

African Development Bank African Development Fund



MAURITIUS

2009-2013

Country Strategy Paper-Draft

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ABBREVIATIONS AND ACRONYMS

ADB	African Development Bank	MOFEE	Ministry of Finance and Economic Empowerment
ADF	African Development Fund	MOU	Memorandum of Understanding
AFD	Agence Française de Développement	MTR	Medium Term Review
AGOA	African Growth and Opportunity Act	MTEF	Medium-term Expenditure Framework
AIG	African Infrastructure Fund	NCDs	Non Communicable Diseases
BOM	Bank of Mauritius	NEA	New Millennium Economic Agenda
BOT	Build-Operate-Transfer	NEAP	National Environmental Action Plan
BSL	Budget Support Loan	NEPAD	New Partnership for Africa's Development
COMESA	Common Market for Eastern and Southern Africa	NGO	Non-Governmental Organization
CSO	Central Statistics Office	NPCC	National Productivity and Competitiveness Council
CSP	Country Strategy Paper	NPL	Non Performing Loans
DBSL	Development Budget Support Loan	NSP	National Sewerage Program
EPA	Economic Partnership Agreement	ODA	Official Development Assistance
EOE	Export Oriented Entities	OPSD	Operations Private Sector Department
EPZ	Export Processing Zone	PEFA	Public Expenditure and Financial Accountability
ESW	Economic and Sector Work	PBB	Program Based Budgeting
EU	European Union	PPP	Public Private Partnership
FDI	Foreign Direct Investment	RBCSP	Result Based Country Strategy Paper
FY	Fiscal Year	SADC	Southern African Development and Economic Community
GDP	Gross Domestic Product	SAFE	South Africa-Far East
GoM	Government of Mauritius	SME	Small and Medium Scale Enterprises
HIV/AIDS	Human Immuno-Deficiency Virus/Acquired Immunity Deficiency Syndrome	SWAP	Sector Wide Approach
HDR	Human Development Report	UA	Unit of Account
ICT	Information and Communication Technology	UK	United Kingdom
IFAD	International Fund for International Development	UNDP	United Nations Development Program
IMF	International Monetary Fund	US	United States of America
IRS	Integrated Resort Schemes	WHO	World Health Organization
LTA	Land Transport Authority	WTO	World Trade Organization
MDGs	Millennium Development Goals		
MFA	Multi-Fiber Agreement		
MIC	Middle Income Country		

CURRENCY EQUIVALENTS (April 2009)

Currency Unit	=	Mauritius Rupee (Rs)
UA 1.00	=	Rs 49.54
UA 1.00	=	US\$ 1.50
US\$ 1.00	=	Rs 33.13

FISCAL YEAR
1 July - 30 June

I. INTRODUCTION

1.1.1 **This Country Strategy Paper (CSP) presents the Bank's support program for Mauritius for the period 2009-2013.** It responds to increased interest from the Government of Mauritius in engaging with the Bank and for a scaled-up lending program. With the ongoing global recession as a backdrop, the Government is facing unprecedented challenges and has turned to the Bank for timely support. The strategy has been developed in consultation with the Government and is linked to the national development priorities as set forth in the "Vision 2020: The National Long-Term Perspective Study". Since independence in 1968, successive governments have shared consistent long-term development objectives. This CSP articulates the Bank's proposed engagement across two pillars:

- *Enhance Competitiveness and Trade Integration* aiming at ensuring sustained long-term growth. The Government has asked the Bank to pay particular attention to trade integration.
- *Enhance Public Sector Efficiency and Basic Services Delivery* aiming at sustaining and consolidating reform achievements.

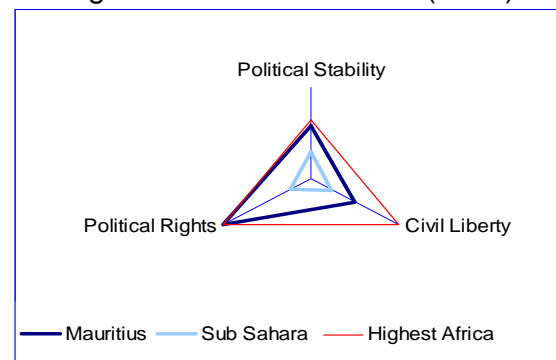
1.1.2 **This CSP emphasizes the MIC status of Mauritius.** It is in line with the Bank's Group Strategy on Private Sector Development (2007) and the Strategic Framework for Enhancing Bank Group Support to Middle Income Countries (2008). The CSP is flexible and designed to adjust to new opportunities for Bank's involvement in Mauritius.

II. COUNTRY CONTEXT AND PROSPECTS

2.1 Political, Economic and Social Context Political Context

2.1.1 **The political scene is remarkably stable.** Mauritius takes pride in being a mature democracy with strong institutions (Figure 1). It is not at risk for political instability deriving from the global financial crisis. The March 2009 Political Instability Index (Manning the Barricades, Economist Intelligence Unit special report) rates Mauritius as very low risk (7th out of 165 countries).

Figure 1: Political Context (2008)



Note: Mauritius is in the top half of the 50th -75th percentile among the 212 countries surveyed.

Source: Governance Indicators, World Bank 2008 and AfDB Statistics Department.

2.1.2 **Parliamentary elections are scheduled for July 2010.** In addition to the "multi-ethnic" representation within each political party, the flexible practice of shifting political alliances and coalitions, has helped ensure stability since independence, is now playing out. The ruling party, *Alliance Sociale* (AS, labor party coalition) is in power since 2005; the other two main parties are the *Mouvement Militant Mauricien* (MMM)

and the *Mouvement Socialiste Militant* (MSM). Political alliances are needed to win the elections. A new alliance between the MSM and the MMM had seemed likely, but this prospect has faded recently.

2.1.3 How Mauritius handles the economic meltdown is likely to determine the outcome of the national elections. The opposition claims that the Government has intervened too little and too late and that financial losses of parastatal entities and public enterprises are limiting the fiscal space for countercyclical policies. This could threaten fiscal discipline; although, the risk is mitigated by stronger fiscal rules embedded in a medium term fiscal framework (the New Public Debt Management Act ensures that public sector debt is consistent with medium term fiscal objectives).

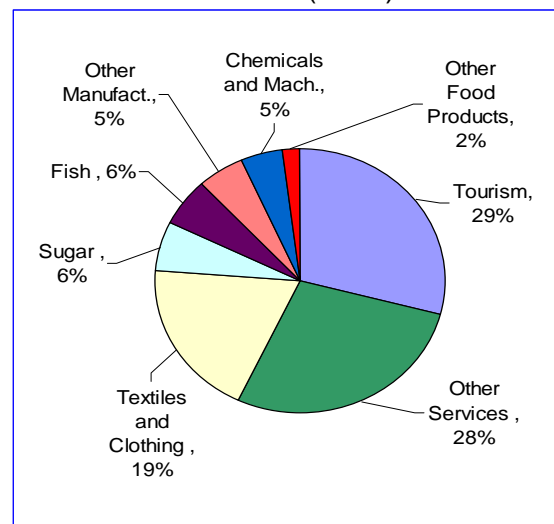
Economic Context

Growth and Growth Drivers

2.1.4 Mauritius' economy succeeded at sustaining a long period of high growth and reducing its dependence on raw sugar exports. Real GDP growth averaged 6% over the past three decades; in the last five years it averaged almost 5%. At present, the engines of economic growth are FDI inflows into real estate devoted to tourism and off-shore banking, as well as a rebound in textile exports. Tourism is the predominant sector, accounting for close to 10% of GDP (this figure does not include its complementary effect on construction, infrastructure and services), 7% of employment and 29% of exports of goods and services (Figure 2). Tourism has also driven a construction boom through substantial

investment in hotels and infrastructure over the past two years. The financial sector accounts for about 10% of GDP, spurred by the government strategy of turning Mauritius into a financial center. A number of advantageous double taxation treaties have made Mauritius a low-tax gateway to invest in other countries, notably South Africa and India. Textiles contribute 5% to GDP, employ 11% of the workforce and account for 19% of foreign exchange earnings. The textile sector has adapted well to the dismantling of trade preferences in 2005 by focusing on higher value added export products. Sugar now represents only 3% of GDP and 6% of foreign exchange earnings, but remains one of the main employers and represents 80% of land utilized. The sector has gradually moved towards increasingly exporting refined sugars.

Figure 2: Exports of Goods and Services (2008)



Source: Bank of Mauritius (BoM) – <http://bom.intnet.mu>, Central Statistics Office (CSO) – <http://statsmauritius.gov.mu> and AfDB Statistics Department.

Macroeconomic Management

2.1.5 Market reforms have allowed Mauritius to build resilience and

elude the first-round effects of the global crisis. Launched in 2005 (Box 1), aggressive market reforms have:

- Invigorated economic growth – at above 5% over the past three years
- Lowered unemployment to 8% in 2008 – the lowest in five years
- Increased private investment to 22% of GDP – the highest level ever
- Reduced the overall fiscal deficit to 3.4% of GDP in 2007/2008 from a peak of 5.4% in 2005/2006
- Decreased the public sector debt from about 69% in 2005/2006 to 62% of GDP in 2007/2008, of which only 9 % of GDP corresponds to external debt.

Box 1: Reforms Achieved in 2005-2009

Enhancing Competitiveness

- An agreement on tax harmonization was signed with India (2005)
- Tariff barriers were dismantled and duty rates eliminated (2005-2007)
- Regulations for export-processing zone (EPZ) and non-EPZ firms have been unified, except on labor (2007)
- Air access was liberalized (2007)
- Immigration restrictions were eased (2007)
- The insolvency bill was passed (2007)
- A PTA was signed with Pakistan (2007)
- Labor market flexibility was improved (flexi-security), reducing separation costs (2007)

Consolidating Fiscal Performance and Improving Public Sector Efficiency

- Two fiscal rules were implemented (recurrent expenditure cannot be financed by loans and net public debt ratios must decline over time) (2006-2008)
- PBB, PMS and MTEF frameworks were introduced (2006-2009)
- Tax system was revamped: CIT was unified; residential taxation was introduced; tax exemptions were abolished (2006-2008)
- The procurement act was passed (2007)
- The deregulation of administrative prices was launched (2008)
- Reform of the parastatal sector was launched (2008)
- The reform of the social safety nets was launched (2008)
- The process for opening the Cargo Handling

Corporation Limited (CHCL) to a strategic partner was initiated (2008)

Improving the Business Climate

- Business registration and regulation procedures were simplified (2006-2009)
- The Business Facilitation Act was approved to promote private investment (2006)
- Restrictions on land acquisition by foreigners were eased (2006)

Widening the Circle of Opportunity through Participation, Social Inclusion and Sustainability

- The National Environment Policy was enacted (2006)
- The Empowerment Program for training redundant and re-allocated workers was launched (2006-2009)
- The education reform was launched (2007)
- The Plan for Eradicating Absolute Poverty was launched (2008)

Note: Policy reforms have been organized along Government Development Strategy pillars.

Source: Ministry of Finance and Economic Empowerment, the World Bank and IMF.

