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**REPORT AND RECOMMENDATION
OF THE
PRESIDENT OF THE
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
TO THE
EXECUTIVE DIRECTORS
ON A
PROPOSED LOAN
TO
MAURITIUS
FOR URBAN REHABILITATION AND DEVELOPMENT**

November 18, 1980

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CURRENCY EQUIVALENTS

	<u>Calendar 1979</u>	<u>August 1980</u>
Unit =	Mauritian Rupee (Rs) =	Rs
US\$1 =	Rs6.40	= Rs7.60
Rs1,000 =	US\$156.25	= US\$131.58
Rs1,000,000 =	US\$156,250.00	= US\$131,578.90

The Mauritian rupee is pegged to the SDR, at a rate set on October 23, 1979 of Rs10 = SDR1.

(The Staff Appraisal Report is based on US\$1=Rs7.57)

FISCAL YEAR

July 1 - June 30

ABBREVIATIONS

CEB	Central Electricity Board
CHA	Central Housing Authority
CWA	Central Water Authority
DBM	Development Bank of Mauritius
MEPD	Ministry of Economic Planning and Development
MH	Ministry of Housing, Lands and Town & Country Planning
MHC	Mauritius Housing Corporation
MPL	Municipality of Port-Louis
MW	Ministry of Works
NPDP	National Physical Development Plan

MAURITIUSURBAN REHABILITATION AND DEVELOPMENT PROJECTLOAN AND PROJECT SUMMARY

- Borrower: Government of Mauritius
- Beneficiaries: Mauritius Housing Corporation (MHC), Central Electricity Board (CEB), Municipality of Port Louis (MPL), and the Central Water Authority (CWA).
- Amount: US\$15.0 million equivalent.
- Terms: Repayable over 17 years including four years of grace. Interest at 9.25 percent per annum.
- Relending Terms: The Government would relend part of the proceeds of the loan to MHC, CEB, CWA and MPL over 17 years, including four years grace, at 10 percent or the Bank of Mauritius discount rate, whichever is higher on the date of signature of the subsidiary loan agreement. MHC would relend to final beneficiaries for periods up to 25 years at rates giving an average spread of at least 2-1/2 percent. Inflation in Mauritius, at present about 15 percent, is expected to moderate, so that these rates can be considered acceptable.
- Project Description: The project will assist the Government to implement a change in its policy for providing housing in the public sector, including a reduction in overall Government expenditure on housing, and redirection from building rental units at subsidized rates to provision of housing credit for lower income groups. The project will also strengthen institutions responsible for urban planning, development and maintenance. The project has the following main components.
- (a) Land development for housing and community facilities at La Tour Koenig;
 - (b) Housing credit for home improvement and construction including housing at La Tour Koenig;
 - (c) Rehabilitation of housing and urban services in poor areas damaged by cyclones;
 - (d) Upgrading of urban services particularly solid waste collection and disposal;
 - (e) Improvement of public transport and traffic management.

Risks: The project faces no special risks.

Estimated Cost:

	US\$ million		
	Local	Foreign	Total
Land development (La Tour Koenig)	0.9	1.0	1.9
Housing improvement and construction	4.8	7.1	11.9
Upgrading of housing estate services	0.7	1.3	2.0
Public transport and traffic management	0.3	1.1	1.4
Solid waste management	0.2	0.5	0.7
Engineering, supervision and technical assistance	0.4	1.3	1.7
Baseline Costs	7.3	12.3	19.6
Contingencies (a) Physical	0.2	0.2	0.4
(b) Price	1.6	2.9	4.5
Total Project Costs	9.1	15.4	24.5

Financing Plan:

Government of Mauritius and other local sources	5.0	--	5.0
Bank	3.0	12.0	15.0
Cofinancing	1.1	3.4	4.5
	9.1	15.4	24.5

Estimated Disbursements:

IBRD FY	US\$ million				
	1981	1982	1983	1984	1985
Annual	1.7	3.2	6.0	3.6	0.5
Cumulative	1.7	4.9	10.9	14.5	15.0

Rate of Return: 17 percent, based on land development and housing components.

Staff Appraisal Report: No. 3100-MAS, November 10, 1980

Map: IBRD 15143

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

REPORT AND RECOMMENDATION OF THE PRESIDENT
OF THE IBRD TO THE EXECUTIVE DIRECTORS
ON A PROPOSED LOAN TO MAURITIUS FOR AN
URBAN REHABILITATION AND DEVELOPMENT PROJECT

1. I submit the following report and recommendation on a proposed loan to Mauritius for the equivalent of US\$15.0 million to help finance urban rehabilitation and development. The loan would have a term of seventeen years, including four years of grace, with interest at 9.25 percent per annum. Part of the proceeds of the loan would be relent to the Mauritius Housing Corporation and other public agencies, on terms described below, paragraph 53. The Saudi Fund for Development is considering providing parallel finance equivalent to about US\$4.5 million for the project.

PART I - THE ECONOMY

2. A report on the economy of Mauritius (No. 2962 MAS) was distributed to the Executive Directors on September 22, 1980. Recent economic developments are summarized in the ensuing paragraphs. Country social and economic data sheets are provided in Annex I to this Report.

3. Mauritius is a small, densely populated island, where arable land, the principal natural resource is mainly devoted to sugar production for export. The basic problems of the economy stem from its small size and largely monocultural character, and the consequent heavy dependence on imports. Because of the scarcity of land, sugar offers a limited potential for future growth of output and employment. Moreover, periodic cyclones and substantial swings in the world sugar price have a destabilizing impact on output and balance of payments, which is fortunately moderated by the access to the preferential EEC market for most of the country's sugar exports.

4. During most of the 1970s, pragmatic policies and favorable international price trends enabled the Government to achieve rapid growth and development. In its first two five-year plans for social and economic development (1971-75) and (1976-80) the Government embarked on a program of export-oriented production. Generous fiscal and other benefits were provided to induce local entrepreneurs and foreign investors to establish industrial units in an export processing zone (EPZ); tourism, and tea cultivation mainly for the export market, were also actively promoted. Aided greatly by the world sugar boom, this strategy met with success. The increase in real incomes following the sharp improvement in terms of trade during 1972-75 stimulated demand and helped sustain very high rates of investment in industry, housing and public works. As a result, the production in the manufacturing sector (excluding sugar refineries) expanded rapidly, albeit from a narrow base. The construction sector and power generation, also, recorded unusually high growth rates, while there was some further development of agriculture other than sugarcane cultivation. Trade, transportation and services benefitted, in turn, from the spread effects of expanding primary and secondary sectors.

Real GDP consequently increased at an estimated average annual rate of 9.3 percent between 1970 and 1977. Rapid economic growth was accompanied by increasing employment; the number of registered unemployed dropped to about 15,000 in 1977, or half of what it was at its peak in 1971.

5. The policy emphasis on economic growth and diversification, however, did not lead to the neglect of major social concerns. The Government undertook substantial expansion of health care, education and other social benefits, with the result that Mauritius is at present well endowed with regard to basic needs coverage, and only about 12 percent of the population lives below the absolute poverty level. At the same time, successful family planning and population programs checked the dangerous trend towards progressive overpopulation. The annual population growth rate was only about 1.1 percent in the early 1970's although it subsequently started to rise to 1.8 percent by 1979, largely because women born in the 1950's had entered the peak fertility age group.

6. In recent years, however, Mauritius has been encountering severe economic problems. The annual rate of GDP growth slowed down to about 4 percent during 1977-79. With the slackening of economic expansion, employment growth tapered off in these years. The number of registered unemployed has been on the increase since 1978, and by the middle of 1980 accounted for a little over 9 percent of the labor force. Although falling after 1976, partly because of worsening terms of trade, the gross domestic savings rate remained at more than 24 percent. As very high investment rates, averaging about 39 percent during 1976-79, were maintained the resource gap widened to 13.4 percent of GDP by 1979. However, there was a shift from private investment aimed at raising commodity production to private housing and social infrastructure investments. The already large share of building construction in gross capital formation rose to nearly half.

7. Balance of payments difficulties triggered by the collapse of the world sugar boom in 1976 were further aggravated by high investment rates, excessive growth of consumption expenditures and rising production costs in the wake of the continued increase in real wages. Restrictive fiscal policies could have facilitated the adjustment of the economy to the post-boom situation, but expansionary budgets and the consequent rapid credit expansion greatly strained the already weakening balance of payments position. The Government's selective demand management measures and the introduction of stricter credit control did not succeed in preventing the drain on reserves and growing external indebtedness. Finally, to stem the deterioration in the balance of payments the Government devalued the rupee by 30 percent in SDR terms in October 1979 and adopted stabilization measures supported by a two year IMF standby of SDR 75 million. Due to devastating cyclones and other reasons, such as the sharp rise in oil prices, the implementation of the stabilization program ran into difficulties. Subsequently in September 1980 the standby was replaced by a new one year arrangement for SDR 35 million.

8. By 1978, the manufacturing sector had lost much of its momentum, largely because of the slowdown in the growth of EPZ industries which recorded only a modest increase in output over the previous two or three years. Its dynamism was undermined by rising real wages without compensating improvements in productivity, selective non-tariff barriers affecting textile exports, difficulties in recruiting labor for multiple shift working and the poor functioning of the port and inland transport due to disturbed industrial relations. The profitability of the sugar industry was also squeezed by rising wage costs and depressed world sugar prices, and it had to cope with scarcity of farm labor and growing absenteeism. In the agricultural sector the progress of import substitution was impeded, among other things, by insufficient extension efforts. Recently, however, there has been a noticeable improvement in labor relations and port facilities are being operated much more efficiently. Devaluation combined with wage restraint should significantly raise the return on investment in EPZ industries and restore the profitability of sugar production.

9. With the emergence of increasingly severe and persistent budgetary problems fiscal performance deteriorated sharply after 1976/77. Stemming initially from the steep drop in the growth rate of tax revenues due to the termination of the sugar boom, the growing deterioration of the fiscal situation was aggravated by continued rapid increase in government expenditures, which reached about 40 percent of GDP in 1978/79. Recurrent expenditure rose due to sharply increasing government employment, the higher cost of subsidies and social security benefits, and accelerated investment spending, particularly on social infrastructure including housing, educational facilities and health services. A number of revenue measures were taken by the Government to augment budgetary resources, but they proved to be insufficient to offset the momentum acquired by public expenditure in the period of high sugar export prices. The overall budget deficit, as a consequence, increased from Rs 339 million or 9.1 percent of GDP in 1975/76 to Rs 953 million or 15.8 percent of GDP in 1978/79. The fast growing fiscal imbalances in a period of worsening terms of trade thus became a major source of the present economic difficulties.

