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Report No. P-2247-MAS

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 A
SECOND EDUCATION PROJECT

March 13, 1978

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CURRENCY EQUIVALENTS

	<u>Calendar 1977</u>	<u>January 1978</u>
Unit	= Mauritian Rupee (Rs)	Mauritian Rupee (Rs)
US\$1	= Rs 6.60	Rs 6.35
Rs 1,000	= US\$151.51	US\$157.48
Rs 1,000,000	= US\$151,515.15	US\$157,480.31

(The Staff Appraisal Report is based on US\$1 = Rs 6.58)

FISCAL YEAR

July 1 to June 30

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MAURITIUS - SECOND EDUCATION PROJECT

LOAN AND PROJECT SUMMARY

- Borrower: Mauritius
- Beneficiary: Ministry of Education and Cultural Affairs
- Amount: US\$15.2 million equivalent
- Terms: For a period of 17 years, including 4 years of grace, at an interest rate of 7.45 percent per annum.
- Project Description:
- (a) Objective: To assist the Government in strengthening its capacity to administer educational activities and in restructuring secondary education to reflect the needs of the Mauritian socio-economic environment and to improve the quality of education and make access to educational opportunities more equitable.
 - (b) Major components: (i) Technical assistance and facilities for a reorganization of the Ministry of Education and Cultural Affairs, and improvements at the Primary Teacher Training College, the Ministry's Audio-Visual Center and the Mauritius Institute of Education; (ii) the creation of 9,120 additional student places in junior secondary schools; and (iii) technical assistance to assist the establishment of a Central Training Office.
 - (c) Benefits: Strengthening of planning, coordinating and implementation capacity of the Ministry of Education and Cultural Affairs; improving efficiency of junior secondary education by reducing operating costs per student/year.
 - (d) Risks: Insufficient control by Government of growth of senior secondary school enrollment.
- Estimated Cost: The estimated total project cost is US\$23.8 million equivalent, net of taxes, including a foreign exchange component of US\$15.2 million. Detailed costs are:

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<u>Description</u>	<u>Local Cost</u>	<u>Foreign Cost</u>	<u>Total Cost</u>
	-----US\$ Million-----		
Reorganization of the Ministry of Education and Cultural Affairs	1.5	2.1	3.6
Primary Teacher Training College	0.3	0.5	0.8
Improvement of teaching aids	0.3	0.5	0.8
Junior secondary education	4.8	6.8	11.6
Technical assistance	0.1	1.3	1.4
Architectural/engineering services, project administration and project evaluation	1.0	1.0	2.0
Contingencies: physical and price increases	<u>2.0</u>	<u>3.0</u>	<u>5.0</u>
Total Project Cost	<u>10.0</u>	<u>15.2</u>	<u>25.2</u>
(Total Project Cost excluding taxes and duties)	<u>8.6</u>	<u>15.2</u>	<u>23.8</u>
<u>Financing Plan:</u>			

The financing of the project would be shared as follows:

	<u>Local Cost</u>	<u>Foreign Cost</u>	<u>Total Cost</u>	<u>Percent of Total</u>
Bank Loan	-	15.2	15.2	64
Government	<u>8.6</u>	-	<u>8.6</u>	<u>36</u>
	<u>8.6</u>	<u>15.2</u>	<u>23.8</u>	<u>100</u>

Estimated Disbursements:

<u>Bank FY</u>	-----US\$ Million-----				
	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Annual	1.2	2.5	5.1	5.4	1.0
Cumulative	1.2	3.7	8.8	14.2	15.2

Staff Appraisal Report:

No. 1825a-MAS dated February 28, 1978

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

REPORT AND RECOMMENDATION OF THE PRESIDENT
TO THE EXECUTIVE DIRECTORS ON A
PROPOSED LOAN TO MAURITIUS FOR A
SECOND EDUCATION PROJECT

1. I submit the following report and recommendation on a proposed loan to Mauritius for the equivalent of US\$15.2 million to help finance a second education project. The loan would be for a period of seventeen years, including 4 years of grace, at an interest rate of 7.45 percent per annum.