2.1.6 The global downturn has started to affect economic prospects. The real growth estimate in 2008/09 is now projected at 2.1%, much lower than earlier expectations and down from 6.6% in FY 2008/2007 (Table 1), in addition:

- Tourism seems to be at the outset of a downturn; travel receipts were 16% lower in October 2008-January 2009 compared to the same period a year before.
- Textile exports fell by 17% between 2007 and 2008 and are expected fall further in 2009. FDI flows are projected to remain low (at 2-3% of GDP) and reduce activity in the offshore financial sector.
- The external current account deficit is expected to widen in 2008/2009 to 11% of GDP, because the lower demand for tourism, textiles, and offshore financial services will not be offset by lower imports.
- Inflation is expected to decline to 5% in 2009/2010 due to the sharp reduction in international oil and food

prices and despite the increase in fiscal spending and the exchange rate depreciation. In one year, the rupee has depreciated by 31% against the US dollar.

- The price index of Mauritius' stock market fell by 30% since January 1 2008, more than South Africa's (24%) and Namibia's (25%).

Table 1: Key Macroeconomic Trends (as % of GDP otherwise stated)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
GDP Growth (%)	3.5	4.2	6.6	2.1	2.3	4.7
Inflation (%)	5.1	10.7	8.8	7.3	5.1	5.6
Fiscal Deficit	5.4	4.2	3.4	3.3	6.0	5.2
Ext. CA Deficit	5.3	7.8	8.9	11.2	12.1	8.6
Trade Deficit	6.9	11.0	13.8	15.9	16.2	12.8
Total Public Debt	68.8	61.2	60.1	58.0	61.2	61.6

Source: Bank of Mauritius (<http://bom.intnet.mu>), Ministry of Finance and Economic Empowerment (<http://mofee.gov.mu>), IMF and AfDB Statistics Department.

2.1.7 Countercyclical fiscal and monetary policies are being adopted to cope with the crisis. Using the fiscal space created by tax reforms, a fiscal stimulus package amounting to Rs 10.4 billion (3.8% of GDP, US\$ 330 million) was launched in October 2008 to increase public spending by front-loading public salary-indexation, spending contingency funds and reducing domestic oil prices in line with international trends (Box 2). Expansionary monetary policy measures (150 bps reduction of the repo rate and 1% reduction of the cash reserve ratio) were implemented in parallel with the fiscal stimulus. Additional measures were launched in December 2008, including the launching of the Mauritius Approach Initiative and the announcement that public investment will be boosted through large infrastructure investment projects, in

particular in the transport sector. The envisaged total fiscal stimulus is sizeable, but its application is delayed due to public investment implementation bottlenecks, such as insufficient capacity to complete feasibility studies and procurement processes.

Box 2: Two-year Stimulus Package and Mauritius Approach Initiative

The Fiscal Stimulus Package intends to give a significant public and private investment boost. Specific measures include:

- Fast-tracking already earmarked public spending projects and new infrastructure programs, and by promoting the acceleration of private sector investment (i.e. removing FDI obstacles).
- Strengthen implementation capacity in Government.
- Create human resource capacity by promoting investment in tertiary education and attracting foreign students.
- Support vulnerable sectors and businesses, in particular SMEs.
- Enhance efforts of re-skilling, retraining and returning retrenched workers to productive employment.
- Implement specific protection measures for the population (reducing the price of flour, gas and bread).
- Protect the textile and the tourism sectors: a representation unit has been set up to provide marketing back up and marketing intelligence to support companies to export in the US market under AGOA. Environment protection, import duties and airline fiscal contributions will be lowered.

The Mauritius Approach Initiative is an emergency scheme to rescue private firms facing financial difficulties. Firms requiring financial assistance have to prepare a reengineering plan that ensures financial and commercial viability after the crisis is over. The firm's owners themselves contribute with an equity of 20%, commercial banks assist with loans of 40% at a concessionary interest rate (not exceeding the savings rate), and the remaining 40% is provided by the Government.

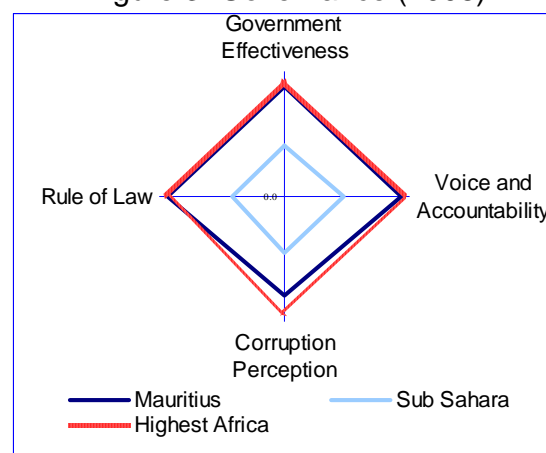
Source: Ministry of Finance and Economic Empowerment.

Governance and Transparency

2.1.8 Mauritius has an impressive track record of good governance and strong institutions. It regularly ranks at the top of the African continent in terms of governance and transparency. Recent legal and regulatory reforms have focused on creating an enabling environment for enhanced business practices and ensuring good governance, transparency, rule of law and accountability (Figure 3). Mauritius topped the 2008 Ibrahim Index of African Governance; it has the highest score in Sub-Saharan Africa (85/100). According to the Transparency International's Corruption Perception Index, Mauritius ranks 41st internationally, second in the Africa region after Botswana (2008). The Public Expenditure and Financial Accountability (PEFA) assessment, sponsored by the EC, was completed in October 2007. It found Mauritius' public financial management (PFM) systems to be sound and the overall level of fiduciary risk low, although a few areas need improvement, including reporting on government operations, legislative scrutiny of audit reports, effectiveness of tax collection, and fiscal planning, expenditure policy and budgeting. To improve the effectiveness of the public sector, the Government has been implementing a Performance Management System (PMS). The PMS – together with the Program-Based Budget (PBB) that was introduced during the 2008/2009 fiscal year and that is embedded in a three-year Medium Term Expenditure Framework (MTEF) – are expected to strengthen strategic budgeting process across all government agencies. In February 2009, the IMF commended the Government for making good progress

in the implementation of PBB, but noted that further progress will require strengthening the link between PBB and PMS.

Figure 3: Governance (2008)



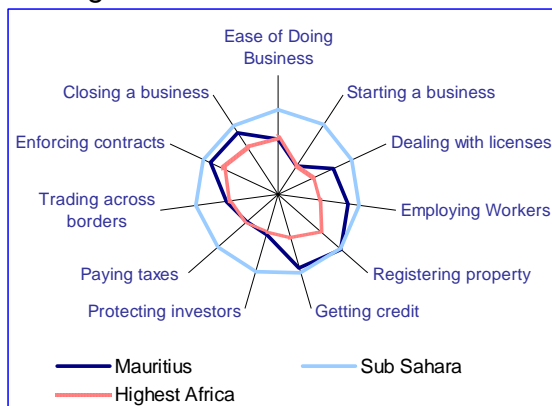
Source: AfDB Statistics Department.

Transport

2.1.9 Mauritius has a dense and modern road network, however it is increasingly facing traffic congestion. The Government recognizes that efficient and cost effective transport is one of the most important drivers of growth and increased competitiveness. The road network is 2,000 km long, of which 95% is paved and over 60% well maintained. As car ownership increased markedly in recent years and population density is one of the highest in the world (560 inhabitants per km²), congestion around Port Louis is approaching saturation levels. In fact, the capital only possesses two entry points in the south, which are both permanently congested. Degradation of island roads is the result of heavy trucks not respecting load limits (13 tons/axle), which takes a heavy toll on Mauritius' transportation infrastructure and, by extension, economic competitiveness.

2.1.10 Port facilities are among the best in the region but are reaching full capacity and require upgrading. Over 95% of external trade is maritime. About five million tons transit annually through Port Louis, whose design is among the most modern in the region. It comprises five deep water docks, two bulk goods terminals for storage and loading export agricultural goods and three container docks. The port is the region's transshipment hub, with a crain maintenance performance of 25 twenty-foot moves equivalent per hour. However, security and capacity need enhancement, in particular at shipping container facilities.

Figure 4: Business Environment



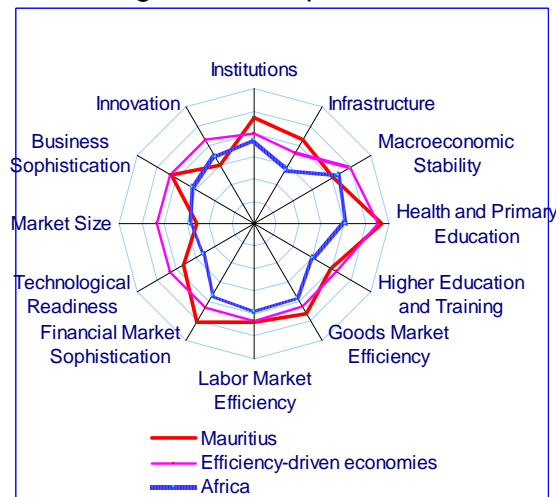
Note: Sub Sahara corresponds to the simple average of Sub Saharan African countries.
Source: Doing Business in Small Island Developing States 2009, The World Bank

Business Environment and Competitiveness

2.1.11 Mauritius has an attractive investment climate, with a high rank in Africa and worldwide. In the World Bank's Doing Business Ranking, Mauritius went from 29th (2008) to 24th (2009). The report ranks Mauritius as the best place in Africa to do business, and 24th in the world, ahead of France, Korea and Chile. It is among the top

performers in starting a business, paying taxes and protecting investors. Mauritius performs relatively well on trading across borders, dealing with construction permits, employing workers and closing a business. Remaining areas for improvement include getting credit, registering property, and enforcing contracts (Figure 4). Recently, Mauritius has improved markedly in these areas, advancing 30 ranks in registering property and 18 ranks in getting credit.

Figure 5: Competitiveness

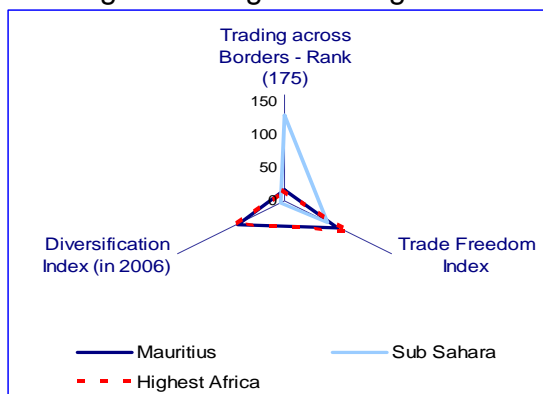


Note: Efficiency driven economies corresponds average of group of countries listed as efficiency-driven economies in the Global Competitiveness Report (CGR) 2008-09. Africa corresponds to the average of African economies.
Source: CGR 2008-2009, World Economic Forum

2.1.12 Mauritius ranks in the top third of most competitive countries in the world. It is ranked 57th in the Global Competitiveness Index 2008-2009. Mauritius has strong and transparent public institutions, with well protected property rights, reasonable levels of judiciary independence, and a good security situation by regional standards. Private institutions are rated as accountable and improving. Infrastructure is well developed by regional standards, and goods and

financial markets function well (Figure 5). The 2009 World Bank Investment Climate Assessment (ICA) found that while labor costs have decreased over time and labor productivity has increased, firms in Mauritius are not as competitive as those of its competitors in the global markets. The major constraints they face are: (i) access to finance, (ii) skills and technology absorption, and (iii) infrastructure, particularly limited port and airport facilities and energy shortcomings (high usage of generators).

