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1. Executive Summary

The year 2004 was, overall, a very positive year for Mauritius insofar as its cooperation with the European Commission is concerned. The granting of the €10 m as topping up to the focal sector during 2004 is clearly a recognition of the good performance of the country in utilising EDF resources. The mid term review which was undertaken during 2004 effectively increased the allocation to the country for the sector. It is foreseen to use the top-up for additional contribution to the Sector Policy Support Programme (SPSP), in line with the CSP which has already allocated a total of €28 as budget support. In June 2004, the first tranche was disbursed for the amount of €8 m. A second tranche is due to be disbursed in early 2005 but difficulties persist due to the nonfulfillment of the corresponding conditions. Government faced difficulties in the implementation of the Sector Policy Support Programme, in particular with respect to the level of spending foresees as low scenario in the National Sewerage Plan and the slow progress in the procurement reform process. A Donors' Ministerial Coordination Committee was held in November 2004 to review progress of the Programme. The MTR 2004 also extended the period of the Programme by one year.

As regards the non-focal sector, the mid-term review increased the allocation to the decentralized cooperation programme by injecting unutilized reliquats from previous EDFs in the programme, hence increasing the envelope to $\leqslant 13.5$ m, by including a component for private sector development, following a special request made by Government. The Financing Proposal was finalized with Government in August 2004.

Despite relatively unfavorable economic conditions during the course of 2004, namely in terms of lower growth rate (4.2% instead of 4.4% in 2003 essentially as a result of the fall in sugar exports), increased unemployment (principally because of the continuous losses in jobs resulting from closure of textiles enterprises), uncertainties resulting from the end of preferential regimes and budgetary deficit, Mauritius has already fulfilled four of the Millenium Development Goals, which 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. A comparison with the situation in 1990 effectively shows the impressive progress made by the country in meeting goals such as sustainable water accessibility to the population or enrolment in secondary education. On the basis of the trends that the country has been following during the past few years, it may be safely advanced that the country will achieve all the MDGs by 2015.

In order to maintain its competitive edge, Mauritius needs to address the rising cost of social obligations, structural unemployment, the ageing population issue, environmental pressure resulting from conflicting demand for land use, the need for improved productivity and product quality, and the need for increased investment in education and training. The Government is also very much aware that the future depends significantly on future developments in WTO negotiations, ACP-EU Economic Partnership Agreements, and the US African Growth and Opportunity Act (AGOA)

With respect to past and on-going operations, individual EU-funded projects in Mauritius have generally achieved their intended results, whether in terms of provision of infrastructure or of social development. As regards the 8th EDF, the project ANDE was closed successfully. Programme towards the closure of other commitments was also good.

2 Update on the political, economic and social situation

2.1 Update of the political situation

During 2004, there was no major change at the level of Government. The local elections were set for June 2004, but the exercise was not feasible due to the reform linked thereto. A Committee has been set up to advise on the reform's major issue which is that of englobing village councils and thus widen the exercise to practically the whole of the Republic; in the past local municipal elections concerned only the five towns. Agreement on the reform will first of all demand that the proper infrastructural and human resources be built or mobilized to organize and deliver services to villages at par with same in the towns.

2.2 Update on the economic situation

2.2.1 Economic trends

The overall budget deficit in 2003-04 stood at Rs 9,157 million in nominal terms, representing 5.6 per cent of GDP. This corresponds to a marked decline from the 6.2 per cent in 2002-03. The deficit was financed solely from domestic sources. Financing from the non-bank sector as well as financing from external sources were negative. Total public debt fell by Rs 2,060 million, from Rs 95,487 million at the end of June 2003 to Rs93,427 million at the end of June 2004, representing a decrease of 2.2 per cent, as against an increase of 25.8 per cent in 2002-03. This reflected declines of 1.6 per cent and 7.2 per cent in internal and external public debt, respectively. As a percentage of GDP at market prices, total public debt fell from 64.0 per cent at the end of June 2003 to 56.7 per cent at the end of June 2004. The debt service ratio of the country fell from 8.2 per cent in 2002-03 to 6.4 per cent in 2003-04.

Consumer prices fell from 5.1 per cent in 2002-03 to 3.9 per cent in 2003-04. Budget deficit as a proportion of GDP fell from 6.2 per cent in 2002-03 to 5.6 per cent in 2003-04, and is expected to be further lowered in 2004-2005. On the external front, the current account of the balance of payments recorded a surplus for the fourth year running, with the surpluses on the services and current transfers accounts more than offsetting the deficits on the merchandise and income accounts. A significant rise in the level of net international reserves was also recorded. Net credit to Government from the central bank expanded significantly.

The surging oil prices on the international market increasingly became a source of concern for its potential impact on the performance economy particularly since the beginning of 2004. With effect from 2 April 2004, Government has implemented an Automatic Price Mechanism (APM) under which the prices of petroleum products on the domestic market are adjusted on a quarterly basis to reflect price fluctuations on the world oil market as well as exchange rate fluctuations vis-à-vis the Mauritian rupee of the dollar-denominated world prices of oil.

The GDP growth rate for 2004 has been revised downwards from 4.6 % to 4.2 % according to the last updates of the CSO. Major factors explaining this downward readjustment include a subdued performance of the sugar sector with a production of 572,200 tonnes instead of an early forecast of 575,000 tonnes. The EPZ sector registered a negative growth rate of 5.0% compared to the forecast of 1.0% on account of continuing closures of enterprises as a result of erosion of trade preferences and consequently intensified competition from low-cost countries. The financial sector recorded a less than expected growth rate of 1 % in contrast to the initial forecast of 2.6 %. The tourism sector has recorded a decent growth rate of 2.6% and tourism receipts remain buoyant with a forecast of around Rs 23,500 million. The positive developments come from the 'other business activities' of the 'Real estate, renting

& business activities' sector which includes offshore business activities and information technology sector which expanded by 6.9% in 2004. The per capita GDP (nominal) for 2004 works out to US \$ 5050.

After a high growth rate of 10% recorded in 2003, investment rate registered a lower 5.5% for the year 2004. Public sector investment recorded a negative growth rate of 6.6% in 2004 owing to the bunching of public projects in 2003. Private investment expanded by 13.2%, after a decline of 2.2 % in 2003, mainly due to higher investment in the hotel sector.

The unemployment rate stood at 8.4% for 2004. Closures of textile firms are aggravating the unemployment problem. During the year ending June 2004, the number of employment declined by 9,601 in the EPZ sector alone from 77,623 in 2003 to 68,022. Male employment is estimated at 5.6% and that of female population stands at 13.8%. Around 51% of the unemployed are under 25 years. In fact, the unemployment problem in Mauritius emanates largely on account of a mismatch between the qualifications of the labour force and the skills required by the market.

The following table summarises the main indicators for the EPZ sector.

Main indicators in EPZ sector

Indicators		2004
Real Growth	%	-5.0
Exports (f.o.b)	Rs million	32,370
Exports	%	2.9
Growth Exports		
(nominal terms)		
Imports (c.i.f)	Rs million	17,210
Net exports	Rs million	15,160
Investment	Rs million	2,090
No. of enterprises	No.	501
- New		20
- Closures		25
Employment	%	68,022
(growth rate)		-12.4

Sustained efforts are being undertaken to encourage employment creation. Special training programmes for those unemployed who have not passed CPE and School Certificate Examinations are dispensed; Skills Development Programme for graduates and diploma holders is being strengthened; ICT training is also being given for SC and HSC holders; Micro credit facilities and three- month training by the EPZDA are initiatives under way to promote micro-business; The upgrading and operation of Employment Information Centres as a network are also important policy measures in the fight against unemployment.

Government is also addressing the problem of expanding fiscal deficit. It has introduced a new budgeting system namely, the **Medium Term Expenditure Framework (MTEF)**. The MTEF is intended to bring greater macroeconomic balance, including fiscal discipline, improve inter- and intra-sectoral resource allocation by effectively prioritising all expenditures and allocating resources only to the important ones, greater budgetary predictability expected as a result of commitment to more credible sectoral budget ceilings, more efficient and effective use of public monies and greater political accountability for public expenditure outcomes through more legitimate decision making processes.

In quest of new sources of economic growth, Information and Communication Technology sector is being accorded high priority to build up on an informatics-led growth strategy. Massive resources are being channeled into that sector, particularly in the construction of cybercity and business parks. However, the expected returns, mostly in terms of employment creation are delaying. One of the major constraints identified so far is IT skills shortages in Mauritius. There is also a pressing need for capacity building.

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 services, and create employment. The Government/Private Sector have made considerable progress since 2003 and are seriously envisaging tapping the Japanese market, amongst others, for exports of fresh/frozen tuna.

More than ever, the achievement of higher job-creating growth has become a central policy challenge for Mauritius. Faced with the challenges of the proposed reforms of the European Union sugar regime, the phasing out of the Multi Fibre Agreement and the increasing trend towards the globalization of world trade, it is crucial that policy actions be directed towards the issue of long-term international competitiveness of Mauritius.

2.2.2 Analysis of the macro-economic and sectoral policies selected as focal sectors.

Under the 9th EDF the EU has agreed on a Sector Policy Support Programme (SPSP) to the wastewater sector which would absorb 85% of the EDF 9 A-allocation in addition to some reliquats from prior EDFs. The SPSP includes a series of trigger conditionalities and progress indicators (macroeconomic and sectoral) approved by the donors and lenders to the sector. Following discussions with the EU in the context of the 2003/04 Country Review the status, performance and forecast of macroeconomic and sectoral indicators is presented in Annex (v).

2.2.3 Key institutional developments

Good Governance and Fight against corruption

Recently, Government has come up with a new legislation –the Financial Reporting Bill-to better regulate the reporting of financial matters. This legislation reinforces Government's strategy to transform Mauritius into a first class and reputable international financial centre and a knowledge hub. The Committee on Corporate Governance has also been very active, meeting on several occasions during the year. The code of corporate governance published in October 2003 is under implementation.

2.2.4 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. Goods originating from member states of COMESA, for instance, benefit from a reduction of 100% customs duly on all goods specified in the tariff schedule except for certain goods originating from Egypt which are dutiable at a reduced rate of 20% or 40% as applicable. Negotiations were held during 2004 to finalise a common external tariff (CET) for the eventual setting up of a Customs Union. As regards trade within SADC, there are also special tariff reductions for goods originating from within the region. Mauritius has met all its obligations under SADC and is imposing a zero tariff rate on all goods in list A since 2000. Tariffs will be eliminated for goods in lists B and C in 2006 and 2008 respectively.

In 2004, the trade deficit, including Freeport operations approximated Rs 14.3 billion. The EU, Mauritius's main trading partner purchased around 67% of the country's exports. The UK remained the main buyer of 33% of total exports, followed by France (17%) and USA (15%). The other major markets were Malagasy Republic (5%), Italy (4%) and Germany (2%).

Imports from Asia represented 47% of total imports in 2004. the main supplier countries were China and India, each accounting for 9% of total imports. Other countries were South Africa (11%), France (9%), UK (3%), Bahrain (5%), Japan (4%), Germany (4%) and Australia (4%).

Trade with the ACP region were valued at Rs 4,861 million (exports) and Rs 11,358 million (imports).

The following table summarises the trade situation with these different blocks.

Regional block	Exports (Rs billion)	Imports (Rs billion)
SADC	1.5	9.7
COMESA	3.6	2.35
IOR-ARC	5.1	22.4

Statistics show that Mauritius trade with both SADC and the IOR-ARC bloc have been buoyant, during the course of 2004. Increases have been noted in both imports and exports figures as compared to the year 2003. A major reason is the considerable increase in imports from South Africa (which represented 88% of total imports) and from Mozambique. During 2004, Mauritius exports to Mozambique also went up from Rs 49 million to Rs 303 million. Trade with Tanzania also witnessed a similar increase from Rs 64 million to Rs 161 million. Increases at the IOR-ARC level are accounted for by the impressive augmentation in both exports and imports to a number of Asian countries, in particular India, Indonesia, Malaysia and Singapore.

Further information on trade are presented in annex ii.

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 countries agreed on achieving a certain number of goals generally by 2015(with some exceptions)in the case of Mauritius, it can be said that the country has faired 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 0.785 in 2002. It is also noteworthy that by end 2004, 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 99.6% in 2004. Under-five infant mortality rate is seen to have fallen from 23.1 per thousand in 1990 to 16.0 in

2003. 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. The country aims at attaining universal access to secondary education by 2008 through a reform of the education sector launched in 2001. Nevertheless the system is still characterized by major weaknesses, failing to provide the skilled human resources required by the higher-technology ambitions of the Government.

Туре	Indicator		1990	2000	2001	2002	2003	2004	2005	Target 2015
	1.	Proportion of population below \$1 per day ¹	NA	NA	NA	NA	NA	NA	NA	halved
	2.	Prevalence of underweight children (under- five years of age)	NA	NA	NA	NA	NA	NA	NA	halved
Impact	3.	Under-five mortality rate (per 1000)	23.1	18.2	16.8	17.3	16.0	NA	NA	Reduced by 2/3
	4.	Net enrolment ratio in primary education ² -%	99	97	97	96	97	98	NA	100%
		Net enrolment in secondary education ³ -%	45	56	57	58	60	59	NA	NA
	5.	Primary Completion Rate-	NA	68	68	69	68	69	NA	NA
	6.	Ratio of girls to boys in: - primary education	98	97	97	98	98	97	NA	NA
		- secondary education	100	105	106	108	108	108	NA	NA
		- tertiary education	NA	119 ⁵	135 ⁶	135 ⁷	143 ⁸	135 ⁹	NA	NA
	7.	Proportion of births attended by skilled health personnel		99.8	98.9	98.8	98.3	NA	NA	NA
	8.	Proportion of 1 year old children immunised against measles (per 100 livebirths)		84.0	89.9	85.1	93.5	NA	NA	NA
Outcome	9.	HIV prevalence among 15-24 year old pregnant women	NA	<0.1%	<0.1%	<0.1%	0.07	NA	NA	NA

10. Proportion of population 9	98%	>99%	>99%	99.6%	99.6	NA	100%
with sustainable access							
to an improved water							
source							

Note

- 1. % of households with less than half-median monthly expenditure=11.8% (2001-2002)
- 2. % of primary enrolment aged 6-11 yrs
- 3. % of secondary enrolment aged 12-19 yrs

NA: Not available

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

In regard of the commitments tabled in the MDG report effected by the country and based on an overview of public capital and recurrent expenditures over the last years (where a significant increase is visible in the education sector) it may be safely advanced that most indicators are set to improve further over the coming years.

2.3.2 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 Implementation Period of the Plan is of three years, starting Financial Year 2004/05. The total cost of implementing the plan for the three year period is estimated at around 10 billion rupees. The major challenge of the Implementation Plan would be the development of a Family Doctor Service for the population. This service would be proposed to the population on a pilot basis prior to its implementation on a countrywide scale.

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.

In terms of impact against poverty, the successful control of infectious disease has also had the positive impacts of increasing education levels and literacy rates in the country, national media systems for communication, smaller family size, improved housing and roads infrastructure, public transport and power, food hygiene and refrigeration, and high levels of employment. Mauritius has also been one of the most successful countries in the region in containing sexually

transmitted diseases including HIV/AIDS though a rising trend may be observed. 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.

However the success in increasing overall life expectancy of the population is leading to an ageing population, with an increase in diseases, which affect the elderly in particular. As a result of the latter, the pensioner support ratio, defined as the number of persons of working age for every old-age pensioner, is expected to drop drastically from 7.5 to 1 in July 1998 to 4.5 to 1 in 2018.

2.3.3 Assessment of the education sector

The <u>educational sector reform</u> has been going on as scheduled and has indeed emerged into one which can cater, in a more proficient manner, for the needs of the society at large and therefore better address the fight of social exclusion. On the other hand, despite the remarkable overall progress, the system is still characterised by major weaknesses. It is recognised that the current system has not kept pace with the human resource requirements of the economy. Mauritius falls short of manpower that would enable the economy to move towards a higher-technology and skill-intensive one. However, with the establishment of the Human Resource Development Council, works have started for the preparation of a national Human Resource Development Plan including a long term training strategy that will prepare the country to meet the challenges. Further information on the education sector is presented in Annex (iv).

2.3.4 Other social sectors

Pensions

Mauritius has a well-balanced multi-pillar pension system, but the Basic Retirement Pension (BRP) scheme faces issues of affordability and sustainability. For more information on the issue of pension, refer to Annex iii.

Gender

The major development as regard gender issues has been the formulation of an Action Plan on Gender-Responsive Budgeting in 2003. This Action Plan, especially the component relating to capacity building has been implemented during the year 2004.

Otherwise, in the context of initiatives launched by Government for poverty alleviation or private sector support, there is a positive gender bias. As such micro-credit schemes are positively discriminated gender-wise and same has been observed with regard to the access of women entrepreneurs to facilities put in place to improve the business environment, such as the TEST (Textile Emergency Support) initiative.