10. For 1979/80, a stabilization program was adopted by the Mauritian authorities following the devaluation of October 1979, supported as it was by a standby arrangement with the Fund. The main economic measures to be taken were cutbacks in expenditure, the freezing of food subsidies, generation of additional revenue resources and less than full cost of living increases in wages and salaries for the year. The Government, which had earlier begun to counter relentless pressures for substantial wage increases, was able to hold wage increases to levels that represented a decline in real terms. On the other hand the government could not attain the targetted reduction in the financing gap as delays occurred in implementing economy measures and unforeseen expenditures were occasioned by the destruction and damage wrought by the cyclones.

11. The budget for the fiscal year 1980-81, which adopted measures broadly similar to those contained in the September 1980 standby agreement, provides for across the board tax surcharges and discretionary levies, and foresees some decline in the financing gap relative to GDP. The post-budget cost of living increases were also limited, for both public and private sectors, to levels well below the likely increase in consumer prices, and this despite further reductions in food subsidies. On the whole, the measures proposed in the budget for 1980/81 were sufficient to reverse the previous trend towards rapid growth of government consumption and recurrent expenditure on social services. Despite a certain increase in capital expenditure in real terms, there has also been a noticeable decline in the relative importance of outlays on social infrastructure.

12. A sizeable proportion of the Government's annual budget deficits, about 48 percent on average for the three years ending in 1978/79, was financed by the domestic banking system. Net domestic credit more than doubled between 1976 and 1979 largely on account of the steep increase in net claims on Government. Declining foreign exchange reserves did, however, greatly dampen the impact of rapid credit expansion on money supply, which went up by only 30 percent over this period, while the annual rise in consumer prices was kept under 14%. The rise in consumer prices following the devaluation, however, was much larger than expected due to acute scarcity of locally produced foodstuffs caused by the adverse weather in the summer of 79/80. Over the nine-month period ending in June 1980, consumer prices rose by 38 percent. The rate of inflation is, however, expected to subside somewhat during the second half of 1980 with the return to normal weather.

13. Mauritius' severe balance of payments difficulties after 1975 were brought about by a combination of diverse unfavorable influences. Export earnings showed only a modest increase because of depressed sugar prices and rising costs as well as market access problems of EPZ industries. On the other hand heavy budget deficits and the resulting credit expansion generated excessive demand for imports. The current account deficit more than trebled from US\$36 million in 1976 to US\$140 million in 1979, the latter being equivalent to nearly 14 percent of GDP. Despite recent sharp increases in sugar prices to new record levels, the short term balance of payments outlook has been severely hurt by the sharp fall in sugar production during the 1980/81 season as well as by rising import prices. The effect of the cyclones on the sugar output, affecting mainly the supply in excess of the EEC quota which is sold on the world market, is expected to cause Mauritius a loss of about US\$25 million in export earnings during 1980 and 1981.

14. Since 1977, Government's policy was to maintain an essentially open economy. It attempted to finance growing payments imbalances through substantial foreign borrowing on commercial terms and recourse to IMF facilities. It also sought to restrain the demand for imports by tighter credit policies and imposed higher duties and selective restrictions on imports of luxury goods. It drew SDR 11 million (US\$12.8 million) in 1977 under the Compensatory Financing Facility, obtained a first credit tranche standby of SDR 8.0 million or US\$9.7 million, in 1978 (which was utilized only in 1979) and two Trust

Fund Loans amounting to SDR 9.1 million (US\$11.0 million). Then it drew SDR 40 million or US\$51.9 million (in two equal credit tranches in December 1979 and May 1980) under a two-year IMF standby arrangement dated October 1979, which was superseded by a new one-year arrangement of SDR 35 million (US\$45.9 million) under which it drew SDR 15 million (US\$19.7 million) in September 1980. In addition a Euro-dollar loan amounting to US\$37 million was raised in 1978, and another of US\$50 million the following year. Despite these borrowings, gross foreign exchange reserves fell substantially, from US\$166 million at the end of 1975 to only US\$47 million (less than four weeks' imports) by September 1980.

15. Gross disbursements of external and externally guaranteed loans averaged US\$40 million annually during 1975-79. In 1978 and 1979 the level of disbursements reached an average of US\$78 million, or four times as much as in 1977, due, for the most part, to foreign borrowing on commercial terms. The external public debt thus rose sharply from US\$71 million at the end of 1977 to US\$152 million at the end of 1978 and US\$227 million at the end of 1979. About 13 percent of the outstanding disbursed debt at the end of 1979 was held by the IBRD and 8 percent by IDA. The debt service ratio went up from just 1 percent in 1976 to 4 percent in 1979.

16. Prospects for further growth of the economy will depend, to a large extent, on the success of stabilization measures in restoring internal and external financial equilibrium as well as on the future evolution of world sugar prices and terms of trade. Given the size, structure and the resource base of the economy, its expansion will depend above all on continued industrialization oriented towards the export market. The rate of growth over the next few years could average about 4 percent, and, with further diversification of the economy, might rise further during the latter half of the 1980s.

17. The debt service ratio could rise very rapidly in the future, partly as a result of the harder conventional terms on which a sizeable portion of external debt was contracted. As such, greater fiscal discipline combined with restraint on imports of non-essential consumption goods and unproductive investment, such as residential construction, will be necessary in the years ahead to maintain both the size of the external debt and the burden of servicing it within manageable limits. The Government, aware of the problem, has scaled down the investment and growth targets of the 1980-82 Plan, to levels likely to be consistent with the production potential of the economy and a tolerable debt service burden. It also envisages stricter fiscal policies emphasizing expenditure control, lower levels of real wages and social benefits, and new revenue measures, including a general sales tax.

18. External financing requirements in the coming years will be much larger than in the past because of the time needed to reduce the resource gap, the necessity of rebuilding foreign exchange reserves and the expected continued rise in import and energy prices. Substantial assistance will be necessary to finance current imports for the industrial sector to sustain output growth.

PART II - BANK GROUP OPERATIONS

19. To date Mauritius has received five IDA credits and nine Bank loans (including one loan on Third Window terms) totalling US\$100.5 million to help finance projects in industry (US\$28.5 million), utilities (US\$22 million), infrastructure (US\$18.6 million), agriculture (US\$9.2 million) and education (US\$22.2 million). The most recent loan approved by the Executive Directors was for the fifth Development Bank of Mauritius Project, US\$6.0 million, on December 27, 1979 (Number 1789-MAS). IFC made a loan in 1971 for hotel construction.

20. The Bank's program of lending to Mauritius will continue to concentrate on supporting the Government's strategy of economic diversification and employment creation through the development of industry. Growing industrialization has resulted in a greater need for infrastructural improvements, and we intend, therefore, to participate in projects designed to improve and expand public infrastructure and related institutions. A second rural development project is under preparation for FY1982; and following the recent Government decision to strengthen the Central Water Authority's financial position by allowing an increase in water tariffs, we are also processing a water supply project for the same year. We also expect to support the Government's educational reforms through a third education project, depending on developments affecting Mauritius' program of technical education and training.

21. In view of the current economic problems which Mauritius is facing, due in part to the instability of sugar prices, but also to recent cyclone damage, the Government has asked the Bank for non-project assistance. The Government, in consultation with the Fund and the Bank, has undertaken programs of stabilization and institutional and economic reform. Discussions are now underway as to the extent to which the Bank can assist. The Government also asked the Bank to organize a Consultative Group for Mauritius. The first meeting was held in the Bank's European Office on October 21 and 22, 1980.

22. Implementation of the education, power, industrial and port projects is generally satisfactory. The rural development project has just been completed, with mixed success in achieving its objectives. On the other hand, the tea project, also just completed, encountered problems caused by falling international tea prices, inadequacies in project management and equipment, and lack of interest from laborers to work on tea plantations and from smallholders to take over tea plots. The profitability of the tea industry in Mauritius has declined to the point where it is now doubtful whether a fundamental change in the industry, including the phasing out of some tea operations, can be avoided. Annex II contains a summary statement of Bank Group operations in Mauritius as of September 30, 1980 as well as notes on the status of ongoing projects.

23. The only audit report so far prepared by the Operations Evaluation Department (No. 2101 of June 20, 1978), concerns the first line of credit made to the Development Bank of Mauritius (DBM). The report showed that the project had made a valuable contribution to development of DBM as a sound institution, capable of taking a lead in the industrial development of the Mauritian economy.

PART III - THE URBAN SECTOR

24. Although its economy is heavily dependent on agriculture, Mauritius is relatively extensively urbanized: 50% of the population live in five municipalities designated as urban. These figures underestimate the extent of urbanization as most of the population has access to urban and social services. The principal differences between urban and rural are the financial and administrative responsibilities of the Municipalities and the District Councils which run these areas (para. 36).

25. Land and Labor. In view of the importance of sugar to the economy, sugar land is at a premium; appropriation of land for competing use must accordingly be kept at a minimum. Sugar production is now close to the limits of production potential and cannot absorb further labor. Indeed, increasing mechanization will reduce demand for labor. Unemployment is now about 23,000: new jobs must be created mostly in the manufacturing sector and will impact on urban areas. Thus both for employment and land use purposes, the careful coordination of spatial, urban and economic development strategies, and of management and institutions is of fundamental importance.

26. Income and Poverty. Average family monthly income in Mauritius is US\$476 with a median of US\$165 in 1980 prices. Income distribution is highly skewed: the top 9% receive almost 40% of income. The relative poverty level is considered to be family monthly income of about US\$130, which includes a third of all households. Government programs and measures such as rent control and consumption subsidies on rice and water have done much to mitigate the worst effects of a poor income distribution. Nutrition and health standards are high, and universal, free primary education has led to more than 90% literacy and a skilled labor force. With the aid of an active family planning program, and the high standards of social services, Mauritius has had remarkable success in reducing fertility and population growth.

27. Housing. Mauritius invests heavily in housing (about 12% of GNP). Production of about 6,000 units per year compares to an estimated demand of about 9,000 units. The bulk of housing is financed out of private savings or commercial bank loans, which are inaccessible to the poor. Poor families who do acquire land usually cannot obtain credit for home improvement or extension, so the rate at which they can build is limited by their current saving capacity rather than their debt servicing capacity. Furthermore, rent control has distorted the housing market, so that new development has been

for high-income housing, not for the poor; it has also led to deterioration of the housing stock. Government is aware of the need to amend rent legislation, and has appointed a ministerial committee to prepare legislation. It has agreed to take steps to provide incentives for improvement and maintenance of rental housing, and to exchange views with the Bank on legislative proposals to this end (Loan Agreement Section 4.03).