Figure 6: Regional Integration



Note: Trading across borders ranking includes procedural requirements for importing and exporting a standardized cargo of goods by ocean transport. As Mauritius is the best performer in Africa, the figure corresponding Mauritius overlaps the figure corresponding Highest Africa.
Source: AfDB Statistics Department using data from Doing Business Databases, WB, 2008, AEO 2008 and The Heritage Foundation, 2008.

Regional Integration and Trade

2.1.13 Mauritius continues to actively promote economic integration within Africa and with India, China and Pakistan. Mauritius has been at the forefront of the Aid for Trade initiative in Africa and is very active in promoting the development of the Common Market for Eastern and Southern Africa (COMESA). Mauritius will host the COMESA Adjustment Facility, the COMESA Infrastructure Fund (CIF) and

the centralized COMESA clearing-house headquarters. Mauritius is also a very active member of Southern African Development Community (SADC). Furthermore, it is negotiating more favorable access for its exports to the US (through the African Growth and Opportunity Act, AGOA), and to the EU (through the Economic Partnership Agreement, EPA). It is an active member of the Indian Ocean Commission (OIC). Mauritius is among the best performers in the region in trade integration reform (Figure 6).

Social Context

2.1.14 Mauritius faces the challenge of sustaining the impressive achievements accomplished over the past 15 years. The prevalence of absolute poverty is low by international standards. Less than 1% of the population is estimated to live with less than US\$1 per day (1.5% with less than US\$ 2 per day). Child and maternal mortality rates, 15% and 37 per 100,000 respectively (2007), are already at the level of most advanced countries. Mauritius stands 65th out of 177 countries on the Human Development Index (2007/2008 Human Development Report). However, pockets of poverty exist in throughout the country among certain population groups (women) and in particular on Rodrigues Island. Over 200 pockets of poverty hosting about 7,000 households living in absolute poverty have been identified. Housing is a key issue for the lowest 15% income percentile of the Mauritian population. Furthermore, the MDG on HIV/AIDS won't be met unless urgent measures are taken (Annex 6 and 7).

Social Protection

2.1.15 The prevailing universal provision of social services is at risk.

The social protection system is generous but its sustainability, quality and targeting need to be addressed (Box 3). Some progress has been achieved recently. The Government has put in place special assistance initiatives targeted at vulnerable population groups. One such initiative is the Empowerment Program, which aims at widening opportunities for women, the unemployed and young people entering the labor force. The program entails training and re-skilling, as well as special programs for unemployed women. Other initiatives include the Eradication of Absolute Poverty (EAP) program, which targets pockets of poverty through specific projects, and the Gender Responsive Budgeting exercise. The global crisis has severely hits Mauritius' vulnerable groups. Despite the intensive employment protection and employment creation effort deployed by the Government (including, the introduction of flexi-security and the Empowerment Program carried out with the private sector), an estimated 45,000 jobs are at the threshold of profitability and may be lost if economic conditions further deteriorate.

Box 3: Mauritius Social Protection System

Mauritius has a comprehensive social security system articulated in five pillars:

1. Social assistance schemes and a universal system of non-contributory pension for the elderly, the disabled, widows, orphans and children. This benefit is paid to about 15,000 social aid cases and represented an expenditure of Rs 485 million (approx. UA 10 million) in 2007-2008, or 0.9% of Government expenditure.
2. Contributory pension schemes for public and private employees. This pillar is financed by over 14,000 employers of the private sector

and covers some 280,000 employees. The Government pays the basic retirement pension to 136,205 persons and also provides allowances to over 22,000 widows below 60 years, 26,000 disabled and allowances for 18,000 children of widows and invalid persons.

3. A Provident Savings Scheme funded by both public and private employers (2.5% of salary) and providing benefits on retirement, death or redundancy.
4. Occupational pension schemes run by the private sector.
5. Government subsidies on food (rice, flour), housing (for the lower income groups), free education and health services for all and free transport for the elderly, disabled and students.

Source: Ministry of Social Security, National Solidarity and Senior Citizens Welfare and Reform Institutions.

Health

2.1.16 Mauritius is facing the dual challenge of HIV/AIDS and the epidemiologic transition. Though relatively low in Mauritius, the prevalence of HIV/AIDS – currently estimated at 1.8% of the 15-49 age group – has been rising in particular among drug users (which in turn are also growing). There are indications that the HIV infection is infiltrating into the general public, as suggested by indicators such as the number of HIV-infected pregnant women, which increased from 0.05% in 2000 to 0.1% in 2006. The epidemiologic transition translates into a growing burden of non-communicable diseases (NCDs). NCDs represent the bulk of morbidity, disability and premature deaths in the country and are responsible for about 80% of the burden of disease. In 2004, 50.7% of deaths were due to diseases of the circulatory system. The prevalence of diabetes and hypertension among adults aged 30 and above was 19.3% and 29.7% respectively; and the prevalence of high cholesterol among

adults aged 20 years and above was 40.1%. These averages hide inequalities between population groups, in particular between men and women. For example, diabetes is the cause of 26.7% of deaths among women, against 19.3% among men (2008). Some areas of inefficiency in the Mauritian health system need to be tackled, in particular the referral system and the management of decentralized health services. Over 90% of the population uses hospitals services, which shows that patients bypass the first level of care and results in wasted resources, as most of patients could be treated at a lower cost at the lower level of care.

Education

2.1.17 The biggest challenge in the sector involves moving the tertiary education to higher value-added knowledge and skills to become a knowledge hub for the region. Mauritius has reached universal primary education, and its education system is strong by regional standards. The literacy rate is 85%, net enrollment rates are 97% in 2002. The gender parity index is 1.0 at the primary level. Education is free at the secondary level and compulsory until the age of 16. Average school attendance is for 10.2 years, which falls short of the 11-year compulsory education, thus causing the gap between secondary to tertiary enrolment to be ever larger, as evidenced by the low gross tertiary education enrolment rate of 37.3%. Tertiary education is limited; Mauritius there is only one University (University of Mauritius), one medical school, and few vocational and industrial training institutions. Public expenditure on education in Mauritius in 2007/2008 was

estimated to be 12% of total government recurrent budget and 3.3% of GDP. The education system is adequately endowed with infrastructure, especially at the pre-primary, primary and secondary levels where both private and public schools operate. At those levels, the main effort remains one of improving turnout of the education system and reducing high repetition rates at the end of each cycle while improving transition from one level to the next. In tertiary education, access and capacity need to be improved, and the supply of human capital with higher value-added knowledge and skills in existing and emerging economic sectors must be fostered if the country is to reach its ultimate vision to become a knowledge hub for the region. So far, there is a mismatch between the quality and specificity of educational products and the needs of the economic sector. The technical knowledge on regional integration issues is limited among students and professionals.

Gender

2.1.18 Mauritius has made great strides closing gender gaps, such as education where near gender parity had been reached and girls dominate slightly in secondary education. The maternal mortality ratio is with 0.16 per 1000 life births (2005) very low and has steadily improved. The fertility rate is at 1.88 is also low.

2.1.19 Large gender gaps still exist with regard to political representation, with only 17.1 % of MPs being women against the SADC target of 50%. Gender gaps in employment are also large and getting bigger. In 2007 29,900 females as

against 18,700 males were unemployed. Women are also 3 times more likely to become unemployed than men. The gender gap in employment is particularly large in the 30-45 plus age groups where female unemployment reaches more than double male unemployment. This is due largely to the contraction and restructuring of the textile industry which affected a largely older female workforce with low educational backgrounds whose members are not easily re-trenched. The Government has clearly acknowledged the problem and has been addressing female unemployment through the Empowerment Program which since 2009 contains affirmative action measures for women such as with regard to access to credit, training and assistance to unemployed women over 45 years of age. The 2008 National Gender Policy Framework also subscribes to broad based empowerment measures for women across sectors through targeted interventions and gender mainstreaming.

Water, Sanitation and Environment

2.1.20 Mauritius is a very privileged country in terms of water resources. Yet those resources are not well exploited. Mauritius' average pluviometry is 2000mm, high by international standards. Its drinking water supply coverage rate is 99.6%. Of 2.75 billion cubic meters annual renewable resources, only 35% are tapped across sectors. Daily supply is unreliable, particularly during the dry season, caused by the low performance of distribution facilities. Unaccounted for water over the network are estimated at 46%.

2.1.21 The sewage network has high coverage but it is outdated and poses serious environmental risks. Almost 100% of the Mauritian population has access to sanitation. Yet only 26% (2008) of the population is connected to the sewerage system. The remaining 74% treats used water in situ and empties it into the aquifer.

2.1.22 Key environmental policy priorities include the need to control pollution and manage land, water and coastal assets. Although groundwater quality monitoring has not reported any danger, without intervention pollution of the underground water resources is highly probable. Regarding the special situation of Rodrigues Island, it is critical to maintain biodiversity and protect human health there.

2.2 Strategic Options

A. Country Strategic Framework

2.2.1 There is a widespread and sustained consensus on Mauritius' long-term development goals. It is contained in the "Vision 2020: The National Long-Term Perspective Study", formulated by two successive administrations (1994-1997) through a broad consultative process.

2.2.2 The vision centers economic development on moving away from low-wage, labor-intensive exports to more skilled, high value added, knowledge-based ones. It constitutes a holistic development framework. In line with this development vision, the Government's Development Strategy aims at transforming Mauritius into a globally competitive economy by

promoting five sectors: sugar, tourism, export-oriented entities (EOE), financial services and ICT. The strategy is articulated in four pillars: (i) enhancing competitiveness; (ii) consolidating fiscal performance and improving public sector efficiency; (iii) improving the business climate; and (iv) widening the circle of opportunity through participation, social inclusion and sustainability.

2.2.3 Since 2005, the Government has tenaciously advanced its market reform agenda. Now it faces the challenge to sustain these achievements. Reforms have successfully reduced the fiscal deficit, revamped the tax system, strengthened the public spending framework, restored export competitiveness and improved the investment climate. However, worsening economic conditions will test reform resilience.

B. Challenges and Weaknesses

- *The economy is highly dependent on a few sectors that are sensitive to the global crisis.* These include in particular tourism as well as textiles, real estate development and offshore financial services.
- *Mauritius' economy is small and the country is geographically isolated.* This translates into several limitations. Human capital availability is low and diseconomies of scale and scope reduce comparative advantages. Inputs are not sufficiently diversified and easily available. The economy is highly dependent on imported inputs. Agriculture diversification has not been achieved, and sugar is still predominant.