3. Development agenda of the partner country

Government is responding to the challenge of sustaining economic growth against the backdrop of a rapidly changing world economic environment. To cope with this situation, new policies, legal and institutional reforms are being introduced. However, in parallel, adequate policies are being sought to sustain the level of human development it has committed itself to, including the challenge of growing structural unemployment and improved productivity linked to wages as well

as the reduction in the growing pockets of poverty. Major policy reforms with wide implications for the future development of Mauritius include the Education Sector Reform and the Sugar Sector Reform, which Government has undertaken without external assistance. On the socioeconomic front, Government has revitalized the Trust Fund for the Social Integration of Vulnerable Groups, and prepared a National Poverty Alleviation Action Plan, with technical input from UN Agencies, and the National Strategic HIV/AIDS Action Plan, formulated with UN technical and financial support in 2001. In order to maintain its competitive edge, Mauritius needs to address the rising cost of social obligations, structural unemployment, the ageing population issue, environmental pressure resulting from conflicting demand for land use, the need for improved productivity and product quality, and the need for increased investment in education and training.

The 2004/05 Budget is directed to consolidate on-going reforms while undertaking a number of new initiatives to address the challenges facing the country.

Information and Communications Technology (ICT) is the cross-cutting sector where Government has firmly committed itself to create a whole new sector of activity and to transform Mauritius into a "cyber island".

Modernisation and consolidation of growth sectors: A fundamental restructuring of the country's sugar sector has been undertaken. The Sugar Sector Strategic Plan, including the Voluntary Retirement Scheme (VRS), is under way. The non-sugar agriculture sector is also receiving a major boost with the implementation of a comprehensive plan. This is in light of the anticipated changes to the EU-ACP Sugar Protocol.

It would be noted that following the proposal of the European Commission of July 2004 to reduce the internal EU sugar price (by a quantum which is equivalent to a 37% reduction in the export price of ACP raw sugar exports), the Mauritius Government has initiated action on two fronts: (i) intensification of lobbying action to sensitise the 25 Member States of the enlarged European Union of the negative impact of this price reduction, and (ii) the preparation of an Accelerated Sugar Action Plan in an attempt to respond to the exigencies of this new eventuality.

In its policy statement through the budget, the Mauritian Government acknowledges the dramatic situation created by erosion of trade preferences and fierce international competition. While weaknesses underlying the sector have been singled out and new approaches have been designed to restructure enterprises, vertical integration has been promoted in textiles and multi-skilling encouraged. The Government is very much aware that the future of the sector will, however, depend significantly on future developments in WTO negotiations, ACP-EU Economic Partnership Agreements, and the US African Growth and Opportunity Act (AGOA).

In the area of global business and financial services, the legislative and institutional framework for the sector has been strengthened. The Companies Act, the Financial Services Development Act, the Trusts Act and the Anti-Money Laundering and Financial Intelligence Act have been passed. New institutions, namely the Financial Services Commission, the Financial Services Promotion Agency and the Financial Intelligence Unit, have been set up. The Freeport sector has been restructured with results evidenced by rising investment in the Freeport and substantial growth in transshipment traffic.

The Government has also strengthened the framework for *investment promotion and facilitation* and a Government body, the Board of Investment, now acts as a one-stop shop.

In terms of *modernisation of economic infrastructure*, major upgrading of the primary and secondary road networks have been pursued. The port and airport have also been further modernised. Concerning the traffic congestion in the Port Louis – Curepipe corridor, the Light Rail Transport (LRT) option has been confirmed albeit completion of more technical studies. The northern part of the island has obtained adequate and reliable supply of water after the completion of the Midlands Dam and the construction of the M1 and A5 pipelines.

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. Capital expenditure on wastewater projects in the financial years 2001/02 - 2003/04 has exceeded Rs 2.4 billion. Solid waste disposal and management are also being addressed through the rehabilitation of dumping grounds and the upgrading of transfer stations. The legal framework and enforcement capacity have been strengthened. A series of projects have been implemented to improve the natural environment and living conditions across the island, with a particular focus on deprived areas. In the 9th EDF Country Support Strategy agreed between the European Union and the Government, 85% of the A-envelope has been earmarked for concentration of EU grant aid in way of a sector policy support programme (through budgetary aid) directed to the wastewater sector. A first tranche of \leq 8 million under the EU budget support was disbursed in June 2004. It would be noted that an amount of \leq 35 million has also been voted by the European Investment Bank to accompany the same programme.

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 DCP under the 9th EDF is expected to further address the concerns of vulnerable groups through the support to increase the capacity of NSAs..

Under the chapter of *economic management* it is noted that Government will continue its reform of public enterprises to improve their management and financial viability. The overall macroeconomic and legislative framework is also set to improve. For an overview of major events on the economic front during 2004, please refer to Annex i.

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.

In March 2003 Rodrigues has been severely hit by the tropical cyclone "Kalunde" with widespread devastation to agriculture, water supply and infrastructures. The EU responded rapidly by mobilizing € 499 000 from the EDF 9 B-envelope for a programme to prepare Rodrigues to be better equipped in terms of disaster management and prevention.

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.

Chapter 4 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 have been maintained. Together with the previous re-allocations of all transfers, this resulted in a total increase in the focal sector envelope by ≤ 11.8 ; and in the non-focal sectors in the order of ≤ 8.5 m to the Decentralised Coopertion Programme and ≤ 0.5 m for the Technical Cooperation Facility.

4.1 Focal sectors

The focal sectors of the 7^{th} EDF (≤ 34 million) were agricultural diversification (55%-60% of the total allocation) and the protection of the environment (17%). Under the 8^{th} 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%).

The focal sector of the 9th EDF remains the environment sector, with special emphasis on the water/waste-water sub-sector. The relative allocation to that sector, which was in the order of 85% in the CSP fell to 74% of total allocation of the A-envelope following the MTR whereby the size of the non-focal sector envelope was increased. These allocations are intended for non-state actors in the context of a Decentralised Cooperation Programme; the Financing Proposal for the latter being currently under preparation.

The intervention framework, as defined in the 9th EDF National Indicative Programme, is presented in Annex I. A detailed analysis of the indicators and sectoral policy commitment is also enclosed at Annex I.1. To note that Government faced difficulties in the implementation of the Sector Policy Support Programme, in particular with respect to the level of spending foresees as low scenario in the National Sewerage Plan and the slow progress in the procurement reform process

4.1.1 6th and 7th EDF: Agricultural diversification and protection of the environment and natural resources

1) Agricultural Diversification

In view of the anticipated changes to the Sugar Protocol, following the phasing out of trade preferences, the Mauritian Government has, in March 2003, published a report "A Sustained Programme for Agricultural Diversification: a Non-Sugar Strategic Sector Plan (NSSSP) 2003-2007", to promote the "non-sugar sector" in agriculture. This plan acknowledges the growing importance of the "non-sugar sector" in the national agricultural economy and aims at self-sufficiency and enhancement of horticultural exports. It should be pointed out that further events which took place during the course of 2004 reconfirmed the need for Government to implement its plans of diversification. In July 2004, the European Commission had proposed to reduce, in an equivalent amount of 37%, the internal EU sugar price. Given the limited likelihood that Mauritius can compete on the basis of this new price, several actions have been initiated by the Mauritian Government to lobby with the EC Member States. This has been vividly pursued during the course of 2004. The success of this lobby will be known at a later time, which would be outside the period covered by this report. Alongside such lobby, Government also launched an Accelerated Sugar Action Plan, which would aim at meeting the exigencies of this new eventuality.

Past EU interventions have been anticipatory of the NSSSP initiative, as evidenced by the two EU financed projects, namely the "Northern Plains Irrigation Project: Phase II (NPIP)" (\leqslant 9 million) and "The Quality Management for the Mauritian Horticultural Sector" (\leqslant 0.6 million) set up under the 6th and 7th EDFs to support the Government of Mauritius in its endeavour towards agricultural diversification.

a) Results

The "Northern Plains Irrigation Project: Phase II (NPIP)" has to date improved the availability of water supply over 3,500 hectares in the northern plains of the island with the construction of the M1-Pipeline (100% EDF funds) and the A5 Pipeline (about 50% EDF funds). The overall impact, to date, has been to improve the income of small food crop growers by enabling them to use more cost-effective systems (such as drip irrigated crop production) and reap the benefits of higher yields. The long-term anticipated impact is that a significant area in the northern plains will be gradually diversified from sugarcane to vegetables and fruits, with a view to reducing imported food items and mitigating the possible negative impact of loss of revenue from sugar exports.

The "Quality Management for the Mauritian Horticultural Sector" Project has, to date, created a greater awareness amongst small planters island-wide of the importance for the production of high quality non-sugar agricultural products.

A critical message has been conveyed to planters through the NPIP Project: small non-sugarcane planters have understood that the "cultivation of their land" is a business like any other small enterprise. The 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.

b) Progress in Activities

The 6.ACP.MAS.049 "Quality Management for the Mauritian Horticultural Sector" Project has experienced considerable delays in implementation of its scheduled activities during the second semester of 2004 given (i) the departure of the long-term International Technical Assistant (as per contractual obligations), (ii) the resignation of the long-term National Technical Assistant and (iii) the Contracting Authority's (Apexhom) difficulties in assuming its project management role.

Under the Quality Management for the Mauritian Horticultural Sector Project, the activities are currently centered on (a) finalizing the National Code of Practice for good agricultural practices, which is based on the EUREPGAP methodology and (b) the training of planters by the technical assistant for the eventual practical implementation of the Code of Practice.

c) Degree of Integration of Cross-Cutting Themes

A special consideration was placed on women planters' needs by providing them with technical support, for instance in the fields of minimal processing and food preservation.

2) EDF 6 and 7: Protection of the environment and natural resources

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.

The Management of Natural and Agricultural Resources of Rodrigues Project (Euro 2,080,200)¹ aimed at protecting, restoring and improving the management of Rodrigues' natural resources and agriculture. The following results were achieved by early 1998: 49 ha of valleys developed and protected, 4.9 km of feeder roads constructed, 400 ha of land reforested forming the sylvopastoral areas, 60 ha of mangroves planted, 4 weirs constructed, a Geographical Information System installed and staff trained in its use. In 1999 it was decided to use the balances still available to rehabilitate the seed and potato storage facilities which had been constructed under the 4th EDF, and whose refrigeration equipment had been destroyed by a cyclone. The experiences of the programme were used in the formulation of the Anti-erosion Programme for Rodrigues, financed under the 8th EDF.

Technical Assistance to the Wastewater Management Authority (WMA) (Euro 600,000)² has been provided for four years to enable it to carry out effectively its mandate. The TA was instrumental in the development of one of the principal projects in the environmental sector – the expansion of St. Martin Wastewater Treatment Plant- and also the related project for the sewerage of densely populated low cost housing estates (CHA), both of which were funded under the 8th EDF. The TA contract ended in April 2002. 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 project of 750,000 €under 8th EDF has been funded and the new TA started in 2003 to continue EU support to WMA Management for capacity-building and to address operational issues in the sector.

4.1.2 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, improve the revenue base of the wastewater sector and provide adequate staff resources to operate and maintain the sewerage system and treatment works.

Moreover, under the 8th EDF, environmental protection was also directed towards the sustainable use of soil and water resources on the island of Rodrigues. The "Anti-Erosion Programme in

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¹ 7 ACP MAS 4

² 7 ACP MAS 36

<u>Rodrigues</u>" aims principally at erosion control, but also includes mitigation of the negative impacts of erosion, by focusing on the whole agricultural chain from production to marketing.

- Wastewater sector : St Martin Treatment Plant and Strengthening of the WMA

The <u>St Martin Sewage Treatment Plant Extension</u> project (Euro 16,700,000)³ 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.

Construction works in the Plant Extension had been completed at the end 2004 and full commissioning of the project shall be completed by 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 benefit from sewerage and disposal facilities.

Following the proclamation, on 30 August 2001, of the Wastewater Management Authority (WMA) Act 2000, the WMA has become a corporate autonomous body, legally entrusted with the following two instruments for the running of its operations: the "Convention de Maîtrise D'Ouvrage Déléguée For Wastewater Works" and the "Contrat de Délégation For Public Wastewater Management", which were signed on 31 August, 2001.

During 2003 the WMA continued implementing its organisation structure in line with the corporate plan.

Regarding the improvement in the revenue base of the sector, the two concerned organizations, WMA and the Central Water Authority (CWA) have initiated discussions on the legal, operational and financial aspects of the joint billing system, which has been operational as from January 2004. WMA has noted a considerable increase in rate of revenue collection.

Regarding the organization structure, WMA approved the establishment of 363 posts, out of which 290 has been filled at the end of 2004. The main constraints faced by WMA are: an organisation structure not fully operational, lack of qualified and experienced staff and poor condition of existing assets. The WMA is experiencing considerable difficulty in attracting suitable candidates. The GoM announced the recruitment of professional staff - engineers and project managers – on contract to reinforce the WMA capacity but this was not yet effective at the end of 2004.

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

Moreover, under the 8th EDF, environmental protection was also directed towards the sustainable use of soil and water resources on the island of Rodrigues. The "Anti-Erosion Programme in Rodrigues (AEP)" has ended since June 30th 2004 and has had a positive impact principally on the Island's agricultural sector, which is an important pillar to its developing economy.

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³ 8 ACP MAS 5

a) Results

A range of positive results has been obtained to date within the "Anti-Erosion Programme" in the areas of forestry, pasture management, terracing and water supply for agriculture in Rodrigues. Moreover, considerable progress has been made in the establishment of a Geographical Information System (GIS) for Rodrigues. In this respect, different land use tools have been developed (digital information about the land suitability; soil maps; infrastructure; water availability, etc.); civil servants have been trained; and different studies have been financed (vulnerability of the beaches; sedimentation processes in the lagoon, etc.). Hence, it is believed that all the necessary tools have been provided to the Rodrigues' authorities to define an integrated management of the island.

b) Progress in activities

The European Union shall not intervene in a new phase of the Anti-Erosion Programme. However, under the 9th European Development Fund, there is a forthcoming Decentralized Cooperation Programme (DCP) for the Republic of Mauritius, including 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

In view of the challenges facing the industrial sector following the phasing out of trade preferences and the dismantling of the Multi-Fibre Agreement in January 2005, Government decided to give priority to the industrial sector and the vision of Government is certainly commendable. Efforts were made, with resources of the 8th EDF, not only to reinforce existing capacity of industries but more importantly, to provide facilities to these industries to gear themselves up for the forthcoming challenges. The Clothing Technology Center (8.ACP MAS.6), for instance, aims at that. This project is certainly a success story and the proposed opening up of the Centre to the region is a clear indication that objectives are being met. The authorities are also both conscious and keen to make the project sustainable. The trust that the industry has for this project is a main factor in ensuring its sustainability.

The Training Programme for the Port community has also achieved expert knowledge and skills dissemination, relating to best practice in Port and Shipping Administration, among members of the port community at large. This has essentially been effected through short-term courses prepared and delivered by the long term international Technical Assistance. The port operators are thereon 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.

Unfortunately, other projects did not meet the same success. The Support to SME's (MAS.10), for example, did not meet its objectives because of management problems and because the financial component as set out in its financing agreement (FA) could not be implemented due to delays encountered in the setting up of the institutions, and the drafting and legal validation of the

operations framework with respect to the end date of the project on 31/03/2004. Similarly, the project aimed at enhancing the competitiveness of the Freeport sector (MAS.4) was not implemented because there was a clear departure from the set objectives.

Another project has been the <u>Technology Development in Private Firms</u> project (Euro 2,900,000)⁴, funded under the 7th EDF CBI/TIS scheme, is 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.

During the year 2004, major efforts were made to close the project despite these problems. The efforts put in by Government is highly commendable especially in the case of certain work programmes and in the case of the international technical assistance contract, where Government agreed to take on board any payments that may be requested at later dates (a court case was filed by one enterprise and by December 2004) no hearing was given yet. An agreement was reached between the Delegation and Government to the effect that the project these commitments would be closed(insofar as the EDF resources are concerned) even if there may be a possibility in the near future for the enterprise to seek for further compensation following the court hearing. Should that be the case, Government would bear these expenses from its own 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 and "The Clothing Technology Centre" project (8.MAS.6) ended in December 2003.

Moreover, 8.MAS.10 ended in March 2004. The reliquat from this project were directed to the Decentralised Cooperation Programme, following the MTR 2004, to include a component geared at improving the business environment of SME's so that they are in a better position to face the challenges, and through this survival, prevent job losses and hence help in the fight against poverty.

c) Degree of integration of cross-cutting themes

A large number of enterprises in Mauritius and Rodrigues, in particular the SMEs, are headed by women. Furthermore, the larger firms offer important job opportunities to women. Supporting the survival and competitiveness of these industries is tantamount to creating job prospects for women, especially those at the lower scales of the ladder. This has led to a considerable improvement in the general standard of living, in particular for the lowest income households.

The CTC has had a de facto social mandate. On the one hand, its facilities generate extensive economies of scale to the SMEs in the apparel sector, without these enterprises having to invest in high-tech state-of-the-art equipment and machinery (e.g. computerized design and laboratory equipments for material testing). On the other hand, it has evolved as a specialist institution mobilizing training courses for SMEs to keep them abreast of latest international trends and quality as well as environmental requirements in apparel production.

