold) which were presented to main stakeholders representing Mauritian civil society, local authorities and private sector at the in-country review meeting jointly organized by the government and the EC delegation on 28th of May 2007. All participants involved being agreeable to the changes, the final version of the JAR 2005 was approved Therefore the operational review process for the JAR 2005 is considered completed.

The End of Term Review (ETR) took note that, in order to address the country's unfavorable macroeconomic environment and the exogenous shocks, in July 2006 the Government proposed a comprehensive ten-year economic reform programme focused on fiscal consolidation, improvement of the investment climate as well as the restructuring of sectors affected by trade shocks (including sugar and textiles) and development of new emerging sectors such as the seafood hub and ICT. The Mauritius Multi-Annual Adaptation Strategy 2006-2015 for the sugar sector forms an integral part of this comprehensive ten-year economic reform programme.

Considering the major effort that the country has to undertake to in the short term, the End of Term review proposed to introduce a transition in the Community's response strategy. The phasing out of EC support to the Wastewater sector will be accompanied by a phasing in of support initially to the Sugar Reform (2006/2007) and, subsequently, to the overall economic reform programme (from 2007 onward). The good overall performance was rewarded by increasing the A envelope with an additional amount up to €8.742.531 million. The additional funds will serve to implement the revised strategy as well as to avoid a gap in budget support and to ensure a smooth transition to the 10th EDF. General Budget Support has been

identified as the preferred instrument to accompany the restructuring efforts of the Government channeling also the Sugar Accompanying measures from 2007/08 on.

With the signing of CSP 2002-2007 Addendum on 10th May 2007, the priorities for the coming year remain the monitoring of both the final year of the focal sector (wastewater) and of the Government's reform implementation, especially for the sugar sector, for which specific indicators have being jointly developed. The Financing Agreement for the sugar sector budget support programme has been signed and the disbursement of the first tranche is expected by June 2007 while the variable tranche is expected by the end of 2007.

As for the non focal sector, the Decentralised Cooperation Programme has now reached a cruising speed: the evaluation of the first Call for Proposal has been completed and three others will be launched by the end of 2007. The second programme estimate, presently under preparation, will cover a period of 18 months until December 2008, and will be followed by the third and last one which should be signed by July 2008 (D+3).

Annex I

EU - Mauritius Country Strategy Paper 2008 - 2013
Annex 2 : DONORS' MATRIX: 2001/02-2010 (INDICATIVE)

	(Disbursements)						Total Disbursements (2001-2007)		Expected Disbursements
	2001/02	2002/03	2003/04	2004/05	2005/06 Bud Est	2006/07 Bud Est			on current loans in 2007-10
	Rs million						Rs million	%	Million
All bilateral lenders/Donors	300	392	742	1,085	371	655	3,546	35.1	
Governments	63	307	724	953	347	635	3,030	30.0	
<i>People's Republic of China</i>	2	0	1	69	72	100	244	2.4	
Container Inspection Equipment	-	-	-	69	70	-	139	1.4	
Feasibility Study for MBC Building	-	-	-	-	2	100	102	1.0	Rs 300
Foreign Aid	2	0	1	-	-	-	3	0.0	
<i>France</i>	38	57	331	36	-	3	464	4.6	Rs 535.9(EURO 13.5*)
Swami Dayanand Management Institute	21	-	-	-	-	-	21	0.2	
Northern Plains Drip Irrigation Project	4	5	52	34	-	-	95	0.9	

Grand Bay Sewerage Project	13	52	275	-	-	-	340	3.4	
Foreign Aid	1	-	3	2	-	-	6	0.1	
Grants	-	-	-	-	-	3	3	0.0	
Germany	-	93	-	-	-	-	93	0.9	
Baie du Tombeau Sewerage Project	-	8	-	-	-	-	8	0.1	
Grants	-	86	-	-	-	-	86	0.9	
India	-	146	282	311	105	382	1,226	12.1	Rs 486.1(USD 15.5**)
Lines of credit	-	39	-	-	-	-	39	0.4	
Cyber City and IT Education Projects	-	107	232	228	7	-	574	5.7	
International Conference Centre	-	-	-	64	47	6	117	1.2	
Baie du Tombeau Sewerage Project	-	-	-	-	10	45	55	0.5	
Line of credit - SMEs	-	-	-	-	-	19	19	0.2	
Line of credit - Purchase of Helicopter	-	-	-	-	-	225	225	2.2	
Grants	-	-	51	19	41	87	198	2.0	
	2001/02	2002/03	2003/04	2004/05	2005/06 Bud Est	2006/07 Bud Est	Total Disbursements (2001-2007)		Expected Disbursements on current loans in 2007-10

Industrial credit	40	46	-	-	-	-	86	0.8	
Water projects	-	2	41	21	90	18	172	1.7	
Midlands Dam	67	57	39	-	13	-	176	1.7	
Upgrading of Victoria Hospital	-	-	20	4	15	7	46	0.5	
132 KV Transmission Line	-	132	-	-	-	-	132	1.3	
<i>African Development Bank/Fund</i>	-	-	-	-	140	225	365	3.6	
South Eastern Highway	-	-	-	-	140	110	250	2.5	
Dr. Jeetoo Hospital	-	-	-	-	-	115	115	1.1	
<i>European Development Fund</i>	742	729	644	400	487	430	3,432	34.0	Rs 337(USD 10.8**)
EDF projects/budget aid (6,7,8,9 EDF)	742	729	644	400	487	430	3,432	34.0	EDF 10 TO BE DETERMINED
<i>EC Grant "Sugar Accompanying Measures"</i>	-	-	-	-	-	-	-	0.0	TO BE DETERMINED
From EC Budget	-	-	-	-	-	-	-	0.0	TO BE DETERMINED
<i>European Investment Bank</i>	125	197	-	-	66	110	497	4.9	
Plaines Wilhems sewerage project	-	-	-	-	66	110	176	1.7	

Baie du Tombeau Sewerage	125	197	-	-	-	-	321	3.2	
<i>I.B.R.D</i>	1,256	6	21	42	71	60	1,455	14.4	Rs 133.4(USD 4.3**)
Freeport project	7	-	-	-	-	-	7	0.1	
Sewerage & Sanitation	54	4	14	31	60	60	223	2.2	
Debt & Liquidity Mgt Improvement	1	1	-	-	-	-	1	0.0	
Public Expenditure Reform Loan	1,189	-	-	-	-	-	1,189	11.8	
Financial Sector Supervisory Authority	-	1	5	10	10	-	26	0.3	
	2001/02	2002/03	2003/04	2004/05	2005/06 Bud Est	2006/07 Bud Est	Total Disbursements (2001-2007)		Expected Disbursements on current loans in 2007-10
	Rs million						Rs million	%	Rs million
Mauritius Light Rail Transit Project - Studies & Project Preparation	-	-	-	-	-	-	-	0.0	
World Bank:									
Foreign Aid	5	-	-	-	-	-	5	0.0	
Grant	-	0	2	1	1	-	5	0.0	
<i>International Fund for Agricultural Devt</i>	18	27	31	36	45	25	181	1.8	Rs 95(USD 3.0**)
Rural Diversification Programme	18	27	31	36	45	25	181	1.8	

WHO	1	2	-	-	-	-	2	0.0	
Foreign Aid	1	2	-	-	-	-	2	0.0	
Miscellaneous	-	1	2	0	2	-	5	0.1	
Grants	-	1	2	0	2	-	5	0.1	
Total disbursements	2,547	1,590	1,539	1,588	1,300	1,530	10,094		Rs 3455.7

Source: Ministry of Finance and Economic Development

1/ Fiscal year from July to June

* 1 EURO = 39.5645 as at 23.06.06

** 1 USD = 31.2923 as at 23.06.06

*** 100 JPY = 27.1377, 1JPY = 0.271377 as at 23.06.06

**** 1 KWD = 109 as at 23.06.06

Note:

1. Total disbursements (incl. grants) from Bilateral Donors/Lenders amounted to Rs 3,546m over the period 2001-07

2. Total disbursements (incl. grants) from Multilateral Agencies amounted to Rs 6,863m over the same period

3. Total Grants and Foreign Aid amounted to Rs. 3,943m (38% of total disbursements) over the period 2001-07

4. Expected disbursements from current loans over the period 2007-10 are estimated at Rs. 3,456m (€90 million)

5. The expected disbursements are largely insufficient to meet the financial requirements of the country which are estimated at around €1 billion for the period 2006-2015

12.07.2006

Annex II

Cooperation European Union – Republic of Mauritius

Joint Annual Report 2005

9th EDF Intervention Framework (focal sector)

Overall objective	Outcome indicators	Sources of Verification	Assumptions
<p>Sustainable balance between economic objectives, the rational management of the environment and the enhancement of natural and human resources (National Sewerage Plan)</p> <p>EC support is to contribute to sustainable development preserving the fragile environment and public health via a Wastewater Sector Policy Support Programme (SPSP)</p>	1. National Sewerage Plan will be implemented as indicated	Quarterly follow-up of project planning	The update of Masterplan study by 2005
	2. Increase of population percentage connected to central sewerage collection system from below 20% to 40% in 2010	Central Statistical Office and Waste Water Management Authority (WWMA) statistics	
	3. Total house connections (HC) increased from present 32,250 to 73,000 in 2005	Customer database of WWMA	Financing for all capital projects including HC is guaranteed
	4. Adjustment of tariffs according to affordability criteria	Sector policy Letter (SPL) with necessary amendments	Amendment of SPL will be accepted
	5. Financial sustainability of WWMA reached by 2005	Yearly balance sheets of WWMA National Budget	
	6. Human resources development within WWMA	New WWMA Staff Chart, (including numbers of posts filled/vacant)	The required organization chart for the new WWMA will be the basis
	7. Improvement of public health situation in Mauritius (statistics on sanitation-related disease occurrence)	Central Statistical office and general health statistics	
	8. Improved water quality : groundwater and lagoon and coastal waters	Water quality tests – Pollution Control Unit	
	9. Improved availability of water for agriculture	Lower irrigation costs	Sugar industry accounts

In the context of the implementation of the Wastewater SPSP, **progress in selected output and outcome indicators will be the main monitoring tool:**

- a) The review and monitoring process will be based on the trends in the wastewater sector based on the following indicators. These indicators are policy driven and are supported by the WMA, Ministry of Public Utilities and Ministry of Finance.

WMA – Performance Indicators and indicative targets

Performance indicators for the Wastewater Sector	Baseline Data	Target				Notes
	2003	2003 /04	2004 /05	2005 /06	Weight	
Nr 1. Project Capital expenditure under NSP (Yearly)	Rs 900 m (2002/3)	Rs 1,100 m (2003/4)	Rs 1,160 m (2004/5)	Rs 1,500 m (2005/6)		The base projected expenditure is based on the financial year from 1st July to 30 th June the following in Constant Rupees (2002/2003)
Nr 2. House connections (Cumulative)	50,100	54,000	61,400	66,200	20%	Cumulative Projected domestic & non-domestic (living quarters) connections
Nr 3. WMA financial performance					40%	Expressed as an annual amount of revenue collected. This indicator shall traduce the combined effect of tariffs increases and improved collection performance related to institutional efficiency and to enforcement of connection to sewer
Nr 4 Implementation of industrial pollution control programme	0	50	50	50	20%	Yearly. Implementation of Industrial Agreement with the Industries discharging wastewater into the public sewer networks. Approximate Number of Industries in the sewered Area = 200
Nr 5 Improvement of access of the poor to suitable sanitation *	7,800	9,100	10,400	11,400	20%	Yearly Cumulative number of poor household getting access to proper sanitation through the CHA projects and from other capital sewer works planned

b) Macroeconomic and public finance management indicators

- i) Macroeconomic framework remains sustainable. The EC will confirm this on an annual basis before each tranche release. The macroeconomic assessment will be based on the latest available IMF article 4 consultations and on the EC own analysis. This assessment will particular monitor that the budget deficit follows a decreasing trend consistent with the GoM objective of 3% budget deficit in 2005/2006. If by the contrary the budget deficit increased over 8% of GDP, no further disbursement would be possible until the budget deficit is re-conducted.
- ii) Partnership – The GoM will maintain an open and constructive dialogue with the Donors in relation to macro-economic and social sector policies through the MOF. GoM will keep the Donors informed of changes in these policies.
- iii) Monitoring review and evaluation – GoM remains committed to continuing development of the wastewater sector programme and the review and monitoring of this through the annual review.
- iv) Regular information on compliance with PFM regulation in the form of audits of wastewater sector, is submitted by the GoM to the EC Delegation.
- v) Provision by the Government - as part of the annual review process - of assessment of the sector performance (compliance with quantitative targets of agreed indicators)