- *The public system of social services is generous, but not focused and with uncertain sustainability.* The public system of social services urgently requires reform to address its long-term sustainability in light to recent global financial developments. Public social spending also needs to be much better targeted on those most in need. Some minority and vulnerable groups remain excluded, in particular those living in Rodrigues Island.
- *High population density produces some saturation problems and causes delays in the decision-making process.* Scarce land and safe water are increasingly becoming politically sensitive sectors. Decision-making is often delayed because the same actors have several overlapping interests. For example, hotel owners are at the same time key players in land and real estate issues, which makes agreements difficult to reach on new roads and large infrastructure projects.
- *Environmental sustainability issues linked to the small size of the island need to be urgently addressed.* Critical aspects include the treatment of used waters and solid waste.
- *Parastatal bodies and public enterprises tend to be inefficient and rely on unsustainable public subsidies.* Some of them are experiencing financial difficulties (i.e. the Pension Fund, Air Mauritius, the National Transport Corporation and the Agricultural Marketing Board).

C. Strengths and Opportunities

- *Successive administrations have demonstrated a strong commitment*

to market oriented reforms and trade integration. Public management has advanced markedly in recent years, and Mauritius has made significant advances in opening its economy and promoting regional integration.

- *Despite cultural, religious and ethnic diversity, social and political stability and good governance prevail.* Governance indicators are among those of the most advanced economies. Corruption levels are low by international standards.
- *The business climate is strong.* Mauritius set itself the goal of moving into the world top ten by 2010. In addition, the Mauritian workforce is well educated and trained by African and international standards and is at least bilingual (English and French).
- *The tourism industry is world class and still has strong potential,* thanks to Mauritius' cultural diversity and natural magnificence.
- *Mauritius is in a global strategic geographical location.* Bridging Asia and Africa, it is well positioned to compete globally for European markets in some key products (textiles, services and EOE).
- *Mauritius can be considered as a success story among Small Island Developing Countries (SIDS).* Strengths (just mentioned above) succeeded to attract sizable amounts of private investment (domestic and foreign) that sustained a long period of economic growth.

2.3 Recent Developments in Aid Coordination/Harmonization

2.3.1 The Government is progressing towards a program approach with greater harmonization of donor support. It has established a

formal coordination mechanism among donors based on the PBB, to which donors are required to align their assistance. Once a year, an Annual Business Planning (ABP) is organized with external development partners. The PBB process brings in development partner financing in a coordinated manner. Annex 3 provides a mapping of development partners' activities in various sectors.

2.3.2 Effective coordination at project implementation level has yet to be accomplished, although budget support operations have been effective in strengthening alignment. In line with the Paris Declaration principles on aid effectiveness and the Accra agenda, the Bank has actively participated in budget support operations in conjunction with the AFD, the WB, and the EU.

2.3.3 The Bank intends to increase its local presence in Mauritius. To improve country dialogue, the Bank intends to post a Country Economist to Mauritius in 2009, housed at the UNDP Office.

2.4 Bank Group Positioning in Mauritius

A. Bank's Operations in Mauritius

2.4.1 Bank's presence in Mauritius has been modest, except in the case of budget support operations. Investment lending has remained fairly small, and disbursements performed well only for budget support operations. Technical assistance and capacity building are just picking up (Annex 2). By end-2008, the cumulative assistance to Mauritius reached a net amount of

just UA 180 million – 66% under the ADB window, 2.4% ADF, 1.6% NTF, and 30% private sector. Only 26 operations were approved, three of which are ongoing and one is expected to reach completion by mid-2009. The total amount of the net active portfolio is UA 69 million, of which budget support accounts for 44%. Yet non-lending services are increasing through the middle income country (MIC) grant facility in several areas, including transport, health, sewerage and public sector reform.

2.4.2. Bank’s pricing was not competitive against alternative financing sources. As a middle income country, Mauritius cannot access ADF resources; yet it has had easy access to European Commission grants and, until very recently, to international capital markets. Annex 4 presents Bank’s current terms and conditions available for Mauritius. New Bank instruments responding to the current global financing crisis were approved in February 2009.

2.4.3 As a result, lending to Mauritius has not taken off despite high space in country exposure limits. Mauritius has never come close to its Bank’s ceiling (Table 2).

Table 2: Mauritius: Indicative Annual Lending Limit Amounts 2009-2012 (UA Million)

	2009	2010	2011	2012
Scenario 1: Only Fast Disbursement –PBLs (100%)	330	269	228	198
Scenario 2: Base Mix (50%-50%)	397	300	237	194
Scenario 3: Only Slow Disbursement – Inv. Projects (100%)	471	316	224	167

Note: The limits take into account the lending already committed. The Table shows estimates of maximum annual limits under three possible scenarios assuming: (i) budget support operations only; (ii) a combination of budget support and investment lending, and (iii) investment lending only. Source: AfDB Financial Department.

B. Lessons from Implementation of the Previous CSP (2004-08)

2.4.3 The last CSP did not perform as well as expected. It was articulated around the three pillars of infrastructure development, private sector growth and economic and sector work (ESW):

- Only two infrastructure projects were launched (agriculture and water).
- There was no lending to the private sector, only indirect lending support was provided through Mauritius based regional investment funds. Poor performance in private sector operations resulted from lack of competitiveness with respect to other sources of financing, and a lack of Bank’s pro-activeness to reach the Mauritian private sector.

Box 4: Main Recommendations from the CSP 2004-2008 Completion Report

The Bank should:

- Stay aligned to GoM priorities while focusing on quality at entry in project implementation
- Support GoM program/project implementation capacity to develop bankable public sector operations
- Revisit its approach to private sector development by increasing flexibility and readiness to seize available investment opportunities
- Use the MIC grant facility to promote country dialogue and facilitate development of new operations
- Improve coordination with other development partners as demonstrated in budget support operations
- Enhance local presence to increase its effectiveness

Source: Mauritius CSP 2004-2008 Completion Report, August 2008.

- Some ESW was provided or launched, but only few were finalized (technical assistance services on aid for trade and regional integration). Overlaps with other development partners led to ESW cancellations. Six ESW requests were submitted through the MIC grant window: (i) support to economic reform programs (finalized), (ii) land transport authority and outline planning schemes of municipality areas (ready to disburse), (iii) health sector strategy review (approved by the Board), (iv) new Master Plan for the wastewater sector (in last stages of preparation) (v) Bagatelle dam feasibility study (cancelled due to lack of following of Bank's procedures) (vi) poverty reduction analysis (delayed due to overlapping with EU assistance). Box 4 presents the main recommendations of the CSP 2004-2008 Completion Report.

2.4.4 Budget support operations showed good results. However, project investment performance was far below expectations. There were no cancellations since 2005 and budget support operations were disbursed as planned. These have proved to be a useful tool in Mauritius. However, the approval target was UA 150 million, but only UA 41 million (US\$67 million) was approved, of which only 30% has been disbursed. There were long delays for reaching effectiveness (one year in average) and, except for one project, disbursement rates were below 10%.

III. BANK GROUP STRATEGY FOR MAURITIUS

3.1 Rationale for Bank Group Intervention

3.1.1 This CSP is timely due to an opening window of opportunity to engage with Mauritius. Government has communicated the Bank that requires urgent financial assistance both to address long-term obstacles to sustainable growth and to cope with the immediate impacts of the global financial crisis. The Government envisages increasing significantly the amount of our budget support assistance. The Bank needs to respond quickly to prove itself as a reliable development partner.

3.1.2 This CSP is centered on the Government Development Strategy. In line with the Bank's Medium Term Strategy for 2008-2012 (2008), it will devote particular operational focus on enhancing external competitiveness by promoting trade integration and the development of key infrastructure projects, promoting a more robust private sector and fomenting the development of human capital by supporting the improvement of public sector efficiency and basic services delivery. It will articulate along two pillars:

- **PILLAR I: Enhance Competitiveness and Trade Integration.** This pillar will accompany the aggressive public investment agenda that the Government announced in December 2008, which aims to fill key infrastructure gaps limiting country competitiveness and deeper integration into international trade.
- **PILLAR II: Enhance Public Sector Efficiency and Basic Services Delivery.** This pillar seeks to help Mauritius consolidate a modern and resilient public administration, which

implies supporting fiscal reforms in performance based budgeting (PBB), public expenditure and parastatals. Also critical is to promote a responsible, sustainable and targeted system of public social services. These twin activities will support Mauritius cope with the ongoing economic crisis while maintaining social stability and not relaxing fiscal discipline.

3.1.3 This CSP intends to address Mauritius weaknesses and take advantage of strengths and opportunities.

- Bank’s support to infrastructure will highlight environmental sustainability issues and at the same time enhance external competitiveness. Major exporters of textile products have identified traffic congestion as a major infrastructure bottleneck, according to the 2009 WB Investment Climate Assessment. Port of Mauritius’ logistics ranks low in the 2007 World Bank Logistics Port Index (137th), and the Government has requested donor assistance for its upgrading.
- Budget support will continue to aid fiscal consolidation and help Mauritius responding better to the effects of the global downturn affecting economic conditions, particularly in tourism, textiles and the financial sector.
- The Bank’s support to revamping public social services will be useful to mitigate the social impacts of the current economic downturn and strengthen their long-term sustainability.
- During the initial period of the CSP, Bank’s direct support to the private sector is envisaged only through the

promotion of PPPs (Box 5). Some possibilities exist to intervene directly on the financial sector (credit lines to private financial entities), but they need to be further developed. In this regard, the Bank is planning to undertake a study on addressing access to finance bottlenecks and current financial issues in light of the global downturn. In addition, effort to promote trade integration might reduce the vulnerability of the financial sector.

Box 5: Public-Private Partnerships (PPPs) Implementation Status in Mauritius

PPP Policy, Legal and Regulatory Frame Work, and Institutions

- The PPP policy was formulated in 2003 to encourage the private sector to play a larger role in procuring and financing infrastructure projects and services in the public sector through well-designed PPP.
- The PPP Unit Act was enacted in 2004, and the PPP Guidance Manual was also developed in June 2006. The Unit was established in July 2008 under the aegis of the Ministry of Finance and Economic Empowerment (MOFEE).

Institutional Capacity

- The current staff strength, the capacity of the Unit is adjudged weak and inadequate to carry out effectively its mandate
- There are plans underway to strengthen capacity of the Unit through grant of US\$ 0.2 million and credit of US\$ 0.5 million from the World Bank. The Unit has commenced training aimed at sensitizing both public and private officers in PPP.

Source: Ministry of Finance and Economic Empowerment.

- During the initial period of the CSP, the Bank won’t be involved in the reform of parastatals; other main development partners, led by the World Bank, are intensively supporting a major reform in this area.

3.1.4 During the CSP period, Bank's support to Mauritius will closely coordinate with other development partners. The Bank will support the Government to complete its structured and common policy dialogue with main development partners. Bank's special attention will be given to prevent overlap and take advantage of synergies.

3.1.5 This CSP is kept selective and flexible to account for changes in the current external environment and Government priorities. National elections are taking place during the period of the CSP and changes in the external environment are expected. The choice of sector on which the CSP will concentrate has been discussed and agreed with the Government during the CSP preparation mission. However, if economic conditions and Government priorities change, Bank's support to Mauritius will adjust to the new environment and adapt to the Government's needs.