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⁴ 7 ACP RPR 672

The CTC has also collaborated with on-going poverty alleviation initiatives, such as the EU-financed "A NOU DIBOUTE ENSAM" Project, to develop human capacities and incomegeneration capabilities among the more vulnerable groups, principally for those women laid off following the closures of textile companies.

4.1.3 9th EDF: Environment – Water/Wastewater Sector

a) 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 will be funding components of the 1994 National Sewerage Master Plan (NSMP).

The following specific objectives shall be pursued for the focal sector of environment:

- improvement of the living standards of the populations affected
- preservation of the natural resource base
- sustainable water management.

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.

b) Progress in activities

The SPSP will operate 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 . A Donors' Ministerial Meeting has been set up to follow on the progress of the fulfillment of these conditionalities. In this respect, a memorandum of understanding was signed by the main donors in the wastewater sector in March 2004 in view of joint monitoring and exchange of information for that sector. In November 2004, the first Joint donor's meeting noted several points which are:

- An under-investment for the sector with only 63% of the target set for capital expenditure for the budget year 2003-2004. Similarly, capital expenditure targets presented by WMA for 2004-2005 have remained below:
- Restructuring process of WMA needs to be completed
 - o Supervision by the WMA needs to be strengthened
 - o Procurement processes in WMA must be reviewed
 - o Preparation of new national procurement system has been slow
- The full development of the MTEF before the budget session 2005-2006
- Government to submit on a regular basis a comprehensive independent audit for the sector

In view of the above, a decision on the disbursement of the second tranche is to be taken by EU Headquarters on the basis of the request by Government.

c) Degree of integration of cross-cutting themes

The Government has recognised that it cannot ignore the environmental problems linked to economic growth, which adversely affect social welfare and future economic development.

Such environmental problems include wastewater disposal, a sector that had been badly neglected until the mid-1990s, resulting in a small percentage of the population having access to adequate wastewater/sewerage disposal systems. Subsequently, the 9th EDF SPSP in the wastewater sector include the improvement for population at large in their access to water and wastewater disposal as one of the main indicators...

4.2 Projects and programmes outside focal sectors

4.2.1. Road Infrastructure and Human Resources - 7th EDF

The non-focal sectors of the 7^{th} EDF were road infrastructure and human resources. All operations are completed and the following results may be noted.

4.2.1.1 Road Infrastructure

<u>Phoenix-Nouvelle France Rad Construction</u> project (Euro 4,000,000)⁵ 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.

4.2.2.2 Human resources

<u>Support to the Mauritius Institute of Public Management</u> (MIPAM) project (Euro 725 000)⁶ 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)⁷, 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.

<u>Training of Police Cadre</u> project (Euro 1,000,000 under two separate financing agreements under 7th EDF)⁸ 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)⁹ 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.

4.2.2.3 Other projects

<u>Support to the national AIDS Programme</u> (Euro 423,000)¹⁰ 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 (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 <u>Rehabilitation of the Mahebourg Market</u> (Euro 2,000,000)¹¹. The reconstruction of the 150 years old market extends the market, provides a greater number and more modern stalls for the vendors and

⁶ 7 ACP MAS 16

⁵ 7 ACP MAS 46

⁷ 7 ACP MAS 23

⁸ 7 ACP MAS 42 and 7 ACP MAS 54

⁹ 6 ACP MAS 39 + 7 ACP MAS 41

¹⁰ 7 ACP MAS 19

¹¹ 7 ACP MAS 50 + 7 ACP MAS 51

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 <u>Micro-projects Programme</u> (Euro 1,000,000)¹² 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.

4.2.2 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.

4.2.2.1 Poverty Alleviation

The <u>Micro-projects programme (MPP)</u> known as "A Nou Diboute Ensam" (Euro 3,665,000) aimed at alleviating poverty via the financing of micro-realisations. 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), vocational training and education (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.

4.2.2.2 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)¹³ 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)¹⁴ 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

¹² 7 ACP MAS 37

¹³ 7 ACP MAS 43

¹⁴ 8 ACP MAS 11

consultant has also highlighted essential issues which would require a particular attention to ensure the sustainability of the project.

4.3 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 proposal was submitted to the Head Quarters in August 2004.

4.4 Utilisation of B envelope

As per the CSP, a total envelope of ≤ 1.6 m is earmarked for the B Envelope. Following the MTR of 2004, the envelope was revised downwards to ≤ 1.1 m, in favour of the Peace Facility 1. The Peace Facility has mobilized Euro 0.5 m from this envelope, leaving a balance of Euro 0.55m as at end 2004.

€499,000 of this 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. 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.

Supplies and works calls for tenders were launched respectively in February and April 2004. A work programme was also set up to cover the period up to December 2004. because of delays in the tendering exercise, the contracts could be awarded only in December 2004. This has warranted an extention to the period of the work programme up to June 2005.

4.5 Other instruments

4.5.1 European Investment Bank

Under Lomé IV bis EIB has approved a total of €85 million, nearly entirely on the Bank's own resources. Financing under the Cotonou Agreement has started swiftly from August 2003 on and added up to €26.2m as at the end of 2004. A detailed schedule of all

EIB supported projects in Mauritius, which have not yet been fully repaid, can be found in annex 4: as at end of 2004 commitments total €196.3m of which €176.1m on the Bank's own resources.

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).

Noteworthy projects in the private sector are the Central Thermique de Belle Vue coal / bagasse power station, Mauritius' first large IPP project (EIB funding of € 10m), as well as the hotel development in the Bel Ombre area, the poorest part of the island; EIB supported the construction of a high standard hotel in this area with € 12.2m, 50% of which was from the Investment Facility, the newly created revolving fund set up under the Cotonou Agreement.

As can be seen from the table in annex 4 important amounts of funding (€ 84.4m) for public sector projects remain undisbursed. This can be attributed to considerable delays - notably in their procurement processes - in many of these projects. EIB's activity in Mauritius during 2004 thus continued to a significant extent to be absorbed by the implementation problems of the existing portfolio with its large scale public sector infrastructure projects.

In 2004 two projects were appraised of which however only the extension of the Mauritius Container Terminal was finally concluded and signed.

In line with the country's continued favourable economic development, prospects for new projects in Mauritius remain good; a major new operation with the private sector has been identified still in 2004 and is expected to be appraised and finalised in the first half of 2005.

4.5.2. 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 ongoing 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.

4.5.3 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).

4.5.4 Sugar Protocol

Since 1975, Mauritius has been granted preferential access to the European market under the Sugar Protocol of the Lomé Convention. The quota amounts to 491,000 tons (excl. special sugar) of raw sugar per year. However, the necessity to reform the common agricultural policy (CAP), and in particular the reform of the common sugar market will probably result in a review of the Sugar Protocol. The European Commission has proposed three scenarios to reform the common sugar market, by simulating the probable effects on ACP countries' economies.

The Mauritian Government has launched in 2001 the Sugar Strategic Plan 2001-2005, with the participation of all the actors of the sugar industry. The strategic plan was based on two aspects: restructuring and rationalising the sugar industry and reducing the production costs. Indeed, the major problem of Mauritius' sugar cane industry is the very high sugar production costs compared to large sugar producing countries such as Brazil. The strategic plan is also based on the improved accessibility to facilities, such as free de-rocking of the farmers' fields, and access to irrigation, which could double the productivity in comparison with rain-fed sugar cane (see Northern Plains Irrigation Project).

Following the proposal of EC to reduce the internal EU sugar price by a quantum which is equivalent to a 37% reduction in the export price of ACP raw sugar exports, an important lobbying activity was initiated by the Mauritian Government with several Member States of the Commission during the course of 2004. to maintain the Sugar Protocol in its current form, by defending their vulnerability as small economy.

The following table gives key data on sugar. Sugar production reached 572,200 tonnes in 2004 compared to 537,155 tonnes in 2003. In 2004, sugar constituted 3.2% of GDP similar to the previous year. Employment however continued to fall as a result of the implementation of the Voluntary Retirement Scheme, linked to the centralization of sugar industries.

Main indicators in the sugar sector

Indicators		2001	2002	2003	2004
Real growth	%	9.9	-25.0	3.1	6.5
GDP	Rs million	4,646	3,914	4,370	4,831
Sugar	tonnes	645,597	520,887	537,155	572,200
production					
Sugar as % of	%	5.1	4.1	4.2	4.2
GDP at basic					
prices					
Sugar as % of	%	6.4	5.0	4.5	3.9
total employ-					
ment					

Source: Central Statistical Office

4.5.5 Fisheries

Since December 2003, a new, fifth, Fisheries Protocol between the Republic of Mauritius and the EC has been under application during the year 2004.

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, $\leq 75/T$ will be paid to the Republic of Mauritius instead of $\leq 50/T$ previously.

Revenue generated from EU calling vessels in the port sector stood at approximately €6 million. The activity generates 100 direct employment for transhipment and an additional 500 indirect employment in respected of services in the port area.

In addition to the above employment creation, the procurement of fish for canning provided for 2,100 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 feasability study for the VMS has been finalised during the year and the Ministry of Fisheries was starting to put in place the System by the end of 2004). This VMS (already in place in Madagascar and Seychelles) will soon be complemented, at the regional level, by activities scheduled under the new Regional "Fisheries Monitoring Control and Surveillance Programme" (≤ 3.5 million from the 9th EDF); the Project Management Unit of this Programme will be based in Mauritius as from early 2005.

Complementary financing interventions in the tuna fisheries sector in the region, for instance the recently approved \in 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.

Since the end of 2003, the Government of Mauritius, in close collaboration with the private sector, has set up a new initiative to develop the Port-Louis harbour as a regional Sea Food Hub, with the objective of diversifying its current economic base. The Commission will support this new initiative by:

- Mobilising the "All ACP S.F.P. project" on sanitary issues (intervention postponed to 2005 due to difficulties encountered by the PMU based in Brussels)
- Organising, through the CDE, an international meeting in Mauritius to promote the sea food hub (postponed to mid-2005)

Nonetheless, despite these positive developments, at the end of 2004, a serious problem of false veterinary and EUR1 certificates was denounced and the Mauritian government has reacted swiftly and has provided assurances to solve this problem. It is of paramount importance that Mauritius ensures the maximum transparency as regards fish transhipments and the monitoring of certificates.

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 2004. 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.

5. Programming perspectives for the following years

The Country Strategy Paper (CSP) for Mauritius, as signed in February 2002, provides for around 85% of funds directed to the environment (wastewater sector), which has been designated as the focal sector. The remaining funds have been earmarked for decentralized cooperation with the final objective of poverty alleviation.

During the course of 2003, there was already a Commission Financing Decision to the tune of EURO 29.8 million, absorbing 85% of the 9th EDF A-allocation and some reliquats from 8th EDF, for a Sector Policy Support Programme (SPSP) in the wastewater sector, to be implemented via budgetary aid. The Financing Agreement was signed in by the Mauritian Government, allowing for three tranches of disbursements corresponding to three budgetary financial exercises. By the end of 2004, one tranche has been disbursed to the amount of €8 (June 2004). The disbursement of the second tranche is scheduled in the FA for February 2005, subject to the fulfillment of a number of conditionalities. Whilst the efforts made by Government was appreciated, the Donors present at the Joint Donors Review Meeting which met in November 2004 expressed some concerns at the slow pace at which some conditionalities are being fulfilled and requested Government to take actions to accelerate implementation of these components.

Following the mid-term review which was undertaken in 2004, and as a result of the country's needs and performance, it was agreed that a top-up of ≤ 10 m be allocated to the focal sector thereby increasing the total allocation to ≤ 48.7 m¹⁵, by way of a fourth tranche. This top-up at the same time has the added dimension of bridging funding requirements for the sector until availability of funds in the subsequent EDF (post 9th EDF).

As regards the non-focal sector, there have been discussions initiated by the Government on the opportunity of a second focal sector to better address the needs of the SMEs under heavy stress arising from a difficult textile environment and their low levels of skills and technology. It was however agreed that these actors, who are also NSAs in the Cotonou context, may benefit from the Decentralised Cooperation Programme, for achieving the same purpose of higher competitiveness, and better skills. The EU and Government agreed that due attention would be given to the formulation of the Decentralised Cooperation Programme to adequately cover the issues.

The project was instructed during the course of 2004 with several meetings with all stakeholders. The financing proposal was submitted to Brussels in August 2004. It is expected that the project would be approved by the EDF Committee of April 2005 so that the project would be operational during the second semester of the year 2005.

¹⁵ To note that by end of 2003, the sector had already benefited from some €5.7 m from reliquats of past EDFs.

A Technical Cooperation Facility (TCF) in the amount of €500,000 has also been put in place during the course of year 2004 to allow quick mobilization of funds to recruit short-term experts for ad hoc studies.

In line with guidelines received from Brussels on the need to close old commitments, the efforts put in place by Government is commendable. It is to be pointed out that during the course of 2004, a number of projects have been closed, thereby liberating unused resources. The timing of such an exercise is of critical importance because a decision could be taken on the re-use of these resources for the country during the 2006 ETR.

Officially, work on the preparation for the next programming cycle has not started as at end 2004. It is expected that the country team meeting of early 2005 in connection with the finalization of JAR 2003, would set the thinking in process. Notwithstanding the areas that would be prioritized, due attention would be taken to involve all stakeholders, including the NSAs in the thinking process.

According to the French Embassy in Mauritius, in the next programming round it is important to consider the pertinence of services-oriented activities, which would be in line with the country's future development perspectives.

In addition, the economy should be supported to better integrate itself in the global market.

6. Dialogue in country with the NAO and NSAs and Donor Co-ordination

6.1 Dialogue in country with the NAO and NSAs

The level of cooperation and dialogue between the Delegation (the Commission) and the NAO (Government) has remained very good. In Mauritius, the private sector as well as other non-state actors are increasingly being recognized as equal partners to the economic and social development and consequently, these NSAs have always necessarily been involved in practically all thinking processes involving utilization of EDF resources, including during the MRT process. In the formulation of the decentralized cooperation programme 6 meetings with NSAs were held during the year, including two in Rodrigues.

6.2 Donor Coordination

In the context of the budgetary support that Mauritius benefits from under the focal sector, one of the requirements is effective coordination among donors in the sector. Donors include the European Commission, the European Investment Bank, the World Bank, the Indian Government, the Chinese Government, Agence Francaise de Developpement, the Kuwait Fund, the African Development Bank and the Arab Bank for Economic Development. Through an MoU signed in March 2004, donors undertook to ensure that there is continuous monitoring of progress in the sanitation sector. A Donors' Ministerial Meeting was held in November 2004; the Delegation being the major donor on site is assisting Government in the coordination with donors. The Delegation is maintaining close contact with all donors, including UNDP, to ensure coherence and effective cooperation of development programmes.

7. Conclusions

The draft JAR 2004 was discussed in the Country Team Meeting on 28th April 2005. Based on the comments/observations as per the Minutes of the Country Team Meeting, the Conclusions and main text of the JAR 2004 were revised. The EDF Committee gave its positive opinion on 4/11/2005, without any comments. All parties involved being agreeable to the changes, and considering a number of concurrent issues both on NAO and Delegation sides, the holding of a subsequent in-country review meeting was considered not essential to the purpose of the review. Therefore, with the finalization of the Conclusions and the main text of the JAR 2004 on the basis of the Minutes of the Country Team Meeting of April 2005, the operational review process for the JAR 2004 is considered completed.

The year 2004 was a normal year with no major changes on the political front. The local elections which were originally scheduled to be held in June 2004 did not take place but have been postponed awaiting the conclusions of a Special Committee set up to examine a reform in the system. As at end 2004, no date had been officially communicated on the possible timing of the elections.

On the economic front, the challenges of sustaining economic growth against the backdrop of a rapidly changing world economic environment was the major preoccupation of Government. To cope with this situation, new policies, legal and institutional reforms are being introduced. In parallel, adequate policies are being sought to sustain the level of human development the Government has committed itself to, including the challenge of growing structural unemployment and improved productivity as well as the reduction in the growing pockets of poverty. Major policy reforms with wide implications for the future development of Mauritius include the Education Sector Reform which Government has undertaken without external assistance.

Another major reform is that of the sugar sector, whose implementation Government has now accelerated following the proposal of the European Commission, in July 2004 to reduce the internal EU sugar price (a 37% reduction in the export price of ACP raw sugar exports). In this respect, Government has initiated two actions, namely (i) the intensification of lobbying activities to sensitise the 25 Member States of the enlarged European Union of the negative impact of this price reduction, and (ii) the preparation of an Accelerated Sugar Action Plan in an attempt to respond to the exigencies of this new eventuality.

Sugar production reached 572,200 tonnes in 2004 compared to 537,155 tonnes in 2003. In 2004, sugar constituted 3.2% of GDP similar to the previous year. Employment however continued to fall as a result of the implementation of the Voluntary Retirement Scheme, linked to the centralization of sugar industries.