<u>Intervention Objective</u>	Specific Indicators	Sources	Assumptions
<p>The proposed intervention is to halt and reverse the trend of wastewater pollution on the island and its coastal zone and improve health and sanitary conditions of the population.</p> <p>The objective is thus the improvement of living standards of populations affected including preservation of the natural resource base and sustainable water resource management</p>	<ol style="list-style-type: none"> 1. Systematic reduction in numbers of septic tanks and absorption pits in service in urban and industrial areas 2. Systematic collection of waste-water (WW) through reticulation system and treatment of WW for further reutilization of effluents 3. Gradual elimination of industrial and domestic pollution sources and consequently preservation of water resources 4. Improved monitoring of water resources and effluents 5. Strengthening of water resources management 	<p>Works progress in sewer collection system and house connections programme – WWMA</p> <p>Works progress in capital projects – WWMA</p> <p>Works progress in capital project and signing of industrial agreements with industrial holdings – WWMA</p> <p>Water Resource Unit – MPU, WWMA, Ministry of Environment Ministry of Public Utilities</p>	<p>Capital projects will be executed as scheduled</p> <p>Execution of projects as scheduled</p> <p>Final adaptation and enforcement of standards</p> <p>Institutional set-up ready in 2001</p>

<u>RESULTS</u>	Specific indicators	Sources	Assumptions
<p>The infrastructure needed to protect the environment and public health expanded (up to 50% of the population connected in 2010) and the WMA is strengthened, with adequate legal status, human resources and tariff structure</p>			
<p>1. Disposal and treatment of wastewater sector in main urban areas are improved</p>	<p>House connections increasing from 50,100 in 2002/03 to 66,200 in 2005/06 Systematic reduction in numbers of septic tanks and absorption pits in urban and industrial areas Length of new sewers improved</p>	<p>Central Statistical Office Customer data base – WWMA</p>	<p>The trunk sewer (TS) is regularly maintained</p> <p>The reticulation system is maintained regularly</p>
<p>2. Collection/treatment of wastewater for coastal touristic areas is improved</p>	<p>Increase in number of hotel connections to sewer network Pollution levels in the lagoon improve</p>	<p>Pollution Control Unit (PCU) Water Resources Unit, MOE</p>	<p>Revenue is collected from domestic and industrial connections and there is Improved revenue collection from domestic, commercial and industrial clients</p>
<p>3. Discharge of industrial effluents done in proper way</p>	<p>Water quality improved and Water quality control is instituted for re-utilisation (e.g. for irrigation)</p>		

Annex III(a)

EPA questionnaire - Mauritius

- 1) Give your assessment of the level of preparation of each ACP country in order to take part in trade and EPA negotiations:¹

a) Technical capacity of ministries concerned,

Adequate technical capacity exists in key ministries – a Trade Policy Unit is operational since several years.

b) Existence of national strategies concerning trade and regional integration,

The national strategy is to enlarge our economic space as far as possible. In this context, regional integration plays an important role. The Government's objective is to make the COMESA and SADC FTAs fully effective through the removal of border controls, NTBs and current restrictions in trading in certain goods. Since opening up trade in these goods has high political, social and economic costs, we are canvassing for the utilisation of AFT resources to finance the adjustment costs.

c) Open dialogue with relevant stakeholders from the private sector and civil society,

All major decisions are taken through consultations with the relevant stakeholders. The Trade Policy Unit organizes regular (at least annual) national seminars on the EPA negotiations open to wide participation. .

d) Establishment and functioning of a national EPA negotiations committee.

There is a well functioning national forum with participation of public and private stakeholders which meets regular foran exchange of views on issues of negotiations and where national positions are elaborated. All members of this forum are consulted before any regional meeting and are debriefed after such meetings.

- 2) **Give your assessment of the level of implication of each government in regional integration and in taking part in its regions EPA;**

Mauritius is closely involved in the regional integration initiatives as well as negotiations. Mauritius is seeking additional support from the EU and other donors to finance the development dimension of implementing EPAs, as are the other countries in the region.

¹ The questions are based on the questionnaire sent by DG DEV to delegations on 15 April 2005. Therefore the report may be based on an update of the replies given at that time.

a) To what extent Government position reflects stakeholder opinion and interests in a long term development perspective.

Positions in the regional and international meetings are taken only after consultations are made. Mauritius is seeking to embed the national development strategy within the regional integration agenda.

b) How does each country view the negotiating process and does it have confidence in the role played by the relevant regional organisation(s) in these negotiations?

As far as the ESA is concerned the secretariat is fully involved. At the regional level, however, there is a limited dialogue between regional organisations for example between COMESA and SADC. In view of the overlapping of memberships the two organisations are meeting to harmonise their positions in their respective integration agenda but consultation on the respective EPA negotiations is limited.

c) Report any technical or political obstacles that might prevent a better implication of each government in regional integration and the EPA process.

To start with the region itself is not homogeneous, with countries of very different sizes and levels of development as well as with very diverging priorities and needs. These needs have to be harmonised in the negotiations which are in themselves barriers to effective integration. Access to financing for the development dimension might become an obstacle if donor funding is not made available.

3) If your country has not asked for an impact study on the effects of an EPA, does it wish to do so now?

An impact study has been carried out several years ago but its conclusions have been too general.

a) If it has benefited from one or more impact studies and / or national seminars, can you try to ascertain from the government if these have delivered the information and recommendations expected and have they been useful in identifying relevant opportunities and problems that could influence a country's position vis-à-vis the EPA, as well as what economic integration initiatives or reforms would be necessary to support and/or optimise the results of the EPA process;

As mentioned above the studies have been of a more general nature. Moreover, those done are by now outdated given the significant developments on the national and international level as well as the progress on the negotiations. Additional studies are needed at micro level for sub-sectors of the economy, especially the estimation of the social costs of adjustment.

b) Have the studies / seminars proposed concrete actions / support measures and what is the country's (government, private sector) position vis-à-vis those support propositions;

Implemented as far as it was possible. As already pointed out, concrete actions were not proposed but only general recommendations. What is required is in-depth analysis with measures that can be put into practice with clear targets and monitoring indicators/benchmarks.

c) Report the current support to the countries EPA preparation efforts, including other donor's cooperation.

- Financing studies under way (however country has no say in the choice of consultants.)
- Commonwealth Secretariat finances several studies and TA related to EPA negotiations.

4) Identify any bottlenecks or serious blockages in our ongoing programmes.

- ◆ Time lag in the approval for financing of project by the EU is too long.
- ◆ Studies take too much time
- ◆ Overall financial envelope for EPA related adaptation is not sufficient and needs to be increased.
- ◆ No technical assistance is provided for helping
 - in the assessment of proposals that have been put on the table.
 - dealing with the relatively new measures to the region like IPR, environment issues, procurement and investment in a bid to assume our obligations
- ◆ The studies do not meaningfully contribute in shaping the national positions in an informed manner, given their one-off nature, rather than being process orientated.

5) Indicate as a consequence what additional regional integration, trade and trade-related assistance needs to be undertaken or programmed in each country's NIP or the RIP, taking into account the capacity of absorption and implementation of the proposed implementing partners;

Resources should be in addition to EDF resources to address EPA requirements and related adjustment costs on a sufficiently predictable, affordable and sustainable basis through grants to effectively address the specific economic, social, environmental and structural constraints of the countries and the region as reflected in the development matrices.

To effectively assume the obligations generated by the EPAs Mauritius needs to enhance its capacity to produce and export, through appropriate infrastructure development, distribution, transport, marketing; to develop trade capacity including strengthening of trade and investment policies and regulations as well as capacity to attract investment.

Access to the various trade related facilities should therefore be made more flexible. In addition, resources from low performing instruments need to be recycled to finance trade related infrastructure and adjustment costs preferably through a budget support window like the one under the COMESA Fund.

A development matrix for infrastructure including adjustment and or adjustment costs for Mauritius is enclosed.



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EDF FOREIGN INVESTMENTS 2006 - 2007: PAYMENTS, DECOMMITMENTS, & EXTENSIONS on ONGOING PROJECTS.

(amounts in €)

YEAR OF GLOB. Commit	ACCOUNTING NUMBER of GLOBAL commit	0 N° INDIV COMMIT	TITLE GLOBAL COMMITMENT	END date of implementat	N° CAT. OLD RAP	EXTENS* REQUEST on GLOB. Y/N	SITUATION END 2005			DECOMMITMENTS FORECASTS			FORECASTS on PAYMENTS 2006						FORECAST PAYMENTS 2007			A L A R M	COMMENTS		
							GLOBAL COMMIT. AMOUNT ONGOING INDIV. COMMIT.	INDIV. COMMIT. PAYMENTS ON ONGOING INDIV. COMMIT.	RAC RAP	2006		2007		ESTIMATION of RISK FACTOR			1st SEMESTER			2nd SEMESTER					
										DECOMMIT. on GLOB.	RISK (H/L/M)	DECOMMIT. on GLOB.	RISK (H/L/M)	1st SEMESTER A	2nd SEMESTER B	TOTAL A+B	Low L	Medium M	High H	1st SEMESTER C	2nd SEMESTER D			TOTAL C+D	
TOTAL ON ONGOING GLOBAL COMMITMENTS							86,239,344	70,923,199	15,316,145	1,799,574	0														
TOTAL ON ONGOING INDIVIDUAL COMMITMENTS							43,377,257	26,731,246	16,646,010	1,382,817	0														
1995	7ACP MAS23	0	ECO APPUI CENTRE RESSOURCES HUMAINES A RODRIGUES.			N	660,000	647,597	12,403	12,403	L	0													
1995	7ACP MAS23	11	ECO DP 4 : 01/04/2001-30/11/2002	20021130		5	202,100	165,987	36,113	36,113	L	0												OK	
7ACP MAS23 Total Individual Commitment							202,100	165,987	36,113					0	0	0	0	0	0	0	0	0	0	0	OK
1996	7ACP MAS32	0	DRU NOTHERN PLAINS IRRIGATION	20041231		N	9,000,000	8,835,754	164,246	164,216	L	0												OK	
1996	7ACP MAS32	11	DRU WORK PROGRAMME 2 (APRIL 04-31.12.04 : 15.642.165 MUR)	20041231		7	504,000	384,819	119,181	119,181	L	0												OK	
7ACP MAS32 Total Individual Commitment							504,000	384,819	119,181					0	0	0	0	0	0	0	0	0	0	0	OK
1998	8ACP MAS3	0	DRU PROGRAMME DE LUTTE CONTRE L'EROSION A RODRIGUES	20040630		N	3,960,000	3,242,095	717,905	717,905	L	0												OK	
1998	8ACP MAS3	10	INF P.A.D. CO LTD (WORKS CONTRACT DATED 12.05.04)	20040630		7	279,000	88,817	190,183	190,183	L	0												Request for closing project sent on 5/2/2006	
8ACP MAS3 Total Individual Commitment							279,000	88,817	190,183					0	0	0	0	0	0	0	0	0	0	0	Closed by Delegation end January 2006
1999	8ACP MAS5	0	INF ST. MARTIN SEWAGE TREATMENT PLANT EXPANSION - STAGE 1	20021231		N	16,700,000	16,134,578	565,422	565,422	L	0												OK	
1999	8ACP MAS5	1	INF MONTGOMERY WATSON INF CONSORTIUM	20040207		7	1,140,000	998,662	141,338	46,338	L	0												Decommitment of 555,421.81 € transmitted to HQs on 14/12/2005. See fax no.2498.	
1999	8ACP MAS5	4	DEGREMONT/BL/GC/GROUP FIVE INF CONSORTIUM	20031103		8	891,887	891,887	0	0														OK	
1999	8ACP MAS5	6	DEGREMONT/BL/GC/GROUP FIVE	20031103		8	824,233	824,233	0	0														Co-financed. EDF Financing finished already. Wait for certificate of final completion in 2008	
8ACP MAS5 Total Individual Commitment							2,856,120	2,714,783	141,338					0	0	0	0	0	0	0	0	0	0	0	OK
1999	8ACP MAS6	0	ECO SUPPORT TO THE CLOTHING TECHNOLOGY CENTRE			N	1,135,000	1,128,400	6,600	6,600	L	0												OK	
1999	8ACP MAS6	3	ECO DP 2 EPZDA 01102000-30092001	20010930		5	166,273	166,273	0	62,300	L	0												OK	
1999	8ACP MAS6	4	ECO DP 3 EPZDA 01102001-30092002	20020930		5	172,028	172,028	0	53,337	L	0												OK	
1999	8ACP MAS6	5	ECO WP 4 0101-31122003	20031231		5	403,000	192,567	210,433	162,433	L	0												OK	
8ACP MAS6 Total Individual Commitment							741,301	530,868	210,433					48,000	0	48,000	0	48,000	0	0	0	0	0	0	OK
1999	8ACP MAS9	0	ECO MICROREALISATIONS A MAURICE	20040831		N	3,665,000	3,628,714	36,286	36,286	L	0												OK	
1999	8ACP MAS9	5	ECO WORK PROGRAMME (01.09.03-31.08.04 : 59.520.000 MUR)	20040831		7	2,089,639	1,926,781	162,858	162,858	L	0												OK	
8ACP MAS9 Total Individual Commitment							2,089,639	1,926,781	162,858					0	0	0	0	0	0	0	0	0	0	0	OK
2000	6ACP MAS49	0	DRU IMPROVING THE QUALITY OF HORTICULTURE	20060131		N	600,000	555,784	44,216	44,216	L	0												OK	
2000	6ACP MAS49	2	DRU UNIV. OF GREENWICH- NATURAL RESOURCES INSTITUTE	20051130		1	450,000	210,921	239,079	50,000	L	0												OK	
2000	6ACP MAS49	4	DRU WP 3 (16/03/05-31/01/06 : 2,277,000 MUR)	20060131		1	62,200	19,243	42,957	33,457	L	0												OK	
6ACP MAS49 Total Individual Commitment							512,200	230,164	282,036					9,500	0	9,500	9,500	0	0	0	0	0	0	0	OK
2000	8ACP MAS10	0	ECO PROGRAMME D'APPUI AUX PETITES ET MOYENNES ENTREPRISES	20040331		N	1,070,844	1,070,844	0	0														OK	
2000	8ACP MAS10	2	ECO JEXCO	20050802		6	747,500	485,168	262,332	262,332	M	0												OK	
8ACP MAS10 Total Individual Commitment							747,500	485,168	262,332					0	0	0	0	0	0	0	0	0	0	0	OK
2000	8ACP MAS11	0	INF REHABILITATION OF SEWERAGE IN CHA HOUSING ESTATES	20041231		N	4,000,000	3,984,137	15,863	15,863	M	0												OK	
2000	8ACP MAS11	1	INF TA CONTRACT - HYDROARCH	20031017		7	292,000	255,154	36,846	12,846	L	0												OK	
2000	8ACP MAS11	2	INF WORKS CONTRACT - SOTRAVIC / SOTRAMON	20041231		8	3,670,000	3,658,271	11,729	11,729	L	0												OK	
8ACP MAS11 Total Individual Commitment							3,962,000	3,913,424	48,576					0	0	0	0	0	0	0	0	0	0	0	OK
2000	8ACP MAS12	0	ECO TRAINING AND HUMAN RESOURCE DEVELOPMENT PROJECT FOR PORT	20030831		N	400,000	188,837	211,163	211,163	L	0												OK	
2002	8ACP MAS17	0	INF TA TO WASTE WATER MANAGEMENT AUTHORITY (WMA)	20050602		N	749,500	734,600	14,900	14,900	L	0												Closure of Project transmitted to HQs on 14/12/2005. See fax no.2539.	