28. Mauritius is subject to periodic devastation from cyclones, and was severely hit in 1960, 1975, and 1979-80; these cyclones caused considerable damage to less sturdy housing. Past housing programs for cyclone victims provided small numbers of finished and serviced houses at heavily subsidized rents. The programs have been extremely expensive for the government, inefficient, and production has been well below targets. Of an original 1975 program of 8,000 houses, only 2,000 were completed by end-1979, and another 4,000 may be completed by October 1981. Reform is needed in the method of assisting cyclone victims, to allow them access to housing finance, so they can repair existing houses or build new ones.

29. The main public agencies responsible for housing are the Central Housing Authority (CHA) and the Mauritius Housing Corporation (MHC). CHA was set up in 1960 to supervise housing policy and to build low-income housing, but the task it was subsequently given of building public housing for cyclone victims prevented it from developing a policy role. It is totally funded by the government and represents an unacceptably large financial burden. The Government has recently moved to reduce housing subsidies through a policy of sale of CHA units rather than rental, and towards a policy of providing unsubsidized loans through MHC. Government policy on public housing provides for a reduction in overall Government expenditure on housing, including a phased reduction in CHA's operations, and involves strengthening MHC as a housing financial intermediary.

30. MHC was established in 1963 as a parastatal organization and reports directly to the Ministry of Finance. It has broad powers for offering banking services and engaging in housing construction. It is an efficient organization and has an excellent record of collections. However, it has served mainly the middle-and higher-income market. The Government intends to expand its operations, particularly for lower income borrowers. Its policies, administration and financial structure are described in paragraphs 60-62.

31. Water and Sewerage. Almost all the population has easy access to piped, potable water. About 50 percent of the population are now served by house connections, accounting for about 85 percent of domestic consumption; the balance by hydrants. The Central Water Authority (CWA) provides water, which until 1979 was heavily subsidized. In 1979 and 1980, the Government raised tariffs substantially, as a first step toward pricing water services on sound financial and economic bases. Recurrent expenses will no longer be subsidized and, with additional tariff adjustments over the next few years, CWA's net operating revenues should begin to meet amortization and interest costs and contribute to new investments. There has been considerable public dissatisfaction with the new tariffs; while the principle of charging economic tariffs has now been accepted, the most appropriate method of charging is still actively being sought.

32. Mauritius has two public sewerage systems, serving about 20 percent of the total population, which are the responsibility of the Ministry of Works (MW). There are several smaller sewer systems serving housing estates, resorts and institutions. The standards of individual facilities serving the remainder of the population are generally satisfactory. Although sewerage and sanitation are heavily subsidized, the Government intends to revise both the level and the method of charging over the next two or three years, with a view at least to covering current expenditure. It has agreed to carry out, by October 31, 1982, a study of investments, operation and maintenance costs of the sewerage system and to exchange views with the Bank on a proposed tariff structure designed to reduce service subsidies (Loan Agreement, Section 4.06).

33. The collection and disposal of solid waste is the responsibility of local authorities and is generally inadequate. Port Louis, with large resident and daytime populations, and a concentration of commercial and industrial activities, has the most serious problem: only 50% of its garbage is collected. Accumulation of the remainder poses environmental hazards and hinders services such as drainage, roads and sewerage. The Government will carry out a study in 1981, with French technical assistance, on the long term management of solid waste throughout the island. On completion of this study, the findings will be reviewed with the Bank (Loan Agreement, Section 3.07).

34. Roads. The island is served by a well developed road network with about 1,100 miles of roads radiating from Port Louis to all parts of the island. Traffic on this network is concentrated in the Port Louis-Curepipe corridor where up to 20,000 vehicles per day use the roads. Congestion is mainly limited to this corridor, being worst in the city of Port Louis. Road improvements for Port-Louis and for the Phoenix-Curepipe conurbation are also being studied. Outside the corridor, traffic drops quickly and roads are not unduly congested.

35. Public transport is provided by nine privately-owned transport companies, a number of small operators (each with one to three buses) and the National Transport Corporation. Of the licensed fleet of 1,200 buses, only 60% operate daily because of breakdowns, inadequate maintenance, driver absenteeism and excessive age of the bus fleet (averaging over nine years). Lines of credit have been made available by India and Japan for procurement of buses. Other principal problems of the transport system include inadequate regulation, poor coordination of routes, and lack of policies for fare structures. There are long waits and queues during peak periods, overcrowding at existing terminals, inconvenient or costly transfer arrangements, and poor labor-management relations. Poor public transport is quoted by many industrial companies as a reason for difficulty in meeting labor requirements.

36. Urban and local government is administered through five municipal councils and three district councils. Only the municipal councils have powers to levy tax, but reluctance to raise taxes and rapid inflation have eroded the contribution of local taxation. Rent control holds down property values and hence tax revenue. The district councils depend entirely on central government grants, as they are not allowed to levy property or betterment taxes, despite the fact that much of the most productive land uses - sugar,

tourism, industry and high income housing - are in their areas. In 1979/80 only 20 percent of local expenditures were covered by local tax income, the remainder coming from central government. Grants to local authorities amounted to US\$13.5 million, less than 2 percent of GNP, and not enough to provide a satisfactory level of services. Tax reform is needed to allow both higher locally-generated expenditures and to reduce central government deficit spending. In 1978, legislation for a rural tax was enacted but not implemented mainly because the properties in the district council areas had not been valued. A revaluation of property in the municipalities has just been completed with the assistance of expatriate valuers: it is now proposed to continue the exercise to cover the whole island, financed under the proposed loan.

37. Future Development. Continued population growth, declining household size, and employment needs will place heavy demands on the urban sector for the next decade. Current forecasts indicate demand for urban land to be about 1,200 acres per year - an expansion in area by about 50% of the existing urbanized land over the next 10 years. Almost all the expansion must occur outside the currently designated urban areas. A National Physical Development Plan (NPDP), has been produced by consultants: it makes well-thought out proposals and is a good basis for future urban development. Recently adopted in principle by the Government, it calls for concentration of new urbanization in three major and six minor centers around the island. Procedures to implement NPDP have not yet been devised. However, to monitor and implement a coordinated strategy for urban growth, employment location and local administration, in accordance with the NPDP, a National Physical Development Unit would be established in the Ministry of Economic Planning and Development. It would undertake studies on priorities for development, finance, planning and on attainable annual levels of implementation and employment, leading to development proposals. Mechanisms for assembly and development of land need to be established since current institutions are neither designed to be nor are capable of coordinating investment or implementing developments on the scale required.

Major Issues in the Urban Sector

38. The scale of future urbanization which is bound to occur, controlled or uncontrolled, and the Government's inescapable need to reduce its overall deficit, have important effects on the urban sector. They will require new, specific policies towards urban administration and finance. These include the need to develop improved land management and release mechanisms to build a public developer capacity, to reduce overall investment in housing while directing investment towards poorer income groups, to change the legislation controlling rents both for commercial and residential property, to find alternative financing mechanisms for urban services and to distribute them more evenly around the island, to make improvements to the public transport system, and to improve administration of the different services provided to the urban sector.

39. Government is already embarked on reforms in all these areas:
- in housing: by redirecting the public housing programs towards channelling credit to the poor, rather than construction of subsidized housing, and by a review of rent legislation.
 - public utility pricing: by a commitment that public utilities will finance their operations through revenue, exemplified by recent increases in power tariffs, and by current efforts to reform water tariffs.
 - on land: it proposes to establish a Land Bank Agency with power for acquisition and assembly of land.
 - on public transport: it has recently set up a National Transport Authority charged with regulation, planning and control of public transport, and expanded the publicly-owned National Transport Corporation to provide more efficient bus services in the heavily travelled Port Louis-Vacoas area.

PART IV - THE PROJECT

Background and Objectives

40. The project stems from a Government request made in 1977 for assistance in housing and urban transport. The Bank carried out an analysis of the urban sector and identified possible areas of assistance. This was followed by feasibility studies in housing, infrastructure and transport which were carried out by government agencies with the aid of consultants. During project preparation, Mauritius was hit by a series of severe cyclones between December 1979 and March 1980, which caused heavy damage to crops, housing and infrastructure. Over one thousand families were made homeless. Sewerage and water supply in low-cost housing estates were badly damaged, causing outbreaks of disease including typhoid. The Government asked the Bank for urgent assistance to finance costs of rehabilitation, in particular in housing and urban services. It was decided that the best means of responding to this request was to advance and to expand the urban project then under preparation. An advance from the Project Preparation Facility was approved in March 1980 to speed project preparation; the project was appraised in May 1980. Negotiations were held in Washington in October 1980. The Government negotiating team was led by Mr. M. Baguant, the Financial Secretary and included the Honorable E. Francois, the Minister of Housing. A supplementary Data Sheet is included in Annex III and a Staff Appraisal Report dated November 10, 1980 has been distributed. A map is attached.

41. Project Objectives. The project has been designed in the context of the Government's intention to revise its policies for public sector provision of housing. These changes, now being implemented, involve reducing the

overall Government expenditure in housing, and redirecting the emphasis of Government activity in the sector from building rental units, at subsidized rates, to providing housing credit in a manner that will make it available to lower income groups. The project will support these policy changes. It has the following additional objectives:

- (a) to strengthen institutions responsible for urban planning, development and maintenance, and for implementation of the National Physical Development Plan;
- (b) to rehabilitate housing and urban services in poor areas damaged by cyclones;
- (c) to improve urban services, including public transport and solid waste collection.

Project Description

42. The project would have the following main components:

- (a) Land development at La Tour Koenig for housing and community facilities;
- (b) Credit for housing rehabilitation and improvement, and for new construction, including housing at la Tour Koenig;
- (c) Upgrading of urban services in four low-income housing estates seriously affected by cyclones, and of solid waste collection and disposal; and
- (d) Improvement of public transport and traffic management.

43. Land Development. Approximately 25 acres of land, south of Port Louis and adjacent to the industrial estates of Coromandel (which was constructed with IDA finance (Credit 411, June 1973) and Plaine Lauzun, would be serviced for housing development. About 740 serviced plots would be marketed, 60 percent of which would be reserved for low-income families. These plots would be randomly allotted to qualified applicants if, as expected, demand exceeds supply. Provision would also be made for a primary school for 600 pupils, a kindergarten and a creche, a market and other public facilities. Since La Tour Koenig is outside a municipal area, it would be necessary to ensure that the development is within the jurisdiction of an appropriate authority so that services can be maintained and rates charged (Loan Agreement, Section 3.06). This component would provide valuable experience for future land development schemes.

44. Home Improvement and Construction Loans. A line of credit would be made available to MHC to allow it to extend its low-income lending operations and to make increased credit available for home repair and reconstruction for cyclone victims, for housing extension, and for construction of new housing. Cyclone victims would initially be given priority in allocation of funds. About 3,700 loans would be made over a four-year period. MHC would adopt

lending criteria that will ensure that 50 percent of its lending in FY81, 55 percent in FY82, and 60 percent in FY83 would be lent to low-income families earning US\$160 a month or less ^{1/}. Average loan size would be US\$3,300 with a maximum of US\$6,600 for all income groups. MHC would use criteria for selecting borrowers, and a standard agreement, satisfactory to the Bank (Loan Agreement, Schedule 5).