Table 3: The Bank Group's 2009-2013 Indicative Lending Program for Mauritius (UA million) 1/

Project Title	Amount	Sector
Pillar I: Enhance Competitiveness and Trade Integration		
2010		
Container Terminal Expansion	59	Port
2011		
East-Coast Trunk Road 2/	11	Roads
Pillar II: Enhance Public Sector Efficiency and Basic Services Delivery		
2009		
Budget Support (I, II and III)	204	Multi-Sector
2011		
Wind Farm (PPP)	22	Power
Plaines Wilheims Stage 1st add.	46	Sewerage

Note: 1/Projects that are yet to be confirmed have not been included on the Mauritius' 2009-2013 CSP/ 2/ The project will be partially financed by the WB. The amount in UA refers to the total amount of the projects. The share of AfDB participation is yet to be defined.

3.2 Deliverables and Targets

3.2.1 Lending Activities: The emphasis will be budget support. At sector level, the CSP has selected sectors that are key for the development of the country and where the Bank has comparative advantage. Table 3 presents the indicative Bank Lending Program for Mauritius.

Non-Lending Activities:

3.2.2 Analytical Work and Policy Advisory Services: The following activities have been already identified: (i) identifying analytical support to sustain trade integration within COMESA and SADC; and (ii) undertaking a study on access to finance.

3.2.3 Capacity Building: The Bank will continue using MIC facilities as the entry point for future operations (Table 4). The Government has requested assistance in PPPs as well as in project preparation, implementation and feasibility studies

Table 4: The Bank Group's 2009-2013 Indicative Non-Lending Program for Mauritius (UA million)

Project Title	Amount	Sector
Pillar I: Enhance Competitiveness and Trade Integration		
2010		
MIC Grant RMCE	0.2	Regional Integration
Pillar II: Enhance Public Sector Efficiency and Basic Services Delivery		
2009		
MIC Grant Sewerage Plan	0.6	Water
2010		
MIC Grant ICT Strategy	0.2	ICT
MIC Grant Social Protection Strategy	0.2	Social Protection

Note: Projects that are yet to be confirmed have not been included on Mauritius' 2009-2013 CSP.

3.3 Monitoring and Evaluation

3.3.1 Monitoring Results: Annex 1 provides a set of indicators to measure the output and outcomes of Bank's support under this CSP. MOFEE will coordinate line Ministries and Central statistics Office (CSO) to monitor CSP implementation. Tracking progress may be complicated by a lack of data as well as changing priorities of the Government to which the strategy will need to adapt. To take into account changes in Government's priorities, an update of this CSP will be prepared by end-2010, if needed. Alternatively, a Medium Term Review (MTR) will be prepared.

3.3 Country Dialogue Issues

3.3.1 Critical areas of continued dialogue include:

- Implementation and deepening of reform in the context of the next budget support loans
- Bank's support to the Government's regional integration agenda

3.4 Potential Risks and Mitigation Actions

3.4.1 Risks Deriving From the Global Economic Slowdown. Mauritius' open economy is particularly vulnerable to shocks stemming from weaker export demand and a slowdown in FDI inflows. Slower growth will depress tax revenues and increase pressure for fiscal stimulus in the run-up to national elections. At the same time, fiscal and implementation capacity constraints may slow public investments in infrastructure, which are critical to sustaining the transition. Large external current account deficits have so far been financed by FDI. In this regard, increasing Bank's budget support will

help mitigate the macroeconomic risks by providing an extra cushion to finance negative contingencies plus targeted investment projects in the stimulus package.

3.4.2 Risk Deriving From the Lack of Capacity. Over the past years, policy making has been highly dominated and energized by the economic reform agenda. As the public sector reverts to a more 'normal,' mode of operation, capacity shortages are likely to become more problematic. Civil service reform (PMS) should help to ameliorate the constraints by promoting a more stable public service. Government may also wish to consider more formally enhancing training opportunities for public servants including the launching of the RMCE.

3.4.3 Credit Risk. Mauritius is a well-performing upper MIC and has a solid sovereign rating and the most solid political rating within the MICs (Economist Intelligence Unit, March 2009). Despite the good track record of prudent economic policies, Mauritius' overall creditworthiness is constrained by its narrow economic base (tourism, textiles and financial. offshore services) and associated problems which have become more apparent with the onset of the global economic crisis in recent months. To mitigate this risk the Development partners led by the IMF are closely monitoring the economic and financial situation.

3.4.4 Implementation Risk. Mauritius has performed poorly in preparing and implementing Bank operations, beyond budget support operations. Implementation capacity is often low, although technical capacity is high. This

could lead to delays in project preparation and implementation as well as concerns over the non-financial cost of doing business with the Bank. This risk is high in the transport sector because the definition of new roads involves sensitive issues, such as environment and land allocation issues. To mitigate this risk, posting the country economist on the field would provide close implementation support, including providing efficient reviews of fiduciary and safeguard functions.

IV. CONCLUSION AND RECOMMENDATION

4.1.1 Mauritius is a rapidly developing middle income country facing strains due to the global economic crisis, and in need of the Bank's urgent support. The country has a strong track record of good governance, fiscal management, social protection and competitiveness reforms. Nonetheless, Mauritius faces a number of challenges to strengthen the foundations of its economic growth and ensure sustainability over the long term.

These are now all the more pressing because of the global crisis. The Government is well aware of the challenges and opportunities ahead, and has requested the Bank's support to help face them.

4.1.2 This is a critical window of opportunity for the Bank to demonstrate its willingness and ability to stand by a member country in need. With a judicious mix of budget support operations, selective investment interventions, and timely and appropriate ESW – in close coordination with other development partners – the Bank will contribute to the continued success of one of the region's most impressive development performers. By engaging quickly to address the requests of the Government, the Bank can position itself as a trusted development partner to Mauritius moving forward.

4.1.3 The Board is requested to give due consideration and approval of this Country Strategy Paper for Mauritius.

Annex 1: Mauritius' 2009-2013 CSP Results Monitoring Matrix

1 Government Strategic Objectives	2 Constraints to achieving the desired outcomes	3 Final Outcome Indicators (2013)	4 Final Output Indicators (2013) a/	5 Midterm Output and Outcome Indicators (2011)	6 Key Actions (2011) b/	7 Proposed ADB Interventions in the CSP and Ongoing Interventions c/
PILLAR I - Enhance Competitiveness and Trade Integration						
Enhance Skills on Trade Integration Issues						
<i>Enhance competitiveness</i>	<ul style="list-style-type: none"> Limited technical capacity to implement regional integration agenda among public servants in Mauritius and in the region 	<ul style="list-style-type: none"> 10% of Mauritius civil servants have enhanced their technical skills on regional integration issues as a result of the RMCE training At least 50 civil servants working in other countries in the region have enhanced their technical skills on regional integration issues as a result of RMCE training 	<ul style="list-style-type: none"> Regional Multidisciplinary Center of Excellence in Mauritius is fully operational (2013) 	<ul style="list-style-type: none"> At least two twinning arrangements with other academic entities of the region reached Assessment on Sustainability and Feasibility including market surveys and resource mobilization report completed Regional Multidisciplinary Center of Excellence in Mauritius is implemented in a pilot basis (2011) 3% of Mauritius civil servants have enhanced their technical skills on regional integration issues as a result of the training At least 10 civil servants working in other countries in the region have enhanced their technical skills on regional integration issues as a result of RMCE training 12 training courses conducted via RMCE for public officers of the SSA region 	<ul style="list-style-type: none"> Review of Business Plan, 2009 (RMCE will provide a professional training in the area of regional integration. It will concentrate on senior level public sector staff) MIC approved by the Board (2010) 	<ul style="list-style-type: none"> MIC grant for setting up the Regional Multidisciplinary Centre of Excellence (US\$ 0.2 million). The Business Plan has been completed. Ongoing: Contribution to the 2009 Africa Competitiveness Report including Mauritius Study on Skills Needs Assessment Study on Labor Markets to be included in the World CEM Update

1 Government Strategic Objectives	2 Constraints to achieving the desired outcomes	3 Final Outcome Indicators (2013)	4 Final Output Indicators (2013) a/	5 Midterm Output and Outcome Indicators (2011)	6 Key Actions (2011) b/	7 Proposed ADB Interventions in the CSP and Ongoing Interventions c/
Ports						
<i>Enhance competitiveness</i>	<ul style="list-style-type: none"> Limited capacity in sea ports 	<ul style="list-style-type: none"> Total Container traffic increased 20% by 2015 w.r.t . 323,393 TEUS registered in 2007/08 (source: Port Authority) 	<ul style="list-style-type: none"> Upgrading and development of port facilities (2014) The extension of the dock (150 m) is concluded (2014) The rehabilitation of the current dock is completed (2014) The dredging works to a draft of 18 m is completed (2014) 	<ul style="list-style-type: none"> Tender documents for contractors and consultants ready (2011) 	<ul style="list-style-type: none"> Feasibility and Detailed Studies finalized (end 2009) Project approved by the Board (end 2010) 	<ul style="list-style-type: none"> Container Terminal Expansion (Phase 1), including: (a) extension of the dock, US\$ 50 million; (b) rehabilitation of the current dock US\$, 10million; (c) dredging works, US\$ 27 million. Feasibility studies are ongoing
Roads						
<i>Enhance competitiveness</i>	<ul style="list-style-type: none"> High transport costs 	<ul style="list-style-type: none"> Reduction of transport time from East to North and West by 30% (2015) 	<ul style="list-style-type: none"> Construction progress, measured by the Construction Progress Reports on: East Coast Trunk (2013) East Coast Trunk road between <i>Trois Ilots</i> and <i>Rond Point de Forbach</i>, 30 km completed (2015) 	<ul style="list-style-type: none"> Tender documents for contractors and consultants ready (2012) 	<ul style="list-style-type: none"> Preparation/Evaluation Mission realized with the WB in November/December 2009 Co-financing arrangements done (2010-early 2011) Project approved by the Board (end 2011) 	<ul style="list-style-type: none"> East Coast Trunk road (US\$ 10 million). Feasibility and detailed studies are ready Ongoing South Eastern Highway
PILLAR II - Enhance Public Sector Efficiency and Basic Services Delivery						
Improve Public Sector Management and Efficiency						