MAURITIUS

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EDF FORECATS 2006-2007 : NEW GLOBAL Commitments (including individual commitments & Payments).

(amounts in €)

ESTIMATED DECISION DATE	PROJECT TITLE (GLOBAL COMMITMENT)	CATEGORY	AMOUNT	RISK L, M, H	FORECASTS 2006						FORECASTS 2007								
					1st SEMESTER		2nd SEMESTER		TOTAL 2006		ESTIMATION OF RISK FACTOR FOR PAYMENTS			1st SEMESTER		2nd SEMESTER		TOTAL 2007	
					INDIVID. COMMIT. A	PAYMENTS B	INDIVID. COMMIT. A'	PAYMENTS B'	TOTAL Indiv. COMMIT. A+A'	TOTAL PAYMENTS B+B'	Low L	Medium M L+M+H=B+B'	High H	INDIVID. COMMIT. C	PAYMENTS D	INDIVID. COMMIT. C'	PAYMENTS D'	TOTAL Indiv. COMMIT. C+C'	TOTAL PAYMENTS D+D'
TOTALS on NEW GLOBAL Commitments.			14,590,000		0	0	1,500,000	1,200,000	1,500,000	1,200,000	0	0	1,200,000	10,570,000	10,642,000	2,500,000	2,028,000	13,070,000	12,670,000
05-2006	9 ACP MAS 3 MAURITIUS WASTEWATER SECTOR POLICY SUPPORT PROGRAMME (Increase in Budget for 9 ACP MAS 003) Rider 3 to actual individual commitment 9 ACP MAS 3/1	SPSP BS	10,000,000	L	0	0	0	0	0	0	0	0	0	10,000,000	10,000,000	0	0	10,000,000	10,000,000
07-2006	9 MAS 6 - Rider to the Decentralised Cooperation Program - Call for proposal for the restructuring of the economy*** Rider to the WP1 Rider to the WP2	PROJECT	4,000,000	M	0	0	1,500,000	1,200,000	1,500,000	1,200,000	0	0	1,200,000	0	300,000	0	0	0	300,000
1st Sem 2007	NEW TCF to cover studies concerning programming of the 10 th EDF namely on harbour, airport, telecom and budget support Study on 10th EDF focal sector 1 Study on 10th EDF focal sector 2 Study on 10th EDF non focal sector	PROJECT	590,000	M	0	0	0	0	0	0	0	0	0	190,000	114,000	0	76,000	190,000	190,000
					0	0	0	0	0	0	0	0	190,000	114,000	0	76,000	190,000	190,000	
					0	0	0	0	0	0	0	0	190,000	114,000	0	76,000	190,000	190,000	
					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



MAURITIUS

EDF FORECASTS 2006 - 2007

== SUMMARY SHEET. ==

PAYMENTS	FORECASTS 2006			ESTIMATION of RISK FACTOR			Low + 50% M	FORECASTS 2007		
	1st SEMESTER	2nd SEMESTER	TOTAL 2006	Low L	Medium M	High H		1st SEMESTER	2nd SEMESTER	TOTAL 2007
PAYMENTS on ONGOING INDIVIDUAL commitments.	11,445,025	287,065	11,732,090	10,557,946	684,144	490,000	TARGET 2006	287,065	287,065	574,130
PAYMENTS on NEW INDIVIDUAL commitments	1,483,037	1,518,700	3,001,737	1,495,037	1,006,700	500,000	16,900,048	3,485,275	1,684,500	5,169,775
PAYMENTS on NEW GLOBAL commitments	0	1,200,000	1,200,000	0	0	1,200,000	1,998,337	10,642,000	2,028,000	12,670,000
TOTAL PAYMENTS	12,928,062	3,005,765	15,933,827	12,052,983	1,690,844	2,190,000	12,898,405	14,414,340	3,999,565	18,413,905
%	81%	19%		76%	11%	14%		78%	22%	

INDIVIDUAL COMMITMENTS	FORECASTS 2006			ESTIMATION of RISK FACTOR			Low + 50% M	FORECASTS 2007		
	1st SEMESTER	2nd SEMESTER	TOTAL 2006	Low L	Medium M	High H		1st SEMESTER	2nd SEMESTER	TOTAL 2007
NEW INDIV. commit. on ONGOING GLOBAL commitments.	2,852,475	1,570,000	4,422,475				TARGET 2006	6,060,000	0	6,060,000
NEW INDIV. commit. on NEW GLOBAL commitments	0	1,500,000	1,500,000				comparable to risk profile of payments (%)	10,570,000	2,500,000	13,070,000
TOTAL INDIVIDUAL COMMITMENTS	2,852,475	3,070,000	5,922,475	4,479,997	628,473	814,005	1,931,333	16,630,000	2,500,000	19,130,000
%	48%	52%		76%	11%	14%		87%	13%	

GLOBAL COMMITMENTS	FORECASTS 2006			ESTIMATION of RISK FACTOR			Low + 50% M	FORECASTS 2007		
	1st SEMESTER	2nd SEMESTER	TOTAL 2006	Low L	Medium M	High H		1st SEMESTER	2nd SEMESTER	TOTAL 2007
TOTAL NEW GLOBAL COMMITMENTS	10,000,000	4,000,000	14,000,000	10,000,000	4,000,000	0	12,000,000	590,000	0	590,000
%	71%	29%		71%	29%	0%		100%	0%	

REDUCTION OF OLD RAL (projects decided before 2001)	FORECASTS 2006			ESTIMATION of RISK FACTOR			TARGET 2006	SITUATION on 01/01/2006		SITUATION on 31/12/2006	
	TOTAL 2006	Low L	Medium M	High H	ALL PROJECTS	PROJETS decided before YEAR 2001		ALL PROJECTS	PROJETS decided before YEAR 2001		
DECOMMITMENTS on ONGOING GLOBAL Commitments.	1,774,074	1,758,211	15,863	0	1,766,143		Σ Ongoing GLOBAL COMMITMENTS	86,239,344	41,190,844	96,459,770	39,416,770
DECOMMITMENTS on ONGOING INDIV. Commitments.	1,203,107	940,775	262,332	0	1,071,941		RAC	15,316,145	1,774,105	20,448,086	7,962
PAYMENTS	365,579	278,500	87,079	0	322,040		RAP	16,646,010	1,453,049	11,152,347	59,069
TOTAL REDUCTIONS	3,342,760	2,977,486	365,274	0	3,160,123		RAL	31,962,155	3,227,154	31,600,412	67,031
%		89%	11%	0%			% RAL / Σ GLOBAL COMMIT.	37%	8%	13%	0%

RAT	SITUATION on 01/01/2006		SITUATION on 31/12/2006	
	ALL PROJECTS	PROJETS decided before YEAR 2001	ALL PROJECTS	PROJETS decided before YEAR 2001
Σ Ongoing GLOBAL COMMITMENTS	86,239,344	41,190,844	96,459,770	39,416,770
RAC	15,316,145	1,774,105	20,448,086	7,962
RAP	16,646,010	1,453,049	11,152,347	59,069
RAL	31,962,155	3,227,154	31,600,412	67,031
% RAL / Σ GLOBAL COMMIT.	37%	8%	13%	0%
Nbr of years to absorb RAL	2		2	

SUMMARY of CUMULATED TOTAL GLOBAL COMMITMENTS on 31/12/2005		AMOUNT
TOTAL NEW GLOBAL COMMITMENTS FORSEEN in 2006		44,311,887
TOTAL NEW GLOBAL COMMITMENTS FORSEEN in 2007		14,000,000
TOTAL GLOBAL COMMITMENTS		58,901,887

GLOBAL COMMITMENTS ON AVAILABLE EDF ALLOCATIONS UNTIL END 2007		AMOUNT
TOTAL NEW GLOBAL COMMITMENTS FORSEEN in 2006		44,311,887
TOTAL NEW GLOBAL COMMITMENTS FORSEEN in 2007		14,000,000
TOTAL GLOBAL COMMITMENTS		58,901,887

SUMMARY of COUNTRY ENVELOPE A & B AT 31-12-2005		AMOUNT
DECOMMITMENTS OVER THE PERIOD OF 2006-2007		56,523,543
TOTAL EDF AVAILABLE COUNTRY RESOURCES		3,182,391
USE OF AVAILABLE RESSOURCES in %		99%
EDF COUNTRY RESOURCES THAT COULD BE LOST		804,047

SCR OLAS (option 2.3.2)

ETAT D'AVANCEMENT DES ENGAGEMENTS ACP MAS : MAURICE

DATE : 28/04/06 PAGE : 1

PERIODE : 00.0000 a 12.2005

9 eme FED; ACP MAS Sans les Clotures; Sans les Montants temporaires;

Fed	Pays	Prj	Decision-instrument / secteur / Libelle de l'engagement	Dat.ouv.	Clot	Decide	Engage	Paye	Non engage	Non paye	chef-fil	fin-deci	
9	ACP MAS	1	Dec.12540/1 (1) PEP AIDE D URGENCE - GESTION AIDCO 14030 Low-cost water and sanitation (Deleg) TISSIJE AIDCO/DEL/MAS INF POST-KALUNDE REHABILITATION PROGRAMME FOR RODRIGUES	26-06-2003		499.000,00	472.400,00	301.065,43	26.600,00	171.334,57		31-12-2007	
9	ACP MAS	3	Dec.12655/1 (1) PFI POLITIQUE SECTORIELLE / PROJETS / P 14050 Waste management/disposal (Deleg) TISSIJE AIDCO/DEL/MAS INF MAURITIUS WASTEWATER SECTOR POLICY SUPPORT PROGRAMME	12-09-2003		29.800.000,00	29.175.666,00	15.281.719,60	624.334,00	13.893.946,40		31-12-2009	
9	ACP MAS	5	Dec.12960/1 (1) PEP POLITIQUE SECTORIELLE / PROJETS / P 15010 Economic and development planning (Deleg) RHEINHA AIDCO/DEL/MAS ECO TECHNICAL COOPERATION FACILITY (TCF)	01-07-2004		500.000,00	51.963,79	23.063,79	448.036,21	28.900,00		31-10-2010	
9	ACP MAS	6	Dec.13049/1 (1) PFI POLITIQUE SECTORIELLE / PROJETS / P 15050 Strengthening civil society (Deleg) RHEINHA AIDCO/DEL/MAS ECO CAPACITY BUILDING PROGRAMME - NSA'S FIGHT AGAINST POVERT	25-11-2004		13.500.000,00	1.071.830,00	190.760,54	12.428.170,00	881.069,46		31-03-2012	
Total Enveloppe A (cotonou)						0,00	43.800.000,00	30.299.459,79	15.495.543,93	13.500.540,21	14.803.915,86		
Total Enveloppe B (cotonou)						0,00	499.000,00	472.400,00	301.065,43	26.600,00	171.334,57		
*** TOTAL Pays				Nbr.projets:	4	Nbr.Cr.del.:	17	0,00	44.299.000,00	30.771.859,79	15.796.609,36	13.527.140,21	14.975.250,43
dont Pr.clot. :				et	de 2006	dont clot.:	2 et	7 de 2006					

SCR OLAS (option 2.3.2)

ETAT D'AVANCEMENT DES ENGAGEMENTS ACP MAS : MAURICE

DATE : 28/04/06 PAGE : 1

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8 eme FED; ACP MAS Sans les Clotures; Sans les Montants temporaires;