45. Upgrading of CHA Estates. Services are to be rehabilitated and upgraded in four CHA estates near Port Louis, where despite heavy maintenance expenditures, water and sewerage services are poor. During the recent cyclones there were many sewage overflows, which probably were the cause of outbreaks at that time of typhoid and other disease. This component will rehabilitate damaged and substandard sewer lines and some water mains, and improve stormwater drainage. Over 3,000 households will benefit.

46. Public Transport Improvement and Traffic Management. To improve the efficiency and service standard of public transport, a study of public transport would be carried out leading to recommendations on improved public transport management, routing, investment, pricing policies and on the relationship between public and private transport. The component would also include (i) traffic management measures to reduce congestion, especially in Port Louis, and (ii) a feasibility study and detailed engineering for replacement of an old bridge at Grand River North West, which is a bottleneck to traffic entering Port Louis.

47. Existing parking regulations are inadequate and cannot be enforced. The Government would review these regulations and take action to amend traffic ordinances to allow for parking charges, and to set up a force of traffic wardens to enforce regulations (Loan Agreement, Section 4.04).

48. Solid Waste Management. The project would assist the Port Louis municipality to implement a more efficient system of solid waste collection, which was designed during project preparation. It would provide a modest number of simple vehicles, equipment and maintenance facilities, which are required to meet immediate needs. The component was designed taking into account the longer-term studies to be carried out in 1981 (above, paragraph 33).

49. Technical Assistance. Technical assistance would be provided: (i) to the Ministry of Economic Planning and Development (MEPD) to establish a National Physical Development Unit and to prepare implementation of the National Physical Development Plan (paragraph 37), (ii) to the Ministry of Works for the island-wide transportation study (paragraph 46), (iii) to the Ministry of Housing, Lands and Town and Country Planning for island-wide property valuation (paragraph 36), and (iv) to MHC to train extension workers to assist in self-help/self-managed housing construction.

Project Cost Estimates

50. Total project costs including contingencies are estimated at US\$24.5 million, of which the foreign exchange component would amount to US\$15.4 or 63 percent. A cost table is given in the loan and project summary. Physical contingencies have been calculated at 10 percent on all infrastructure and

^{1/} In 1980 prices.

building works. No physical contingencies have been included on housing credit, equipment, training, engineering and technical assistance. Price contingencies have been compounded annually on base costs at 15 percent per annum for 1981 and 1982, and 10 percent for 1983-84. Foreign elements of price contingencies are based on Government and consultants' estimates of inflation in the neighboring countries from where goods and services are normally procured. Estimates for local inflation are based on Bank's estimates of inflation and have been revised upwards for 1983/84. On the basis of these considerations, total contingencies are estimated at US\$4.9 million or 25 percent of base costs. No import duties or other taxes are levied on Bank financed projects.

51. Engineering and architectural services for La Tour Koenig, rehabilitation works for CHA estates, and the feasibility study for the bridge, technical assistance for the NPDP studies, traffic management, the island-wide transport study and land valuation are estimated to cost about US\$1.9 million. This has been estimated on the basis of an average professional man-month cost of about US\$5,000 (US\$4,500 for local consultants and US\$6,500 for expatriate consultants) and a total of 383 man-months. Consultants and professional staff with the necessary qualifications and experience are available in Mauritius at this cost.

Project Financing

52. The proposed Bank loan would finance US\$15.0 million (61 percent of total cost, representing 78 percent of the foreign cost), co-financiers US\$4.5 million (19 percent), and the Government and other local sources US\$5.0 million (20 percent) of the total cost. Total external financing would cover 100 percent of the foreign costs and 45 percent of the local costs. Local cost financing by cofinanciers is justified because the economy faces increased expenditures and loss of revenues resulting from a series of severe cyclones. Effectiveness of an agreement with a cofinancier would be a condition of disbursement on the housing credit component, for which the cofinancier's funds are expected to be mainly used (Loan Agreement, Schedule 1).

53. The Government would make the proceeds of the loans (Bank and co-financing) and its own contributions available to various government ministries and parastatals to cover the cost of components to be implemented by them. Part of the proceeds of the loan would be used directly by the Government, while the remaining proceeds would be onlent to MHC, CEB, CWA and MPL. The Government would enter into subsidiary loan agreements with these institutions, satisfactory to the Bank, as a condition of disbursement on the respective components (Loan Agreement, Schedule 1). The term of onlending would be at an interest rate of 10 percent or the Bank of Mauritius discount rate, whichever is higher at the time of signature of the subsidiary loan agreement, and for a period of 17 years including 4 years grace.

54. MHC would onlend to final beneficiaries over a period of up to 25 years. The rates of interest it would charge would fluctuate with the structure of interest rates in Mauritius. They would be calculated so as to maintain an average spread of 2-1/2 percent above its average cost of capital. MHC would not charge less than 1 1/2 percent above the Bank of Mauritius discount rate, which was 10 percent at time of appraisal. Thus, low-income families can borrow at 12 percent and middle- and high-income families at 14

percent. This rate of interest is in line with inflation (15 percent in 1979/80, expected to decline in future years) and with market rates in Mauritius. It will be changed in accordance with them. Any changes in MHC's lending policies would be reviewed with the Bank to ensure that its future viability as a financial intermediary is protected (Loan Agreement, Section 3.05 and Schedule 5).

Project Execution

55. Overall responsibility for implementation of the project would rest with the Ministry of Economic Planning and Development, which has appointed a Project Coordinator to monitor progress, to provide regular reports to the Government and the Bank, and to ensure that the project is executed satisfactorily. Monitoring and evaluation would be a modest exercise geared to gathering essential management information, analyzing practical problems, measuring project impact on beneficiaries, and forming an information base for future projects.

56. The Ministry of Housing would implement the La Tour Koenig component, through contracts with CHA and/or local contractors, and would carry out the island-wide valuation of property with the assistance of consultant valuers. MHC would hold the La Tour Koenig land while it is being developed, process all applications and administer housing loans, enter into mortgage agreements with beneficiaries, and collect repayments. The Ministry of Works would supervise the execution of rehabilitation work in the CHA estates (except water supply, which would be supervised by CWA), and the traffic management component. It would also supervise the bridge feasibility study and, through the National Transport Authority, the island-wide bus study. It would carry out all traffic improvement works by force account. The Port Louis Municipality would execute the solid waste management component. The project would be completed by June 1984. Mauritius has considerable skilled manpower, which should be able to execute the project, with some expatriate assistance and training in engineering, transport management, and finance.

Procurement

57. Civil and building works and equipment contracts for an aggregate value of US\$5.5 million would be awarded on the basis of international competitive bidding in accordance with Bank guidelines. The solid waste component is small, US\$0.5 million, and unlikely to attract foreign suppliers. This item would therefore be procured using local bidding procedures which are acceptable to the Bank, and which would allow international suppliers to bid. Local bidding would apply also to small infrastructure works costing less than US\$0.25 million, totalling about US\$0.8 million and to miscellaneous equipment amounting to about US\$0.1 million. Civil works for the traffic management component and building works for solid waste management totaling US\$0.36 million would be carried out on force account by the Ministry of Works and the Port Louis Municipality respectively. Consultant and specialist services for detailed engineering and studies would be procured individually on conditions satisfactory to the Bank.

Disbursement

58. The Bank will disburse against 80 percent of the local cost of housing credit, and of civil and building works, and 100 percent of the foreign cost or 80 percent of the local cost of equipment, technical assistance and other consulting services. No disbursements will be made for housing credit until the cofinanciers loan is effective. No disbursements will be made on the solid waste component until suitable land, already identified, has been acquired for solid waste disposal nor on components involving a subsidiary loan agreement until signature of the relevant agreement (Loan Agreement, Schedule 1).

59. Project expenditures incurred after May 31, 1980 will be financed retroactively so as to refinance housing loans made by MHC to cyclone victims, and to complement PPF funds used in completing final design and engineering of other components. Expenditures approved under the Project Preparation Facility will also be refinanced from the loan. The total reimbursed under these heads would be limited to US\$1.5 million, on the basis of 80 percent of total expenditures.

Financial Analysis

60. Mauritius Housing Corporation. MHC has long been an efficient and prudent mortgage lending institution with established policies, loan processing procedures and a well trained staff. MHC can finance mortgages for up to the full value of residential properties. Due to its relatively effective management, its portfolio shows only 1 percent in arrears of 90 days or more. Its total assets grew from US\$9.0 million at June 20, 1975 to US\$25.0 million by the end of June 1980. However in the past year its expansion has slowed due to economic conditions and government's inability to provide funds. MHC has increasingly used long-term borrowing to finance expansion (75 percent of its total liabilities), which has eroded its financial viability. This is shown by the relatively high debt-equity ratio of 5 to 1 at the end of 1979. More recently, MHC has financed some of its expansion through loans of less than one year, so that the current ratio (current assets/current liabilities) reached a low of 0.2 by the end of 1980.

61. For MHC to grow as planned, while remaining financially sound, it needs to readjust its financial position. Since it has a relatively long average debt structure which nearly matches the average 23 years of mortgage terms, a debt-equity ratio of 4 to 1 would be acceptable. During negotiations, Government agreed to strengthen MHC's financial structure (by providing US\$1.7 million in loans and converting US\$0.9 million debt into equity in 1980/81 and providing additional funds to MHC in equity over the period 1981/84) so that MHC will reach a debt-equity ratio of 4 to 1 in FY84 (Loan Agreement, Schedule 5).

62. MHC has recently been actively seeking deposits as a source of capital. From about US\$100,000 in 1975, deposits had grown to nearly US\$1 million by mid-1979: 4 percent of total resources. This is indicative of a capacity to save in Mauritius. Moreover, the risk of these savings being withdrawn is minimal since they pay, on average, 10 percent per annum and are competitive with other investment opportunities within the country. This

policy of domestic resource mobilization needs to be encouraged and continued. MHC has established a target of raising additional capital through customer's savings by about 15 percent per annum for the next five years.

Cost Recovery

63. About 73 percent of project costs would be recovered directly from the final beneficiaries. The balance would be recovered from general revenues. The following principles of cost recovery would be applied:

- (a) Costs which are normally recovered by public authorities in the form of user charges or tariffs would be recovered to the extent possible according to the relevant institutions' policies, which are generally acceptable. It should be noted that this is partly the result of a decision, made by Government during project preparation, to make tenants of CHA housing estates pay the standard tariffs for service received: these had previously been free (Loan Agreement, Section 4.05).
- (b) Site development costs for on-site infrastructure development of La Tour Koenig, home construction and improvement loans, engineering and supervision, would be borne directly by beneficiaries in respect of private plots. Costs relating to public areas such as schools would be borne by central government revenue.