PART I - THE ECONOMY

2. A memorandum entitled "Recent Economic Developments and Prospects in Mauritius" (Report No. 268a-MAS) was circulated to the Executive Directors on March 13, 1974. A Basic Economic Report is being printed and will be circulated to the Executive Directors shortly. A summary of the conclusions of the report is set out below. Country data sheets are provided in Annex I.

3. Mauritius is a small, densely populated island with, until recently, only one significant source of income: sugar. During the 1950s and 1960s, two disturbing features pervaded the Mauritian economy: a rapidly growing population, at a rate of about 2.8 percent per year, and economic stagnation. During the 1960s, real GNP per capita, in fact, declined. A successful family planning program was started in the early 1960s, as a result of which the population growth was stemmed to a rate of only 1.1 percent a year by the mid-1970s. However, the children born in earlier years reached working age by the late 1960s, and, with employment opportunities limited, unemployment reached alarming proportions. In 1972, sixteen percent of the labor force was unemployed. The economic stagnation reflected the almost sole reliance of the economy on sugar. The sugar market was generally depressed and, in any case, there were physical limitations to a significant further expansion of the industry.

4. In its two successive Plans for Social and Economic Development (the first covering 1971-1975; the second 1975-1980) the Government, therefore, made the creation of new jobs its main objective. Helped by generous incentives designed to stimulate local enterprises and to attract foreign investors, the Government embarked on a program of industrialization and the promotion of tourism. This program was supplemented by some agricultural diversification (tea), and a public works program. Government policies have been very successful. Despite a devastating cyclone in 1975, which destroyed almost one-third of the sugar crop, real GDP grew at an average rate of 8.1 percent a year between 1970 and 1976. In the latter year, GNP per capita reached US\$680. The main stimulus has been the growth of labor-intensive export industries. Up to 1975, the favorable developments were greatly aided by the rise in sugar prices, as a result of which the terms of trade improved by some

30 percent between 1970 and 1975. Gross domestic income, therefore, grew even faster than real GDP. The rise in incomes stimulated a rapid growth in manufacturing for the domestic market, construction and services industries.

5. The rapid growth in production was accompanied by a satisfactory increase in employment. The target of the First Plan was the creation of 13,000 new jobs annually. Recorded employment in larger establishments (with more than 20 employees) rose by an annual average of 8,900 between 1970 and 1976. There is evidence that unrecorded employment in smaller establishments also grew rapidly, and that the Plan's target was virtually achieved. The unemployment rate had fallen to about 11 percent by 1975. In certain sectors and for certain types of jobs, in particular those requiring vocational skills, labor shortages are appearing.

6. However, Mauritius has still a core of unemployment which is proving hard to eliminate. Almost all new jobs created during the last six years are located in the urban strip running from Port Louis to Curepipe, which, despite the small size of the country, is not easily accessible from several of the high unemployment areas. Government is considering better locational planning of new enterprises and improving the internal transport system to help solve the problem. Also, a substantial part of the unemployed consists of young people with some secondary education, but without any specific skills.

7. Deficiencies in education and training are a major constraint to development. Schools do not provide adequate training for the jobs available. Shortages of trained workers have already slowed down the expansion of the construction industry, and employers in industry and tourism have difficulty in finding qualified workers. At present, job training is carried out independently by various employers in the economy and individual factories without much coordination. In order to raise industrial productivity and to attract more new industries to Mauritius, in particular those requiring higher skills, it will be necessary to adopt a more systematic approach to practical training. The establishment of a Central Training Office under the proposed Second Education Project is designed to fill this gap.

8. The rapid increase in real income, combined with the fact that incomes of enterprises (mostly sugar) rose even faster than those of wage earners, led to substantially increased savings and investment in recent years. Savings rose from 14 percent of GDP in 1970 to 24 percent in 1975. Over the same period, the investment rate rose from 12 percent to 23 percent. Most of the increased savings accrued in the private sector, and financed re-equipment and renovation in the sugar industry, hotel and factory construction, and private residences. The Government's own savings remained low, but a substantial part of public investment was financed from domestic long-term borrowing.