Fed	Pays	Prj	Decision-instrument / secteur / Libelle de l'engagement	Dat.ouv. Clot	Decide	Engage	Paye	Non engage	Non paye chef-fil	fin-deci
8	ACP MAS	5	Dec.10332/1 (1) PFI SUBVENTIONS (TOTAL) 14020 Water and sanitation (Deleg) HAMANGA AIDCO/C/7 INF ST. MARTIN SEWAGE TREATMENT PLANT EXPANSION - STAGE 1	19-10-1998		16.134.578,19	15.993.240,32	0,00	141.337,87	31-12-2002
8	ACP MAS	6	Dec.10425/1 (1) PFI SUBVENTIONS (TOTAL) 32163 Textiles, leather and substitutes (Deleg) RHEINHA AIDCO/DEL/MAS ECO SUPPORT TO THE CLOTHING TECHNOLOGY CENTRE	11-12-1998		1.135.000,00	917.966,88	6.600,16	210.432,96	
8	ACP MAS	10	Dec.10831/1 (1) PFI SUBVENTIONS (TOTAL) 25010 Business services (Deleg) RHEINHA AIDCO/DEL/MAS ECO PROGRAMME D'APPUI AUX PETITES ET MOYENNES ENTREPRISES	09-09-1999		1.070.843,63	808.511,46	0,00	262.332,17	31-03-2004
8	ACP MAS	11	Dec.11151/1 (1) PFI SUBVENTIONS (TOTAL) 14020 Water and sanitation (Deleg) HAMANGA AIDCO/C/7 INF REHABILITATION OF SEWERAGE IN CHA HOUSING ESTATES	08-05-2000		4.000.000,00	3.919.470,48	15.863,14	64.666,38	31-12-2004
8	ACP MAS	13	Dec.11511/1 (1) BEI BONIFICATIONS D'INTERETS 21050 Air transport (Siege) DEL-BEI BEI/C/1 Ssr airport extension ii (20747)	23-11-2000		3.645.000,00	570.225,88	0,00	3.074.774,12	31-12-2004
8	ACP MAS	16	Dec.12052/1 (1) BEI BONIFICATIONS D'INTERETS 14020 Water and sanitation (Siege) DEL-BEI BEI/C/1 Plaines wilhems sewerage project (21396)	22-01-2002		7.457.000,00	0,00	0,00	7.457.000,00	31-12-2005
8	ACP MAS	17	Dec.12092/1 (1) AGH SUBVENTIONS (TOTAL) 14050 Waste management/disposal (Deleg) HAMANGA AIDCO/C/7 INF TA TO WASTE WATER MANAGEMENT AUTHORITY (WMA)	04-03-2002		749.500,00	516.889,58	14.900,00	217.710,42	02-06-2005
8	ACP MAS	22	Dec.12414/1 (1) BEI BONIFICATIONS D'INTERETS 14010 Water resources policy/admin. mgmt (Siege) DEL-BEI BEI/C/1 Cwa reduction of non-revenue water project (21884)	21-01-2003		3.550.000,00	122.848,23	0,00	3.427.151,77	31-12-2007
Programme Indicatif (LOME)				0,00	23.089.921,82	23.052.558,52	22.156.078,72	37.363,30	896.479,80	
Hors programme Indicatif(LOME)				0,00	14.652.000,00	14.652.000,00	693.074,11	0,00	13.958.925,89	
*** TOTAL Pays				0,00	37.741.921,82	37.704.558,52	22.849.152,83	37.363,30	14.855.405,69	
dont Pr.clot. : Nbr.projets: 8 Nbr.Cr.del.: 25				0,00	37.741.921,82	37.704.558,52	22.849.152,83	37.363,30	14.855.405,69	
et de 2006 dont clot.: 12 et de 2006										

SCR OLAS (option 2.3.2)

ETAT D'AVANCEMENT DES ENGAGEMENTS ACP MAS : MAURICE

DATE : 28/04/06 PAGE : 1

6 eme FED; ACP MAS Sans les Clotures; Sans les Montants temporaires;

PERIODE : 00.0000 a 12.2005

Fed	Pays	Prj	Decision-instrument / secteur / Libelle de l'engagement	Dat.ouv.	Clot	Decide	Engage	Paye	Non engage	Non paye chef-fil fin-deci
6	ACP MAS	49	Dec.11171/1 (1) AGH SUBVENTIONS (TOTAL) 31162 Industrial crops/export crops (Deleg) VIAULFR AIDCO/DEL/MAS DRU IMPROVING THE QUALITY OF HORTICULTURE			18-05-2000				31-01-2006
						600.000,00	555.783,56	273.748,00	44.216,44	282.035,56
			Programme Indicatif (LOME)			0,00	600.000,00	273.748,00	44.216,44	282.035,56
***	TOTAL Pays		Nbr.projets: 1			0,00	600.000,00	273.748,00	44.216,44	282.035,56
dont	Pr.clot. :		et de 2006							
			dont clot.: 2 et de 2006							

[9]TH EDF – [MAURITIUS] : PROJECT MONITORING SHEET

Title : Wastewater Sector Policy Support Programme		
Identification N°: MAS/6017/001 Accounting N°: 9 ACP MAS 003 FA/DAG/PACA N°: 9091/MAS Cofunding:	Global fin comm.: Individual fin comm.: Payments: RAL:	29.800.000,00 29.175.666,00 15.100.000,00
<u>Project contact names, phone, email</u> NAO : Mr. Rama SITANEN, Minister of Finance and Economic Development, Mauritius National Desk Officer (NAO) : Mr. Wong So, Deputy NAO, MOFED, Mauritius – Tel. 201 1260 – email: gwongso@mail.gov.mu Programme Director : Intl T.A : DHV	Signature FA/DAG/PACA: Start of project: Expiry date of FA: Expected closure date: Expected decommitment (€):	17.12.2003 15.12.2003 31.12.2009
PROJECT DESCRIPTION (PURPOSE, EXPECTED RESULTS, ACTIVITIES)		
<u>Project purpose</u> : To halt and reverse the trend of wastewater pollution on the island and its coastal zone and improve health and sanitary conditions of the population.		
<u>Expected results (outcome)</u> :		
<ol style="list-style-type: none"> 1. Infrastructure needed to protect the environment and public health (up to 50% of the population connected in 2010). 2. WMA strengthened with adequate legal status, human resources and tariff structure. 3. Cost recovery subjected to affordability of service, integrated vision of water supply and wastewater sectors. Environmental and service standards developed, monitored and enforced. 4. Stakeholder participation and consultation. 5. Opening of the sector to private sector involvement. 		
<u>Activities</u> :		
<ol style="list-style-type: none"> 1. Review the national sewerage master plan 2. Improvement to public finance systems 3. Elaboration and support to a strategy for improved on site sanitation services 4. Building up a facility for the sector 5. Additional TA to support the preparation of the integrated water resources management plan 6. Strengthening capacity to carry out internal and external audits control 7. Support for annual Reviews and evaluations 		
PRESENT SITUATION : TECHNICAL		
<ul style="list-style-type: none"> ▪ Monitoring mission of the programme was done in June 2005. ▪ Mid-term evaluation, done in September 2005 will send a draft report in the first week of October. ▪ Top-up of 10 MEuros – a new FP must be prepared and the FA should be signed in the 1st semester 2006. 		
<ul style="list-style-type: none"> ▪ Sector Programme <p>The financing decision involving 10M€Top-up will provide the opportunity to extend appropriately the programme and, therefore, have a greater impact on the sector evolution.</p> <p>The new Financing Agreement will be drafted in October 2005, further to the conclusions of the 9th EDF Mid-Term evaluation.</p>		
<ul style="list-style-type: none"> ▪ Donors Meeting <p>The first Donors Meeting was carried out in November 2004. Donors meeting was held on 30 Nov 2005 & Ministerial meeting to follow the day after. Documents were submitted by the GoM. The Head of Delegation presented a Joint Declaration at the Joint Donors meeting outlining the appreciation and concern of the donors community involved in the wastewater sector. The main concerns were:</p> <ul style="list-style-type: none"> - Public Finance Management – in particular delays in enactment of Public Procurement Bill - Financial sustainability with focus on tariffs - Institutional Framework with focus on the two instruments under which WMA is currently operating. 		

- Technical Assistance – DHV (Contract awarded in September 2005)

The overall objectives are: -

- Preparation of the ToR and RFP for the Updating of the National Sewerage Master Plan;
- Efficient Operation and Maintenance of the Wastewater Systems;
- Pollution Control and Overall Improvement in the level of services within the sector.
- Strengthening the capacity of WMA to carry out effective Internal Audit;
- Improving public-private sector partnership in the wastewater sector;
- Improving allocation of resources to strategic priorities and enhance delivery of services and the contribution that Government makes to development outcomes in the wastewater and other environment related sectors in the context of MTEF

PRESENT SITUATION : FINANCIAL (+ RAL)

- Budget support – Under the 9th European Development Fund (EDF), the European Commission, for the first time, is making available Euro 28 million in the form of budgetary support to implement the Wastewater Sector Policy Support Programme (WSPSP). The budget support will be provided over a period of three financial years (2003/04, 2004/05 and 2005/06) in both variable and fixed tranches and disbursement will be determined by a results-oriented approach focusing on the performance of the wastewater sector.
- Technical Assistance – contract awarded for the amount of 1.127.300,00€
- Mid-term Evaluation contract awarded for the amount of 48.366€
- 1st Tranche - 8 M€(June 2004)
- 2nd Tranche - 7.1 M€(June 2005)
- 3rd Tranche – Request has been sent in April 2006 - payment should be effected in the 1st semester 2006.
- Top-up 10M€- Following the mid-term evaluation review of the CSP, a financing decision was signed in February 2005 for a top-up of 10M€to the wastewater sector. The disbursement may be made in one tranche, and may include the reliquats from previous tranches, however, the financial absorption capacity of the sector and the possibility of a 5th tranche shall be discussed with the GoM in view of finalising the financing proposal.

PROBLEMS AND ENVISAGED SOLUTIONS:

- Public procurement, Capacity Building and NSP/SPL projections shall the main items to be discussed with the Government during the next Donors Meeting.
- NAO/WMA/MPU shall mobilize all counterparts (30 persons expected) who will be involved in the capacity building programme under the Technical Assistance Contract.

COMMENTS:

- NAO to send the Technical Assistance contract for signature on 28/9/2005 to DHV – commencement date requested (urgent, in view of delays occurred).
- Rider to Financing Agreement to be finalised and sent to HQ for approval.



Project Summary

Name	Capacity Building Programme to enhance NSAs (including SMEs) fight against poverty			
Reference	FED/MU/13049			
Sector DAC	15150 - Strengthening civil society			
State	Ongoing			
Geographical zone	MU - Mauritius			
EU contribution	13,500,000.00 EUR			
Last updated	27/03/2006			
Decision date	25/11/2004			
Commitment date (BL)				
Starting date				
Expected end date				
Financial convention reference	13049			
Delegation and person in charge	MU - Mauritius PARBOTEEAH Rajesh DEL / MRU tel: *80076 e-mail: Rajesh.PARBOTEEAH@cec.eu.int			
Financial data				
Year	Committed	Contracted	Paid	Remainder to pay
-				

1. Description

Mauritius is poised for its second phase of development but has to reckon with a number of challenges both on the local and international fronts to sustain its development strategies. On the domestic scene, despite the improvement in the quality of life of most Mauritians, certain segments of the population have lagged behind and been caught in the vicious circle of poverty. There are persistent pockets of poverty exacerbated by the increasing number of unemployed, arising from closures of enterprises, and who are semi-skilled and unskilled workers now re-entering an increasingly difficult market. Furthermore, poverty breeds its own victims to corruption and lack of good governance, a situation worsened by a still slow uptake of competencies and knowledge on the issues across appertaining organisations, groups, and opinion leaders. Prospects are also not brilliant for the SME sector which urgently needs to modernise its production, supply chain management and marketing techniques if it wants to survive in the global economy and to generate employment.

There is thus a strong need to work towards an effective reinsertion of all sections of the society in the development mainstream and to put the economy on a sustainable development track. The programme is a response to the challenges mentioned above by enhancing the capacity of Non State Actors, including SMEs, to better help combat poverty, promote good governance, fight unemployment through empowerment of SMEs (ie preventing poverty ex-ante) and, specifically for Rodrigues, encourage efficient use of natural resources.

2. Origin, context and key assessments

The project builds upon the acquis and experiences of a number of national and regional projects financed under previous EDFs. Among these are the Anou Deboute Ensam (8.ACP.MAS.009), the Clothing Technology Centre (8.ACP.MAS.006), the SME Challenge (8.ACP.MAS.010), the Technology Development in Private Firms (7.ACP.RPR.672) and the Anti-Erosion programme (8.ACP.MAS.003)

These projects have to varying degrees, placed the various NSA on the fore-front of socio-economic development along with a progressive identification of vulnerable groups across the whole socio-economic fabric. Efforts to build capacity of these NSA have had mixed results and therefore need to be pursued further this explains the choice to maintain capacity development of vulnerable groups as the main thrust of the programme in Mauritius while at the same time consolidating the achievements under the Anti-erosion programme in Rodrigues in recognition of the specific nature of Rodrigues poverty profile which is strongly linked to its natural resources, land and water.