Main indicators in the sugar sector

Indicators		2001	2002	2003	2004
Real growth	%	9.9	-25.0	3.1	6.5
GDP	Rs million	4,646	3,914	4,370	4,831
Sugar production	tonnes	645,597	520,887	537,155	572,200
Sugar as % of GDP at basic prices	%	5.1	4.1	4.2	4.2
Sugar as % of total employ-ment	%	6.4	5.0	4.5	3.9

Source: Central Statistical Office

In its policy statement through the budget, the Mauritian Government acknowledges the dramatic situation created by erosion of trade preferences and fierce international competition. While weaknesses underlying the sector have been singled out and new approaches have been designed to restructure enterprises, vertical integration has been promoted in textiles and multi-skilling encouraged. The Government is very much aware that the future of the sector will, however, depend significantly on future developments in WTO negotiations, ACP-EU Economic Partnership Agreements, and the US African Growth and Opportunity Act (AGOA).

In 2004, the trade deficit, including Freeport operations approximated Rs 14.3 billion. The EU, Mauritius' main trading partner, purchased around 67% of the country's exports. The United Kingdom remained the main buyer with 33% of total exports, followed by France (17%). USA on the otherhand accounted for 15% of total exports. The other major markets were Malagasy Republic (5%), Italy (4%) and Germany (2%). As regards imports, 47% came from Asia during the course of 2004, namely from India and China. To note that Mauritius also imported from a number of European countries, namely France (9%), United Kingdom (9%) and Germany (4%).

Total exports to ACP states were valued at Rs 4,861 million against an imports value of Rs 11,358 million.

A true believer in the merits of regionalization, Mauritius belongs to a number of regional blocks, namely SADC, COMESA, IOR-ARC and the IOC. The following table summarises the trade situation with these different blocks.

Regional block	Exports (Rs billion)	Imports (Rs billion)
SADC	1.5	9.7
COMESA	3.6	2.35
IOR-ARC	5.1	22.4

Statistics show that Mauritius trade with both SADC and the IOR-ARC bloc have been buoyant, during the course of 2004. Increases have been noted in both imports and exports figures as compared to the year 2003. A major reason is the considerable increase in imports from South Africa (which represented 88% of total imports) and from Mozambique. During 2004, Mauritius exports to Mozambique also went up from Rs 49 million to Rs 303 million. Trade with Tanzania also witnessed a similar increase from Rs 64 million to Rs 161 million. Increases at the IOR-ARC level are accounted for by the impressive augmentation in both exports and imports to a number of Asian countries, in particular India, Indonesia, Malaysia and Singapore.

Economic figures for the year 2004 show that there has been an accentuation in the level of unemployment, as a result of the closure of textiles industries as well as the restructuring of the sugar sector. In effect, it is estimated that by June 2004, employment declined by 9,601 from 77,623 in 2003 to 68,022 in the EPZ sector alone. The closure of enterprises, which was a direct result of the erosion of trade preferences and intensified competition from low-cost countries, also impacted on the growth rate of the EPZ sector which itself reflected into a lower GDP growth rate for 2004 (from 4.6% in 2003 to 4.2%). The creation of new jobs will remain Government's top priority for the coming year. The following table summarises the main indicators for the EPZ sector.

Main indicators in EPZ sector

Indicators		2001	2002	2003	2004
Real Growth	%	4.4	-6.0	-6.0	-5.0
Exports (f.o.b)	Rs million	33,695	32,683	31,444	32,370
Exports	%	8.8	-0.6	6.0	2.9
GrowthExports					
(nominal terms)					

Imports (c.i.f)	Rs million	17,140	16,909	15,579	17,210
Net exports	Rs million	16,155	15,774	15,865	15,160
Investment	Rs million	1,758	1,475	1,400	2,090
No. of enterprises	No.	522	506	506	501
- New		23	9	23	20
- Closures		19	25	23	25
Employment	No.	87,607	87,204	77,623	68,022
(growth rate)	%	-3.4	-1.5	-11.0	-12.4

Source: Central Statistical Office

Although confronted with several difficulties, namely high oil prices, fall in sugar exports, increased unemployment of unskilled workers, macroeconomic results remained relatively good, with a GDP growth rate estimated at 4.2%.

The overall budget deficit in 2003-04 stood at Rs 9,157 million in nominal terms, representing 5.6 per cent of GDP. This corresponds to a marked decline from the 6.2 per cent in 2002-03. The deficit was financed solely from domestic sources. Financing from the non-bank sector as well as financing from external sources were negative. Total public debt fell by Rs 2,060 million, from Rs 95,487 million at the end of June 2003 to Rs93,427 million at the end of June 2004, representing a decrease of 2.2 per cent, as against an increase of 25.8 per cent in 2002-03. This reflected declines of 1.6 per cent and 7.2 per cent in internal and external public debt, respectively. As a percentage of GDP at market prices, total public debt fell from 64.0 per cent at the end of June 2003 to 56.7 per cent at the end of June 2004. The debt service ratio of the country fell from 8.2 per cent in 2002-03 to 6.4 per cent in 2003-04

Consumer prices fell from 5.1 per cent in 2002-03 to 3.9 per cent in 2003-04. Budget deficit as a proportion of GDP fell from 6.2 per cent in 2002-03 to 5.6 per cent in 2003-04, and is expected to be further lowered in 2004-2005. On the external front, the current account of the balance of payments recorded a surplus for the fourth year running, with the surpluses on the services and current transfers accounts more than offsetting the deficits on the merchandise and income accounts. A significant rise in the level of net international reserves was also recorded. Net credit to Government from the central bank expanded significantly.

In order to maintain its competitive edge, Mauritius needs to address the rising cost of social obligations, structural unemployment, the ageing population issue, environmental pressure resulting from conflicting demand for land use, the need for improved productivity and product quality, and the need for increased investment in education and training.

On the socio-economic front, Mauritius continued to make progress on its Human Development Index (HDI), by moving from 0.779 in 2001 to 0.785 in 2002. It is also noteworthy that 4 of the 8 MDGs have been achieved: 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. There has also been continual improvement in areas like population access to water which rose from 95.6% to reach 99.6% in 2004. Under-five infant mortality rate has fallen from 23.1 per thousand in 1990 to 16.0 in 2003. 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.

Government has revitalized the Trust Fund for the Social Integration of Vulnerable Groups, and prepared a National Poverty Alleviation Action Plan, with technical input from UN Agencies, and the National Strategic HIV/AIDS Action Plan, formulated with UN technical and financial support in 2001. 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. 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.

Particular attention was given to the development of Rodrigues during 2004. With a population which is considered as the poorest of the Republic, this autonomous district benefited from the preparation of a separate MDG report covering exclusively the island. The formulation of the decentralized cooperation programme under the 9th EDF was undertaken after extensive consultations with stakeholders locally so as to ensure that project activities meet the real needs of its vulnerable groups.

The Country Strategy Paper (CSP) for Mauritius, as signed in February 2002, provides for around 85% of funds directed to the environment (wastewater sector) as the focal sector. The remaining funds have been earmarked for decentralized cooperation with the final objective of poverty alleviation. During the course of 2003, there was already a Commission Financing Decision to the tune of EURO 29.8 million, absorbing 85% of the 9th EDF A-allocation and some reliquats from 8th EDF, for a Sector Policy Support Programme (SPSP) in the wastewater sector, to be implemented via budgetary aid. The Financing Agreement was signed in by the Mauritian Government, allowing for three tranches of disbursements corresponding to three budgetary financial exercises. By the end of 2004, one initial tranche of €8 m has been disbursed. Despite a continued commitment by the GoM to the wastewater sector as a priority to ensure that the National Sewerage plan is implemented as foreseen, several difficulties were faced in the implementation of the Sector Policy Support Programme, in particular with respect to the level of spending foreseen as low scenario in the National Sewerage Plan (+- 6 months delay) and slow progress in the procurement reform process. A detailed analysis of the wastewater sector revealed that the progress achieved in 2004 with respect to the performance indicators given in the Financing Agreement of the WSPSP was mitigate but overall positive. Further discussions with the GoM are therefore necessary to plan how to achieve the agreed indicators or possibly to review them and fix new targets.

Following the mid-term review which was undertaken in 2004, and as a result of the country's solid performance, it was agreed that a top-up of ≤ 10 m be allocated to the focal sector thereby increasing the total allocation to Mauritius to ≤ 48.7 m¹⁶. The top-up are intended to support the extension of the WSPSP. During the MTR held in 2004, an extension of the programme by one year was also agreed.

As regards the non-focal sector, at some point, there have been discussions initiated by the Government on the opportunity of a second focal sector to better address the needs of the SMEs under heavy stress arising from a difficult textile environment and their low levels of skills and technology. It was however agreed that these actors, who are also NSAs in the Cotonou context, may benefit from the Decentralised Cooperation Programme, for achieving the same purpose of higher competitiveness, and better skills. The EU and Government agreed that due attention would be given to the formulation of the Decentralised Cooperation Programme to adequately cover the issues.

The financing proposal was submitted to Brussels in August 2004 but further revised in October 2004. It is expected that the project would be approved by the EDF Committee of April 2005 so that the project would be operational during the second semester of the year 2005.

A Technical Cooperation Facility (TCF) of €500,000 has also been put in place during the course of year 2004 to allow quick mobilization of funds to recruit short-term experts for ad hoc studies and evaluations.

With the recognition of Non-State Actors, including the private sector, as equal partner in the economic and social development of the country, Government has made serious efforts to consult NSAs during identification and formulation of all EU-funded projects. In the case of the Decentralised Cooperation Programme, 6 meetings were held with them, including 2 in Rodrigues.

To note that by end of 2003, the sector had already benefited from some €5.7 m from reliquats of past EDFs.

The priorities for the coming year for the focal sector will be the signature of the Addendum for the € 10 m extension and the launching of the new technical assistance. Government and donors will also agree to the new sector policy letter which may require the revisions of targets and indicators. To note that in view of the delays in meeting the conditions set out in the Financing Agreement of the Sector Policy Support Programme, the November 2004 donors' meeting called upon the Government to review the procurement system in order to remove any bottlenecks and accelerate tender evaluation.

With the last global commitment of ≤ 13.5 m for the DCP, Mauritius will have engaged the entire 9^{th} EDF allocation before the end of term review due in 2006. It is expected that 100% of available funds should be committed by early 2006 at the latest.

COOPERATION European Union - Republic of Mauritius

JOINT ANNUAL REPORT

2004

ANNEXES

Cooperation European Union – Republic of Mauritius

Joint Annual Report 2004

9th EDF Intervention Framework (focal sector)

Overall objective	Outcome indicators	Sources of Verification	Assumptions
Sustainable balance between economic objectives, the rational management of the environment and the enhancement of natural and human resources (National Sewerage Plan)	National Sewerage Plan will be implemented as indicated	Quarterly follow-up of project planning	The update of Masterplan study by 2005
EC support is to contribute to sustainable development	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	
preserving the fragile environment and public health	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
via a Wastewater Sector Policy	 Adjustment of tariffs according to affordability criteria 	Sector policy Letter (SPL) with necessary amendments	Amendment of SPL will be accepted
Support Programme (SPSP)	Financial sustainability of WWMA reached by 2005	Yearly balance sheets of WWMA National Budget	
	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
	 Improvement of public health situation in Mauritius (statistics on sanitation-related disease occurrence) 	Central Statistical office and general health statistics	
	Improved water quality : groundwater and lagoon and coastal waters	Water quality tests – Pollution Control Unit	
	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	Baseline Data	Target				
indicators for the Wastewater Sector	2003	2003 /04	2004 /05	2005 /06	Weight	Notes
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 reconducted.
- 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)

Intervention Objective

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.

The objective is thus the improvement of living standards of populations affected including preservation of the natural resource base and sustainable water resource management

Specific Indicators

- 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
- 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

Sources

Works progress in sewer collection system and house connections programme – WWMA

Works progress in capital projects – WWMA

Works progress in capital project and signing of industrial agreements with industrial holdings — WWMA

Water Resource Unit – MPU, WWMA, Ministry of Environment Ministry of Public Utilities

Assumptions

Capital projects will be executed as scheduled

Execution of projects as scheduled

Final adaptation and enforcement of standards

Institutional set-up ready in 2001

RF	SULTS	Specific indicators	Sources	Assumptions
env (up 20 ade	e infrastructure needed to protect the vironment and public health expanded to 50% of the population connected in 10) and the WMA is strengthened, with equate legal status, human resources d tariff structure			
1.	Disposal and treatment of wastewater sector in main urban areas are improved	House connections increasing from 50,100 in 2002/03 to 66,200 in 2005/06 Systematic reduction in numbers of sceptic tanks and absorption pits in urban and industrial areas Length of new sewers improved	Central Statistical Office Customer data base – WWMA	The trunk sewer (TS) is regularly maintained The reticulation system is maintained regularly
2.	Collection/treatment of wastewater for coastal touristic areas is improved	Increase in number of hotel connections to sewer network Pollution levels in the lagoon improve	Pollution Control Unit (PCU) Water Resources Unit, MOE	Revenue is collected from domestic and industrial connections and there is Improved revenue collection from domestic, commercial and industrial clients
3.	Discharge of industrial effluents done in proper way	Water quality improved and Water quality control is instituted for re-utilisation (e.g. for irrigation)		

European Union - Republic of Mauritius JOINT ANNUAL REPORT 2004 9th EDF Activity Pipeline Chronogramme (updated on basis of table in CSP)

Activity	Amount	Identification	Appraisal	Financing Decision
	A-Envelop	ре		
9th EDF non-focal sector Decentralised cooperation programme	€13,5m being €5 million from EDF 9 A-allocation and + €8,5 m reliquats and decommitments	2004/3	2004/8	2005/4
Technical Cooperation Facility	€500.000	2004/3	2004/8	2004/10?
	B-Envelop	ре		
Post-Kalunde Rehabilitation Programme for Rodrigues	499.000	2003/3	2003/3	2003/8

200x/y refers to the year and the

month

Identification: equivalent to date of submission of Project Identification Fiche

Appraisal - Financing Proposal submitted to HQ

Financing Decision - EDF Committee



EDF FORECASTS 2005 - 2006: PAYMENTS, DECOMMITMENTS. & EXTENSIONS on ONGOING PROJECTS.

(amounts in €)