64. At La Tour Koenig, medium- and larger-sized plots, forming about 40 percent of the total plots developed, and those in prime locations, would pay a premium which would go toward subsidizing smaller, standard plots. For the solid waste component, the Government would recover the cost of additional investment under the project by methods to be determined on completion of the solid waste management study (paragraph 33).

Affordability

65. During appraisal, components were scrutinized to ensure that the target group could afford all infrastructure components. For the La Tour Koenig component, families with incomes of US\$115 and above per month (73 percent of total households) could afford a one-room core house. Nearly 90 percent of people who already have land, have incomes high enough to build core houses. MHC would ensure that the cost of carrying charges (amortization for land and construction) would not exceed 25 to 30 percent of family income on all credit provided under the project.

Project Replicability

66. The project will demonstrate the feasibility of developing serviced land and housing affordable to low-income households, and recovery of costs, without overstraining the Government's already stretched budget. However, replicability of the project is very much dependent on its being executed efficiently, and on successful collection of charges from beneficiaries. We believe it stands a good chance of success. The project includes studies

which would recommend similar projects in the new urban centers, and experience gained from this project would be valuable in their design.

Poverty Impact and Project Justification

67. About 33 percent of the population of Mauritius is below the urban relative poverty threshold estimated at US\$130 monthly family income in 1980 prices. All components are designed to benefit this group to the extent possible. The housing and rehabilitation component would benefit about 39,000 people of whom about 50 percent would be below the relative poverty threshold. Improvements in public transport would benefit the poorer members of the community more than the richer. At least 60 percent of the direct beneficiaries of all components would be in the target low-income population group, as defined by the Government with incomes up to US\$160 per month.

68. The economic rates of return for La Tour Koenig and housing credit are estimated at 18 percent and 17 percent respectively. Benefits of other components were not quantifiable; these include the public health and environmental benefits derived from rehabilitation of services in CHA estates and improved garbage collection. The reduced risk of further typhoid outbreaks would be important for public health and help protect the tourist industry from any negative impact. More efficient public transport throughout the island will eventually reduce journey times for many people, since buses are heavily used for commuting, and will improve supply of labor to industries at present experiencing a labor shortage because of transport problems. The institution building effects of the project will have important but unquantifiable benefits for Mauritius' longer-term development.

Risk

69. The main risk relates to the number of institutions involved: although it does not call for the creation of any new institutions, except for the National Physical Development Unit in the Ministry of Economic Planning and Development, the project is dependent on rapid expansion and strengthening of several organizations which are at present weak. We believe that with the support of project technical assistance, this can be achieved. The present staff and procedures of MHC can be relied upon to implement the proposed expanded loan program. A major uncertainty concerns demand for MHC loans in the proportions (by income group) and the scale envisaged. A long tradition exists in Mauritius of informal finance for housing often based on an individual's current spending capacity rather than his debt servicing capacity. For public housing there has been a tradition of heavily subsidized provision of finished housing. The project seeks to change these customs, but experience demonstrates that similar customs elsewhere die hard. Nevertheless there is little doubt that the demand exists - MHC has a sizable waiting list of applicants, many of whom are eligible for project funds - and, given the relatively small base from which MHC starts and the limited size of its overall intended program, this risk is well within a tolerable range. To the extent any of these risks materialize, they imply a somewhat slower rate of disbursement rather than project failure. Finally, 90 percent of the cost to be recovered from final beneficiaries would be for housing credit. The experience of MHC has shown that less than one percent of its loan amounts are unpaid and therefore we can consider the risk related to cost recovery to be a low risk.

PART V - LEGAL INSTRUMENTS AND AUTHORITY

70. The draft Loan Agreement between Mauritius and the Bank, and the Report of the Committee provided for in Article III, Section 4 (iii) of the Articles of Agreement, are being distributed separately.

71. In addition to the features of the Loan Agreement which are referred to in the text and listed in Section III of Annex III of this Report, the following features are of particular interest:

- (a) Effectiveness of an agreement between the Government and co-financier is a condition of disbursement on the housing credit component (paragraph 52);
- (b) No disbursement would be made for the solid waste component until suitable land has been acquired for solid waste disposal (paragraph 58), nor for components involving MHC, CWA, CEB and the Port Louis Municipality respectively until the relevant subsidiary loan agreement has been signed (paragraph 53).

72. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Bank.

PART VI - RECOMMENDATION

73. I recommend that the Executive Directors approve the proposed loan.

Robert S. McNamara
President

Attachments
November 18, 1980

TABLE 3A
MAURITIUS - SOCIAL INDICATORS DATA SHEET

LAND AREA (THOUSAND SQ. KM.)	MAURITIUS			REFERENCE GROUPS (WEIGHTED AVERAGES - MOST RECENT ESTIMATE) ^{/a}	
	1960 ^{/b}	1970 ^{/b}	MOST RECENT ESTIMATE ^{/b}	MIDDLE INCOME AFRICA SOUTH OF SAHARA	MIDDLE INCOME LATIN AMERICA & CARIBBEAN
TOTAL	2.0				
AGRICULTURAL	1.1				
GNP PER CAPITA (US\$)	220.0	310.0	830.0	726.2	1384.1
ENERGY CONSUMPTION PER CAPITA (KILOGRAMS OF COAL EQUIVALENT)	119.0	185.0	397.0	699.4	1055.9
POPULATION AND VITAL STATISTICS					
POPULATION, MID-YEAR (MILLIONS)	0.66	0.83	0.92	.	.
URBAN POPULATION (PERCENT OF TOTAL)	33.2	42.1	50.2	28.9	63.4
POPULATION PROJECTIONS					
POPULATION IN YEAR 2000 (MILLIONS)			..	.	.
STATIONARY POPULATION (MILLIONS)			..	.	.
YEAR STATIONARY POPULATION IS REACHED			..	.	.
POPULATION DENSITY					
PER SQ. KM.	350.0	400.0	460.0	61.7	28.1
PER SQ. KM. AGRICULTURAL LAND	681.0	746.0	836.0	126.0	81.7
POPULATION AGE STRUCTURE (PERCENT)					
0-14 YRS.	44.1	41.9	35.7	45.5	41.4
15-64 YRS.	52.9	54.5	60.6	51.6	54.7
65 YRS. AND ABOVE	3.0	3.6	3.7	2.8	3.9
POPULATION GROWTH RATE (PERCENT)					
TOTAL	3.2	2.3	1.3	2.7	2.7
URBAN	4.8	4.8	3.6	4.9	4.1
CRUDE BIRTH RATE (PER THOUSAND)					
CRUDE DEATH RATE (PER THOUSAND)	42.0	30.0	25.0	46.8	34.8
GROSS REPRODUCTION RATE	10.0	7.0	7.0	16.4	8.9
FAMILY PLANNING					
ACCEPTORS, ANNUAL (THOUSANDS)	2.9	1.9	1.5	3.2	2.5
USERS (PERCENT OF MARRIED WOMEN)	..	9.8	12.1	.	.
	..	25.0	52.5	..	..
FOOD AND NUTRITION					
INDEX OF FOOD PRODUCTION					
PER CAPITA (1969-71=100)	111.0	94.0	102.0	94.0	106.9
PER CAPITA SUPPLY OF					
CALORIES (PERCENT OF REQUIREMENTS)					
PROTEINS (GRAMS PER DAY)	103.0	106.0	114.0	92.7	107.4
OF WHICH ANIMAL AND PULSE	48.0	51.0	59.0	53.0	65.6
	17.0	18.0	26.0	15.6	33.7
CHILD (AGES 1-4) MORTALITY RATE	11.0	5.7	4.1	21.3	8.4
HEALTH					
LIFE EXPECTANCY AT BIRTH (YEARS)	59.0	64.0	67.0	50.1	63.1
INFANT MORTALITY RATE (PER THOUSAND)	70.0	59.0	40.0	..	66.5
ACCESS TO SAFE WATER (PERCENT OF POPULATION)					
TOTAL	..	61.0	60.0	31.0	65.9
URBAN	..	100.0	100.0	66.8	80.4
RURAL	..	29.0	22.0	..	44.0
ACCESS TO EXCRETA DISPOSAL (PERCENT OF POPULATION)					
TOTAL	..	77.0	82.0	..	62.3
URBAN	..	51.0	63.0	..	79.4
RURAL	..	99.0	100.0	..	29.6
POPULATION PER PHYSICIAN					
POPULATION PER NURSING PERSON	5470.0/c	4187.0	2410.0	14508.2	1849.2
POPULATION PER HOSPITAL BED	2102.0/c	816.0	656.0	3279.5	1227.5
POPULATION PER HOSPITAL BED					
TOTAL	230.0/c	254.0	281.0	1141.5	480.3
URBAN	..	160.0	..	..	..
RURAL	..	478.0	..	..	..
ADMISSIONS PER HOSPITAL BED					
	..	23.1	21.5	..	..
HOUSING					
AVERAGE SIZE OF HOUSEHOLD					
TOTAL	4.9	5.3/d	..	..	..
URBAN	4.9	..	..	..	..
RURAL	4.8	..	..	..	..
AVERAGE NUMBER OF PERSONS PER ROOM					
TOTAL	1.9/c	..	..	..	..
URBAN	1.8/c	..	..	..	..
RURAL	1.9/c	..	..	..	..
ACCESS TO ELECTRICITY (PERCENT OF DWELLINGS)					
TOTAL	47.0/c	70.1	..	..	..
URBAN	81.9/c	..	..	..	..
RURAL	29.0/c	..	..	..	..