Based on lessons learnt from the above projects, this programme represents an evolution in the very approach of dealing with poverty by firstly, recognising the role that non-state actors can and should play in this effort of poverty alleviation. In effect, as provided for in the Cotonou Agreement, non-state actors have a vital role to play in this demarche. In addition, grant assistance will be provided specifically at the meso level such as for representative organisations which represent the interest of the SMEs and not at the micro (individual) level. This is to ensure a more coordinated and hence, better and more efficient use of resources.

3. Summary of project implementation

The programme comprises of the following activities, which are categorised by way of the four components of the programme:

For delivery of social services and direct assistance to vulnerable groups :

1. Monitor the evolution of the diversity and complexity of the poverty situation and its alleviation mechanisms in Mauritius, Rodrigues and outer islands (Agalega)
2. Capacity building of NSAs to define, plan, manage and provide services related to poverty alleviation.
3. Promote involvement of NSAs in policy dialogue and decision-making process on poverty alleviation with government and other main stakeholders
4. Direct support to micro-projects for poverty alleviation, in fields such as women empowerment, education, gender, health and social welfare.

For promotion of good governance :

1. Awareness-building on the dangers of corruption and sensitisation on existing tools to report and fight it.
2. Training and tooling of NSAs for good governance in their operations
3. Specific assistance to Private Sector organisations on Good Governance issues – Ethics, Corporate Governance, Corporate

Social Responsibility.

4. Support to actions in Human Rights, Women and Child issues, Youth Guidance, etc

For fight against unemployment and support to job creation (SME sector). This result is deemed to be essential to maintain the revenue-generation capacity of householders and thus to prevent aggravation of poverty.

1. Strengthen environment of SMEs for increased competitiveness through clustering..
2. Training and re-skilling of SME Cadres and floor-level workers in key sectors.
3. Promotion of higher value added entrepreneurship via strengthened business support services and innovation.

For improved natural resources management in Rodrigues :

1. Training in environmental awareness issues and environmental protection activities
2. Support in improving Rodrigues research and extension services to producers
3. Creation of water users' associations and consolidation of land use planning tools
4. Micro-projects, e.g. in the fields of water supply, agricultural and agro-industrial production, marketing, reforestation, livestock management, fisheries, transport (track roads)
5. Strengthening of Rodrigues local authorities (including Rodrigues Regional Assembly) notably on rural development issues and good governance .

4. Changes in the context and in the key assessment areas

No specific change since the coming of operation of the project.

5. Progress in achieving objectives

As at 27th March 2006, the following individual commitments have been made:

Programme estimate start-up
ITA contract
Programme estimate no.1

It is expected that the first round of Calls for Proposals will be launched by early April 2006. This will be financed from PE1.

Selection of expertise to undertake two major studies launched in Feb 2006 by way of the framework contract mechanism for an action plan on clustering and a roadmap for innovation. It is expected that both studies will start by beginning April. These studies will recommend actions that could be financed from the resources of the project in these two areas.

6. Financial execution

As at 27th March 2006, financial commitment is as follows:

PE start up	199.410 euros
ITA contract	872.420 euros
PE 1	2,450.000 euros

7. Issues arising and action required

With the closure of old commitments from previous EDF, Government has agreed to replough these unused resources into the DCP for up to Euros 2 m. activities would be in terms of assistance to ailing and emerging sectors, to which Government gives high priority given the challenges that faces the economy in the face of globalisation (no preferential market access/price on products which have traditionally represented the backbone of the economy.)

8. Cross-cutting and other issues

The programme has, in itself, different activities which touch on different fields, namely vulnerable groups, private sector support and agricultural / rural development in Rodrigues. Consequently, it has an inherent cross-sectoral dimension. Other sectors that

would be impacted by the programme are the environment through activities undertaken in Rodrigues as well as through certain projects that would emerge following the support given to SME's. Women will necessarily be involved, be it from activities which would aim at supporting vulnerable groups, or SME's development since a large number of SME's are women-led and/or employ a vast majority of women, or agricultural support in Rodrigues which would touch women-farmers or fisher-women. In as much as activities geared towards supporting vulnerable groups cannot be easily assessed for their economic viability because of their very nature, it should be pointed out that by supporting private sector development, the indicators of viability and sustainability become clearer.

SCR OLAS (option 2.3.2)

ETAT D'AVANCEMENT DES ENGAGEMENTS
*****DATE : 28/04/06 PAGE : 1
ACP RSA : REGION ESA -EASTERN AND SOUTHERN AFRICA AND THE IN
PERIODE : 00.0000 a 12.2005

9 eme FED; ACP RSA Sans les Clotures; Sans les Montants temporaires;

Fed	Pays	Prj	Decision-instrument / secteur / Libelle de l'engagement	Dat.ouv. Clot	Decide	Engage	Paye	Non engage	Non paye chef-fil	fin-deci	
9	ACP	RSA	1	Dec.12533/1 (1) PEC PROJETS REGIONAUX COTONOU 31320 Fishery development (Deleg) BOLLYJE AIDCO/C/6 DRU PROJET PILOTE REGIONAL DE SURVEILLANCE, CONTROLE ET SUIV	21-08-2003	3.500.000,00	2.130.746,00	595.997,55	1.369.254,00	1.534.748,45	31-12-2010 MAS
9	ACP	RSA	2	Dec.12557/2 (2) PFI PROJETS REGIONAUX COTONOU 21020 Road transport (Deleg) INGELCH AIDCO/C/7 NORTHERN CORRIDOR REHABILITATION PROGRAMME (MAI MAHIU - NAIV	26-06-2003	5.000.000,00	75.100,00	75.034,00	4.924.900,00	66,00	30-06-2011 KE
9	ACP	RSA	3	Dec.12598/1 (1) PFE PROJETS REGIONAUX COTONOU 15010 Economic and development planning (Deleg) NUNESJE AIDCO/DEL/ZA SUPPORT TO THE SECRETARIAT OF THE INTER-REGIONAL	31-07-2003	9.700.000,00	4.118.145,00	1.934.642,50	5.581.855,00	2.183.502,50	01-08-2010 ZA
9	ACP	RSA	5	Dec.12641/1 (2) PFI PROJETS REGIONAUX COTONOU 31382 Fishery research (Deleg) ROORDSI AIDCO/C/6 DRU REGIONAL TUNA TAGGING PROJECT	03-09-2003	4.300.000,00	4.050.226,25	979.163,71	249.773,75	3.071.062,54	31-12-2011 MAS
9	ACP	RSA	6	Dec.12641/2 (2) PFI PROJETS REGIONAUX COTONOU 31382 Fishery research (Deleg) ROORDSI AIDCO/C/6 DRU REGIONAL TUNA TAGGING PROJECT	03-09-2003	9.700.000,00	8.580.000,00	2.876.180,38	1.120.000,00	5.703.819,62	31-12-2011 MAS
9	ACP	RSA	7	Dec.12688/1 (1) PES PROJETS REGIONAUX COTONOU 15010 Economic and development planning (Deleg) LAROSCE AIDCO/C/4 ECO APPUI INSTITUTIONNEL AU SG DE LA COI	26-09-2003	1.650.000,00	1.283.032,86	546.272,15	366.967,14	736.760,71	30-09-2009 MAS
9	ACP	RSA	8	Dec.12704/1 (1) PES PROJETS REGIONAUX COTONOU 33110 Trade policy and admin. management (Deleg) NUNESJE AIDCO/DEL/ZA EASTERN AND SOUTHERN AFRICAN REGIONAL FACILITY TO SUPPORT	08-10-2003	1.950.000,00	1.788.500,00	1.664.999,89	161.500,00	123.500,11	31-12-2007 ZA
9	ACP	RSA	9	Dec.12737/2 (2) PFI PROJETS REGIONAUX COTONOU 21020 Road transport (Deleg) DEL-DI AIDCO/DEL/DI DJIBOUTI ETHIOPIAN RAILWAY LINE - MINIMUM SAFETY WORKS	31-10-2003	30.000.000,00	0,00	0,00	30.000.000,00	0,00	30-09-2010 DI
9	ACP	RSA	10	Dec.13095/1 (2) PEC PROJETS REGIONAUX COTONOU 31195 Livestock/veterinary services (Deleg) REYBERN AIDCO/C/6 REGIONAL LIVESTOCK PROGRAMME - IGAD (SEE ALSO 9 ACP RPR 36)	12-04-2005	5.710.000,00	5.489.945,00	937.914,00	220.055,00	4.552.031,00	31-05-2012 ET
9	ACP	RSA	13	Dec.12830/1 (3) PFI PROJETS REGIONAUX COTONOU 21020 Road transport (Deleg) TORREAJ AIDCO/C/7 REHABILITATION DU COULOIR SUD (CARREFOUR D'ARTA-GUELILE)	18-12-2003	10.900.000,00	0,00	0,00	10.900.000,00	0,00	31-12-2010 DI
9	ACP	RSA	14	Dec.12830/2 (3) PFI PROJETS REGIONAUX COTONOU 21020 Road transport (Deleg) TORREAJ AIDCO/C/7 REHABILITATION DU COULOIR SUD (CARREEFOUR D'ARTA-GUELILE)	18-12-2003	14.100.000,00	0,00	0,00	14.100.000,00	0,00	31-12-2010 DI
9	ACP	RSA	15	Dec.13228/2 (2) PFI PROJETS REGIONAUX COTONOU RECONSTRUCTION OF PRIORITY SECTIONS IN THE KAMPALA-MBARARA	03-10-2005	5.000.000,00	0,00	0,00	5.000.000,00	0,00	30-06-2012 UG

Status of 6,7,8 Regional projects in the East African and Indian Ocean Region as per APRIL 6th, 2006

After Seminars

(9th EDF RSA projects are not included)

Country	Project No:	DAC-Code	Title:	Total Project value	Comments:	Solde non-payé, non-eng (RAL)	Dispon non-engagé (RAC)	Reste à Payer (RAP)	End date:
Burundi	7 ACP RPR 420	43010	Prog Special Rehabilitation pour pays voisins - Rwanda	9,300,000.00	1 large payment left 2yrs after closure	1,430,168.40	0.00	1,430,168.40	20041231
Djibouti	7 ACP RPR 527	23010	IGAD Household energy prog	1,750,000.00	partial decommit pending financial report unpaid balance, recovery note required	477,597.33	93,005.83	384,591.50	20010831
Djibouti	7 ACP RPR 532	22020	Renforcem efficac System Surveillance	2,193,400.00	partial decommit unpaid balance - 3 open commits probs with supplier	407,629.76	38,013.14	369,616.62	20021231
Djibouti	7 ACP RPR 575	33110	Grain marketing training prog	1,990,000.00	partial decommit unpaid balance	1,547,030.63	1,353,604.53	193,426.10	20030615
Djibouti	8 ACP ROR 11	15061	CPMR Assessment of capacities	200,000.00	unpaid balance	29,582.93	0.00	29,582.93	20021031
Djibouti	8 ACP ROR 23	15010	TA executive secret of the IG Authority	1,300,000.00	ongoing	505,551.86	55,174.76	450,377.10	20060630
Djibouti	8 ACP ROR 27	14010	IGAD Hycos Project	120,000.00	partial decommit unpaid balance	28,670.01	10,100.00	18,570.01	20030831
Ethiopia	7 ACP RPR 106	31183	PARC III/Pan African Rinderpest Campaign ph III	4,839,009.96	unpaid balance - managed by Kenya Del	232,205.08	12,839.63	219,365.45	expired
Ethiopia	8 ACP ROR 04	21030	CDE Policy Support	1,750,000.00	ongoing	740,463.92	353,832.65	386,631.27	20060630
Ethiopia	8 ACP ROR 17	15061	Support to the OAU Liaison Mission in the Ethiopia-Eritrea Post-conflict peace-building	850,000.00	unpaid balance	25,000.00	0.00	25,000.00	20021031
Kenya	6 ACP RPR 309	31184	Mali Parc PH2 Peste Bovine	600,000.00	open commitment	155,543.14	155,543.14	0.00	198?
Kenya	7 ACP RPR 169	31310	Lake Vic regional fisheries	7,614.16	1983 project - 1 commit closed	7,614.16	7,614.16	0.00	198?
Kenya	7 ACP RPR 375	43010	Pan African Rinderpest Campaign IBAR All ACP	8,150,000.00	all commits closed ok to close proj	107,592.02	107,592.02	0.00	19991231
Kenya	7 ACP RPR 393	31210	AGRO Forest Network EA Highlands	1,850,000.00	ok to close	124,599.37	124,599.37	0.00	20001231
Kenya	7 ACP RPR 578	12250	Farming Tsetse Control Areas East	15,100,000.00	unpaid balance	5,424,618.41	3,006,859.54	2,417,758.87	20041231
Kenya	7 ACP RPR 745	31184	Prog Panafrican - contrôle des epizooties	10,000,000.00	ongoing	2,277,528.27	1,408,273.44	869,254.83	20070228