1999	_		MAURITIUS										****									amounts in €)		
EUROPE							SITUA	TION END 2	004	FOREC	AST DECOM	MITMENTS	2005		FORE	CASTS on F	PAYMENTS	2005		FORECA	ST PAYMEN	ITS 2006		
CO-OPERATION (OFFICE										ESTIMA	TION of RISK FA	ACTOR				ESTIM	ATION of RISK FAC	TOR					
YEAR		0	TITLE GLOBAL COMMITMENT	END		EVTENO	GLOBAL	INDIV.	RAC	DECOMMIT. on													۸	
of A0	CCOUNTING	N°	THEE GEODILE COMMITMENT	END date of		EXTENS° REQUEST	COMMIT. AMOUNT	PAYMENTS PAYMENTS	10.0	GLOBAL	Low	Medium	High										î	
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		IT.			101		COMMIT.	COMMIT.						^	ь	A · B		L+M+H = A+B		·	, D	0.0	M	
	TOT	AL ON	ONGOING GLOBAL COMMITMENTS				75 503 500	71 433 189	4 070 311	643 760	458 564	89 624	95 572											
	TOTAL	L ON O	NGOING INDIVIDUAL COMMITMENTS				44 516 147	20 786 885	23 729 262	1 994 525	1 182 195	48 959	763 371	10 511 814	450 000	10 961 814	621 393	6 988 645	3 351 776	8 670 245	0	8 670 245		
			ECO APPUI CENTRE																					
1995 7A	CP MAS23		RESSOURCES HUMAINES A			N	660 000	647 597	12 403	12 403	0	12 403				0						0	OK	Forecast amount decommitted on Global Commitment = 48,516 €.
			RODRIGUES.																					10,0 10 1.
1995 7A	CP MAS23		ECO DP 4 : 01/04/2001- 30/11/2002	20021130	4		202 100	165 987	36 113	36 113	0	36 113	0			0						0	OK	
7A	CP MAS23		ndividual Commitment				202 100	165 987	36 113							0						0	ОК	
1996 7A	CP MAS32	()	DRU NOTHERN PLAINS	20041231		N	9 000 000	8 922 779	77 221	77 221	0	77 221	0			0						0	ок	Forecast amount decommitted on Global Commitment
		-	IRRIGATION																					= 200,981 €.
1996 7A	CP MAS32	9	DRU VAKAKIS INTERNATIONAL	20041231	7		850 000	700 355	149 645	0	0	0	0	149 645	0	149 645	75 000	74 645	0			0	OK	
			DRU WORK PROGRAMME 1																					
1996 7A	CP MAS32		(01.05.03-31.03.04 : 9.728.000	20040229	7		320 000	243 239	76 761	76 761	76 761	0	0	0	0	0						0	OK	
			MUR) DRU WORK PROGRAMME 2																					
1996 7A	CP MAS32		(APRIL 04-31.12.04 : 15.642.165	20041231	7		504 000	235 932	268 068	47 000	47 000	0	0	221 000	0	221 000	171 000	50 000	0			0	ОК	
			MUR)																					
1996 7A	CP MAS32	1 12 1	DRU EVALUATION CONTRACT -	20041220	2		49 990	29 994	19 996	0	0	0	0	19 996	0	19 996	19 996	0 0	0			0	ок	
7Δ	CP MAS32	_	EURATA ndividual Commitment				1 723 990	1 209 520	514 470							n						0	ОК	
	CP MAS51	0	INF MAHEBOURG MARKET	20030831		N	1 850 000	1 530 209	319 791	319 791	319 791	0	^			0						0	ок	
1998 7A	ACP IVIASSI		RECONSTRUCTION	20030031		IN	1 050 000	1 530 209	319791	319 /91	319791	U	0			U						U	UK	
1009 9	VCD WV63		DRU PROGRAMME DE LUTTE CONTRE L'EROSION A	20040630		N	3 960 000	3 335 748	624 252	٥	0					٥						0	ок	
1990 07	ACI IVIAGG		RODRIGUES	20040000		IN .	3 300 000	3 333 740	024 202	Ĭ	o o					Ů						0	O.K	
			DRU ANNUAL WORK																					
1998 8/	ACP MAS3		PROGRAMME 3 (01.07.2002-	20040630	7		917 000	856 697	60 303	60 303	60 303	0	0	0	0	0	C	0	0	0	0	0	OK	
			30.06.2004) DRU P.A.D. CO LTD (WORKS																					EDF contribution exhausted after
			2.10																					payments for works executed at 30th
1998 8/	ACP MAS3	10		20040630	8		279 000	88 817	190 183	190 183	190 183	0	0			0						0	ок	June 2004. Co-financed with Govt of
																								Mauritius. Have to wait for certificate of
			CONTRACT DATED 12.05.04)																					final acceptance of works before closure in OLAS.
8/	ACP MAS3	_	ndividual Commitment				1 196 000	945 513	250 487							0						0	OK	
4000			INF ST. MARTIN SEWAGE																					
1999 8/	ACP MAS5		TREATMENT PLANT EXPANSION - STAGE 1	N 20021231		N	16 700 000	16 394 578	305 422	0	0					0						0	OK	
1999 8/	ACP MAS5		INF MONTGOMERY WATSON	20040207	7		1 400 000	976 255	423 745	326 745	0	0	326 745	97 000	0	97 000	27 000	70 000	0	0	0	0	ОК	
			INF CONSORTIUM																					This works contract is co-financed
																								between EDF & Government of
1999 8/	ACP MAS5	4	DEGREMONT/IBL/GC/GROUP	20031103	8		891 887	891 887	0	0	0					0						0	OK	Mauritius. No more payments from EDF. We have to wait certificate of final
																								completion before closure in OLAS.
			FIVE																					
			INF CONSORTIUM																					This works contract is co-financed between EDF & Government of
					_																			Mauritius. No more payments from EDF.
1999 8/	ACP MASS	6	DEGREMONT/IBL/GC/GROUP	20031103	8		824 233	824 233	0	0	0					0						0	OK	We have to wait certificate of final
			EN/E																					completion before closure in OLAS.
8/	ACP MASS		rdividual Commitment				3 116 120	2 692 375	423 745							0						0	ОК	
37	1417 100		ECO SUPPORT TO THE				0 110 120	2 002 010	720 170							0								Formation and decree with the City of
1999 8/	ACP MAS6	0	CLOTHING TECHNOLOGY			N	1 135 000	1 128 400	6 600	6 600	0	0	6 600			0						0	ОК	Forecast amount decommitted on Global Commitment = 391,033 €.
			CENTRE																					
1999 8	ACP MAS6		ECO DP 2 EPZDA 01102000-	20010930	4		166 273	103 973	62 300	62 300	n	n	62 300	0		n	,	0 0	n			n	ок	Forecast amount decommitted on individual commitment = 121,000 € (taking into account a
.555	1717 100		30092001				.50210	.55 51 5	3 <u>2</u> 000	02 000	"		32 000						v				```	recovery of about 58,700 €)
			ECO DP 3 EPZDA 01102001-																					Forecast amount decommitted on individual
1999 8/	ACP MAS6		0000000	20020930	4		172 028	118 690	53 337	53 337	0	0	53 337	0		0	C	0	0			0	OK	commitment = 93,000 € (taking into account a recovery
1000 0	ACD MASS		30092002 ECO WP 4 0101-31122003	20031231	1		403 000	192 567	210 433	170 433	0	0	170 433	40 000		40 000		40 000	^			0	ОК	of about 39,663 €) -
		_	ndividual Commitment	20001201	4		741 301	415 230	326 071	170 400	U	U	170 433	40 000		40 000		+0 000	U			0	OK	1
	ACP MAS9	0	ECO MICROREALISATIONS A	20040831		N	3 665 000	3 635 672	29 328	29 328	29 328	0	^			٥							ок	Forecast amount decommitted on Global Commitment
1999 8/	NOI IVIAGE		MAURICE	20040031		IN	3 000 000	3 033 072	23 328	Z3 J20	29 328	U	U			U						U	UN	= 153,476 €.
1999 9	ACP MAS9		ECO WORK PROGRAMME (01.09.03-31.08.04 : 59.520.000	20040831	7		2 089 639	1 972 469	117 170	117 170	117 170	n	٥	n	n	n	,		n				ок	
1333 0/	KOUINIUS		MUR)	20070001	'		2 003 033	1 312 403	117 170	117 170	117 170	١	U		U				U				J 5'\	
			ECO:IBF																					
1999 8/	ACP MAS9		CONSULTING:EVALAUTION	20040831	7		34 965	28 031	6 934	6 934	6 934	0	0	0	0	0	C	0	0			0	OK	
			34,965 EUR ECO BASNET CONSULTING:	-																			.	
1999 8/	ACP MAS9		AUDIT 14.498 EUR	20040831	7		14 498	8 699	5 799	44	44	0	0	5 775	0	5 775	5 775	5 0	0			0	OK	
8/	ACP MAS9		ndividual Commitment				2 139 102	2 009 199	129 904							0						0	OK	
2000 6A	CP MAS49		DRU IMPROVING THE QUALITY OF HORTICULTURE	20060131		N	600 000	517 282	82 718	0	0	0	0			0						0	ок	
			DRU UNIV.OF GREENWICH-																					
2000 6A	CP MAS49	2	NATURAL RESOURCES	20051130			450 000	138 241	311 759	0	0	0	0	90 000	70 000	160 000	60 000	60 000	40 000	50 000	0	50 000	ок	
			INSTITUTE																					



MAURITIUS

EDF FORECASTS 2005 - 2006: PAYMENTS, DECOMMITMENTS. & EXTENSIONS on ONGOING PROJECTS.

	OPEAID		MACKITICS			SITUAT	ION END	2004	FORECA	ST DECOM	MITMENTS	2005		FORE	CASTS on PA	YMENTS	2005		FORECA	ST PAYMEN	mounts in €)	1	
	RATION OFFICE					5115111					ATION of RISK F						ATION of RISK F	ACTOR					
YEAR		0	TITLE GLOBAL COMMITMENT	END	EXTENS°	GLOBAL COMMIT.	INDIV. COMMIT	RAC	DECOMMIT. on GLOBAL													Α	
of GLOB.	ACCOUNTING NUMBER of	N°		doto of	REQUEST	AMOUNT	PAYMENTS			Low	Medium	High	1 st	2 nd					1 st	2 nd		Ļ	
Commit		INDI\	I IIII E INDIVIDITAL COMMILMENT	imple-	OLD on GLOB.	ONGOING (ON ONGOING INDIV.	RAP	DECOMMITED on INDIV.	X	Y X+Y+Z = E	Z	SEMESTER	SEMESTER	TOTAL	Low	Medium M	High H	SEMESTER	SEMESTER	TOTAL	R	COMMENTS
		IT.		montat	RAP 1/N	COMMIT.	COMMIT.		0.1.11.5.11.		X-1-L		Α	В	A + B		L+M+H = A+B		С	D	C + D	M	
2000	6ACP MAS49	3	DRU WORK-PROG 2 APEXHOM/WP/2 (10.09.03-	20040831		49 000	31 357	17 643	17 643	17 643	0		0	0	0	0	0	0	0	0	0	ок	Forecast amount decommitted on individual commitment = 23,643 € (taking into account a recovery
			31.08.04 : 1.444.500)						., , , ,		_								-				of about 6,000 €)
	6ACP MAS49	Tota	I Individual Commitment ECO PROGRAMME D'APPUI AUX	K		499 000	169 598	329 402							0						0	OK	
2000	8ACP MAS10	0	PETITES ET MOYENNES	20040331	N	1 820 000	1 731 028	88 972	88 972	0	0	88 972	2		0						0	ок	Forecast amount decommitted on Global Commitment = 894,875 €.
2000	8ACP MAS10	2	ENTREPRISES ECO JEXCO	20050802		747 500	485 168	262 332	150 556	0	0	150 556	111 776	0	111 776	0	0	111 776			0	ОК	
			ECO WP 2 (01.07.02-31.12.03 :						507.717					_		_							Forecast amount decommitted on individual
2000	8ACP MAS10	4	22.024.100 MUR)	20031231		823 000	255 653	567 347	567 347	567 347	0	(0	0	0	0	0	0			0	OK	commitment = 655,347 € (taking into account a recovery of about 88,000 €)
2000	8ACP MAS10	_	-	20050331		0	0	0	0	0	0	(0	0	0						0	OK	
	8ACP MAS10	Tota	I Individual Commitment INF REHABILITATION OF			1 570 500	740 821	829 679							0						0	OK	
2000	8ACP MAS11	0		20041231	N	4 000 000	3 985 940	14 060	0	0	0	()		0						0	ок	
2000	8ACP MAS11	1	INF TA CONTRACT -	20031017		292 000	255 154	36 846	12 846	0	12 846		24 000	0	24 000		24 000	0			0	ОК	
2000	OACP WAST	<u>'</u>	HYDROARCH INF WORKS CONTRACT -	20031017		292 000	200 104	30 040	12 040	0	12 040		24 000	U	24 000		24 000	0			0	UK	
2000	8ACP MAS11	2	SOTRAVIC / SOTRAMON	20041231		3 670 000	3 531 318	138 682	0	0	0	(78 682	60 000	138 682	138 682	0	0			0	OK	
2000	8ACP MAS11	3	INF EVALUATION CONTRACT -	20041213		23 940	0	23 940	0	0	0		23 940	0	23 940	23 940	0	0			0	ок	
	04.00.44.044	T	PARSONS BRINCKERHOFF LTD			2.005.040	2 700 474	400.400														OV	
	8ACP MAS11	Tota	I Individual Commitment ECO TRAINING AND HUMAN			3 985 940	3 786 471	199 469							U						U	OK	E
2000	8ACP MAS12	0	RESOURCE DEVELOPMENT PROJECT FOR PORT	20030831	N	400 000	304 138	95 862	95 862	95 862	0	(0						0	OK	Forecast amount decommitted on Global Commitment = 210,465 €.
			PROJECT FOR FORT																				Forecast amount decommitted on individual
2000	8ACP MAS12	2	ECO WP 2	20020831		64 000	28 872	35 128	35 128	35 128	0	(0	0	0	0	0	0			0	OK	commitment = 38,027 € (taking into account a recovery of 2,900 €)
																							Forecast amount decommitted on individual
2000	8ACP MAS12	4	ECO WP 3 01122002-31082003	20030831		116 000	53 124	62 876	62 876	62 876	0	(0	0	0	0	0	0			0	OK	commitment = 76,576 €(taking into account a recovery of 13,700 €)
	8ACP MAS12	Tota	I Individual Commitment			180 000	81 996	98 004							0						0	ОК	· '
2001	8ACP MAS15	0	INF WEST COAST SEWERAGE	20030430	N	150 000	137 724	12 276	12 276	12 276	0	()		0						0	ок	
			FEASIBILITY STUDY																				
2002	8ACP MAS17	0	INF TA TO WASTE WATER MANAGEMENT AUTHORITY	20050602	N	749 500	676 000	73 500	0	0	0	(0						0	ок	
2002	9ACD MAC17	1	(WMA) INF BCEOM TA TO WMA	20050330		676 000	359 131	316 869					150 000	120 000	270 000	100 000	70 000	100 000	46 000	0	46 000	OK	
2002			I Individual Commitment	20030330		676 000	359 131	316 869					130 000	120 000	0	100 000	70 000	100 000	40 000	U	0	OK	
			INF POST-KALUNDE																				
2003	9ACP MAS1	0	REHABILITATION PROGRAMME	20071231	N	499 000	472 400	26 600	0	0	0	(0						0	OK	
			FOR RODRIGUES INF WP FOR WATER STORAGE	-																			
2003	9ACP MAS1	1	RODRIGUES REG. ASS.	20050630		472 400	198 155	274 245	0	0	0		0	200 000	200 000	0	100 000	100 000	74 245	0	74 245	ОК	
	9ACP MAS1	Tota	I Individual Commitment			472 400	198 155	274 245							0						0	OK	
			INF MAURITIUS WASTEWATER																				Increase in budget envisaged see table new Global
2003	9ACP MAS3	0	SECTOR POLICY SUPPORT	20091231	N	29 800 000	28 000 000	1 800 000	0	0	0	(0						0	OK	Commitmnet
			PROGRAMME INF EVALUATION OF THE																				
2003	9ACP MAS4	0	MAHEBOURG MARKET	20060430	N	15 000	13 693	1 307	1 307	1 307	0	()		0						0	OK	Forecast amount decommitted on Global Commitment = 2,113 €.
			PROJECT (7 MAS 51) ECO PLANCENTER LTD :																				
2003	9ACP MAS4	1	EVALUATION OF MAHEBOURG MARKET	20040430		13 693	12 887	806	806	806	0				0						0	OK	
			WASTEWATER SECTOR POLICY	1																			
2003	9ACP MAS3	1	SUPPORT PROGRAMME EC	20071231		28 000 000	8 000 000	20 000 000	0	0	0	(9 500 000	0	9 500 000	0	6 500 000	3 000 000	8 500 000	0	8 500 000	ок	
	0.000 \$44.00	Tata	BUDGET SUPPORT			20.042.002	0.040.007	20,000,000														OK	
2004			I Individual Commitment TECHNICAL COOPERATION	20101031	N	28 013 693 500 000	8 012 887	20 000 806 500 000	0	0					0						0	OK	
2004	SAUF IVIASS	U	FACILITY (TCF) CAPACITY BUILDING	20101031	IN	300 000	U	300 000	U	U	U				U						U	υΛ	
2004	9ACP MAS6	0	PROGRAMME - NSA'S FIGHT	20120331	N	0	0	0	0	0	0	()		0						0	ок	
			AGAINST POVERTY																				

EUROPEAID

EDF FORECASTS 2005-2006: NEW INDIVIDUAL Commitments (including payments) on ONGOING PROJECTS.

(amounts in €)

Funar	- 4 · n	MAURITIUS														(8	amounts in €)
EUROF						FOR	ECASTS	2005						FORECAS	TS 2006		
CO-OPERATI	UN OFFICE		1st SEM	IESTER	2nd SEM	IESTER	TOTAL	. 2005	ESTIMATION of	of RISK FACTOR FOR	PAYMENTS	1st SEM	IESTER	2nd SEM	ESTER	TOTAL	L 2006
YEAR	ACCOUNTING NUMBER		INDIVID.		INDIVID.		TOTAL INDIV.	TOTAL	Low	Medium	High	INDIVID.	,	INDIVID.		TOTAL INDIV.	TOTAL
GLOB. COMMIT.	(GLOBAL COMMIT.)	TITLE INDIVIDUAL COMMITMENT	COMMIT.	PAYMENTS	COMMIT.	PAYMENTS	COMMIT.	PAYMENTS	LOW	M L+M+H =B+B'	H	COMMIT.	PAYMENTS	COMMIT.	PAYMENTS	COMMIT.	PAYMENTS
COMMIT.	TOTALS on NE	W INDIVIDUAL Commitments	A 1 653 500	B 384 750	A' 55 000	B' 453 750	A + A' 1 708 500	B + B' 838 500	441 750	366 750	30 000	C 30 000	D 270 000	C' 30 000	D' 270 000	C + C'	D + D' 540 000
		DRU IMPROVING THE QUALITY OF	1 000 000	551155	00 000	100 100	1100 000	000 000		000.00	00 000	00 000	2.000	00 000	2.0000	00 000	0.000
2000	6 ACP MAS 49	HORTICULTURE	0	0	0	0	0	0	0	0	0	0	0	0	0		
2000	6 ACP MAS 49	DRU: WORK-PROG 3 APEXHOM/WP/3 (01.03.05-13.01.06)	60 000	30 000	0	20 000	60 000	50 000	30 000	20 000	0	0	10 000	0	0	0	10 000
2000	6 ACP MAS 49	DRU: EVALUATION	20 000	0	0	20 000	20 000	20 000	0	20 000	0	0	0	0	0	0	O
2002	8 ACP MAS 17	INF TA TO WASTE WATER MANAGEMENT AUTHORITY (WMA)	0	0	0	0	0	0	0	0	0	0	0	0	0		
2002	8 ACP MAS 17	INF Avenant au contrat BCEOM	73 500	36 750	0	36 750	73 500	73 500	36 750	36 750	0	0	0	0	0	0	0
2003	9 ACP MAS 1	INF POST-KALUNDE REHABILITATION PROGRAMME FOR RODRIGUES	0	0	0	0	0	0	0	0	0	0	0	0	0		0
2003	9 ACP MAS 1	INF AUDIT	0	0	10 000	10 000	10 000	10 000	10 000	0	0	0	0	0	0	0	0
2003	9 ACP MAS 1	INF EVALUATION	0	0	15 000	15 000	15 000	15 000	15 000	0	0	0	0	0	0	0	0
2003	9 ACP MAS 3	INF MAURITIUS WASTEWATER SECTOR POLICY SUPPORT PROGRAMME	0	0	0	0	0	0	0	0	0	0	0	0	0		0
2003	9 ACP MAS 3	INF: TECHNICAL ASSISTANCE CONTRACT	1 300 000	200 000	0	240 000	1 300 000	440 000	200 000	240 000	0	0	240 000	0	240 000	0	480 000
2003	9 ACP MAS 3	INF:YEARLY AUDIT	50 000	30 000	0	20 000	50 000	50 000	30 000	20 000	0	0	0	0	0		0
2003	9 ACP MAS 3	INF: MID TERM EVALUATION CONTRACT	30 000	18 000	0	12 000	30 000	30 000	30 000	0	0	0	0	0	0	0	C
2004	9 ACP MAS 5	ECO TECHNICAL COOPERATION FACILITY (TCF)	0	0	0	0	0	0	0	0	0	0	0	0	0		C
2004	9 ACP MAS 5	INF:EVALUATION PROJECT ST MARTIN	50 000	30 000	0	20 000	50 000	50 000	50 000	0	0	0	0	0	0	0	O
2004	9 ACP MAS 5	DRU AUDIT NPIP	15 000	15 000	0	0	15 000	15 000	15 000	0	0	0	0	0	0	0	o
2004	9 ACP MAS 5	ECO: PREPARATION MONITORING NEW DCP	30 000	0	0	30 000	30 000	30 000	0	30 000	0	0	0	0	0	0	C
2004	9 ACP MAS 5	ECO: VARIOUS STUDIES	0	0	30 000	30 000	30 000	30 000	0	0	30 000	30000	20 000	30 000	30 000	60 000	50 000
2004	9 ACP MAS 5	ECO: AUDIT PROJECT CTC (8 MAS 6), HRC (7 MAS 23)	25 000	25 000	0	0	25 000	25 000	25 000	0	0	0	0	0	0	0	0
								_								0	C