TABLE 3A
MAURITIUS - SOCIAL INDICATORS DATA SHEET

	MAURITIUS			REFERENCE GROUPS (WEIGHTED AVERAGES - MOST RECENT ESTIMATE) ^{/a}	
	1960 ^{/b}	1970 ^{/b}	MOST RECENT ESTIMATE ^{/b}	MIDDLE INCOME AFRICA SOUTH OF SAHARA	MIDDLE INCOME LATIN AMERICA & CARIBBEAN
EDUCATION					
ADJUSTED ENROLLMENT RATIOS					
PRIMARY: TOTAL	98.0	108.0	104.0	61.7	99.7
MALE	103.0	110.0	100.0	69.2	101.0
FEMALE	93.0	105.0	108.0	51.4	99.4
SECONDARY: TOTAL	24.0	31.0	49.0	20.6	34.4
MALE	32.0	38.0	53.0	29.2	33.5
FEMALE	15.0	25.0	46.0	14.7	34.7
VOCATIONAL ENROL. (% OF SECONDARY)	2.0	1.0	2.0	7.0	38.2
PUPIL-TEACHER RATIO					
PRIMARY	36.0	32.0	24.0	36.6	30.5
SECONDARY	22.0	25.0	31.0	24.3	14.5
ADULT LITERACY RATE (PERCENT)	60.8/ ^c	..	80.0	..	76.3
CONSUMPTION					
PASSENGER CARS PER THOUSAND POPULATION					
	14.0	15.0	27.0	38.8	43.0
RADIO RECEIVERS PER THOUSAND POPULATION					
	60.0	103.0	219.0	83.5	245.3
TV RECEIVERS PER THOUSAND POPULATION					
	..	23.0	45.0	..	84.2
NEWSPAPER ("DAILY GENERAL INTEREST") CIRCULATION PER THOUSAND POPULATION					
	87.0	78.0	91.0	24.2	63.3
CINEMA ANNUAL ATTENDANCE PER CAPITA					
	11.0	10.0	18.9	0.7	..
LABOR FORCE					
TOTAL LABOR FORCE (THOUSANDS)					
	200.0	256.0	318.8	.	.
FEMALE (PERCENT)					
	19.4	19.6	22.0	38.1	22.2
AGRICULTURE (PERCENT)					
	39.6	34.0	30.3	54.3	37.1
INDUSTRY (PERCENT)					
	25.8	25.1	24.0	17.8	23.5
PARTICIPATION RATE (PERCENT)					
TOTAL	31.9	31.0	33.3	38.8	31.5
MALE	51.0	49.7	52.5	48.4	48.9
FEMALE	12.3	12.2	14.0	29.4	14.0
ECONOMIC DEPENDENCY RATIO	1.6	1.5	1.1	1.3	1.4
INCOME DISTRIBUTION					
PERCENT OF PRIVATE INCOME RECEIVED BY					
HIGHEST 5 PERCENT OF HOUSEHOLDS	28.0	..	31.0	..	..
HIGHEST 20 PERCENT OF HOUSEHOLDS	51.0	..	55.0	..	..
LOWEST 20 PERCENT OF HOUSEHOLDS	4.5	..	4.5	..	..
LOWEST 40 PERCENT OF HOUSEHOLDS	14.0	..	14.0	..	..
POVERTY TARGET GROUPS					
ESTIMATED ABSOLUTE POVERTY INCOME LEVEL (US\$ PER CAPITA)					
URBAN	..	..	190.0/ ^e	..	..
RURAL	..	..	190.0/ ^e	..	190.8
ESTIMATED RELATIVE POVERTY INCOME LEVEL (US\$ PER CAPITA)					
URBAN	..	..	290.0/ ^e	..	474.0
RURAL	..	..	290.0/ ^e	..	332.5
ESTIMATED POPULATION BELOW ABSOLUTE POVERTY INCOME LEVEL (PERCENT)					
URBAN	..	..	12.0/ ^e	..	..
RURAL	..	..	12.0/ ^e	..	..

.. Not available
 . Not applicable.

NOTES

/a The group averages for each indicator are population-weighted arithmetic means. Coverage of countries among the indicators depends on availability of data and is not uniform.

/b Unless otherwise noted, data for 1960 refer to any year between 1959 and 1961; for 1970, between 1969 and 1971; and for Most Recent Estimate, between 1974 and 1978.

/c 1962; /d 1972; /e 1979.

April, 1980

DEFINITIONS OF SOCIAL INDICATORS

Notes: Although the data are drawn from sources generally judged the most authoritative and reliable, it should also be noted that they may not be internationally comparable because of the lack of standardized definitions and concepts used by different countries in collecting the data. The data are, nonetheless, useful to describe orders of magnitude, indicate trends, and characterize certain major differences between countries.

The reference groups are (1) the same country group of the subject country and (2) a country group with somewhat higher average income than the country group of the subject country (except for "Capital Surplus Oil Exporters" group where "Middle Income North Africa and Middle East" is chosen because of stronger socio-cultural affinities). In the reference group data the averages are population weighted arithmetic means for each indicator and shown only when at least half of the countries in a group has data for that indicator. Since the coverage of countries among the indicators depends on the availability of data and is not uniform, caution must be exercised in relating averages of one indicator to another. These averages are only useful in comparing the value of one indicator at a time among the country and reference groups.

LAND AREA (thousand sq.km.)

Total - Total surface area comprising land area and inland waters.
Agricultural - Estimate of agricultural area used temporarily or permanently for crops, pastures, market and kitchen gardens or to lie fallow; 1977 data.

GNP PER CAPITA (US\$) - GNP per capita estimates at current market prices, calculated by same conversion method as World Bank Atlas (1976-78 basis); 1960, 1970, and 1978 data.

ENERGY CONSUMPTION PER CAPITA - Annual consumption of commercial energy (coal and lignite, petroleum, natural gas and hydro-, nuclear and geothermal electricity) in kilograms of coal equivalent per capita; 1960, 1970, and 1978 data.

POPULATION AND VITAL STATISTICS

Total Population, Mid-Year (millions) - As of July 1; 1960, 1970, and 1978 data.

Urban Population (percent of total) - Ratio of urban to total population; different definitions of urban areas may affect comparability of data among countries; 1960, 1970, and 1978 data.

Population Projections

Population in year 2000 - Current population projections are based on 1980 total population by age and sex and their mortality and fertility rates. Projection parameters for mortality rates comprise of three levels assuming life expectancy at birth increasing with country's per capita income level, and female life expectancy stabilizing at 77.5 years. The parameters for fertility rate also have three levels assuming decline in fertility according to income level and past family planning performance. Each country is then assigned one of these nine combinations of mortality and fertility trends for projection purposes.

Stationary population - In a stationary population there is no growth since the birth rate is equal to the death rate, and also the age structure remains constant. This is achieved only after fertility rates decline to the replacement level of unit net reproduction rate, when each generation of women replaces itself exactly. The stationary population size was estimated on the basis of the projected characteristics of the population in the year 2000, and the rate of decline of fertility rate to replacement level.

Year stationary population is reached - The year when stationary population size has been reached.

Population Density

Per sq. km. - Mid-year population per square kilometer (100 hectares) of total area.

Per sq. km. agricultural land - Computed as above for agricultural land only.

Population Age Structure (percent) - Children (0-14 years), working-age (15-64 years), and retired (65 years and over) as percentages of mid-year population; 1960, 1970, and 1978 data.

Population Growth Rate (percent) - total - Annual growth rates of total mid-year populations for 1950-60, 1960-70, and 1970-78.

Population Growth Rate (percent) - urban - Annual growth rates of urban populations for 1950-60, 1960-70, and 1970-78.

Crude Birth Rate (per thousand) - Annual live births per thousand of mid-year population; 1960, 1970, and 1978 data.

Crude Death Rate (per thousand) - Annual deaths per thousand of mid-year population; 1960, 1970, and 1978 data.

Gross Reproduction Rate - Average number of daughters a woman will bear in her normal reproductive period if she experiences present age-specific fertility rates; usually five-year averages ending in 1960, 1970, and 1977.

Family Planning - Acceptors, Annual (thousands) - Annual number of acceptors of birth-control devices under auspices of national family planning program.

Family Planning - Users (percent of married women) - Percentage of married women of child-bearing age (15-44 years) who use birth-control devices to all married women in same age group.

FOOD AND NUTRITION

Index of Food Production per Capita (1969-71=100) - Index of per capita annual production of all food commodities. Production excludes seed and feed and is on calendar year basis. Commodities cover primary goods (e.g. sugarcane instead of sugar) which are edible and contain nutrients (e.g. coffee and tea are excluded). Aggregate production of each country is based on national average prices and weights; 1961-65, 1970, and 1978 data.

Per capita supply of calories (percent of requirements) - Computed from energy equivalent of net food supplies available in country per capita per day. Available supplies comprise domestic production, imports less exports, and changes in stock. Net supplies exclude animal feed, seeds, quantities used in food processing, and losses in distribution. Requirements were estimated by FAO based on physiological needs for normal activity and health considering environmental temperature, body weights, age and sex distribution of population, and allowing 10 percent for waste at household level; 1961-65, 1970, and 1977 data.

Per capita supply of protein (grams per day) - Protein content of per capita net supply of food per day. Net supply of food is defined as above. Requirements for all countries established by USDA provide for minimum allowance of 60 grams of total protein per day and 20 grams of animal and pulse protein, of which 10 grams should be animal protein. These standards are lower than those of 75 grams of total protein and 23 grams of animal protein as an average for the world, proposed by FAO in the Third World Food Survey; 1961-65, 1970 and 1977 data.

Per capita protein supply from animal and pulse - Protein supply of food derived from animals and pulses in grams per day; 1961-65, 1970 and 1977 data.

Child (ages 1-4) Mortality Rate (per thousand) - Annual deaths per thousand in age group 1-4 years, to children in this age group; for most developing countries data derived from life tables; 1960, 1970 and 1977 data.

HEALTH

Life Expectancy at Birth (years) - Average number of years of life remaining at birth; 1960, 1970 and 1978 data.

Infant Mortality Rate (per thousand) - Annual deaths of infants under one year of age per thousand live births.

Access to Safe Water (percent of population) - total, urban, and rural - Number of people (total, urban, and rural) with reasonable access to safe water supply (includes treated surface waters or untreated but uncontaminated water such as that from protected boreholes, springs, and sanitary wells) as percentages of their respective populations. In an urban area a public fountain or standpost located not more than 200 meters from a house may be considered as being within reasonable access of that house. In rural areas reasonable access would imply that the housewife or members of the household do not have to spend a disproportionate part of the day in fetching the family's water needs.

Access to Excreta Disposal (percent of population) - total, urban, and rural - Number of people (total, urban, and rural) served by excreta disposal as percentages of their respective populations. Excreta disposal may include the collection and disposal, with or without treatment, of human excreta and wastewater by water-borne systems or the use of pit privies and similar installations.

Population per Physician - Population divided by number of practicing physicians qualified from a medical school at university level.

Population per Nursing Person - Population divided by number of practicing male and female graduate nurses, practical nurses, and assistant nurses.

Population per Hospital Bed - total, urban, and rural - Population (total, urban, and rural) divided by their respective number of hospital beds available in public and private general and specialized hospital and rehabilitation centers. Hospitals are establishments permanently staffed by at least one physician. Establishments providing principally custodial care are not included. Rural hospitals, however, include health and medical centers not permanently staffed by a physician (but by a medical assistant, nurse, midwife, etc.) which offer in-patient accommodation and provide a limited range of medical facilities. For statistical purposes urban hospitals include WHO's principal general and specialized hospitals, and rural hospitals local or rural hospitals and medical and maternity centers.