Country	Project No:	DAC-Code	Title:	Total Project value	Comments:	Solde non-payé, non-eng (RAL)	Dispon non-engagé (RAC)	Reste à Payer (RAP)	End date:
Kenya	7 ACP RPR 755	11420	Collaborative MA prog in Econ. For Anglophone Africa Phase 2	3,725,000.00	ongoing	13,194.00	0.00	13,194.00	20060731
Kenya	7 ACP RPR 781	21020	Northern Corridor Rehabilitation prog	8,000,000.00	ongoing	8,000,000.00	0.00	8,000,000.00	20080331
Kenya	8 ACP ROR 16	16320	Meteorological Transition in Africa	2,000,000.00	2 open commitments	1,041,245.33	10,883.48	1,030,361.85	20050930
Kenya	8 ACP RAU 16	16320	Meteorological Transition in Africa grants	2,000,000.00	3 open commitments	1,095,477.41	93,767.00	1,001,710.41	20050930
Madagascar	7 ACP RPR 181	11110	Assist Form-Recherche Ocean Indien Madagascar	116,988.12	ok to close	1,080.25	1,080.25	0.00	
Madagascar	7 ACP RPR 459	32120	Prog Regional Develop Echanges Pays Ocean Indien	7,620,990.21	open commitment	204,109.95	86,384.43	117,725.52	20010531
Mauritius	6 ACP RPR 66	31120	Invent Plant Medicine Ocean Indien	2,189,426.83	opened 21/1/90	11,373.31	0.00	11,373.31	??
Mauritius	6 ACP RPR 67	32140	Cottage Industries and Handicraft	3,442,321.29	opened 6/7/95	9,412.71	0.00	9,412.71	?
Mauritius	6 ACP RPR 520	43010	Develop Tourisme Pays Commission Ocean Indien	4,739,000.00	open commitments	637,040.03	42,657.01	594,383.02	20010630
Mauritius	7 ACP RPR 67	43010	Develop Tourisme Pays Commission Ocean Indien	1,500,000.00	open commitments	193,023.98	65,521.62	127,502.36	20010630
Mauritius	7 ACP RPR 68	41082	Appui aux prog environmen dans les pays de la Commission de l'Océan Indien	10,300,000.00	1 open commitment	292,154.42	271,295.51	20,858.91	20031231
Mauritius	7 ACP RPR 640	11430	Universite de L'Océan Indien	1,925,000.00	1 open commitment	314,354.12	275,148.21	39,205.91	20030430
Mauritius	8 ACP RIN 3	16320	ECO Programme de Cooperation Meterologique	1,800,000.00	3 open commitments	1,800,000.00	146,183.39	1,653,816.61	20051231
Mauritius	8 ACP RIN 4	41082	Projet Pilote d'appui Rég a la Promotion - Education ARPEGE Comm de l'Océan Indien	1,980,000.00	payments to be made	991,585.85	110,299.87	881,285.98	20051231
Mauritius	8 ACP RIN 5	32120	ECO Ceiling Increase	1,583,000.00	1 open commitment	616,469.56	477,830.24	138,639.32	20010531
Mauritius	8 ACP RIN 6	11430	Universite de L'Océan Indien	385,000.00	ok to close	134,239.71	134,239.71	0.00	20030430
Mauritius	8 ACP RIN 8	16350	COI Manifestation Culturelle Tourmente	750,000.00	1 court case - 2 open commitments	175,468.29	71,337.72	104,130.57	20030731
Mauritius	8 ACP RIN 12	31120	Prog Regional de Protection de Vegetaux	4,850,000.00	ongoing	2,705,683.99	287,637.65	2,418,046.34	20081231

Country	Project No:	DAC-Code	Title:	Total Project value	Comments:	Solde non-payé, non-eng (RAL)	Dispon non-engagé (RAC)	Reste à Payer (RAP)	End date:
Rwanda	7 ACP RPR 232	43010	Terminal Rail Route Isaka Corridor	770,760.57	one commitment opened in 1993 still open	770,760.57	350,000.00	420,760.57	199?
Rwanda	8 ACP ROR 12	21020	Rehabilitation de la route Gitarama-butare-akanyaru	9,200,000.00	ongoing	311,931.40	0.00	311,931.40	20061229
Seychelles	6 ACP RPR 520	43010	Develop Tourisme Pays Commission Ocean Indien	4,739,000.00	4 open commits	766,160.08	490,336.36	275,823.72	20010630
Tanzania	6 ACP RPR 047	21030	Corridor Central Prog Urg TRC	11,000,000.00	1 open commitment	197,642.70	196,448.06	1,194.64	20020630
Tanzania	7 ACP RPR 27	21030	Central Corridor railway restructuring project	14,500,000.00	unpaid balance 1 commitment open	568,943.42	438,625.08	130,318.34	19981231
Tanzania	8 ACP ROR 003	21020	Rehabilitation of Mwanza roads	3,000,000.00	time extension of project rider n°1	3,000,000.00	3,000,000.00	0.00	20061130
Tanzania	8 ACP ROR 15	21010	Rehabilitation and up-grading of Mwanza border	20,000,000.00	time extension of project rider n° 1	12,012,374.71	300,000.00	11,712,374.71	20071031
Tanzania	8 ACP ROR 19	21020	Backlog maintenance prog for central corridor	20,000,000.00	extension of project rider n° 1 & 2 upto mid-2007	14,602,394.16	4,479,000.00	10,123,394.16	20070630
Uganda	6 ACP RPR 536	43010	Pan African Rinderpest Campaign IBAR	1,253,964.46	unpaid balance	3,656.85	0.00	3,656.85	19991231
Uganda	7 ACP RPR 372	43010	Lake Victoria Fisheries research project	9,147,015.28	unpaid balance open commits	64,255.74	0.00	64,255.74	20021231
Uganda	7 ACP RPR 773	21020	Strengthening of Northern Corridor Road	5,600,000.00	ongoing Rider n° 1 prolongation	5,600,000.00	5,600,000.00	0.00	20081231
Uganda	8 ACP ROR 14	31183	Support Agricultural Research in Africa	29,335,000.00	ongoing	19,694,054.25	7,025,810.41	12,668,243.84	20071231
Uganda	8 ACP ROR 20	21020	Strengthening of Northern Corridor Road	8,000,000.00	ongoing - prolonged rider n°1	1,997,874.33	1,997,874.33	0.00	20081231
Uganda	8 ACP ROR 28	21020	Kampala Northern by-pass	6,500,000.00	ongoing	5,389,848.41	4,565,571.00	824,277.41	20071231
Uganda	8 ACP ROR 29	31310	Implementation of a Fisheries management plan for lake Vic	29,900,000.00	ongoing	22,186,307.45	14,831,353.32	7,354,954.13	20080831
Zambia	7 ACP RPR 242	33110	Computerisation of Customs & Foreign Trade	1,518,641.60	1 open commitment	323,088.50	0.00	323,088.50	19990630
Zambia	7 ACP RPR 514	16320	Regional Integration in Eastern + Southern Africa	2,145,000.00	2 open commitments - dégagement RAC en cours	163,577.64	75,813.29	87,764.35	
Zambia	7 ACP RPR 637	16320	Devel Sqmt/Comesa Standardis	1,998,000.00	ok to close	1,210,369.45	1,210,369.45	0.00	20031231

Country	Project No:	DAC-Code	Title:	Total Project value	Comments:	Solde non-payé, non-eng (RAL)	Dispon non-engagé (RAC)	Reste à Payer (RAP)	End date:
Zambia	7 ACP RPR 743	22010	Prep of Resa / Comesa Communications policy	150,000.00	1 open commitment to be closed after final accounting	75,000.00	0.00	75,000.00	19991114
Zambia	8 ACP ROR 001	16320	Regional Harmonisation of Customs and Trade Stats Systems	13,012,214.17	4 open commitments	1,290,512.58	1,016,715.54	273,797.04	20050630
Zambia	8 ACP ROR 2	16320	Regional Integration prog phase II	9,450,000.00	ongoing	353,933.27	259,361.38	94,571.89	20060331
Zambia	8 ACP ROR 021	16320	Start-up of African Trade Insurance Agency	740,000.00	1 open commitment to be closed after final audit	370,250.00	370,250.00	0.00	20011031

TOTAL Project Value €

Expired

320,866,346.65

TOT RAC €		
TOT RAL € (RAP+RAC)	Available to Decommit	TOT RAP €
23,319,103.69	10,844,957.58	12,474,146.11

122,710,243.71	55,008,846.52	67,701,397.19
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TOTAL (ongoing and expired projects)

Projects expired: 40
Ongoing projects: 16

TOTAL Projects 56

note: closed ZA 8ACP ROR13 - decommitted in March (end date april 2006)

ANNEX XI

MAURITIUS as at 31.12.2005 (ALL)

Own Funds								
Loan No	Project	Convention	signed on	Status	Amount signed	Amount disbursed	Amount cancelled	Encours
10508	CEB I FORT VICTORIA POW ST	YAOUNDE - CONVENTION 2	18/07/1975	Fully Reimb	1.750.000,00	1.690.629,00	59.371,00	-
10606	CEB II FORT VICTORIA POW ST	LOME - CONVENTION 1	3/12/1976	Fully Reimb	2.000.000,00	2.000.000,00		-
10673	DBM PG I MAURITIUS	LOME - CONVENTION 1	8/09/1977	Fully Reimb	3.000.000,00	1.924.742,00	1.075.258,00	-
11055	CEB III CHAMPAGNE HYDRO ELEC	LOME - CONVENTION 1	2/06/1980	Fully Reimb	7.500.000,00	7.500.000,00		-
11529	DBM PG II MAURITIUS	LOME - CONVENTION 2	12/11/1982	Fully Reimb	4.000.000,00	3.656.000,00	344.000,00	-
12589	DBM PG III MAURITIUS	LOME - CONVENTION 3	25/08/1986	Fully Reimb	6.000.000,00	4.048.000,00	1.952.000,00	-
12761	SOCOTA TEXTILE MILLS	LOME - CONVENTION 3	16/12/1986	Fully Reimb	9.000.000,00	9.000.000,00		-
13160	CEB IV	LOME - CONVENTION 3	2/12/1987	Fully Reimb	10.000.000,00	10.000.000,00		-
13652	MAURITIUS FLOUR MILL	LOME - CONVENTION 3	22/11/1988	Fully Reimb	3.000.000,00	3.000.000,00		-
16114	MAURILAIT PRODUCTION	LOME - CONVENTION 4	27/07/1992	Fully Reimb	2.000.000,00	2.000.000,00		-
16799	CWA WATER SUPPLY	LOME - CONVENTION 4	20/09/1993	Disbursed	10.000.000,00	10.000.000,00		5.399.059,04
17771	MAURITIUS TELECOM	LOME - CONVENTION 4	29/12/1994	Disbursed	14.000.000,00	14.000.000,00		7.920.662,09
18201	BAIE DU TOMBEAU SEWERAGE	LOME - CONVENTION 4	6/11/1995	Disbursed	16.000.000,00	16.000.000,00		9.126.510,21
18394	PT LOUIS CONT. TERM(MAURIT.) A	LOME - CONVENTION 4	18/12/1995	Disbursed	12.000.000,00	12.000.000,00		7.262.291,87
18948	SSR INTER. AIRPORT (MAURITIUS)	LOME - CONVENTION 4	12/09/1996	Disbursed	8.000.000,00	7.074.673,00	925.327,00	3.629.790,82
19635	PORT LOUIS CONTAINER TERMINAL (MAURITIUS) B	LOME - CONVENTION 4	7/07/1997	Disbursed	3.000.000,00	3.000.000,00		1.291.108,35
17670	HAREL BELLE VUE BAGASSE COAL ENERGY	LOME - CONVENTION 4 - PROT.2	21/09/1998	Disbursed	10.000.000,00	10.000.000,00		5.087.999,99
20747	MAURITIUS SSR AIRPORT EXTENSION II	LOME - CONVENTION 4 - PROT.2	10/10/2000	Signed	18.000.000,00	2.584.008,21		2.411.330,56
21396	PLAINES WILHEMS SEWERAGE	LOME - CONVENTION 4 - PROT.2	17/12/2001	Signed	35.000.000,00	-		-
21884	CWA REDUCTION OF NON-REVENUE WATER	LOME - CONVENTION 4 - PROT.2	20/12/2002	Signed	20.000.000,00	1.826.141,42		1.826.141,42
22172	BEL OMBRE HOTEL A (SENIOR LOAN)	ACCORD DE COTONOU	12/08/2003	Disbursed	6.100.000,00	6.100.000,00		6.100.000,00
22871	MAURITIUS CONTAINER TERMINAL II	ACCORD DE COTONOU	21/12/2004	Signed	14.000.000,00	-		-
23147	SBM GLOBAL LOAN	ACCORD DE COTONOU	28/07/2005	Signed	20.000.000,00	-		-
					234.350.000,00	127.404.193,63	4.355.956,00	50.054.894,35