9. Almost 75 percent of total investment consists of private investment. Between 1970 and 1976, private investment in real terms grew much faster than public investment, which was constrained by a limited implementation capacity. As a result, certain mismatches have occurred between private

investment and supporting public investment, and Mauritius now faces physical constraints to a continued rapid development. Water and electricity supply will need to be expanded substantially to meet industrial, agricultural and domestic needs. Closer planning of land use is necessary to take advantage of existing infrastructure. Public transport and traffic management are in need of improvement in the urban areas. The expansion of certain export industries is hampered by the inadequacy of existing port facilities. The Second Plan (1975-80), published in May 1976, broadly recognizes the constraints noted above. It proposes a public investment program amounting to US\$358 million with priority being given to the diversification of agricultural production and to infrastructure development.

10. In 1975, the poorest 40 percent of the population shared 14 percent of total income, while the richest 20 percent had 55 percent. These figures show that income distribution in Mauritius is somewhat more uneven than in most developing countries. This, however, is mainly due to the predominance of the sugar industry, which is to a large extent in the hands of relatively few people. On the other hand, 1975 is not entirely representative, because unusually high sugar prices caused windfall profits in the industry that year. The Government is committed to improving the income distribution in the country. The principal vehicle for this is the creation of new jobs for the unemployed. Also, in recent years, when rising profits in the sugar industry and imported inflation threatened to erode the Government's redistributive aims, the Government acted by allowing wages to increase sharply and by directing a large part of its current expenditures towards transfers and food subsidies, which mainly benefited the poorer sections of the population.

11. Thus, the Government's policies with respect to the current budget have been rather more effective at achieving the social goal of reducing income disparities than at mobilizing domestic savings for public investment. Up to 1975, the Government could afford to increase current expenditures rapidly, as tax revenue also increased fast as a result of higher sugar profits. After 1975, however, sugar prices have declined sharply. While Mauritius had realized US\$374 per ton for its 1975 crop, the price is estimated to be only US\$285 per ton in 1977. Tax revenue started stagnating, and it became clear that current expenditure had been allowed to increase to a level that could not easily be sustained in a period of lower sugar prices. The current budget, which showed a surplus of US\$25 million in 1975/76, had a deficit of US\$6 million in 1976/77. For 1977/78, an even larger deficit of almost US\$25 million is expected. As sugar prices are expected to recover only slowly, restrictive budgetary policies will be necessary. The Government has already taken some steps to increase revenue and to dampen demand, but stronger measures are called for if, as it is the Government's intention, public savings are to contribute substantially to the financing of public investment.

12. Because of the fall in sugar prices and the continued strong demand for imports, the balance of payments for 1976 closed with a current account deficit of almost US\$50 million, as compared to a surplus of US\$21 million in

1975. A somewhat larger current account deficit is estimated to have occurred in 1977. Consequently, there was a substantial fall in foreign exchange reserves, which declined from US\$166 million (5.4 months of imports) at the end of 1975 to US\$71 million (2.1 months of imports) in November 1977, in spite of a compensatory drawing from IMF of US\$12.8 million. As a policy measure to restrain aggregate spending and the demand for imports, the bank rate was raised by 2 percentage points to 9 percent and stricter credit curbs were introduced in January 1978. A Trust Fund loan and a standby credit of US\$9.3 million (first credit tranche) were recently approved by the IMF. The amount of the Trust Fund loan has not yet been determined but is likely to be about US\$11.5 million.

13. If the Government succeeds in restoring the internal and external financial equilibrium, the prospects for further long-term growth are good. With continued industrialization, an annual GDP growth rate of 5 to 6 percent could be attained. Barring another boom in sugar prices, however, a larger proportion of investment than before will have to be financed from foreign capital inflows. Public external capital inflows averaged about US\$6 million a year over the five years ending in 1976, and we estimate that they will have to average about US\$60 million a year over the next five years. Prospects for mobilizing long-term public loans are favorable. Mauritius' Associated Membership in the European Economic Community has given it access to financing from the European Development Fund and the European Investment Bank. Mauritius is also eligible for loans from the African Development Bank, the African Development Fund and BADEA.