DELEGATION to the REPUBLIC OF MAURITIUS

- EDF FINANCIALS :

31/12/2003

COUNTRY: SITUATION:	MAURITIUS EDF 6 31/12/2003					
Accounting N°	Project title	GFC [1]	IFC [2]	% [2] / [1]	Paid [3]	% [3] / [1]
		30.453.843,69	30.371.125,69	99,73%	29.898.189,31	98,18%
6.ACP.MAS.04	T.A. to the Agricultural Marketing Board	123.949	123.949	100,00	123.949	100,00
6.ACP.MAS.07	Agricultural Development Program in Rodrigues	3.228.056	3.228.056	100,00	3.228.056	100,00
6.ACP.MAS.08	Industrial Diversification Program (Grant)	4.893.891	4.893.891	100,00	4.893.891	100,00
6.ACP.MAS.09	Industrial Diversification Program (Special Loan)	4.692.581	4.692.581	100,00	4.692.581	100,00
6.ACP.MAS.10	T.A. for Preparation of Agric. Diversification Prog.	16.412	16.412	100,00	16.412	100,00
6.ACP.MAS.14	ACP-EEC Cultural Show	9.429	9.429	100,00	9.429	100,00
6.ACP.MAS.15	1st Microprojects Program	670.530	670.530	100,00	670.530	100,00
6.ACP.MAS.16	National Handicraft Development Program	1.693.145	1.693.145	100,00	1.693.145	100,00
6.ACP.MAS.17	Agricultural Diversification Program (Special Loan)	4.000.000	4.000.000	100,00	4.000.000	100,00
6.ACP.MAS.18	Agricultural Diversification Program (Grant)	4.007.573	4.007.573	100,00	4.007.573	100,00
6.ACP.MAS.20	T.A. to Energy Planification	22.000	22.000	100,00	22.000	100,00
6.ACP.MAS.21	T.A. to Project Prep. : National Derocking Scheme	50.093	50.093	100,00	50.093	100,00
6.ACP.MAS.22	T.A. to Tender Prep. : National Derocking Scheme	22.292	22.292	100,00	22.292	100,00
6.ACP.MAS.23	Study: A National Fruit Fly Control Project	38.757	38.757	100,00	38.757	100,00
6.ACP.MAS.24	National Derocking Scheme (Grant)	1.978.158	1.978.158	100,00	1.978.158	100,00
6.ACP.MAS.25	National Derocking Scheme (Special Loan)	979.063	979.063	100,00	979.063	100,00

COUNTRY: SITUATION:	MAURITIUS EDF 6 31/12/2003					
Accounting N°	Project title	GFC [1]	IFC [2]	% [2] / [1]	Paid [3]	% [3] / [1]
		30.453.843,69	30.371.125,69	99,73%	29.898.189,31	98,18%
6.ACP.MAS.26	Study : Upgrading of Existing Technical Training Institutions	21.644	21.644	100,00	21.644	100,00
6.ACP.MAS.27	Study (II): National Fruit Fly Control Project	25.736	25.736	100,00	25.736	100,00
6.ACP.MAS.28	Evaluation : Agric. Dev. Project in Rodrigues	46.917	46.917	100,00	46.917	100,00
6.ACP.MAS.29	Supervision of road works : Pamplemousses/Grand Baie	159.443	159.443	100,00	159.443	100,00
6.ACP.MAS.30	Study: Preparation of West Coast Irrig. Project	54.966	54.966	100,00	54.966	100,00
6.ACP.MAS.31	Study : Range and Forest Management in Rodrigues	9.767	9.767	100,00	9.767	100,00
6.ACP.MAS.32	Study : St. Martin Sewage Plant	62.666	62.666	100,00	62.666	100,00
6.ACP.MAS.33	Study : Civil Service College	39.977	39.977	100,00	39.977	100,00
6.ACP.MAS.34	Study: T.A. Project to the EPZDA	54.472	54.472	100,00	54.472	100,00
6.ACP.MAS.35	Study : Solid Waste Management Project	59.200	59.200	100,00	59.200	100,00
6.ACP.MAS.36	Study (II) West Coast Irrigation Project	8.527	8.527	100,00	8.527	100,00
6.ACP.MAS.37	Study: Preparation of IVTB Support Project	14.130	14.130	100,00	14.130	100,00
6.ACP.MAS.38	Evaluation : National Derocking Scheme Project	45.544	45.544	100,00	45.544	100,00
6.ACP.MAS.39	IVTB Project : Technical and Institutional Support	1.980.267	1.980.267	100,00	1.980.267	100,00
6.ACP.MAS.41	Study : Prep. of Solid Waste Project Technical Dossier	142.856	142.856	100,00	142.856	100,00

COUNTRY: SITUATION:	MAURITIUS EDF 6 31/12/2003					
Accounting N°	Project title	GFC [1]	IFC [2]	% [2] / [1]	Paid [3]	% [3] / [1]
		30.453.843,69	30.371.125,69	99,73%	29.898.189,31	98,18%
6.ACP.MAS.42	Participation of MEDIA in 1995 Internaitonal					
0.ACF.IVIA3.42	Fairs	86.039	86.039	100,00	86.039	100,00
6.ACP.MAS.45		86.039 468.991	86.039 468.991	100,00	86.039 468.991	100,00
	Fairs			·		·
6.ACP.MAS.45	Fairs Study: St. Martin Sewage Plant	468.991	468.991	100,00	468.991	100,00

COUNTRY: SITUATION:	MAURITIUS EDF 6					
SITUATION:	31/12/2003					
Accounting N°	Project title	GFC [1]	IFC [2]	% [2] / [1]	Paid [3]	% [3] / [1]
		30.453.843,69	30.371.125,69	99,73%	29.898.189,31	98,18%

COUNTRY: MAURITIUS EDF 6 % of **AMOUNT** % of GFC in EUROS NIP **SITUATION: 31/12/2003** TOTAL N I P ENVELOPE including [A] 31.228.637 transfers and and Top Ups) [A] 31.000.000 **Indicative Programme Transfers 4th EDF** 228.637 GFC: [B] 97,52% [B] 30.453.844 **Global Financial Commitments** IFC: [C] [C] 97,25% 99,73% 30.371.126 **Individual Financial Commitments** 98,18% [D] PAYMENTS [D] 95,74% 29.898.189 [E] Uncommitted balance [A]-[B] 2,48% 774.793

COUNTRY: SITUATION:	MAURITIUS EDF 7 31/12/2003					
Accounting N°	Project title	GFC [1]	IFC [2]	% [2] / [1]	Paid [3]	% [3] / [1]
		33.068.710,33	32.392.435,88	97,95%	31.271.684,01	94,57%
7.acp.mas.3	Route Pamplemousses - G Baie (travx.) : voir 7.mas.011	4.949.605,00	4.949.605,00	100%	4.949.605,00	100%
7.acp.mas.4	Gestion des ressources naturelles et agricoles de Rodrigues	1.938.021,76	1.938.021,76	100%	1.938.021,76	100%
7.acp.mas.5	Programme de controle des mouches de fruits	1.597.641,93	1.597.641,93	100%	1.597.641,93	100%
7.acp.mas.7	Etude Human Resource Centre - Rodrigues	19.083,00	19.083,00	100%	19.083,00	100%
7.acp.mas.8*	TRSF 5° FED : Prog. pluri-annuel de formation 84-86	26.660,35	26.660,35	100%	26.660,35	100%
7.acp.mas.9*	TRSF 5° FED : Rel.1-2-3 FED :AT Centre National Artisanat	10.739,00	10.739,00	100%	10.739,00	100%
7.acp.mas.10*	TRSF 5° FED : Rte Pamplemousses - G Baie (Supervision)	182.738,00	182.738,00	100%	182.738,00	100%
7.acp.mas.11*	TRSF 5° FED : Rte Pamplemousses - G Baie (Travaux)	166.848,87	166.848,87	100%	166.849,00	100%

COUNTRY: SITUATION:	MAURITIUS EDF 7 31/12/2003					
Accounting N°	Project title	GFC [1]	IFC [2]	% [2] / [1]	Paid [3]	% [3] / [1]
		33.068.710,33	32.392.435,88	97,95%	31.271.684,01	94,57%
7.acp.mas.12	West coast irrigation project (Magenta)	4.059.482,00	4.059.482,00	100%	4.059.482,00	100%
7.acp.mas.13	Etude NPIP (M1 Pipeline)	377.434,00	377.434,00	100%	377.434,00	100%
7.acp.mas.16	Appui au MIPAM	725.000,00	633.829,40	87%	633.829,40	87%
7.acp.mas.19	Projet de lutte contre le SIDA	331.256,66	331.256,66	100%	331.256,66	100%
7,acp.mas.21	St Martin sewerage project feasibility study	57.902,00	57.902,00	100%	57.902,00	100%
7,acp.mas.22	Study : Northern Plains Diversification	26.322,52	26.322,52	100%	26.322,52	100%
7.acp.mas.23	Human Resource Centre in Rodrigues	660.000,00	647.597,00	98%	611.485,00	93%
7.acp.mas.25	Study: Abattoir	59.321,00	59.321,00	100%	59.321,00	100%
7.acp.mas.30	Seminar on EDF procedures	25.462,00	25.462,00	100%	25.462,00	100%
7.acp.mas.31	Consultancy : St Martin Sewage Treatment Plant	60.846,43	60.846,43	0%	60.846,43	0%
7.acp.mas.32	Northern Plains Irrigation Project (Works)	9.000.000,00	8.629.192,13	96%	7.709.103,87	86%

COUNTRY: SITUATION:	MAURITIUS EDF 7 31/12/2003					
Accounting N°	Project title	GFC [1]	IFC [2]	% [2] / [1]	Paid [3]	% [3] / [1]
		33.068.710,33	32.392.435,88	97,95%	31.271.684,01	94,57%
7.acp.mas.33	Final report on 6th EDF micro-projects program	16.506,86	16.506,86	100%	16.506,86	100%
7.acp.mas.34	Study on promotion of private sector	57.188,00	57.188,29	100%	57.188,29	100%
7.acp.mas.35	Rodrigues anti-erosion study	31.727,00	31.727,00	100%	31.727,24	100%
7.acp.mas.36	T.A. to Waste Water Authority	573.827,56	573.827,56	100%	573.827,56	100%
7.acp.mas.37	Microprojects program	923.301,82	923.301,82	100%	923.301,82	100%
7.acp.mas.39	Training of Police Cadres (study)	24.524,00	24.524,00	100%	24.524,00	100%
7.acp.mas.40	Mahebourg market study	29.674,00	29.674,18	100%	29.674,18	100%
7.acp.mas.41*	Industrial & Vocational Training Board (see 6,MAS,039)	163.975,00	163.975,00	100%	163.975,00	100%
7.acp.mas.42	Training of Police Cadres	508.582,42	508.582,42	100%	508.582,42	100%
7.acp.mas.43	Rehab. of sewage infrastructure in housing states (study)	138.539,00	138.539,00	100%	138.539,00	100%
7.acp.mas.44	Trend Forum 1998	113.415,00	113.415,00	100%	113.415,00	100%
7.acp.mas.45	Prefeasibility study : Desiltation of lagoon Rodrigues	32.900,00	32.900,00	100%	32.900,00	100%
7.acp.mas.46	Phoenix - Nvelle France Rd (2nd C/Way)	3.693.178,99	3.693.178,99	100%	3.693.178,99	100%

COUNTRY: SITUATION:	MAURITIUS EDF 7 31/12/2003					
Accounting N°	Project title	GFC [1]	IFC [2]	% [2] / [1]	Paid [3]	% [3] / [1]
		33.068.710,33	32.392.435,88	97,95%	31.271.684,01	94,57%
7.acp.mas.47	Preparation of microproject "Poverty Relief"	48.730,50	48.731,00	100%	48.731,00	100%
7.acp.mas.48	Feasibility study Venture Capital and Mutual Guarantee	13.861,00	13.861,00	100%	13.861,00	100%
7.acp.mas.50*	Mahébourg market : Consultancy services	150.000,00	124.000,00	83%	104.068,21	69%
7.acp.mas.51	Mahébourg market : Works - Reconstruction	1.850.000,00	1.674.106,05	90%	1.529.485,86	83%
7.acp.mas.52	Set up Quality Strategy by Mauritian Horticultural sector	24.556,00	24.556,00	100%	24.556,00	100%
7.acp.mas.53	Appui participation de Craft Aid au festival Skane	21.778,00	21.778,00	100%	21.778,00	100%
7.acp.mas.54	Enhancing democracy and the state of law	378.080,66	378.080,66	100%	378.080,66	100%

COUNTRY: SITUATION:	MAURITIUS EDF 7 31/12/2003					
Accounting N° Project title		GFC [1]	IFC [2]	% [2] / [1]	Paid [3]	% [3] / [1]
		33.068.710,33	32.392.435,88	97,95%	31.271.684,01	94,57%

COUNTRY: SITUATION:	MAURITIUS EDF 7 31/12/2003		% of NIP	% of GFC	AMOUNT in EUROS
	TOTAL N I P ENVELOPE including transfers and and Top Ups)	[A]			34.894.635
[A]	Indicative Programme				34.000.000
	+ Transfers 5th EDF (894 635)				894.635
[B]	GFC : Global Financial Commitments	[B]	94,77%		33.068.710
[C]	IFC : Individual Financial Commitments	[C]	92,83%	97,95%	32.392.436
[D]	PAYMENTS	[D]	89,62%	94,57%	31.271.684
[E]	Uncommitted balance	[A]-[B]	5,23%		1.825.925

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COUNTRY: MAURITIUS EDF 8 SITUATION: 31/12/2003 % % **GFC IFC Paid Accounting N° Project title** [2] [3] [1] [2] / [1] [3] / [1] 38.933.052,20 32.259.177,45 82,86% 25.949.690,58 66,65% Programme de lutte anti-érosion à 8-ACP MAS-3 85% 3.960.000 3.382.573 2.470.402 62% Rodrigues St Martin Sewage Treatment Plant 8-ACP MAS-5 16.700.000 16.400.000 98% 15.849.005 95% 8-ACP MAS-6 Clothing Technology Centre 1.365.000 1.052.612 77% 842.179 62% Tourism development plan for 96% 94% 8-ACP MAS-7 650.000 625.000 607.782 Mauritius and Rodrigues Preparation of manual of procedures for 8-ACP MAS-8 8.347 8.347 100% 8.347 100% poverty project 8th EDF microprojects programme 45% 8-ACP MAS-9 3.665.000 3.665.000 100% 1.661.866 (Poverty project)