Admissions per Hospital Bed - Total number of admissions to or discharges from hospitals divided by the number of beds.

HOUSING

Average Size of Household (persons per household) - total, urban, and rural - A household consists of a group of individuals who share living quarters and their main meals. A boarder or lodger may or may not be included in the household for statistical purposes.

Average number of persons per room - total, urban, and rural - Average number of persons per room in all urban, and rural occupied conventional dwellings, respectively. Dwellings exclude non-permanent structures and unoccupied parts.

Access to Electricity (percent of dwellings) - total, urban, and rural - Conventional dwellings with electricity in living quarters as percentage of total, urban, and rural dwellings respectively.

EDUCATION

Adjusted Enrollment Ratios

Primary school - total, male and female - Gross total, male and female enrollment of all ages at the primary level as percentages of respective primary school-age populations; normally includes children aged 6-11 years but adjusted for different lengths of primary education; for countries with universal education enrollment may exceed 100 percent since some pupils are below or above the official school age.

Secondary school - total, male and female - Computed as above; secondary education requires at least four years of approved primary instruction; provides general, vocational, or teacher training instructions for pupils usually of 12 to 17 years of age; correspondence courses are generally excluded.

Vocational enrollment (percent of secondary) - Vocational institutions include technical, industrial, or other programs which operate independently or as departments of secondary institutions.

Pupil-teacher ratio - primary, and secondary - Total students enrolled in primary and secondary levels divided by numbers of teachers in the corresponding levels.

Adult literacy rate (percent) - Literate adults (able to read and write) as a percentage of total adult population aged 15 years and over.

CONSUMPTION

Passenger Cars (per thousand population) - Passenger cars comprise motor cars seating less than eight persons; excludes ambulances, hearses and military vehicles.

Radio Receivers (per thousand population) - All types of receivers for radio broadcasts to general public per thousand of population; excludes unlicensed receivers in countries and in years when registration of radio sets was in effect; data for recent years may not be comparable since most countries abolished licensing.

TV Receivers (per thousand population) - TV receivers for broadcast to general public per thousand population; excludes unlicensed TV receivers in countries and in years when registration of TV sets was in effect.

Newspaper Circulation (per thousand population) - Shows the average circulation of "daily general interest newspaper" defined as a periodical publication devoted primarily to recording general news. It is considered to be "daily" if it appears at least four times a week.

Cinema Annual Attendance per Capita per Year - Based on the number of tickets sold during the year, including admissions to drive-in cinemas and mobile units.

LABOR FORCE

Total Labor Force (thousands) - Economically active persons, including armed forces and unemployed but excluding households, students, etc. Definitions in various countries are not comparable; 1960, 1970 and 1978 data.

Female (percent) - Female labor force as percentage of total labor force.

Agriculture (percent) - Labor force in farming, forestry, hunting and fishing as percentage of total labor force; 1960, 1970 and 1978 data.

Industry (percent) - Labor force in mining, construction, manufacturing and electricity, water and gas as percentage of total labor force; 1960, 1970 and 1978 data.

Participation Rate (percent) - total, male, and female - Participation or activity rates are computed as total, male, and female labor force as percentages of total, male and female population of all ages respectively; 1960, 1970, and 1975 data. These are ILO's participation rates reflecting age-sex structure of the population, and long time trend. A few estimates are from national sources.

Economic Dependency Ratio - Ratio of population under 15 and 65 and over to the total labor force.

INCOME DISTRIBUTION

Percentage of Private Income (both in cash and kind) - Received by richest 5 percent, richest 20 percent, poorest 20 percent, and poorest 40 percent of households.

POVERTY TARGET GROUPS

Estimated Absolute Poverty Income Level (US\$ per capita) - urban and rural - Absolute poverty income level is that income level below which a minimal nutritious adequate diet plus essential non-food requirements is not affordable.

Estimated Relative Poverty Income Level (US\$ per capita) - urban and rural - Rural relative poverty income level is one-third of average per capita personal income of the country. Urban level is derived from the rural level with adjustment for higher cost of living in urban areas.

Estimated Population Below Absolute Poverty Income Level (percent) - urban and rural - Percent of population (urban and rural) who are "absolute poor".

ECONOMIC INDICATORS

GROSS NATIONAL PRODUCT IN 1979

	US\$ Mln	%	Annual Rates of Growth ^{1/}	
			1972-75	1976-79
GNP at market prices	1007.5	100.0	7.2	5.1
Gross domestic investment	389.3	38.6	27.2	2.3
Gross domestic saving	252.6	25.1	-2.1	-5.2
Gross domestic saving (TTadj) ^{2/}	-	-	32.9	-19.5
Current account balance	-136.7	-13.6	-	-
Exports of goods, n.f.s.	511.6	50.8	-8.0	7.3
Imports of goods, n.f.s.	648.3	64.3	8.7	3.2

OUTPUT, LABOR FORCE AND
PRODUCTIVITY IN 1979

	Value Added		Labor Force ^{3/}		V.A. per Worker	
	US\$ Mln	%	Thousand	%	US\$ -	%
Sugar	237.4	25.9	53.1	26.8	4471	96.7
Other agriculture	45.3	5.0	6.7	3.4	6761	146.2
Other Industry	200.7	21.9	48.2	24.3	4164	90.1
Services	432.7	47.2	90.1	45.5	4802	103.8
	916.1	100.0	198.1	100.0	4624	100.0

GOVERNMENT FINANCE

	Central Government		
	Rs Mln	% of GDP ^{4/}	
	1978/79	1978	1976-78
Current revenue	1486.0	26.9	27.2
Current expenditure	1722.0	31.2	29.7
Current deficit	-236.0	-4.3	-2.5
Capital expenditure	667.0	12.1	12.5
Foreign financing (gross)	380.0	6.9	6.2

MONEY, CREDIT AND PRICES

	1976	1977	1978	1979
	(Rs million outstanding at the end of the period)			
Money and quasi money	2083.9	2351.6	2861.5	3113.7
Claims on Government (net)	580.6	1155.7	1525.5	1967.9
Claims on private sector	1157.2	1352.1	1508.1	1721.6

	(Percentages or index numbers)			
Money and quasi money as % of GDP	50.8	48.1	51.8	47.6
GDP Deflator (1976-100)	100.0	108.0	118.0	133.6

Annual percentage changes in:

GDP deflator	-	8.0	9.3	13.2
Claims on Government (net)	59.5	99.1	32.0	29.0
Claims on private sector	55.0	16.8	11.5	14.2

NOTE: All conversions to dollars in this table are at the average exchange rate prevailing during the period covered.

^{1/} In 1970 prices for the period 1972-75 and 1976 prices for 1976-79.

^{2/} Adjusted for gains or losses from terms of trade

^{3/} Employment in large establishments

^{4/} Government finance in fiscal year as % of GDP in calendar year

August 1980

TRADE PAYMENTS AND CAPITAL FLOWS
(US\$ Million)

<u>BALANCE OF PAYMENTS</u>					<u>MERCHANDISE EXPORTS (Average 1976-79)</u>		
	1976	1977	1978	1979		US\$Mln	%
Exports of goods, n.f.s.	357.4	402.4	440.5	511.6	Sugar	218.7	68.6
Imports of goods, n.f.s.	405.8	490.2	566.2	648.3	Molasses	6.8	2.1
Resource gap	-48.4	-87.8	-125.7	-136.7	Tea	6.6	2.1
Investment income (net)	5.8	-2.6	-7.8	-18.7	Manufactures	71.9	22.6
Net transfers	6.3	12.7	13.8	15.6	Other products	9.0	2.8
Current account balance	-36.3	-77.7	-119.7	-139.8	Re-exports	5.8	1.8
Long term capital	7.2	8.5	12.2	6.4	Total	318.8	100.0
Net MLT borrowing:					<u>EXTERNAL DEBT, DECEMBER 31, 1979 (US\$Mln)</u>		
Disbursements	4.6	10.4	69.0	57.5	Public debt outstanding		
Amortization	1.2	3.6	2.2	4.1	and disbursed		226.9
Subtotal	3.4	6.8	66.8	53.4	<u>DEBT SERVICE RATIO FOR 1979</u>		
Other capital (net) ^{1/}	-48.6	24.4	20.8	30.3	Public debt, including		
Change in reserves	74.3	38.0	19.9	49.7	guaranteed		4.0% ^{2/}
(decrease +)					<u>IBRD/IDA LENDING SEPT. 30, 1980 (US\$Mln)</u>		
Memo items						IBRD	IDA
Use of SDRs	-0.9	-0.5	-0.8	0.2	Outstanding and		
Use of IMF credit	-	-12.7	-	40.8	disbursed	33.5	20.2
Net foreign assets	92.3	43.7	31.7	-19.6	Undisbursed	39.2	0
					Outstanding including		
					undisbursed	72.7	20.2
<u>RATE OF EXCHANGE</u>							
	1976	1977	1978	1979			
US\$1.0=R6.6824		US\$1.0=R6.5996	US\$1.0=R6.140	US\$1.0=6.4017			
R1.0=US\$0.1496		R1.0=US\$0.1515	R1.0=US\$0.1628	R1.0=US\$0.1562			

^{1/} Includes short term private capital, SDR allocation and errors and omissions.

^{2/} Actual debt service payments as percentage of estimated exports of goods and factors services.

AUGUST 1980

STATUS OF BANK GROUP OPERATIONS IN MAURITIUSA. Statement of Bank Loans and IDA Credits (as of September 30, 1980)

<u>Loan or Credit Number</u>	<u>Year</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Amount (Less Cancellations) US\$ Million</u>		
				<u>Bank</u>	<u>IDA</u>	<u>Undisbursed</u>
Three Loans and five Credits have been fully disbursed				15.5	20.2	
976-MAS	1974	"	Port I	10.0		2.3
1168-MAS	1975	DBM	Development Bank III	7.5		1.6
1339-T-MAS	1976	Mauritius	Revised Port I	3.6		1.2
1481-MAS	1977	DBM	Development Bank IV	7.5		3.3
1543-MAS	1978	Mauritius	Second Education	15.2		10.8
1548-MAS	1978	"	Second Power	15.0		14.0
1789-MAS	1979	DBM	Development Bank V	6.0		6.0
TOTAL				80.3	20.2	39.2
of which has been repaid				7.6	-	-
TOTAL now outstanding				<u>72.7</u>	<u>20.2</u>	-
Amount sold					5.0	
of which has been repaid				1.2	3.8	-
TOTAL now held by Bank and IDA <u>1/</u>				<u>71.5</u>	<u>20.2</u>	-
TOTAL undisbursed				<u>39.2</u>	<u>-</u>	<u>39.2</u>

B. Statement of IFC Investments (September 30, 1980)

<u>Year</u>	<u>Borrower</u>	<u>Type of Business</u>	<u>Loan</u>	<u>Equity</u>	<u>Total</u>
1971	Dinarobin Inns & Hotels Ltd.	Tourism	0.6	-	0.6
	Total gross commitment		<u>0.6</u>	<u>-</u>	<u>0.6</u>
	Less cancellations, terminations, re- payments and sales		<u>0.4</u>		<u>0.4</u>
	Net fixed by IFC		<u>0.2</u>		<u>0.2</u>
	Total undisbursed		<u>0.0</u>	<u>0.0</u>	<u>0.0</u>

1/ Prior to exchange adjustments.