14. Mauritius' external public debt is very low. At the end of 1976, the amount outstanding and disbursed was US\$46.3 million, US\$9.7 million of which was held by IBRD and US\$11.0 million by IDA. Total service payments in 1976 were US\$3.7 million, of which US\$1.3 million to IBRD (35 percent) and US\$0.4 million to IDA (11 percent). The ratio of debt service to exports was one percent in 1976. On the basis of the present level of commitments and disbursements, the country's total public debt outstanding and disbursed is projected to rise to US\$105 million by 1985, of which the Bank's share is expected to be about US\$26 million (25 percent) and IDA's US\$20 million (19 percent). Total service payments in 1985 are projected to amount to US\$8.6 million, of which the Bank's share will be US\$2.9 million (33 percent) and IDA's US\$0.3 million (3 percent). If future capital requirements were to be attracted on non-concessional terms (an average maturity of 12 years with 2 years grace and 10 percent interest), debt service would reach the equivalent of about 8 percent of export earnings by 1985. In reality, however, foreign capital is likely to be available on less hard terms, and the debt service ratio is not likely to be much higher than 5 percent by 1985.

PART II - BANK GROUP OPERATIONS IN MAURITIUS

15. Mauritius has received five IDA credits and seven Bank loans (including one loan on Third Window terms) totaling US\$64.3 million to help finance projects in industry (US\$27.5 million), infrastructure (US\$20.6

million), agriculture (US\$9.2 million) and education (US\$7 million). IFC made a loan in 1971 for hotel construction and has recently approved a second project in the same sector. Annex II contains a summary statement of Bank loans and IDA Credits, and of IFC investments in Mauritius as of January 31, 1978, and notes on the execution of ongoing projects. Implementation of the industrial and infrastructural projects is generally satisfactory. The education and the tea projects initially faced management problems but these have now been brought under control. The management of the rural development project still requires strengthening and the matter is being followed up.

16. The program for Bank Group lending to Mauritius will continue to support the Government's strategy of promoting economic diversification and creating employment through the development of industry. We expect the Development Bank of Mauritius to remain the main channel for Bank Group assistance to the country's industrialization efforts and will continue to assist in sustaining its role as Mauritius' leading development financing institution. Growing industrialization has resulted in a heightened need for infrastructural improvements. In future, we expect to participate in projects aimed at improving and expanding infrastructure and related institutions. A power transmission project was negotiated in February and is expected to be submitted to the Board for consideration in the near future. The Government has been assured of our willingness to assist development in water supply as soon as measures are taken to strengthen the financial position of the Central Water Authority. A highway project has been identified and is expected to be studied by consultants later this year.

PART III - THE EDUCATION AND TRAINING SECTOR

17. Mauritius' population density, with about 450 persons per square kilometer, is one of the highest in the world among predominantly agricultural countries. The 1975-80 Development Plan sets out full employment as the principal development objective. Within this context, the education and training sector is called upon to prepare manpower with the practical background and skills on which to build on-the-job training and experience in manufacturing and commerce. As an integral part of the Development Plan, the education policy aims to reorientate the educational system from its overly literary content to a "modern" and "Mauritianized" system reflecting the needs of the local environment. In addition, the education policy aims at improving management and administrative capacity within the sector and at making access to education more equitable.

Management and Administration

18. The Ministry of Education and Cultural Affairs is responsible for developing sectoral policy and programs. In addition, the Ministry administers - directly or indirectly - primary, secondary and vocational schools. However, as the Ministry is without a planning unit and also without a clearly

defined reporting system, it has been unable to perform these functions fully. Partly to make up for the inadequacies of the Ministry, several parastatal organizations have been established since Independence in 1968. These include, among others, the Mauritius Institute of Education responsible for curriculum development, examination schemes and secondary school teacher training; the Private Secondary Schools Authority to control and channel government assistance to private schools; and the Mahatma Gandhi Institute to improve oriental language teacher training. It is questionable, however, whether the proliferation of parastatal organizations has benefited the sector. The matter needs review, especially since the management and administration of the sector has become more complex and the responsibilities of the Ministry have increased greatly, due to the elimination of tuition fees in January 1977 and the resultant rapid increase in junior secondary school enrollment. This will be carried out as part of a reorganization of the Ministry to be undertaken under the project (see paragraph 30 below).

19. The problem of inadequate managerial and administrative efficiency in the Ministry is aggravated by the fact that its offices are spread out at eight different places in the capital, Port Louis. Communication within the Ministry often takes several days. Rented office facilities are also inadequate and often three to five persons work in a space sufficient for one. These difficulties would be alleviated by the construction, to be financed under the proposed project, of a new building to house the Ministry (see paragraph 30).