1 Government Strategic Objectives	2 Constraints to achieving the desired outcomes	3 Final Outcome Indicators (2013)	4 Final Output Indicators (2013) a/	5 Midterm Output and Outcome Indicators (2011)	6 Key Actions (2011) b/	7 Proposed ADB Interventions in the CSP and Ongoing Interventions c/
<i>Consolidate fiscal performance and improve public sector efficiency</i>	<ul style="list-style-type: none"> The budget is not used as an effective tool for allocating resources and providing right incentives for efficient public sector management and there is a disconnect between sector strategies, sector budgets (PBB) and Performance Management Systems (PMS) 	<ul style="list-style-type: none"> Increased efficiency of public administration, measured by a PBB/PMS achievement rate of 70% on average by all ministries Convergence between PBB and PMS in all ministries 	<ul style="list-style-type: none"> Sector/parastatals strategies finalized 	<ul style="list-style-type: none"> Sector strategies finalised including provision for human resources requirements with costing for all sector ministries, including ICT (2011) Convergence between PBB and PMS in pilot sector ministries is achieved 	<ul style="list-style-type: none"> <u>Prepare at least four sector strategies for 2009/10 budget (2009)</u> 	<ul style="list-style-type: none"> Budget support (US\$ 300 million) MIC grant for the completing the formulation of the ICT Strategy (US\$ 0.2 million) <p>Ongoing:</p> <ul style="list-style-type: none"> Budget support (US\$ 30 million) MIC Grant for the formulation of the Health Strategy
<i>Consolidate fiscal performance and improve public sector efficiency</i>	<ul style="list-style-type: none"> The Social Safety Net System is expensive, not focused and presents bottlenecks in its delivery 	<ul style="list-style-type: none"> HIV prevalence among 15-49 age group stabilized at 1.8% (baseline 2006 – source CSO) Reduce the female unemployment from 16% in 2008 to 10% 2013 (source CSO) 	<ul style="list-style-type: none"> Social Protection Strategy completed and action plan adopted and published 	<ul style="list-style-type: none"> Complete a social safety net strategy for poverty reduction, including specific measures to reduce HIV and female unemployment (2011) HIV prevalence among 15-49 age group stabilized at 1.8% (baseline 2006 – source CSO) Reduce the female unemployment from 16% in 2008 to 14% 2011 (source CSO) 	<ul style="list-style-type: none"> <u>Begin poverty mapping by CSO and introduce an absolute poverty line in order to develop a social safety net strategy for poverty reduction (2009)</u> 	<ul style="list-style-type: none"> Budget support (US\$ 300 million) MIC grant for the formulation of the Social Protection Strategy in coordination with UNDP and WB (MIC Grant US\$ 0.2 million) <p>Ongoing:</p> <ul style="list-style-type: none"> MIC Grant for the formulation of the Health Strategy
Sewerage and Sanitation						

1 Government Strategic Objectives	2 Constraints to achieving the desired outcomes	3 Final Outcome Indicators (2013)	4 Final Output Indicators (2013) a/	5 Midterm Output and Outcome Indicators (2011)	6 Key Actions (2011) b/	7 Proposed ADB Interventions in the CSP and Ongoing Interventions c/
<i>Widen the circle of opportunity through participation, social inclusion and sustainability</i>	<ul style="list-style-type: none"> Risk of pollution of the underground waters affecting the quality of safe water 	<ul style="list-style-type: none"> Increased access sewerage facilities to 6% (from 30% to 36%) of the total population of Mauritius (2014) 	<ul style="list-style-type: none"> 11,900 new households connected (2014) 	<ul style="list-style-type: none"> Detailed project design and tender documents completed (2011) 	<ul style="list-style-type: none"> MIC grant on Mauritius sewerage master plan study approved by the board (2009) Project Identification Mission mid 2009 Project approved by the Board (2011) 	<ul style="list-style-type: none"> Plaines Wilhems project-Stage 1- Additional sewerage project (2,900 new households connected, \$US 22 million) and West Cost Sewerage project (9,000 new households connected, \$US 45 million) MIC grant on Mauritius Sewerage Master Plan Study (US\$0.6 million) Ongoing: Plaines Wilhems project-Stage 1-L1B
Power						
<i>Widen the circle of opportunity through participation, social inclusion and sustainability</i>	<ul style="list-style-type: none"> Insufficient supply of energy and excessive use of non-renewable energy 	<ul style="list-style-type: none"> The energy gap estimated at 60MW in 2013 is reduced by 25-40MW 	<ul style="list-style-type: none"> Wind Farm generating 25-40MW ready (2013) 	<ul style="list-style-type: none"> Project Information Memorandum completed early 2010 Financial Close 2011 Construction progress, measured by the Wind Farm Construction progress report (end 2011) 	<ul style="list-style-type: none"> Transaction advisor hired by end 2009 	<ul style="list-style-type: none"> Wind Farm by PPP at Bigara Curepipe –south US\$ 33 million. Feasibility studies are completed

Note: a/ Some projects go beyond the CSP period; b/ Items in italics underlined refer to DPL4 indicative triggers agreed between Main Development Partners; c/ Items in italics, in column 7, refer to ESWs and associated non-lending activities.

Annex 2. Mauritius – Active Projects (UA million, as of May 2009)

Sector	Long Name	Approval Date	Signature Date	Net Approved Amount (Uam)	Amount Disbursed (UAm)	Disb %	Effectiveness	Closing Date
Transport	SOUTH EASTERN HIGHWAY PROJECT	13.06.2001	19.11.2001	10.17	8.68	85.36%	16-Dec-02	30.06.2008
Water Sup/Sanit	PLAINES WILHEMS SEWERAGE PROJECT - ST.1	20.06.2007	03.09.2007	18.18	0.00	0.0%	12-Jun-08	31.12.2013
Multi-Sector	DBSL - BUDGET SUPPORT LOAN	28.03.2007	17.05.2007	30.00	20.00	66.7%	27-Jun-07	31.12.2010
Total (effective operations)				58.35	28.68	49.2%		
Social	MIC GRANT HEALTH SECTOR REVIEW	15.06. 2008	30.09.2008	0,16	0.00	0.0%	30.09.2008	
Transport	MIC GRANT REVIEW OF OULTLINE PLANNING SC	24.07.2007	30.08.2007	0,60	0.00	0.0%	30.08.2007	31.08.2009
Water and Sanitation	MIC GRANT MAURITIUS WASTEWATER MASTER PLAN STUDY	01.06.2009 (tentative date)	to be determined	0,52	0.00	0.0%	to be determined	mid 2009

Source: Quarterly Report Portfolio of Mauritius (ORSB)

Annex 3: Mauritius – Development Partners' Support to Mauritius

Mauritius – Development Partners' Sector Presence (2009)

Sector	European Commission	World Bank	AFD	AfDB	UNDP (TA)	China Development Bank	China	European Inv. Bank	India	Commonwealth Sec.	Int. Finance Corporation
Agriculture, Livestock, and Forestry	●								●		
Governance and Budget Support	●	●	●	●	●						
Education	●	●			●		●		●	●	
Energy		●	●	●	●	●		●			
Environment and Climate Change	●		●		●						
Health and HIV/AIDS		●		●	●				●		
ICT/Science and Technology		●		●					●		
Public Administration and Capacity Building	●	●	●	●	●		●		●	●	
Political Governance	●				●				●		
Private Sector Development		●	●	●							●
Reintegration/Community Development		●			●						●
Roads, Transportation and Infrastructure		●	●	●		●	●				
Water and Sanitation	●		●	●		●	●	●	●		

Note: 1/ ● Active Donor; 2/ Please note that the UNDP does not provide Budget Support as compared to other donors, but it provides us Technical Assistance/Capacity Building.

Source: MOFEE

Mauritius: Budget Support Operations Summary (all in Millions)

	2007	2008	2009	2010	2011	2012
AFD	€ 24 (US\$ 34.8)	€ 24 (US\$ 32.4)	€ 24 € 25 (US\$ 65.7)	€ 50* (US\$ 67)	€ 50* (US\$ 67)	
AfDB	US\$ 10	US\$ 10	US\$ 10 US\$ 100**	US\$ 100*	US\$ 100*	
EU (GRANTS)	€ 8.6 € 6.5 (US\$ 22)	€ 3.6 € 4.5 € 54.7 (US\$ 85)	€ 21.2 € 32.3 (US\$ 71.7)	€ 47.79 (US\$ 64)	€ 47** (US\$ 63)	€ 30** (US\$ 40)
WB	US\$ 30	US\$ 30	US\$ 100 US\$ 50			
Total Actual and Expected	US\$ 96.8	US\$ 157.4	US\$ 397.4	US\$ 231	US\$ 230	US\$ 40

Note: 1/ Exchange-Rate € 1 = US\$ 1.34 (May 2009), € 1 = US\$ 1.35 (Dec 2008), € 1 = US\$ 1.45 (Dec 2007). Totals in () converted; 2/ * Indicative amounts, to be confirmed; 2/ ** Indicative amounts, to be confirmed in 2010 and 2011 respectively.

Source: Development Partners

Annex 4: Mauritius – Current Terms and Conditions for an AfDB Public Loan to Mauritius (2009)

	Terms and Conditions for Sovereign Guaranteed (MIC's) Variable Spread Loan (VSL) b/			
Currency	USD, EUR, RAND or JP-YEN			
Maturity and Grace Period	Maximum final maturity 20 years and maximum grace period 5 years			
Base Rate	Floating (6-month libor/euribor), Fixed (relevant swap rate), or Variable (cost of pool of borrowing)			
AFDB Lending Spread (I)	40bps			
Benefit(-)/cost (+) of Libor Based funding margin (II) a/	USD (-21 bps)	EUR (-18 bps)	JP-YEN (-0 bps)	RAND (-24 bps)
Total Spread-Equivalent over 6 Month Libor/Euribor (I+II)	Libor+19 bps	Euribor+22 bps	Libor+40 bps	Libor+16 bps
Front-end Fee	Non applicable			
Commitment Fee	Non applicable			
Appraisal Fee	Non applicable			
Late Payment Fee	Non applicable			
Pre-Payment Premium	For Fixed and Variable rates only			
Repayment Options	Generally equals amortization, but others options might be permitted			

Notes:

a/ Funding margin reflects the Bank's funding levels relative to Libor for dedicated pools of borrowing; they are updated twice a year each 01 January and 01 July. Please note that actual funding Margins will be published soon and will be applicable from 01/01/09 till 30/06/09. Funding margins in this table are for the previous semester (01/07/08 till 31/12/08).

b/ The following amendments in the pricing of loans to MICs countries are effective since 21 January 2009: (i) Temporary suspension of the Fixed Spread Loan (i.e. fixed spread over Libor/Euribor at 40bps - waiver of 20 bps = 6M Libor/Euribor + 20bps); (ii) Temporary suspension of the waiver on Lending margin (20 bps); (iii) Re-Introduction of the Variable Spread Loan (VSL) based on the bank's average cost of borrowing in the relevant currency.

Source: AfDB.