COUNTRY: MAURITIUS EDF 8 SITUATION: 31/12/2003 % % **GFC IFC Paid Accounting N° Project title** [2] [1] [3] [2] / [1] [3] / [1] 66,65% 38.933.052,20 32.259.177,45 82,86% 25.949.690,58 Support to Small and Medium 7.000.000 848.670 8-ACP MAS-10 2.029.676 29% 12% Enterprises Rehabilitation of sewerages in 8-ACP MAS-11 4.000.000 3.702.000 93% 2.972.752 74% housing estates 8-ACP MAS-12 Port Training 400.000 312.900 78% 206.134 52% 8-ACP MAS-14 TA Sewerage projects 98.342 98.342 100% 98.342 100% West Coast Sewerage Feasibility 8-ACP MAS-15 150.000 141.000 94% 99.079 66% Study

COUNTRY: SITUATION:	MAURITIUS EDF 8 31/12/2003					
Accounting N°	Project title	GFC [1]	IFC [2]	% [2] / [1]	Paid [3]	% [3] / [1]
		38.933.052,20	32.259.177,45	82,86%	25.949.690,58	66,65%
8-ACP MAS-17	TA to Waste Water Management Authority	749.500	676.600	90%	131.657	18%
8-ACP MAS-19	9th EDF sectoral study	59.672	59.672	100%	59.672	100%
8-ACP MAS-20	Publ of brochure : Le FED à Rodrigues 1982 - 2002	17.289	17.289	100%	17.289	100%
8-ACP MAS-21	9th EDF macroeconomic study	29.903	29.903	100%	29.903	100%
8-ACP MAS-23	9th EDF Decentralised cooperation programme : Feasibility study	80.000	58.264	73%	46.611	58%

COUNTRY: SITUATION:	MAURITIUS EDF 8 31/12/2003					
Accounting N° Project title		GFC [1]	IFC [2]	% [2] / [1]	Paid [3]	% [3] / [1]
		38.933.052,20	32.259.177,45	82,86%	25.949.690,58	66,65%

	MAURITIUS EDF 8		% of	% of GFC	AMOUNT
SITUATION:	31/12/2003		NIP		in EUROS
[A]	TOTAL N I P ENVELOPE including transfers and and Top Ups)	[A]			42.000.000
	Indicative Programme				39.500.000
	Тор-ир				2.500.000
[B]	GFC : Global Financial Commitments	[B]	92,70%		38.933.052
[C]	IFC : Individual Financial Commitments	[C]	76,81%	82,86%	32.259.177
[D]	PAYMENTS	[D]	61,78%	66,65%	25.949.691
[E]	Uncommitted balance	[A]-[B]	7,30%		3.066.948

COUNTRY: SITUATION:	MAURITIUS EDF 9 31/12/2003					
Accounting N°	Accounting N° Project title		IFC [2]	% [2] / [1]	Paid [3]	% [3] / [1]
		30.394.000,00	-	0,00%	-	0,00%
9-ACP MAS-1	Post-Kalunde Rehabilitation Programme for rodrigues	499.000	-	0%	-	0%
9-ACP MAS-2	Feasibility study for Rose Belle Market and traffic centre	80.000	-	0%	-	0%
9-ACP MAS-3	EDF 9 Sector Policy Support Programme in the wastewater sector	29.800.000	-	0%	-	0%
9-ACP MAS-4	Evaluation, of the Mahebourg market	15.000	1	0%	-	0%

	MAURITIUS EDF 9		% of NIP	% of GFC	AMOUNT in EUROS
SITUATION:	31/12/2003		1411	0.0	III LONGO
[A]	TOTAL N I P ENVELOPE including transfers and and Top Ups)	[A]			33.550.000
	Indicative Programme				33.000.000
	B-envelope				550.000
[B]	GFC : Global Financial Commitments	[B]	90,59%		30.394.000
[c]	IFC : Individual Financial Commitments	[c]	0,00%	0,00%	-
[D]	PAYMENTS	[D]	0,00%	0,00%	-
[E]	Uncommitted balance	[A]-[B]	9,41%		3.156.000

Annex 8 – COUNTRY DONOR MATRIX

		EUROPEAN UNIO	N MEMBER STATES		
Country	Economic Development	Social Development	Productivity Sector Activity	Environment	Thematic/ Crosscutting Issues
France	Training	Financial Assistance for sports federations		Technical Assistance	
UK	Training Technical Assistance Workshops				
Germany	Training, Meetings				
Finland	Workshops				
Netherlands	Nil				
		OTHER	DONORS		
Australia	Training	AIDS prevention activities			
Canada	Meetings				
Egypt					
China	Training Technical Assistance		Computer and Printers		
India	Training, Workshops, Line of Credit and Technical Assistance		Technical Assistance		
Japan	Training and Technical Assistance				

Sweden	Training				
	workshops				
Russia					
Singapore	Training				
United States of	Training and	Training, books and library kits,			
America	workshops	medical supplies, photographic			
		materials			
	T	Multilatera			
	Economic Development	Social Development	Productivity Sector Activity	Environment	Thematic/Crosscutting Issues
Arab Bank for	Training and		Loan financing of		
Economic	Workshops		irrigation activities		
Development in					
Africa (BADEA)					
Food and	Training				
Agricultural	Workshops				
Organisation (FAO)	Seminars				
	Technical				
International	Assistance				
Maritime	Training Seminars				
Organisation (IMO)					
Organisation (IVIO)		Library materials and games			
Intergouvernemental		Diorary materials and games			
de la Francophonie					
OPEC FUND					
UNDP	Training.				
	Workshop				
	Seminar				
United Nations					
Food Programme					
(UNFP)					

UNESCO	Seminar				
	Training				
Kuwait Fund					
Commonwealth	Training				
Fund for Technical	Workshops				
Cooperation	Seminars				
	Technical				
	Assistance				
Grand Duchy of		Medical equipment			
Luxembourg		Office equipment			
UNEP	Training, seminar			Technical Assistance	
	and workshop				
African	Seminar		Loan financing of		
Development Bank	Training		irrigation activities		
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Annex (i)

Major (economic) events in year 2004

Based on the 2003-04 and 2004-05 budgets, the consensus about the need to continuously reduce budget deficit and debt while at the same time ascertaining adequate allocation of resources to key sectors for sustainable development have been highlighted by the Government. In line with the Public Expenditure Reform (PER), the Medium Term Expenditure Framework (MTEF) was presented for the education sector along with the 2004-05 budget. In the same context, the Debt Management Unit was created to look into day-to-day debt management issues. This Unit is being strengthened through the development of capacity for effective debt management.

The textile sector continued to suffer the brunt of international competition. For the period September 2003 to September 2004, 8 enterprises closed down leading to a loss of around 9400 jobs. The prospects of losing the Multi-fibre Agreement at end 2004 added to the instability in the textile sector. However, Mauritius's access to Third Country Fabric privileges under AGOA provided extended time span for reform in the sector. In a bid to encourage vertical integration, the Compagnie mauricienne de textile (CMT) inaugurated its spinning mill and Tianli Spinning Mauritius invested in its extension project due to end in July 2005. 'Enterprise Mauritius' was set up to support the textile industry and promote the diffusion of technology and exports.

In 2004, the Mauritian economy was also exposed to international economic shocks resulting from high international oil prices and increased air freight charges. These added to inflationary pressures and the steady increase in prices in the second half of the year led the Bank of Mauritius to raise its Lombard rate by one-quarter of a percentage point to 9.75 per cent.

In line with investment promotion strategy, the Mauritius Freeport Authority was incorporated within the Board of Investment (BOI) in order to reduce administrative bottlenecks. Under the new set up, responsibility for matters relating to investment and ventures in the Freeport would be under the BOI.

The Code of Corporate Governance for Mauritius became effective as from July 2004 and the Financial Reporting Bill was passed to regulate the reporting of financial matters in Mauritius.

In order to broaden the economic base, increased considerations were given to the development of the Information and Communication Technology (ICT). The first cybercity was constructed in 2004 and many ICT firms have started operations therein.

The Seafood Hub initiative has been supported by the Government to form an integral part of its overall policy to develop the fisheries industry. A One-Stop-Shop was set up to facilitate administrative procedures in obtaining permits for operation.

Annex (ii)

Trade Aspects

The Ministry of Foreign Affairs, International Trade and Regional Cooperation is responsible for the formulation of Mauritius Trade Policy. The Ministry hosts a Trade Policy Unit, which acts as the technical advisor to the Ministry for all trade related matters. The Mauritius Trade Policy Review Report 2001 revealed that the country has made efforts to lower tariff barriers to trade. Significant reforms were undertaken in 1994 when 60 tariff rates were reduced to only 8 tariff rates. There are presently 9 band tariff structure with the recent addition of a 10% tariff rate and the minimum Most Favoured Nation (MFN) customs tariff was reduced from 600% to 80%. However, border protection has remained high in some areas. According to the WTO Report, the simple average tariff was 20.5% for agricultural imports and 19.8% on imports of non-agricultural products. There is still a lot to achieve to remove non-trade barriers.

In the context of its membership in several regional trade agreements e.g. COMESA, SADC, IOC, IOR-ARC, Mauritius applies different tariffs to the entry of products depending on their origin. Goods originating from the following member states of the Common Market for Eastern and Southern Africa (COMESA): Djibouti, Egypt, Kenya, Madagascar, Malawi, Sudan, Zambia, and Zimbabwe benefit from a reduction of 100% customs duty on all goods specified in the tariff schedule except for certain goods originating from Egypt which are dutiable at a reduced rate of 20% or 40% as applicable. Goods coming from other COMESA member states benefit from a tariff reduction of 90%. Negotiations are being held to finalise a common external tariff (CET) for the eventual setting up of a Customs Union.

Goods originating from Madagascar also benefit from a tariff reduction of 100% under the Indian Ocean Commission Trade Protocol. There are also special tariff reductions for goods originating from the member states of the Southern African Development Community (SADC). Mauritius has met all its obligations under SADC. Mauritius currently imposes a zero tariff rate on all goods in list A (goods generating low revenue) since 2000. It has recently reduced all tariffs on goods in list B (goods generating high revenue) with the exception of goods originating from South Africa, for which tariffs will be eliminated in another two years. For goods in list C (industry sensitive goods), tariffs will be reduced to zero in 2008.

Mauritius faces many challenges in the sugar and the textile and clothing sectors following the dismantling of the Multi-Fibre Agreement in January 2005. 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 similar small economies under different auspices. It is also proactive at the WTO in the fight for special and differentiated treatment for small economies in the multi-lateral trading system. Moreover, the country has special interest in trade services such as accountancy, finance, IT and tourism.

Mauritius has been benefiting from the African 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.

In 2004, the trade balance deficit including Freeport operations was around Rs 12.9 billion. The EU, Mauritius main trading partner, purchased around 65% of the country's exports. The United Kingdom remained the main buyer with 31% of total exports, followed by France (18%) and USA (17%). The other major markets were Malagasy Republic (6%), Italy (4%) and Germany (3%).

Imports from Asia represented 43% of total imports in 2004. Our main supplier countries were South Africa (12%), France (12%), China (8%), India (8%), UK (8%), Bahrain (4%), Japan (3.5%), Germany (3%), and Australia (3%).

Annex (iii) Pensions

Due to a rapidly aging population the cost of an unchanged Basic Retirement Pension (BRP) is projected to double by 2020. The government is considering various options for containing the cost of this scheme. As from December 2004, an affluence- test has been introduced: a taper withdrawing benefit at the rate of MUR50 for every MUR100 of income over and above an annual income of MUR208,000 is being applied to reduce benefit payment of the more affluent elderly population.

The National Pension Fund has accumulated substantial resources (17 percent of GDP) and is well run by the standards of most developing countries. It has high coverage, a low contribution rate, low operating costs and good investment returns, even by comparison to most private funds. The recent fraud involving large time deposits placed with the MCB underscores the need for stronger internal controls and for subjecting its operations to external audit by a reputable international auditing firm. The NPF invests heavily in government securities and needs to diversify its holdings and adopt more professional asset allocation and investment policies. An assessment of the organization and management of the NPF has revealed the need for: (i) the creation of a Tripartite Body for the governance of the Fund as well as an independent Investment Committee comprising professionals in Finance and Investment; (ii) strengthening of both internal and external controls of its investment portfolio to optimize returns (iii) the upgrading of its operations through restructuring. The NPF has already started adjusting the cost and value of its pension points in line with national average earnings. There is a need for the NPF to issue annual statements of accounts to contributors showing not only contributions paid and pension points earned but also the accrued pensions thus making the system more transparent.

The occupational pension funds appear to be generally sound, although the civil service pension scheme is unfunded. Most occupational pension schemes appear to be well managed with diversified assets, good investment returns, and low operating costs. They generally follow sound accounting and actuarial practices, and are reasonably well funded. However, the existing regulatory framework is fragmented and inadequate to protect private pension schemes. A Private Occupational Pension Scheme Bill is under preparation. It will consolidate the regulatory framework and provide for a single regulator for the regulation and supervision of the schemes. The civil service pension scheme operates on an unfunded basis and the cost is projected to increase sharply. This will inevitably lead to fiscal pressures and will have economic consequences resulting from the budgetary constraints.. One reform option would be to create a contributory scheme for new recruits, while continuing the non-contributory scheme for existing civil servants. A White Paper on Pension Reform, expected by end 2005, is being prepared for national consultation on the main policy options.

Mauritius - Situation 31,12,2004

Own Funds	5				NA						
Numéro de compte	Nom du contrat	Nom de l'accord financier	Evolution	Date de signature	Montant du contrat en EUR	Montant versé en EUR	Montant annulé en EUR	Solde à verser en EUR	Encours versé en EUR	Date de premier rembourseme nt	Date de fin de rembourseme nt
13160	CEBIV	Lomé 3	VERSE	02/12/1987	10,000,000.00	10,000,000.00		•	592,289.72	31/05/1992	31/05/2005
16799	CWA water supply	Lomé 4	VERSE	20/09/1993	10,000,000.00	10,000,000.00			6,125,178.64	29/02/2000	
17771	Mauritius telecom	Lomé 4	VERSE	29/12/1994	14,000,000.00	14,000,000.00		*	8,797,734.13	10/06/1999	
18201	Baie du tombeau sewerage	Lomé 4	VERSE	06/11/1995	16,000,000.00	16,000,000.00		-	8,722,895.45	31/10/2000	31/10/2013
18394	Container terminal a	Lomé 4	VERSE	18/12/1995	12,000,000.00	12,000,000.00		•	6,974,516.74	10/12/2000	
18948	SSR Inter. Airport	Lomé 4	VERSE	12/09/1996	8,000,000.00	7,074,673.00	925,327.00	•	4,113,342.41	10/09/1999	10/09/2011
19635	Container Terminal B	Lomé 4	VERSE	07/07/1997	3,000,000.00	3,000,000.00		•	1,377,633.26	05/01/2001	05/07/2009
17670	Harel Belle Vue	Lomé 4 bis	VERSE	21/09/1998	10,000,000.00	10,000,000.00		-	6,130,000.00	28/02/2001	28/02/2010
20747	SSR Airport Extension II	Lomé 4 bis	SIGNE	10/10/2000	18,000,000.00	2,584,008.21		15,415,991.79	2,376,005.57	25/09/2006	25/09/2015
21396	Plaines Wilhems Sewerage	Lomé 4 bis	SIGNE	17/12/2001	35,000,000.00			35,000,000.00			
21884	CWA Reduction Of Non-Revenue Water	Lomé 4 bis	SIGNE	20/12/2002	20,000,000.00	•		20,000,000.00	_		
22172	Bel Ombre Hotel A Sen Loan	Cotonou	VERSE	12/08/2003	6,100,000.00	6,100,000.00		•	6,100,000.00	05/08/2007	05/08/2015
22871	Mauritius Cont Terminal II	Cotonou	SIGNE	21/12/2004	14,000,000.00	•		14,000,000.00	-		l
					176,100,000.00	90,758,681.21	925,327.00	84,415,991.79	51,309,595.92]	

FED			7								
Numéro de compte	Nom du contrat	Nom de l'accord financier	Evolution	Date de signature	Montant du contrat en EUR	Montant versé en EUR	Montant annulé en EUR	Solde à verser en EUR	Encours versé en EUR	Date de premier rembourseme nt	Date de fin de rembourseme nt
70295	DBM PG II	Lomé 2	VERSE	12/11/1982	500,000.00	140,000.00	360,000.00	-	84,061.78	15/09/2003	15/09/2007
70612	DBM III	Lomé 3	VERSE	25/08/1986	2,000,000.00	1,305,186.21	694,813.79	•	1,202,157.91	15/05/2007	15/05/2011
70632	Socota Textile Mills	Lomé 3	VERSE	16/12/1986	1,500,000.00	1,500,000.00		-	1,500,000.00		
70701	CEB IV	Lomé 3	VERSE	02/12/1987	3,000,000.00	3,000,000.00		•	1,271,700.00	15/01/1993	15/01/2012
70865	Socota Il Project	Lomé 4	VERSE	20/12/1991	2,500,000.00	2,500,000.00		•	625.12	15/12/2000	
70881	Maurilait Product Capital	Lomé 4	VERSE	27/07/1992	600,000.00	600,000.00		-	360,000.00	25/05/2003	25/05/2007
70920	CWA Water Supply Project	Lomé 4	VERSE	20/09/1993	2,000,000.00	2,000,000.00		-	1,069,199.98		
21479	Rodrigues Power Station	Lomé 4 bis	SIGNE	18/02/2002	2,000,000.00	1,888,256.00		111,744.00	1,888,256.00	15/02/2006	15/02/2017
22173	Bel Ombre Hotel B sub loan	Cotonou	VERSE	12/08/2003	3,300,000.00	3,300,000.00		•	3,300,000.00	05/08/2007	
22174	Bel Ombre Hotel C ind.Equity	Cotonou	VERSE	12/08/2003	2,800,000.00	2,800,000.00		-	2,800,000.00	05/08/2016	05/08/2017
					20,200,000,00	19,033,442,21	1,054,813,79	111,744,00	13,476,000,79		