20. Management and administration of educational and training programs outside the formal educational system also need improvement. These programs are administered by various Ministries and agencies, including those of the private sector. Besides the University of Mauritius, which trains professional and middle-level technical personnel in agriculture, public administration and industrial technology, there are vocational schools at the post-secondary level in such fields as electricity, metalwork, carpentry, seamanship, hotels and catering, and nursing. Although there has not been a systematic and comprehensive survey to discern the existing stock of and the need for workers by skill, the composition of the labor force is likely to change as the Mauritian economy moves from outright dependence on sugar to greater industrialization. It is important to coordinate the overall supply of skilled workers and the relevant training programs. For proper management and administration of these training programs, it is necessary to define occupations, set the occupational standards and test the skill levels based on these standards. These activities will be undertaken by the Central Training Office to be assisted under the proposed project (see paragraph 31).

Equity and Quality

21. Since January 1977, education has been free at all levels. Although it is not compulsory, parents give utmost priority to education for their children. The present structure of formal education consists of primary education (Standards 1 to 6), secondary education (Forms I to V), upper

secondary education (lower and upper Forms VI), and higher education. In January 1977, the Government also announced that secondary education would be restructured into three cycles starting in 1980: Forms I to III will constitute junior secondary education, Forms IV and V senior secondary education and Form VI pre-university education. Mauritius has virtually attained universal primary education with 94 percent of the 6-11 age group attending school, and now aims at the provision of nine-year basic education.

22. The Government's decision to abolish fees and to restructure secondary education so as to develop a nine-year basic education cycle was taken to make access to education more equitable and to make basic education more relevant to local conditions. Until January 1977, at the end of primary education students were selected for entry into: (a) five-year secondary schools; (b) four-year lower secondary schools; and (c) short occupational training courses. Only those having access to five-year secondary schools could proceed to professional training and/or higher education. However, the five-year secondary schools were primarily "grammar schools" with emphasis on languages and literary subjects, and those failing to complete the full course were ill-adapted for work in industry and commerce. Furthermore, only 5 percent of the secondary school students found places in government schools and the large majority had to settle for low-quality private schools mostly run on a profit-making basis. Out of about 120 private secondary schools only 21 are sufficiently equipped, staffed and accommodated in suitable premises. In general, children from high-income families entered good-quality five-year secondary schools, while those from lower-income groups found places only in poor-quality secondary schools, lower secondary schools or occupational training. The new structure, developed with the assistance of UNESCO and Bank staff, will be fully effective in 1980; by that time, there will be only one type of junior secondary education. At the same time, public education, which now covers about 90 percent of the primary education enrollment, will be gradually extended to the full nine-year basic education course.

23. The introduction of free education in January 1977 ended the differential treatment of 400 students who every year entered tuition-free government secondary schools and the remaining 10,000 students who entered private secondary schools which charged tuition fees. It has at the same time encouraged a great number of primary school leavers and others who had left school earlier for financial reasons to enroll in secondary schools. The Form I intake grew at an average annual rate of 7 percent between 1971 and 1976, but between 1976 and 1977 jumped by 31 percent, from 16,000 in 1976 to 21,000 in 1977. In 1977 the percentage of enrollment in the first three years of secondary education is estimated at 68 percent of the 12-14 age group. By 1980 Mauritius will have practically attained universal nine-year basic education.

24. While recent educational developments have contributed to the broadening of basic educational opportunities, they have created a heavy burden on public finance. Financial assistance of the Ministry of Education to private secondary schools has grown from 20 percent of the Ministry's budget in 1976/77 to 29 percent in 1977/78. The Government allocation to the Ministry

in turn increased from 15 percent of the total recurrent expenditure in 1976/77 to 18 percent in 1977/78. The long-term projection of the Ministry's share in total government recurrent expenditures varies, depending upon the sets of various economic, financial and educational assumptions. Bank staff projections for 1987/88 indicate that the Ministry's share may range from 20 percent to 28 percent of the total recurrent budget. It is likely that in the mid-1980s the Ministry's share of the total recurrent budget will stabilize at around 23 percent. One of the assumptions associated with the highest percentage is that post-junior secondary education will expand on the basis of social demand, whereas the assumption associated with the lowest percentage is that post-junior secondary education will be controlled to expand only on the basis of manpower needs. The Government has decided to control the growth of post-junior secondary education and is also considering possible cost-saving measures, such as double-shift operation of Bank-assisted schools and changes in the students:teacher ratios for both secondary and primary education (see paragraph 51).