C. Projects in Execution 1/

Loan No. 1168-MAS Third Development Bank Project: US\$7.5 million Loan of October 23, 1975; Date of Effectiveness: December 9, 1975; Closing Date: December 31, 1981

The loan provides financing for the foreign exchange component of the Development Bank of Mauritius loans and investments in industry, agro-industry and tourism. The project is proceeding well, and about \$5.9 million have been disbursed. Funds were fully committed by the end of 1978, but since then two sub-loans totalling \$1.6 million have been cancelled, and discussions are underway to re-commit these funds.

Loan No. 1481-MAS Fourth Development Bank Project: US\$7.5 million Loan of August 29, 1977; Date of Effectiveness: October 6, 1977; Closing Date: December 31, 1982

The loan provides financing for the term foreign exchange needs of medium and large scale industrial, tourism and agro-industrial projects. The loan is fully committed and \$4.0 million disbursed.

Loan No. 976-MAS Port Project: US\$10.0 million Loan of April 12, 1974; Date of Effectiveness: June 13, 1974; Closing Date: December 31, 1980

Loan No. 1339-T-MAS Revised Port Project: US\$3.6 million Third Window Loan of December 9, 1976; Date of Effectiveness: July 27, 1977; Closing Date: December 31, 1980

The Mauritius Marine Authority (MMA) has made contractual arrangements with a new private dock company established by the existing dock companies for cargo handling operations, and is making good progress in exercising its responsibilities. Nevertheless, waiting time for ships is still excessive and attention is now being focussed on improving cargo handling procedures.

Physical execution of the project is proceeding well. Construction of the new berth facilities is making good progress. Contracts for support facilities such as administration, workshop and fire station buildings have been awarded after a delay of over a year in arriving at decisions on land use in the port area.

1/ These notes are designed to inform the Executive Directors regarding the progress in execution, and in particular to report any problems which are being encountered and the action taken to remedy them. They should be read in this sense and with the understanding that they do not purport to present a balanced evaluation of strengths and weaknesses in project execution.

Loan No. 1548-MAS Power Transmission Project: US\$15 million Loan of
April 26, 1978; Date of Effectiveness: January 23, 1979;
Closing Date: December 31, 1983

The project consists of construction of 66-kV and lower voltage transmission/distribution lines and substations; construction of a system control center; consulting services and training.

Almost all material and equipment have already been ordered except that for the control center. Construction has also started at various sites in the country to construct substations and power lines included in the project although last year's cyclone Claudette badly hit the island, the project is on schedule so far. Studies as set forth in the Loan Agreement for long range power planning, reorganization, energy sector and training needs have been completed. Recommendations of these studies are being implemented by the Central Electricity Board.

Loan No. 1543-MAS Second Education Project: US\$15.2 million Loan of
April 26, 1978; Date of Effectiveness: August 8, 1978;
Closing Date: December 31, 1982

The Project Unit continues to operate satisfactorily. Construction of 12 of the 15 Junior Secondary Schools (JSS) is expected to be completed in 1981. All these schools are in operation, although they have not yet attained full capacity. Design work is underway for the remaining three JSS, the Mauritius College of Education, the Mauritius Institute of Education and the Ministry of Education (MECA). After substantial delay, because of original lack of agreement on the new structure of the MECA, the implementation of the reorganization of the MECA is now proceeding satisfactorily. It is now estimated that the new buildings for the MECA will be completed about one year beyond the Closing Date. Educational objectives are expected to be achieved upon completion of the project.

Loan No. 1789-MAS Fifth Development Bank Project: US\$6.0 million Loan of
January 23, 1980; Date of Effectiveness: April 30, 1980;
Closing Date: December 31, 1983

The Project will assist the Development Bank of Mauritius in financing directly or through Mauritian-owned commercial banks the foreign exchange component of loans and investments in industry, agro-industry and tourism. It will also help cover the foreign exchange component of artisan and small-scale enterprises' investment needs.

MAURITIUS

URBAN REHABILITATION AND DEVELOPMENT PROJECT

SUPPLEMENTARY PROJECT DATA SHEET

Section I. Timetable of Key Events:

Time taken by Mauritius to prepare project: 22 months (June 1978-April 1980)

Project prepared by: Team containing representatives of Ministries of Planning, Finance, Housing, Works, and Local Government, and Mauritius Housing Corporation

Date of first presentation to the Bank: March 1977

Date of first Bank mission: July 1977

Date of departure of Appraisal: May 1980

Date of completion of negotiations: October 8, 1980

Planned date of effectiveness: February 1981

Section II. Special Bank Implementation Action:

None

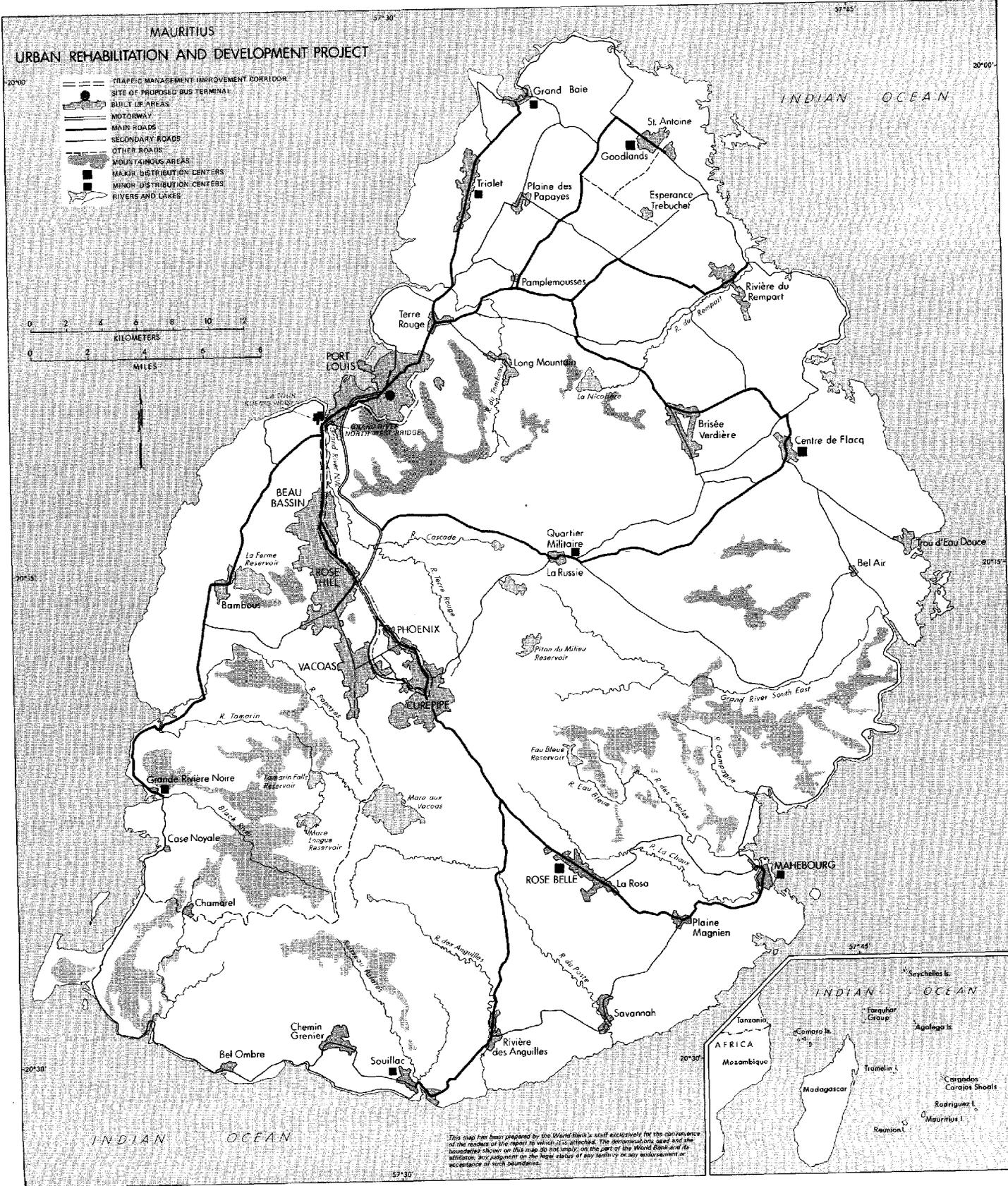
Section III. Special Conditions:

1. Conditions of disbursement (a) on housing credit: effectiveness of agreement with cofinancier (paragraph 52); (b) on the solid waste component: acquisition of suitable land for solid waste disposal (paragraph 58); (c) on respective components: signature of loan agreements with MHC, CEB, CWA, and the Municipality of Port Louis (paragraph 53).
2. Other conditions:
 - (a) Government to take steps to provide appropriate incentives for improvement and maintenance of rental housing (paragraph 27);
 - (b) Government to study appropriateness of charging for sewerage and to exchange views with the Bank on a proposed tariff structure (paragraph 32);

- (c) Area containing La Tour Koenig development to be brought into administrative jurisdiction of an appropriate authority (paragraph 43);
- (d) Traffic ordinances to be amended to control parking in Port-Louis (paragraph 47);
- (e) Government would review and implement findings of solid waste management study including cost recovery (paragraph 33);
- (f) MHC's debt-service ratio would not exceed 4 to 1 in FY84 (paragraph 61);
- (g) Occupants of CHA estates to pay charges for water and sewerage (paragraph 63).

MAURITIUS
URBAN REHABILITATION AND DEVELOPMENT PROJECT

-  TRAFFIC MANAGEMENT IMPROVEMENT CORRIDOR
-  SITE OF PROPOSED BUS TERMINAL
-  BUILT UP AREA
-  MOTORWAY
-  MAIN ROADS
-  SECONDARY ROADS
-  OTHER ROADS
-  AGRICULTURAL AREAS
-  MAJOR DISTRIBUTION CENTERS
-  MINOR DISTRIBUTION CENTERS
-  RIVERS AND LAKES



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