Annex 3: Mauritius –Economic and Financial Indicators

Table A1: Mauritius – National Income 2005/2006 – 20082009

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Real Economy (%)							
Real GDP Growth (at market prices)	3.0	3.6	4.2	6.6	2.1	2.3	4.7
CPI (period average)	5.6	5.1	10.7	8.8	7.3	5.1	5.6
Unemployment Rate (in %)	9.0	9.3	8.8	8.2	8.8	...	...
Gross National Savings (% of GDP)	19.4	17.2	18.4	21.1	11.9	11.8	15.3
Gross Domestic Investment (% of GDP)	22.9	20.8	25.6	25.6	23.1	23.9	23.8
Public Finance (% of GDP)							
Revenue and Grants	20.1	20.1	19.3	21.1	22.6	21.4	20.4
Overall Expenditure	25.1	25.5	23.6	24.5	25.9	27.4	25.6
Primary Fiscal Balance 1/	-1.0	-1.6	-0.2	0.9	0.7	-2.2	-1.5
Overall Fiscal Balance	-5.0	-5.4	-4.2	-3.4	-3.3	-6.0	-5.2
Money, Interest Rate and Exchange Rate							
Change in Broad Money, M2 (in %)	13.1	6.7	8.6	17.1	14.7	...	...
Domestic Credit (annual change in %)	12.6	15.4	6.8	21.2	15.6	...	...
Interest Rate (avg. TBs, primary auctions, in %)	6.7	7.5	11.9	12.9	8.8	...	...
Nominal Exchange Rate (p. avg. – 1US\$ in LCU)	29.6	30.8	31.6	28.8	...	...	...
Real Effective Exchange Rate (% annual change) 2/	-5.5	0.7	-2.8	10.3	...	...	...
Terms of Trade (annual % change)	-7.0	-7.7	0.8	-11.2	-2.7	...	...
Balance of Payments)							
Imports of Goods (US\$, annual % change)	13.9	12.2	14.3	22.1	-3.6	-3.8	3.5
Exports of Goods (US\$, annual % change)	3.7	10.2	3.0	2.5	-9.0	2.3	13.4
Exports of Services (US\$, annual % change)	...	1.5	20.0	33.0	-5.7	-5.7	13.8
External Current Account Balance (in % of GDP)	-3.5	-5.3	-7.8	-8.9	-11.2	-12.1	-8.6
International Reserves (in months of imports)	5.9	5.2	5.3	5.2	4.4	3.0	2.9
Public Debt (% of GDP)							
Total Public Debt	69.9	68.8	61.2	61.7	60.1	60.1	58.0
Domestic Debt of Central Government	54.1	55.8	51.4	52.7	50.2	50.2	49.0
Total External Debt Stock (including debt of SOEs)	14.5	12.3	9.3	9.5	8.2	9.7	11.1
Foreign Currency Long-Term Debt Rating (Moody's)	...	Baa2	Baa1	Baa2	...	...	...

Notes: 1/ Overall Central Government Balance, excluding interest payments; 2/ A negative sign denotes a depreciation.
Source: Central Statistics Office, Bank of Mauritius, IMF and AfDB Statistics Department.

Table A2: Mauritius – National Income 2005/2006 – 2008/2009
(Annual Percentage Change)

	2005/06	2006/07	2007/08	2008/09
Real GDP	3.6	4.2	6.6	2.1
Agriculture, Hunting, Forestry and Fishing	-1.1	-5.0	-5.2	7.2
Mining and Quarrying	-5.1	3.9	3.0	1.0
Manufacturing	0.4	3.2	4.5	0.0
E.P.Z / E.O.E	-6.0	8.0	7.0	-2.1
Electricity, gas & Water	5.1	2.5	6.0	3.1
Construction	-1.2	16.9	11.0	2.0
Wholesale & Retail Trade	10.0	-1.6	8.9	3.7
Hotels & Restaurants	4.9	10.5	12.0	-8.8
Transport, Storage & Communications	7.0	7.5	11.0	6.0
Financial Intermediation	6.2	9.3	8.5	6.2
Real Estate, Renting & Business Activities	6.6	6.5	9.0	5.9
Public Administration, Defense & Social Security	5.0	2.5	3.5	1.7
Education	4.4	3.9	3.0	3.3
Health and Social Work	5.0	2.5	5.0	4.8
Other Community, Social & Personal Services	8.3	6.6	8.0	7.8
GDP at Factor Cost	4.6	4.8	6.7	2.4
Taxes on Products (Net of Subsidies)	-4.8	-4.4	6.0	0.0

Source: Central Statistics Office.

Table A3: Real GDP by Sector (in %)

	2008/09 GDP by Sector (%)	GDP Contribution 2008/09
Hotels & Restaurants	7.7	-0.8
Transport & Communications	11.4	0.7
Construction	7.0	0.1
Real Estate, Renting	12.0	0.6
Wholesale & Retail Trade	12.5	0.4
Financial Intermediation	11.4	0.6
Social & Personal Services	4.3	0.3
Electricity, gas & Water	2.1	0.1
Health and Social Work	3.5	0.2
Manufacturing – EPZ-EOE	19.5	0.0
Public Adm., Defense & Soc. Sec.	6.3	0.1
Education	4.5	0.1
Mining & Quarrying	0.0	0.0
Agriculture	4.1	0.2
Other including FISIM	-6.3	-0.4
Real GDP Growth	(Total 100%)	2.1

Source: Central Statistics Office.

Table A4: Mauritius – Public Finance, 2005/06 - 2008/09
(In % of GDP)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total Revenue and Grants	20.1	19.3	21.1	22.6	21.4	20.4	20.5
Tax Revenues	18.2	17.5	19.0	18.7	17.6	17.0	17.1
Tax on Income and Profits	3.8	3.5	4.2	4.8	4.7	4.2	4.3
o.w.: Individuals	1.4	1.1	1.4	1.4	1.5	1.3	1.3
Corporate	2.4	2.4	2.5	3.0	2.9	2.6	2.7
Tax Deduction at Source	...	...	0.3	0.4	0.3	0.3	0.3
Property tax	1.0	1.3	1.6	1.0	0.7	1.0	1.0
Taxes on Goods and Services	9.6	11.5	12.2	11.0	10.5	10.2	10.2
Of which: VAT	7.0	7.1	7.4	7.0	6.7	6.7	6.7
Tax on International Trade	3.7	1.0	1.1	0.6	0.6	0.5	0.5
Stamp Duties	0.0	0.2	0.0	1.3	1.2	1.2	1.1
Non-Tax Revenues	1.6	1.7	2.0	2.6	2.5	2.4	2.4
Grants	0.3	0.2	0.2	1.2	1.3	0.9	0.9
Total Expenditure and Net Lending	25.5	23.6	24.5	25.9	27.4	25.6	25.0
Current Expenditure	21.6	20.2	19.3	23.2	23.4	21.9	21.0
o.w.: Salaries	6.3	5.6	5.1	6.2	6.2	6.0	6.0
Capital Expenditure	3.6	3.3	4.6	2.6	4.0	3.7	4.0
Net Lending minus Repayment	0.4	0.2	0.6	0.0	0.0	0.0	0.0
Overall Balance	-5.4	-4.2	-3.4	-3.3	-6.0	-5.2	-4.5
Financing	5.4	4.2	3.4	3.3	6.0	5.2	4.5
External (net)	-0.6	0.8	0.8	1.3	1.8	1.8	1.9
Disbursement	0.1	1.3	1.2	1.7	2.2	2.2	2.2
Amortization	-0.7	-0.4	-0.4	-0.4	-0.4	-0.3	-0.3
Domestic	5.9	3.4	2.5	2.0	4.2	3.4	2.6
Banking System (net)	2.6	-3.2	1.2	0.7	1.5	1.2	0.9
Non Bank	3.4	6.6	1.3	0.7	2.8	2.2	1.7
Privatization Receipts	...	...	...	0.6	0.0	0.0	0.0
Memo item: Primary Balance	-1.6	-0.2	0.9	0.7	-2.2	-1.5	-1.1

Source: Ministry of Finance and Economic Empowerment and AfDB Statistics Department.

Table A5: Mauritius – Banking Survey (2003 - 2008)
(In millions of Mauritian Rupees)

	Dec-04	Dec-05	Dec-06	Jun-07	Dec-07	Jun-08	Dec-08
Net foreign assets	124,748	146,603	239,095	243,085	266,304	295,283	284,222
Monetary authorities	40,269	...	...	52,561	...	53,362	...
Commercial banks	84,480	...	...	190,524	...	241,921	...
Net domestic assets	54,327	42,837	-31,574	-27,677	-26,985	-43,108	-9,741
Domestic credit	179,101	198,708	218,007	226,550	242,190	277,278	296,098
Claims on government (net)	41,643	45,251	46,181	42,242	45,524	53,175	46,967
Monetary authorities	-115	1,741	6,116	-1,417	-270	-4,362	-3,797
Commercial banks	41,758	43,510	40,065	43,660	45,795	57,537	50,764
Claims on private sector 1	137,458	153,457	171,826	184,308	196,666	224,103	249,131
Other financial liabilities 2	-63,148	-89,715	-167,431	-172,353	-188,761	-229,974	-207,939
Other items (net)	-61,626	-66,156	-82,151	-81,875	-80,415	-90,411	-97,900
Broad money (M2)	179,075	189,440	207,521	215,408	239,318	252,175	274,481
Money (M1)	48,448	47,684	53,148	54,599	64,429	66,576	75,987
Quasi-money	130,627	141,756	154,373	160,809	174,889	185,599	198,494
Reserve Money	14,734	13,491	12,208	16,206	17,424	19,421	28,047

Notes 1/ It includes claims on public enterprises. 2/ The major component of other financial liabilities consists of restricted deposits, which largely include deposits of the offshore non-financial corporations (so-called Global License Holders, GBLs). GBLs are resident corporations licensed to conduct business exclusively with nonresidents and only in foreign currencies.

Source: International Finance Statistics (IMF), Bank of Mauritius and AfDB Statistics Department..

Table A6: Mauritius – Balance of Payments, 2004-20013
(In millions of US\$)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Current account balance	-336	-553	-761	-1020	-1080	-816	-770	-742
Trade balance	-834	-1205	-1922	-1981	-1775	-1620	-1699	-1801
Exports of goods, f.o.b.	2235	2302	2359	2146	2196	2490	2592	2741
Imports of goods, f.o.b.	-3069	-3507	-4281	-4126	-3971	-4110	-4291	-4542
Services (net)	401	446	720	532	328	404	489	593
Of which: tourism	653	785	1081	984	817	921	1033	1144
Income (net)	44	111	305	271	249	293	349	376
Current transfers (net)	53	96	136	158	118	107	91	91
Capital and financial accounts	37	399	754	413	537	793	855	833
Capital account	-3	-2	-2	-2	-2	-2	-2	-2
Financial account	40	400	756	414	538	795	856	835
Direct investment (net)	19	224	216	277	143	240	256	261
Abroad	-32	-24	-83	-33	-37	-40	-44	-49
In Mauritius	51	248	299	310	180	280	300	310
Portfolio investment (net)	-55	86	-112	-135	-100	40	80	100
Other investment (net)	76	90	652	273	495	515	521	474
Of which: government (net)	-27	50	52	121	158	173	196	211
Errors and omissions 2/	201	363	323	268	0	0	0	0
Overall balance	-98	209	317	-340	-544	-23	85	91
Change in official reserves (- = increase)	98	-209	-317	340	544	23	-85	-91
<u>Memorandum items:</u>								
FDI (as % of GDP)	1	4	3	3	2	3	3	3
Current account (as % of GDP)	-5	-8	-9	-11	-12	-9	-8	-7
Net international reserves	1410	1660	1959	1619	1075	1052	1137	1228
NIR in months of imports	5	5	5	4	3	3	3	3
GDP (millions of U.S. dollars)	6,317	6,927	8,738	9,096	8,948	9,509	10,160	10,877

Source: International Finance Statistics (IMF), Bank of Mauritius and AfDB Statistics Department.