25. As indicated in paragraph 22 above, another critical issue is the wide difference in teacher quality and teaching facilities between government and private schools. The 400 students who enter government schools each year are the best qualified primary school leavers; obviously, their performance on the School Certificate examination at the end of Form V is much higher, with 84 percent pass rate in 1976, than that of private school students, whose pass rate was only 38 percent in the same year. In 1976 there were 2,135 secondary teachers, of whom 9 percent were in government schools which accounted for only 5 percent of total secondary enrollment. In terms of educational qualification, 85 percent of government secondary school teachers were university graduates, while 23 percent and 45 percent of private secondary school teachers were university and secondary school graduates, respectively. About 80 percent of the 120 private schools are housed in rented facilities which were not designed for educational purposes. Some are located in the basements of apartment houses. These schools lack proper classrooms and such facilities as science laboratories. As the facilities to be constructed under the proposed project (see paragraph 34 below) become operational, it is expected that these substandard private schools will close down.

External Assistance

26. External assistance to the educational sector is also offered bilaterally by the UK, France and India, and multilaterally by UNESCO, UNDP, UNICEF, the Commonwealth Fund and the European Economic Community. While the Bank's efforts are mainly directed to improve quality and equity in the basic nine-year education system and training of manpower, the other agencies give priority to specialized projects or programs with specific language and cultural ties, and to higher education.

PART IV - THE PROJECT

Introduction

27. A report entitled "Staff Appraisal Report -- A Second Education Project in Mauritius" (No. 1825a-MAS dated February 28, 1978) is being circulated separately. A supplementary project data sheet is given in Annex III. The project, identified in January 1976 and prepared with the assistance of UNESCO, was appraised by a Bank mission in August 1977. Negotiations were held in Washington, D. C. from February 6 to February 8, 1978. The Mauritius delegation was headed by the Hon. Jagatsingh, Minister of Education and Cultural Affairs.

Background

28. In 1974 the Bank made a US\$3.5 million loan and US\$3.5 million credit for a First Education Project with a total cost of US\$11.6 million equivalent, including a foreign exchange component of US\$7.4 million. The project consisted of: (i) six new public lower secondary schools; (ii) six laboratory and workshop centers for communal use by private schools; (iii) an Industrial Trade Training Center; and (iv) five Rural Education Centers. It also provided specialist services and fellowships for the Industrial Trade Training Center and the Program Implementation Unit. After some initial difficulties, physical implementation is proceeding satisfactorily. However, to reflect the Government's decision to introduce a nine-year basic education cycle (see paragraph 22 above) as well as the need to provide adequate facilities in replacement of substandard ones, some changes have become necessary with respect to the lower secondary schools and the laboratory and workshop centers. These changes are described in paragraph 34.

Objectives

29. The proposed project follows the thrust of the First Education project in support of the Government's objective, as expressed in its 1975-80 Development Plan, to place greater emphasis on subjects pertinent to the needs of the country and on tuition-free public education for low-income groups. This goal is to be accomplished through improving the institutional capacity to plan and administer educational activities as well as through providing facilities suitable to train people for the Mauritian socio-economic environment. Specifically it includes:

- (a) Technical assistance and facilities for a reorganization of the Ministry of Education and Cultural Affairs;
- (b) Technical assistance to the Central Training Office which is to be created;
- (c) Creation of 9,120 additional student places in junior secondary schools through the expansion and conversion of facilities provided under the First Education Project and of three existing junior technical schools;

- (d) Expansion and improvement of facilities of the Primary Teacher Training College; and
- (e) Facilities, equipment, furniture and technical assistance for a new Audio-Visual Center and for the Mauritius Institute of Education.