Risk Capital

Loan No	Project	Convention	signed on	Status	Amount signed	Amount disbursed	Amount cancelled	Encours
70186	MAURITIUS-ETHANOL PROD. STUDY	LOME - CONVENTION 1	2/09/1980	Fully Reimb	35.000,00	35.000,00		-
70295	DBM PG II	LOME - CONVENTION 2	12/11/1982	Disbursed	500.000,00	140.000,00	360.000,00	56.595,37
70612	DBM III GLOBAL LOAN	LOME - CONVENTION 3	25/08/1986	Disbursed	2.000.000,00	1.305.186,21	694.813,79	1.202.157,91
70632	SOCOTA TEXTILE MILLS	LOME - CONVENTION 3	16/12/1986	Disbursed	1.500.000,00	1.500.000,00		500.000,00
70701	CEB IV	LOME - CONVENTION 3	2/12/1987	Disbursed	3.000.000,00	3.000.000,00		1.118.100,00
70865	SOCOTA II PROJECT	LOME - CONVENTION 4	20/12/1991	Fully Reimb	2.500.000,00	2.500.000,00		-
70881	MAURILAIT PRODUCT CAPITAL	LOME - CONVENTION 4	27/07/1992	Disbursed	600.000,00	600.000,00		240.000,00
70920	CWA WATER SUPPLY PROJECT	LOME - CONVENTION 4	20/09/1993	Disbursed	2.000.000,00	2.000.000,00		925.399,98
21479	RODRIGUES POWER STATION	LOME - CONVENTION 4 - PROT.2	18/02/2002	Disbursed	2.000.000,00	1.989.263,00	10.737,00	1.989.263,00
22173	BEL OMBRE HOTEL B (SUBORDINATED LOAN)	ACCORD DE COTONOU	12/08/2003	Disbursed	3.300.000,00	3.300.000,00		3.300.000,00
22174	BEL OMBRE HOTEL C (INDIRECT EQUITY)	ACCORD DE COTONOU	12/08/2003	Disbursed	2.800.000,00	2.800.000,00		2.800.000,00
23343	ALBION RESORT MAURITIUS B	ACCORD DE COTONOU	11/12/2005	Signed	5.000.000,00	-		-
					25.235.000,00	19.169.449,21	1.065.550,79	12.131.516,26

GRAND TOTAL

259.585.000,00

146.573.642,84

5.421.506,79

62.186.410,61

Focal sectors (8th, 7th and 6th EDFs)

3.3 8TH EDF : ENVIRONMENTAL PROTECTION, PRIVATE SECTOR AND HUMAN RESOURCES DEVELOPMENT

1) Environmental Protection

One of the objectives under the 8th EDF was to minimise environmental degradation that could become a serious impediment to economic growth. The Government committed itself to rehabilitate and upgrade the Mauritian wastewater disposal facilities in the Plaines Wilhems, and the Northern regions, including Port-Louis, and to implement a coherent and practical pollution control policy.

- Wastewater sector : St Martin Treatment Plant

The St Martin Sewage Treatment Plant Extension project (Euro 16,700,000)¹ serves a population of 223 000, to be connected to a sewerage system, out of a total population of around 310 000 projected by year 2005 in the Plaines Wilhems area. The initial St. Martin wastewater treatment plant was overloaded hydraulically and biologically, resulting in 90% of wastewater being discharged untreated to the ocean. The new plant provides for tertiary treatment of waste water and re-use of treated effluents for irrigation purposes. An agreement between the Wastewater Management Authority and the Irrigation Authority to that effect was signed in January 2006.

Construction works in the Plant Extension had been completed at the end 2004 and full commissioning of the project has been completed in March 2005. This date should also mark the start of the maintenance contract fully financed by the government for a period of three years. This first stage of the St. Martin Treatment Plant constitutes a vital element of the Government's programme and one on which the 9th EDF Sector Policy Support Programme (SPSP) in wastewater hinges on. It serves the Plaines Wilhem's catchment, where only some 35% of the population benefits from sewerage and disposal facilities.

The extended treatment plant at St Martin will provide additional capacity to treat waste water from 33,000 households in Plaines Wilhems.

Anti-erosion programme in Rodrigues (€3,960,000)

Project 8.ACP.MAS.003:- Anti-Erosion Programme in Rodrigues

The "Anti-Erosion Programme (AEP) in Rodrigues" which ended in June 2004 aimed principally at erosion control, but also included mitigation of the negative impacts of erosion,

¹ 8 ACP MAS 5

by focusing on the whole agricultural chain from production to marketing. In the framework of this Programme: the Island has benefited from:

- the construction of 15 km of track roads and 2.8 km of footpaths,
- rehabilitation of terraces on 161 hectares of land, fencing of cropped areas at village level, protection against erosion of 4.3 km of roadside,
- the erection of 36 km of fences around cropped areas at village level to prevent damages to crops by roaming cattle,
- Distribution of 200 composting units to promote the processing of waste at village level.
- the rehabilitation of 28 km of drains and 9 degraded reservoirs, the construction of 2 new reservoirs and 12 filter dams to ensure better provision of irrigation water
- The creation of 600 stone-masonry check structures in river beds to prevent erosion.
- Training to over 60 staff of the Agricultural Services of Rodrigues and around 250 beneficiaries at village-level.
- Study tours were undertaken in Reunion Island, Spain, Australia, Seychelles and Mauritius over and above the training sessions held in Rodrigues itself.
- the creation of a “Rodrigues label” to be used exclusively on Rodrigues’ products, under established standard norms of quality; this label has been produced through a competition undertaken in Rodrigues.

b) Progress in activities

The European Union shall not intervene in a new phase of the Anti-Erosion Programme but the Decentralized Cooperation Programme (DCP) for the Republic of Mauritius, will include Rodrigues. Indeed within the DCP, a financial envelope has been earmarked specifically for Rodrigues for a demand-led programme of poverty alleviation and improved natural resources management. The targeted beneficiaries shall include producers’ associations, farmers’ organizations and local communities.

2) Private Sector and Human Resources Development

EDF 8 FOCAL SECTOR - PRIVATE SECTOR (overview of objectives and results)

a) Results

Recognising that the SME sector carried the potential to create jobs, efforts were made with resources from the 8th EDF to re-inforce the existing capacity of SMEs, in particular those in the textile sector.

Two projects were undertaken, namely the Clothing Technology Centre (CTC) (8.ACP MAS.6), and Support to SMEs (8.MAS.10).

The CTC has enabled SMEs in the apparel sector to benefit from high-tech state-of-the-art equipment and machinery (e.g. computerized design and laboratory equipments for material testing), and achieve economies of scale. It has also dispensed training courses for SMEs to keep them abreast of latest international trends and quality as well as environmental requirements in the garment manufacturing sector “The Clothing Technology Centre” project (8.MAS.6) ended in December 2003.

The Support to SME's (8MAS.10), did not meet its objectives because of administrative and management problems. The financial component of the project, as set out in its Financing Agreement (FA) could not be implemented due to delays As regards the technical component of the project, following chronic management problems and low disbursements to the SMEs, the technical assistance contract was terminated on 31 March 2004 and the technical component ended. Following the termination of its technical assistance contract, amicable efforts by the consultant to secure compensation have failed as it was unable to detail and justify its claim. The Government may eventually, with a view to releasing the unutilised resources from the project, be called upon to meet any compensation claim by the consultant from the Government budget.

b) Progress in activities

The "Training programme for the port community and port-related organizations"- 8.MAS.12 -(€400 000) ended in August 2003. The Training Programme for the Port community ensured expert knowledge and skills dissemination relating to best practice in Port and Shipping Administration, among members of the port community The port operators are expected to be more efficient users of the port facilities and to better serve both local and foreign economic operators (manufacturers, traders, etc) in the external trade supply chains of the country and in the region.

3.4 6TH AND 7TH EDF: AGRICULTURAL DIVERSIFICATION AND PROTECTION OF THE ENVIRONMENT AND NATURAL RESOURCES

1) Agricultural Diversification

A key element of the Government's national strategy has been to diversify its economic base. Indeed, within the agricultural sector, although sugar remains the principal high value crop, over the years the Government has promoted agricultural diversification – increased production of horticultural crops.

Indeed, to promote and encourage agricultural diversification into non-sugar crops, at national level small planters have benefited from a series of incentives (including soft loans for agricultural activities from the Development Bank of Mauritius). . Further, with the implementation of the 7.ACP.MAS.032 " NPIP II- Support to Diversification" project from January 2003 to December 2004, small planters have been initiated towards innovative practices and modern agricultural enterprises. The overall impact to date include the following:

- Some 30 "micro-projects" (involving around 75 planters) have been set up
- a "Market Information System" has been established, which provides farmers island wide with detailed horticultural market information, such information has helped in strengthening planters' negotiating powers at auctions;
- 20 on-farm scientific trials have been carried out to test the possibility of introducing more high-yielding crop varieties in the northern plains.

- Training has been provided to some 25 scientific and extension staff of the Agricultural Research and Extension Unit staff and 250 planter beneficiaries. Study tours were undertaken in Reunion Island, Kenya, Crete and Mauritius.

The NPIP- II Project has indeed contributed in “professionalizing” the small non-sugarcane planters of the northern plains by developing their entrepreneurial skills. In addition, the Project has strongly encouraged the grouping of small non-sugarcane planters so that they benefit from economies of scale at production level and stronger negotiating powers at marketing level.

In addition under the 6.ACP.MAS.049 “Quality Management for the Mauritian Horticulture Sector” project, a National Code of Practice for good agricultural practices has been elaborated. This three-level Code of Practice (CoP) has been designed by the National Research Institute, University of Greenwich, to reflect the needs of the different markets for Mauritian horticultural produce. In particular the "bronze-level" CoP targets the growers who supply the local market both at auction and retail level whereas the "silver-level" focuses on a specific segment of the local market, namely the supermarkets, restaurants and the hotel industry at large. The "gold-level" CoP is directed towards the producers who supply the export market.

The availability of the fully elaborated Code of Practice should be seen as a turning point for the producers and exporters of horticultural products in Mauritius. Indeed, the Code of Practice should in the long term further modernise the horticultural filière allowing a traceability of fresh produce from the field upto the local as well as the international consumer's basket.

Overall, the government met its commitments under the 7th EDF. It should be noted, however, that the 7th EDF NIP environmental focus shifted to waste water (liquid waste) rather than solid waste for several reasons, including:

1. Through various studies it was concluded that the negative impact of improper waste water disposal is significantly higher than the solid waste issue, given that only 20% of Mauritian households are connected to a sewerage system;
2. At institutional level, the implementation of any solid waste management plan was more complex than initially foreseen, since it involved decisions at both the local authorities and the central government levels;
3. World Bank funding was already geared towards improvement of the solid waste sector. The World Bank has maintained its commitment and has financed studies for (i) engineered landfills and alternative disposal mechanisms, (ii) the institutional and legal framework, and (iii) cost recovery.

Technical Assistance to the Wastewater Management Authority (WMA) TA backup to WMA has been extending over the 7th, 8th and 9th EDF. (Euro 600,000)² were provided under the 7th EDF for four years up to April 2002 in the development of one of the principal projects in the environmental sector – the expansion of St. Martin Wastewater Treatment Plant- and for the sewerage of densely populated low cost housing estates (CHA), both funded under the 8th EDF.

² 7 ACP MAS 36

In view of the positive impact of the project on the institutional reinforcement of the WasteWater Management Authority (WMA), which will bear positively on the implementation of the foreseen 9th EDF intervention in the wastewater sector, a new TA project of 750,000 € under 8th EDF started in 2003 to continue EU support to WMA Management for capacity-building and to address operational issues in the sector. The TA contract was completed in June 2005 after three months extension the contract. The Consultancy firm has submitted its final report and this commitment shall be closed by June 2006.

The Technology Development in Private Firms project (Euro 2,900,000)³, was funded under the 7th EDF CBI/TIS scheme, to assist the private enterprises in the manufacturing and service sectors in strengthening their competitiveness in the international market, through financing on a 50/50 cost-sharing basis the acquisition of technological expertise and know-how. The project mid-term evaluation carried out in November 2001 was overall positive in assessing that enterprises were encouraged to invest in technology-related improvement programmes, in areas such as design, training, skills building and quality systems. By mid 2002, the Steering Committee set up to oversee the implementation of the project noticed some cases which would tend to signify some form of malpractices on the part of the PMU. It was agreed that all payments due to the contractor as well as to some service-providers since that date would be withheld until these problems are resolved. Technically the project ended on 31st December 2003. A court case for non-payment of grant was filed by one enterprise against the Government of Mauritius and another case was filed by a service provider. The possibility existed for other enterprises whose grants were not paid out to seek compensation following the court hearing.

Despite these problems, major efforts were made to close the project. An agreement was reached between the Delegation and Government to the effect that Government would bear, from its own budget, any compensation claim that the court may decide in favour of the beneficiaries and/or the service provider. While with this undertaking by the Government this project has been closed, to date, the litigious cases are still ongoing before the court.

³ 7 ACP RPR 672

Good governance

The purpose of the Reports on the Observance of Standards and Codes (ROSC) is to benchmark the existing regimes and practices in a country against international standards and codes, to identify weaknesses that need to be addressed, and to build capacity so as to bring that country closer to international best practices.

Following the publication of the ROSCs, and in line with the recommendations contained therein, the following actions have been undertaken :

2.2.8.1 Corporate Governance

The recommendations of the ROSC included, amongst others, :

- (i) improvement of disclosure of information;
- (ii) preparation of a Code of Corporate Governance;
- (iii) better oversight of the audit profession and better non-financial disclosure;
- (iv) creation of an Institute of Directors; and
- (v) setting up of Audit and Nomination Committees.

The “**Report on Corporate Governance for Mauritius**” (Code) was launched on **October 6th 2003** and revised in April 2004. The Code aims at improving ethical conduct of directors and senior level staff members in the management of both public and private sector companies.