Annex 5: Mauritius – Millennium Development Goals Status

	1990	1995	2000	2005	2015 Target
General Social Indicators					
Population (millions)	1.1	1.1	1.2	1.2	...
Adult literacy rate (% of people ages 15 and over)	...	...	84	...	...
Life expectancy at birth (years)	69	70	72	73	...
Fertility rate, total (births per woman)	2.3	2.1	2.0	2.0	...
Goal 1: Eradicate extreme poverty and hunger					
Target: Halve between 1990 and 2015 the proportion of people whose income is less than \$1/day and who suffer from hunger					
Malnutrition prevalence, weight for age (% of children under 5)	...	14.9	...	...	...
Poverty gap at \$1 a day (PPP) (%)	...	...	...	...	...
Prevalence of undernourishment (% of population)	6	6	...	5	3
Goal 2: Achieve universal primary education					
Target: Ensure that by 2015, children everywhere will be able to complete a full course of primary schooling					
Literacy rate, youth total (% of people ages 15-24)	91	...	...	95	100
Persistence to grade 5, total (% of cohort)	97	...	99	97	100
Primary completion rate, total (% of relevant age group)	64	98	105	97	100
School enrollment, primary (% net)	91	...	93	95	100
Goal 3: Promote gender equality and empower women					
Target: Eliminate gender disparity in primary and secondary education no later than 2015					
Proportion of seats held by women in national parliament (%)	7	8	8	6	...
Ratio of girls to boys in primary and secondary education (%)	101	...	96	98	100
Ratio of young literate females to males (% ages 15-24)	100	...	...	102	...
Share of women employed in the nonagricultural sector (% of total nonagric. employment)	36.7	36.4	38.6	37.5	...
Goal 4: Reduce child mortality					
Target: Reduce by two thirds, between 1990 and 2015, the under-five mortality rate					
Immunization, measles (% of children ages 12-23 months)	76	89	84	98	...
Mortality rate, infant (per 1,000 live births)	20	20	16	13	...
Mortality rate, under-5 (per 1,000)	23.0	21.0	18.0	15.0	8.3
Goal 5: Improve maternal health					
Target: Reduce by three fourths, between 1990 and 2015, the maternal mortality rate					
Births attended by skilled health staff (% of total)	91	98	100	99	100
Maternal mortality ratio (modeled estimate, per 100,000 live births)	...	...	24	...	...
Goal 6: Combat HIV/AIDS, malaria, and other diseases					
Target: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS. Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases					
Contraceptive prevalence (% of women ages 15-49)	75	...	76	...	...
Incidence of tuberculosis (per 100,000 people)	69	67	64	62	...
Prevalence of HIV, total (% of population ages 15-49)	...	...	...	0.6	...
Tuberculosis cases detected under DOTS (%)	...	34	33	32	...
Goal 7: Ensure environmental sustainability					
Target: Integrate the principle of sustainable development into country policies and programs and reverse the loss of environmental resources. Halve by 2015 the proportion of people without sustainable access to safe drinking water					
CO2 emissions (metric tons per capita)	1.4	1.6	2.3	2.6	...
Forest area (% of land area)	19	...	19	18	...
Improved sanitation facilities (% of population with access)	...	...	...	94	...
Improved water source (% of population with access)	100	...	...	100	...
Nationally protected areas (% of total land area)	...	...	...	3.3	...
Goal 8: Develop a global partnership for development					
Target: Develop further an open rule based, predictable, non-discriminatory trading and financial system. Address the special needs of the least developed countries, landlocked, and small-island developing states. Deal comprehensively with the debt problems of developing countries through national and international measures, in order to make debt sustainable in the long-term. In cooperation with developing countries, develop and implement strategies for decent and productive work for youth. In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.					
Aid per capita (current US\$)	84	21	17	26	...
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	7.3	6.0	16.4	5.4	...
Fixed line and mobile phone subscribers (per 1,000 people)	55	142	388	862	...
Internet users (per 1,000 people)	0	2	73	146	...
Personal computers (per 1,000 people)	4	32	101	162	...
Total debt service (% of exports of goods, services and income)	8.8	9.4	18.2	7.2	...
Unemployment, youth female (% of female labor force ages 15-24)	...	28.1	...	34.3	...
Unemployment, youth male (% of male labor force ages 15-24)	...	21.4	...	20.5	...
Unemployment, youth total (% of total labor force ages 15-24)	...	23.8	...	25.9	...

Note: 1/ Figures in italics refer to periods other than those specified.
Source: World Development Indicators database, February 2008.

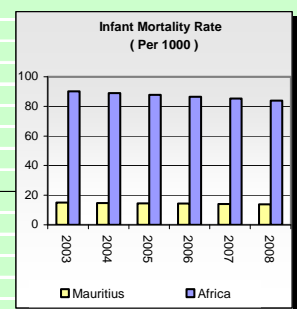
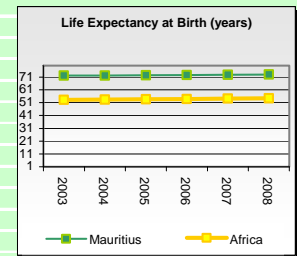
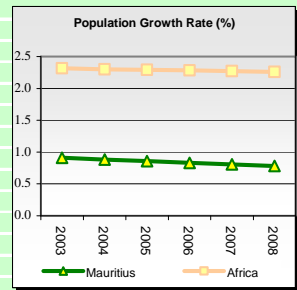
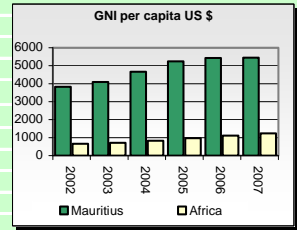
Annex 6: HIV/AIDS in Mauritius

- Regarding HIV/AIDS epidemic (about 1% of the sexually active population), the sharing of contaminated injecting equipment has become a driving force behind with 66% of new infections among injecting drug users; this trend reached 92 % in 2005 with a slight reduction to 85.6% in 2006. Sex workers, among whom there is a high proportion of injecting drug users (73.8%), demonstrate extreme vulnerability in this emerging feminization of the disease and could contribute to the generalization of the epidemic.
- The Bank is already financing a regional HIV/AIDS program with the Indian Ocean Commission as executive agency (UA 6 million). The objective of this program is to prevent the spread of HIV/AIDS within and between the member states of the Indian Ocean Commission through: i) the sensitization of the populations of the sub region in order to avoid at risk behavior; ii) improving accessibility of quality preventive and curative cares; iii) follow up of the epidemic evolution in the sub region; iv) strengthening of management and monitoring capacity.

Source: AfDB – Human Development Department (2009)

Annex 7: Mauritius – Comparative Socio-Economic Indicators

	Year	Mauritius	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)		2	30 323	80 976	54 658
Total Population (millions)	2008	1.3	985.7	5 523.4	1 226.3
Urban Population (% of Total)	2008	42.4	39.2	44.0	74.4
Population Density (per Km ²)	2008	623.3	32.5	23.0	49.6
GNI per Capita (US \$)	2007	5 450	1 226	2 405	38 579
Labor Force Participation - Total (%)	2005	44.4	42.3	45.6	54.6
Labor Force Participation - Female (%)	2005	34.0	41.1	39.7	44.9
Gender -Related Development Index Value	2006	0.795	0.482	0.694	0.911
Human Develop. Index (Rank among 174 countries)	2006	74	n.a.	n.a.	n.a.
Human Poverty index (HPI-1) (% of Population)	2005	11.4	38.7	...	...
Demographic Indicators					
Population Growth Rate - Total (%)	2008	0.8	2.3	0.3	1.2
Population Growth Rate - Urban (%)	2008	0.9	3.3	2.5	0.5
Population < 15 years (%)	2008	23.1	40.9	16.6	27.4
Population >= 65 years (%)	2008	6.9	3.4	16.7	8.0
Dependency Ratio (%)	2008	42.9	79.5	47.7	53.9
Sex Ratio (per 100 female)	2008	98.4	99.3	94.3	101.5
Female Population 15-49 years (% of total population)	2008	27.3	24.2	24.3	25.8
Life Expectancy at Birth - Total (years)	2008	73.0	54.5	76.7	67.5
Life Expectancy at Birth - Female (years)	2008	76.3	55.6	67.5	80.3
Crude Birth Rate (per 1,000)	2008	14.7	35.7	11.0	20.1
Crude Death Rate (per 1,000)	2008	7.1	13.0	10.4	8.6
Infant Mortality Rate (per 1,000)	2008	13.8	83.9	7.1	48.5
Child Mortality Rate (per 1,000)	2008	16.2	137.4	8.8	72.3
Total Fertility Rate (per woman)	2008	1.9	4.6	1.6	2.5
Maternal Mortality Rate (per 100,000)	2006	23.1	683.0	450	9
Women Using Contraception (%)	2002	75.9	29.7	61.0	75.0
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2006	111.9	39.6	78.0	287.0
Nurses (per 100,000 people)	2006	245.3	120.4	98.0	782.0
Births attended by Trained Health Personnel (%)	2005	99.2	51.2	59.0	99.0
Access to Safe Water (% of Population)	2006	100.0	64.3	84.0	100.0
Access to Health Services (% of Population)	2004	99.0	61.7	80.0	100.0
Access to Sanitation (% of Population)	2006	94.0	37.6	53.0	100.0
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2007	1.7	4.5	1.3	0.3
Incidence of Tuberculosis (per 100,000)	2006	23.0	315.8	275.0	19.0
Child Immunization Against Tuberculosis (%)	2007	98.0	83.0	89.0	99.0
Child Immunization Against Measles (%)	2007	98.0	83.1	81.0	93.0
Underweight Children (% of children under 5 years)	2003	6.0	25.2	27.0	0.1
Daily Calorie Supply per Capita	2004	2 999	2 436	2 675	3 285
Public Expenditure on Health (as % of GDP)	2006	2.1	2.4	1.8	6.3
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2007	101.4	99.6	106.0	101.0
Primary School - Female	2007	101.4	92.1	103.0	101.0
Secondary School - Total	2007	87.8	43.5	60.0	101.5
Secondary School - Female	2007	89.7	40.8	58.0	101.0
Primary School Female Teaching Staff (% of Total)	2007	64.7	47.5	51.0	82.0
Adult Illiteracy Rate - Total (%)	2007	12.6	38.0	21.0	1.0
Adult Illiteracy Rate - Male (%)	2007	9.8	29.0	15.0	1.0
Adult Illiteracy Rate - Female (%)	2007	15.3	47.0	27.0	1.0
Percentage of GDP Spent on Education	2006	3.7	4.5	3.9	5.9
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2005-08	49.3	6.0	9.9	11.6
Annual Rate of Deforestation (%)	2000-08	0.6	0.7	0.4	-0.2
Annual Rate of Reforestation (%)	2000-08	2.0	10.9	...	...
Per Capita CO2 Emissions (metric tons)	2005-08	2.4	1.0	1.9	12.3



Sources : ADB Statistics Department Databases; World Bank: World Development Indicators;

last update : March 2009

UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports

Note : n.a. : Not Applicable ; ... : Data Not Available;

Annex 8: Mauritius – MAP



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