MANDAT											
Numéro de compte		Nom de l'accord financier	Evolution	Date de signature	Montant du contrat en EUR	Montant versé en EUR	Montant annulé en EUR	Soide à verser en EUR	Encours versé en EUR	Date de premier rembourseme nt	Date de fin de rembourseme nt
80018	Terre Rouge - Mapou Road	Lomé 1	VERSE	25/07/1978	4,600,000.00	4,600,000.00		-	2,241,580.00	15/12/1988	15/06/2018
80103	Mauritius Housing	Lomé 1	VERSE	09/09/1981	3,040,000.00	3,040,000.00		-	1,784,176.00	15/12/1991	15/06/2021
80158	Constr. Maize Proc. Plants	Lomé 2	VERSE	27/02/1984	850,000.00	830,509.84	19,490.16	-	567,736.56	15/07/1994	15/01/2024
80203	Storage Installations	Lomé 2	VERSE	27/12/1985	1,350,000.00	1,343,996.67	6,003.33	•	982,327.18	15/05/1996	
80204	Route Phoenix-Nouvelle France	Lomé 1	VERSE	14/01/1986	3,306,664.90	2,968,000.00	338,664.90		2,169,311.21	01/06/1996	
80204	Route Phoenix-Nouvelle France	Lomé 2	VERSE	14/01/1986	5,161,335.10	5,161,335.10		-	3,772,419.83	01/06/1996	
80349	National Derocking Scheme	Lomé 3	VERSE	09/12/1991	1,000,000.00	979,063.21	20,936.79	-	893,884.75	01/02/2002	
80352	Diversif.: n° 1 Industrie	Lomé 3	VERSE	14/02/1992	5,000,000.00	4,692,580.50	307,419.50	-	4,214,875.74		
80353	Diversif.: n° 2 Agriculture	Lomé 3	VERSE	14/02/1992	4,000,000.00	4,000,000.00		-	3,592,800.01	01/11/2001	01/05/2030
					28,308,000.00	27,615,485.32	692,514.68	-	20,219,111.28	j	

Annex (v)

Macroeconomic and Sectoral indicators (EDF 9 Focal Sector)

A summary of the macroeconomic indicators linked to the 9^{th} EDF Wastewater SPSP, and their trends in 2003, is shown in the table below:

Objective	Indicator	Monitorable Outcome	Tentative trends
To ensure continued good economic performance	GDP Growth	4.6% in 2002/03 5.5% in 2003/04 5.3% in 2004/05	The fragile textile sector held GDP growth at around 4.5% in 2003/04 but the economy is showing resiliency to the difficult texile environment by enhancing on diversification into the tertiary sector (tourism, financial services, ICTs)Strong corrective policies are being applied by Govt. to restore GDP growth.
	Overall budget deficit	-6.0% of GDP in 2002/03 -5.5% of GDP in 2003/04 -4.0% of GDP in 2004/05 -3.0% of GDP in 2005/06	Budgetary Forecast figures are being more or less satisfied with strict fiscal and monetary governance which is allowing the government to maintain at the same time its high investments in education and social welfare.
To ensure continued sound, transparent and efficient budget process	Budget preparation	Start in early February and complete in May for presentation to National Assembly in June as scheduled. New policy initiatives presented and discussed at the same time when the overall budget envelope known.	Normal practice
	Budget implementation	Discrepancies between budgeted and actual revenues less than 5%* Discrepancies between budgeted and actual expenditures less than (i) 5% for recurrent budget and (ii) 15% for capital budget. Audit report does not reveal any serious irregularities or inappropriate expenditures.	(+) To be closely monitored

	Medium-term expenditure framework (MTEF)	Pilot program for five ministries/sectors.	The implementation of the MTEF has full commitment from Govt as agreed with the World Bank. The MTEF Central Unit and MTEF Cells in line Ministries were set up in 2004. A separate document on Education/Training was presented along with the budget 2004/05. Works are in progress for the second phase involving the conversion of budget allocations for Environment (incl wastewater), social security and health sectors on an MTEF basis.
To improve transparency in public procurement	Preparation and introduction of a new and modern public procurement system	New procurement procedures ready for Parliament action by March 2003*. Adoption by Parliament of new procurement legislation by end 2003*. Introduction of new system by end 2004*.	Government has initiated in 2003, as a first phase, a consultancy to advise thereto and produce the appertaining documentation. A second phase is to be carried out in early 2004 to end with a proposal for Parliament action. With respect to the provisions in the EDF 9 SPSP the Government will in the meantime commit to public opening and appraisal in full transparency of tendering carried out in the context of the National Sewerage Programme.

In terms of sectoral commitments, the 9^{th} EDF Wastewater SPSP outlines a series of indicators that are listed in the table below, along with observed trends in 2003.

Performance indicators for the Wastewater Sector	Notes/Proposed indicators measured	Observed trends (2003)
Project Capital expenditure under National sewerage programme (Yearly)	The base projected expenditure is based on the financial year from 1st July to 30 th June the following year in Constant Rupees	The World Bank has indeed reported a three-year slippage in the sectoral capital expenditure. However the Wastewater Management Authority has completed its internal reorganisation and institutional reinforcement. Together with technical assistance (EU-funded) there are good prospects that the capital investments will now take up to satisfactory rates.
House connections (Cumulative)	Cumulative Projected domestic & non-domestic (living quarters) connections	The WMA Act has been amended to provide for compulsory house connections since Aug 2004.
WMA financial performance	Expressed as an annual amount of revenue collected to reflect combined effect of tariffs increases	Tariffing as per Sector Policy Letter agreed in August 2003 and Joint billing with Central

	and improved collection performance.	water Authority is in force since 1 Jan 2004.
Implementation of industrial	Yearly.	
pollution control	Implementation of Industrial	The Regulations for the
programme	Agreement with the Industries	discharge of effluents into
	discharging wastewater into the	sewers have been enacted since
	public sewer networks.	Nov 2004 and would be
		effective as from 1 st Jan 2005.
Improvement of access of	Yearly. Cumulative number of	Predictable to increase gradually
the poor to suitable	poor households getting access to	as a result of progress in the
sanitation	proper sanitation through the CHA	main and reticulate wastewater
	projects and from other capital	network and legislation for
	sewer works planned	compulsory house connection.

Wastewater Sector Performance Indicators (quantified)

It is agreed between the EU and Government that as part of the normal project management process, the EC will be monitoring the implementation progress of the EDF 9 Sector Policy (Wastewater) Support Programme. However, because the proposed intervention mechanism is a targeted budget operation, which can finance any project (or projects) in the National Sewerage Programme (NSP), project achievements will be assessed by looking at the implementation of the NSP as a whole. To help monitoring results at the sector level, the performance indicators (quantified) described in the Table below are recommended:

Objective	Action	Performance Indicators
Improve living standards by sustainable provision of wastewater services in priority areas	Implementation of the National Sewerage Program	 Length of new sewers laid by NSP projects will be at least 50 kms in2003/04. Number of new house connections made under the components of the NSP will be at least 4,000 in 2003/04. Volume of wastewater treated at the four main WWTP's currently under construction will increase from the current volume of 14,000 m³/day to at least 19,000m³/day in 2003/04.
Improve sanitation standards in non-sewered areas	Implementation of a strategy for disposal of wastewater in non- sewered areas	 Preparation by WMA of a framework strategy for on-site disposal of wastewater in non-sewered areas during 2003/04. (not yet) Publication in the Mauritius Government Gazette of the draft wastewater regulation for the licensing of wastewater carriers by the end of 2002/03. (already enacted.)
Improve sector management	Establishment of WMA as a financially sustainable and autonomous entity.	 Completion of recruitment for all WMA established management and professional posts to by 2003/04 (not yet) Implementation of tariff increases for 2003 in line with Sector Policy Letter from January 2003. (ok) Preparation of a review study of future tariff requirements to provide full cost recovery by mid-2004. (draft updated Sector Policy Letter (2005-19) already prepared and which

		 includes an updated tariff path Improve collection ratio from the current 65% to 90% by 2005/06. Preparation of wastewater regulation for the enforcement of premises to connect to accessible public sewers by the end of 2002/03 and publication in the GoM Gazette during 2003/04 (gazetted on 19 Aug 2004) Identification of WMA counterpart staff for each Technical Assistance post. (not yet)
Improve the control of industrial effluents	Establishment of a Pollution Control Division within WMA together with enforcement legislation.	 Completion of recruitment for the Pollution Control Division (PCD) and equipping of the Pollution Control Laboratory by the end of 2002/03. (not yet) Publication in the GoM Gazette of the wastewater regulation for the discharge of industrial effluents to sewers by the end of 2002/03. (done in Nov 2004) Increase of the number of trade effluent licenses issued by WMA by 50 per annum from zero in 2002 until all industrial premises are covered PCD to carry out twice yearly monitoring analyses on at least 90% of licensed industries in any year. PCD to carry out monthly monitoring analyses on the treated effluent from all wastewater treatment plants.
Improve the Quality of Life for the Most Disadvantaged in Society	Sanitation improvements to be provided in low income housing areas.	 Implementation of CHA Estates Phase III sewerage rehabilitation, comprising nine low cost housing estates, will begin in 200405. Addition of fourth phase of upgrading comprising at least eight additional estates to the NSP for implementation in 2005/06.

Annex vi Outline of Country Environmental Profile

1. Introduction

Mauritius is an island of volcanic origin, with a total land area of 1,860 sq km; its largest dependency is the island of Rodrigues. The island also controls a large sea area as part of its exclusive economic zone (EEZ) covering around 1 million sq km. Moreover, Mauritius and its island dependencies, which lie within the EEZ, are rich in flora, marine life and fauna.

Mauritius has a varying topography, whereby the north of the island is flat and dry, while the south is hilly and wet. The island is well-known for its micro-climates and its vulnerability to tropical cyclones during the months of December to March.

Mauritius has experienced accelerated economic growth over the past 20 years, shifting from a low-income country to a middle-income country (US\$ 4,000 yearly per capita income), with a four-pillar base economy, namely manufacturing, tourism, sugar, and financial services. However, the rapid economic and social development represents a serious threat to its environment. Environmental degradation will become a severe impediment to economic growth and quality of life if sustainable environment management is not implemented.

2. State of environment

Mauritius is one of the most densely populated countries in the world (600 inhabitants/sq km). Indeed, population growth, urbanization as well as industrial, commercial and tourism development have exerted severe pressure on its land and water resources over the past decades; these resources may become limiting factors in the long-term, if not properly managed.

Ninety percent of the land is privately owned and the remaining 10% is public land (including forests and nature reserves). Over the years, the island has converted its forests to agricultural land for sugar cane cultivation, which accounts for 40% of all land use and 89% of cultivated land. Overall, despite its obvious economic benefits, agriculture has brought (a) increased soil erosion caused by inadequate protection of the top soil after land clearing; (b) depletion of natural soil nutrients as a result of a heavy use of agro-chemicals and fertilizers (the latter has been estimated to be as high as 600 kg/ha comparable to the high fertilizer application rates in Northern Europe). Moreover, there is a stress on the coastal zones, following urban development, the increased number of tourists on the island and the pressure from hotel developers.

There has also been a dramatic increase in water pollution in Mauritius. The major areas of concern for environmental and public health are pollution of the surface water, lagoons and groundwater by industrial and domestic effluents, as well as untreated sewage. It is estimated that there are around 100 industrial units, which are engaged in activities causing some form of water pollution. There are very few industries that carry out on-site treatment of effluents before discharge in surface waters, pits or caverns. Sugar cane mills scattered islandwide, carry out cane crushing operations and the resulting liquid waste does not undergo any prior treatment before its discharge into rivers or streams. This waste gives rise to damages to aquatic life and mortality of fish in the lagoons.

The flora of Mauritius contains some important genetic resources, with the potential to provide direct economic, medicinal and pharmaceutical benefits. The natural vegetation of Mauritius has been largely destroyed, mainly due to land clearing for sugarcane. Mauritius ranks second in the world for having the highest percentage (39%) of its native plants threatened. The situation is similar in Rodrigues, with 43 out of 50 endemic species threatened. Furthermore, 62 animal species have become extinct since three centuries. Mechanisms have been put in place to protect endangered species and ecosystems including protected areas and in-site conservation; indeed, Mauritius' breeding programme for pink pigeons and the Mauritian kestrel have been acknowledged internationally. Nevertheless, there is still scope for further improvement in the protection of endangered species.

There has also been a dramatic increase in road traffic over the last five years. This has led to negative externalities in terms of road congestion, and air pollution. Furthermore, renewable energy resources have not been sufficiently developed, although the bagasse, one of the by-products of sugarcane, is being used increasingly to generate electric power.

Almost a decade after the publication of the National Solid Waste Management Plan in 1994, the key problem of the environment remains the management of solid waste, which at present consists of dumping of all wastes in a landfill that was opened only six years ago. The specific problem is that this landfill is rapidly becoming a short-term solution, given that there are no further plans to open up new landfills. Furthermore, space being a major constraint, it is obvious that Mauritius will face acute problems of solid waste disposal in future.

3. Environmental policy, legislative and institutional framework

Mauritius is at crossroads, given that the pristine environment cannot be taken for granted any longer. There is a pressing need to alleviate the negative impacts of development and population growth on the local environment in view of achieving sustainability.

At the national level, appropriate measures have been taken to reconcile the pace of economic growth with sustainable environmental management. In April 2000, the Government approved a 10-year National Environmental Strategy (NES), whose main objectives are to control pollution, promote clean technology, and conserve natural resources, amongst others. Moreover, the Environmental Investment Plan II, which focuses on key environmental problems (including waste management, loss of biodiversity, contamination of fresh water resources and air pollution), has been recommended for implementation during the next 5 years.

Several legislations (including the Wildlife and Natural Zones Act of 1993, Forests and Reserves Act & Fisheries and Marine Resources Act of 1998 and Environment Protection Act of 2002) have also been enacted over the last decade for the safeguard of the environment and its scare natural resources.

At the international level, Mauritius has signed a series of Multilateral Environmental Agreements (MEAS), including (i) the Convention on Biological Diversity (CBD) – as a result of which it has had a series of approved projects under the Global Environment Facility (GEF); (ii) the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES); (iii) the UN Framework Convention on Climate Change (UNFCCC), (iv) the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes; (v) the Convention on the Prevention of Pollution from Ships (MARPOL); and (vi) the Nairobi Convention on Persistent Organic Pollutants.

4. Support provided by donor agencies for environmental management

Mauritius' management of the environment is lagging behind relative to its remarkable economic development. Since the island is now ranked as a middle-income country, the intervention of international donor agencies in general has been relatively scarce. However, it should be noted that in order to achieve a sustainable environment in the wake of accelerated economic growth, Mauritius will need the support of international donor agencies, particularly in the environment sector.

Mauritius has benefited from financial assistance under the GEF for various biodiversity projects (e.g. sugar bio-energy technology and biodiversity restoration). However, to date, the European Union, under the European Development Fund, is the largest donor agency to the environmental sector in Mauritius.

Specific national and regional projects and programmes funded by the EDF have focused on various key environmental issues. At the national level, erosion control and management of water and land resources have been tackled in Rodrigues (under the Anti-Erosion Programme and from 2005, under the 9th EDF decentralized cooperation programme). Furthermore, the focal sector for the NIP of Mauritius (under the 9th EDF) is wastewater treatment, under the budgetary support mechanism. At the regional level (Indian Ocean), Mauritius benefits from the following EU-funded projects: (a) the sensitization of children from the ages of nine to twelve years old on the environment (ARPEGE project); and (b) the reduction in the use of agro-chemicals and integrated pest management (PRPV programme). Furthermore, the focal sector for the Regional Indicative Programme under the 9th EDF (for the wider region of Eastern and Southern Africa and the Indian Ocean) is the management of natural resources. The main environmental projects todate are (a) the preservation of high value fish stocks (with the regional Tuna Tagging and Fishing control & surveillance Projects). Finally, a feasibility study is undertaken to define the Regional Programme for the Management of the Environment, Marine and Coastal Resources.

Economic Migration

In 2004, there were some 18,062 expatriates working in Mauritius. It includes 8,668 males and 9,394 females. Almost 86.2% were concentrated in the Manufacturing sector, more particularly in the EPZ. By country of origin and in terms of work permits issued and renewed in 2004, it is noted that 44.8% (10,127 out of 22,625) expatriates were from China. It is worthwhile pointing out that in order to promote better industrial relations with the Chinese workers, an Agreement would be signed between Mauritius and China. This Agreement highlights the conditions on which the Chinese would work in Mauritius.