Compliance with the Code is "**voluntary**". The Code would be the "Minimum Requirements" that should be applied by all enterprises on a "Comply or Explain" basis as from the reporting year ending 30th June 2005.

2.2.8.2 Accounting and Auditing Services

The World Bank’s ROSC highlighted three areas that needed Government intervention. These included :

- (i) the Regulatory Framework for Accounting and Auditing;
- (ii) Monitoring and Enforcement; and
- (iii) Capacity Building.

The ROSC recommended the establishment of a “Financial Reporting Council” and of an “Institute of Professional Accountants”.

The Financial Reporting Act 2004 (Act No 45 of 2004) has been enacted and is operational. The main objective of the Financial Reporting Act is to establish a strong and effective apex body for overseeing corporate financial reporting, accounting and auditing standards and practices and corporate governance in Mauritius.

The Financial Reporting Act has established the following bodies / organisations :

- (a) *The Financial Reporting Council (FRC)*

as a fully autonomous oversight body with the responsibility to monitor and enforce the reporting of financial matters, as well as to issue accounting and auditing standards and codes. The main objects of the Financial Reporting Council are to -

- (a) promote the provision of high quality reporting of financial and non-financial information by public interest entities;
- (b) promote the highest standards among licensed auditors;
- (c) enhance the credibility of financial reporting; and
- (d) improve the quality of accountancy and audit services.

(b) *The Mauritius Institute of Professional Accountants (MIPA)*

as a self regulatory body to oversee the accountancy profession. The objects of the MIPA are to –

- (a) supervise and regulate the accountancy profession; and
- (b) promote the highest standards of professional and business conduct of, and enhance the quality of services offered by, professional accountants.

(c) *The National Committee on Corporate Governance (NCCG)*

as the national coordinating body responsible for all matters pertaining to corporate governance. The objects of the National Committee on Corporate Governance are to -

- (a) establish principles and practices of corporate governance;
- (b) promote the highest standards of corporate governance;
- (c) promote public awareness about corporate governance principles and practices; and
- (d) act as the national coordinating body responsible for all matters pertaining to corporate governance.

(d) *The Mauritius Institute of Directors*

as the body responsible for promoting high standards of corporate governance, business and ethical conduct of Directors.

2.2.8.3 Insolvency and Creditor Rights

The World Bank's ROSC recommended the preparation of a comprehensive insolvency legislation that would include both individual bankruptcy and corporate insolvency.

Corporate and individual insolvencies are presently regulated by the provisions of the Companies Act 1984 (for companies), the Bankruptcy Ordinance of 1888 (for traders), and the Insolvency Act of 1982 (for non-traders). At the time the Companies Act 2001 was enacted, certain provisions of the Companies Act 1984 dealing with insolvency matters were retained as it was felt that such issues would be better addressed in a comprehensive insolvency legislation.

Preparation of the new Insolvency Legislation started in January 2005. The new legislation aims to address the limitations of the existing legislations and bring all insolvency matters under the ambit of a single legislation. . The new legislation will also review the "Sale of Immovable Property Act" 1868 which governs the "Sale by Levy" process.

The first draft of the new legislation could be ready by mid-2006

Gender

Since 1984, a number of actions have been taken to eliminate discrimination against women. In that context, the Protection from Domestic Violence Act now includes gender-based violence in the definition of discrimination and provision for amending the Legal Aid Act as well as the Pensions Act has been made. However, the most important piece of legislation furthering the advancement of women is the Sex Discrimination Act which was enacted in 2002.

Moreover, a National Gender Action Plan (NGAP) was approved in December 1999, in line with the Government's philosophy to promote social justice, gender equity and human development. Its main objectives are:

- The integration of gender issues into the mainstream of government and private sector activities;
- The development of a holistic approach to the health and welfare of women with special attention to the girl-child, women at work both at home and outside the home and elderly women; and
- The pursuit of a policy to encourage girls to take up technical and non-traditional subjects so that they may engage in professions which have hitherto been considered as male domains exclusively.

A Gender and Development (GAD) project was also implemented with the aim of enhancing capacity for in-country gender analysis, policy making and monitoring expertise. A major achievement of the GAD project has been the setting up of a High-Level Committee which prepared an "Action Plan for Gender Responsive Budgeting", thereby strengthening the national capacity for engendering the national budgeting mechanism. A Gender Information System has also been set up at the Ministry of Women's Rights, Child Development and Family Welfare to acquire updated information on gender issues.

In order to encourage the social, economic and political empowerment of women, priority has been given to capacity building. Various activities are organised by the National Women's Council at the regional level to empower women on various issues. In addition, training for capacity building of women entrepreneurs is provided by institutions such as the Industrial and Vocational Training Board (IVTB), the Mauritius Employers' Federation (MEF) and the National Women Entrepreneur Council (NWECC).

An in-depth analysis of the Time-Use Study (TUS) data, obtained from the Continuous Multi-Purpose Household Survey of 2003, was commissioned. The aim of the TUS is to obtain information on the way individuals spend their time. This information can then be used to study the pattern and distribution of different types of productive and non-productive activities across socio-economic categories, age, sex etc. It will also enable the measurement and better understanding of unpaid productive work, given that the monetary value of unpaid productive work not accounted for in GDP amounts to 26% of the GDP estimate at basic prices for 2003. This analysis will thus be a useful tool for future policy formulation.

On the poverty front, various programmes have been put in place with funds from local and other international organisations in support of the Government's comprehensive poverty alleviation strategy to stimulate diversified and sustainable economic development for low-income households, specifically women-headed ones. Their focus was on the implementation of activities relating to social infrastructure, community development, income-generating activities and educational and technical assistance to empower the poorest segments of society for their social uplifting.

Concerning *poverty alleviation and social welfare*, a comprehensive programme has been initiated to empower the poor and vulnerable groups in particular with provision of housing, education and other welfare assistance. It is of note that the EU has granted significant resources under the various EDFs to microprojects and other beneficiary-driven initiatives promoting education, health and revenue-generation capacity for the poor. The Decentralised Cooperation Programme under the 9th EDF is expected to further address the concerns of vulnerable groups through the support to increase the capacity of NSAs.

Non focal projects – 7th EDF

Road Infrastructure

Phoenix-Nouvelle France Road Construction project (Euro 4,000,000)¹ was approved in June 1998 and the project ended in November 2001. Similarly to the previous road construction project (Pamplemousses – Grand Baie), the positive impact of this new project will be over time in terms of easier and quicker access to public amenities (hospital), and better road security for goods and persons movement in and out of the airport, and of course, as a trigger for the development of new zones whether residential or industrial.

Human resources

Support to the Mauritius Institute of Public Management (MIPAM) project (Euro 725 000)² consisted of training for executives and trainers of MIPAM and of financing for procurement of equipment and training material. The MIPAM has been absorbed as the School of Public Policy and Management in the new University of Technology and the project stopped at that stage.

Support to the Human Resources Centre in Rodrigues project (Euro 660,000)³, which ended in August 2003, aimed at promoting human resources development in Rodrigues by providing new training facilities and thus reduce the training dependency of Rodrigues on the main island. The project consisted in financing furniture and equipment, training of the HRC executives, and international as well as local technical assistance for project implementation and follow-up.

Training of Police Cadre project (Euro 1,000,000 under two separate financing agreements under 7th EDF)⁴ supports the reforms of the Mauritius Police Force. It aims at training and strengthening the country's police force to meet the requirements of civil society and to enable the police force to up keep and enforce the country's law and order in the most effective manner. The project has been successfully completed and a positive external evaluation carried out in 2002.

Support to the Industrial and Vocational Training Board (Euro 2,500,000 under 6th and Euro 165,000 under 7th EDF)⁵ consisted of the upgrading (equipment, training) of four old Pre-Vocational Training Centres and of strengthening the Industrial and Vocational Training Board at institutional level. The project is closed. The project's impact is clearly visible: 300 apprentices a year are trained in each of the four regional apprenticeship centres, and there is an intake of around 600 trainees a year in each Industrial Trade Centre, with a good level of pass rates at the National Trade Certification awards.

Other projects

Support to the national AIDS Programme (Euro 423,000)⁶ aimed at providing information on AIDS to the general public and targetting groups such as women on the Export Processing Zone (EPZ), youth workers and those in other groups with even higher risk behaviour

¹ 7 ACP MAS 46

² 7 ACP MAS 16

³ 7 ACP MAS 23

⁴ 7 ACP MAS 42 and 7 ACP MAS 54

⁵ 6 ACP MAS 39 + 7 ACP MAS 41

⁶ 7 ACP MAS 19

(prostitutes, homosexuals and injecting drug users). Building of a blood bank comprising a virology laboratory and providing other laboratory facilities for the HIV/AIDS diagnosis was also part of the project. Thus for the first time, equipment for HIV tests on infants are available. The project has been completed. .

The 7th EDF includes a study (Euro 40,000) and a project for works and supervision for the Rehabilitation of the Mahebourg Market (Euro 2,000,000)⁷. The reconstruction of the 150 years old market extends the market, provides a greater number and more modern stalls for the vendors and improves the overall sanitation and hygienic conditions in the market and its immediate environment. Works (Euro 1,850,000) and supervision (Euro 150,000) commenced in July 2000 and the last works were completed at end of the project in August 2003.

A Micro-projects Programme (Euro 1,000,000)⁸ of 29 projects was completed in 2000. Education, health and social sectors were key areas of the Programme. Other projects concerned support for income generation as well as actions for the benefit of the environment.

⁷ 7 ACP MAS 50 + 7 ACP MAS 51

⁸ 7 ACP MAS 37

Table of key macroeconomic indicators

INDICATOR	2000	2001	2002	2003	2004	2005
Population (mid-year)	1,151,094	1,163,875	1,174,021	1,186,363	1,196,689	1,206,392
Population Growth in %	0.99	1.10	0.86	1.04	0.86	0.80
GDP Per Capita (USD)	3,833	3,786	3,913	4,520	5,043	5,047
Growth of GDP Per Capita	5.2	-1.2	3.3	15.5	11.5	0.1
Gross Capital Formation as a % of GDP of which FDI	23.5	22.5	21.8	22.7	21.7	21.3
External Debt as a % of GDP	n/a	22.7	20.1	17	15.3	14.7
External Debt Service as a % of GDP	9.7	8.5	8.0	6.5	5.9	5.3
Exports as a share of GDP (of which main areas/sectors of concentration)	34.4	35.0	37.7	39.9	31.4	32.1
Trade Balance as a % of GDP	-11.8	-7.9	-7.5	-8.2	-12.3	-17.6
Government Income as a % of GDP (fiscal year ending)	19.1	18.4	20.2	20.4	19.9	19.4
Government Expenditures as a % of GDP	26.4	24.0	25.7	25.4	24.5	24.2
Budget Deficit (as a % of GDP)	3.8	6.7	6.0	6.2	5.4	5.0
Budget Deficit (Rs mn)(FY)	8,786.00	7,654.30	8,254.50	8,287.60	8,336.90	9,633.20
Inflation	4.2	5.4	6.4	3.9	4.7	4.9
Exchange Rate (USD)	26.26	29.07	29.96	28.38	27.75	29.23

Source: Central Statistical Office, Mauritius

Non-focal sector projects for 8th EDF

Poverty Alleviation

The Micro-projects programme (MPP) known as "A Nou Diboute Ensam" (Euro 3,665,000) aimed at alleviating poverty via the financing of micro-realizations. Its focus was on initiating projects from grassroots organisations, through a bottom-up participatory and demand-driven approach. It mainly covered the fields of social infrastructures (59 MP), educational and vocational training support and capacity building (19 MP), income generating activities (87 MP). Part of the funding was also allocated to a microcredits scheme managed by the Development Bank of Mauritius. The programme, which funded a total of 165 microprojects, was closed in August 2004.

Upgrading of Housing Estates

Over the period 1960-1988, the ex-Central Housing authority (CHA) built some 180 housing estates to cater for those who had become homeless as a result of cyclones. A survey carried out in 1994 showed that only 47% of these housing estates were free from sewerage problems. Consequently, Government embarked on major programmes to upgrade the sewerage infrastructure and approached the EU in 1997 for financial assistance to improve six estates. A Study of Sewerage in CHA Housing Estates (Euro 150,000)¹ was undertaken in 1998 (under 7th EDF) to verify and update the previous Government feasibility study and produce a project dossier before proceeding to the final design and preparation of works tender documents. The financing decision for the Sewerage in CHA Housing Estates project (Euro 4,000,000)² was taken in June 2000 and the agreement of the Commission with regards to award of contract has been taken in December 2001.

The works contract commenced on 5th June 2002, with a planned completion date of 6th December 2003. The end of the maintenance period was to be the 5th December 2004. Due to a series of implementation delays and project changes due to unforeseen circumstances, since awarding the tender, an extension of time was awarded. This delay impacted upon the final costs for the project. This extension of a total of 13 months has revised the completion date to 31st December 2004. The financing agreement was extended to 31st December 2004 by a rider. All works have been completed by the end of the financing agreement.

An evaluation of the project was effected in November/December 2004. In general, the outcome of the evaluation indicates that the project has been successful and is contributing positively to the socio-economic environment of inhabitants in the seven housing estates concerned. The consultant has also highlighted essential issues which would require a particular attention to ensure the sustainability of the project.

¹ 7 ACP MAS 43

² 8 ACP MAS 11