Institution Building

30. The proposed reorganization of the Ministry of Education and Cultural Affairs would help resolve its present managerial and administrative deficiencies. The proposed project provides technical assistance comprising 60 man-months of specialists' services and 48 man-months of fellowships for a two-phased program. During the first phase, reorganization proposals would be prepared and agreed by the Government and the Bank. The second phase would consist of the implementation of the agreed proposals. The project would also include financing for constructing, furnishing and equipping a building to house the reorganized Ministry. As described in paragraph 19 above, the provision of these facilities is critical to the success of the Ministry's reorganization but, although under consideration for several years, it has, so far, been deferred due to lack of financing. Completion of the first phase of the reorganization and satisfactory evidence that the Borrower has taken all action necessary to implement the agreed proposals would be conditions of disbursement for construction works (draft Loan Agreement, Schedule 1, paragraph 4(b)). In addition, the Government will, by December 31, 1978, establish an educational planning unit within the Ministry of Education and Cultural Affairs to be headed by an educational planner whose qualifications and experience shall be satisfactory to the Bank (Section 4.05, draft Loan Agreement).

31. The Government decided to establish a Central Training Office to monitor closely the occupational training needs of the economy, which may change from year to year. The Office would help ensure an adequate supply of skilled manpower by coordinating the training programs sponsored by a variety of agencies and, if necessary, by creating new training programs. It would also set skill standards and tests.

32. The proposed project would assist the establishment of this Office by providing technical assistance in two phases for a total of 72 man-months of specialist services and 60 man-months of fellowships. Specialist services and fellowships would be provided in the areas of industrial training, job classification, trade testing and certification, supervisory training and handicrafts. The first phase of the study (12 man-months of specialist services in the organization of occupational training) would examine alternative arrangements for the organizational structure for the Central Training Office, and define the functions, the composition of the governing Board and the staffing needs of the Secretariat. Proposals would be formulated for providing a continuous review of employment opportunities and the specialist(s) would assist the Government in drafting the legislation required to establish the Office. The second phase would assist in developing the Office and would include 24 man-months of specialist services in job classification and the design of minimum training needs, 12 man-months of specialist services in

trade testing and certification, 12 man-months of specialist services in apprenticeship and in-plant training, 6 man-months of specialist services in supervisory training, and 6 man-months of specialist services in handicrafts training.

Improving Equity and Quality

33. Mauritius is heading toward a universal nine-year basic education with a revised and well-balanced curriculum. To support this objective, the proposed project would help create 9,120 additional student places in junior secondary schools, which would increase the Government's share of junior secondary enrollments from 13 percent in 1976 to 29 percent in 1982. With double-shifting at government schools and with the 21 better-quality private schools, it is estimated that in 1982 about 70 percent of all junior secondary students would be able to attend schools equipped with facilities suitable to offer the revised curriculum.

34. The 9,120 student places would be created by converting the six four-year lower secondary schools, and six laboratory and workshop centers which are being constructed under the First Education Project, and three four-year existing junior technical schools, into a total of fifteen three-year junior secondary schools. The schools and centers would also be expanded: ten of them would accommodate eight classes in each of the three years and become eight-stream schools; five would become six-stream schools. This expansion would enable the Government to increase its share in enrollment with a higher efficiency. The large capacity of the proposed schools would lower the operating cost per student as well as the overall capital cost per student. The Government has confirmed that: (a) the new junior secondary school curriculum will be introduced in all schools and a national examination at the end of the junior secondary cycle will be held starting in 1980 to select students on the basis of performance for entry into senior secondary schools (Section 4.07 (a), draft Loan Agreement); and (b) the junior secondary schools assisted by the project will be utilized on a double-shift basis in order to maximize their impact (Section 4.07(b), draft Loan Agreement).

35. The proposed project would include other items designed to improve the quality of general education. It would assist the Primary Teacher Training College at Beau Bassin by expanding and improving its facilities. The expansion would enable the College to increase its enrollment from 450 to 600 to augment its in-service training capacity. In-service training is given in a one-year full-time course. The proposed project would assist the College in improving the quality of instruction by providing various special facilities including micro-teaching units, laboratories, workshops and a media and resource center, and by providing technical assistance of 36 man-months of fellowships in micro-teaching, and audio-visual aids maintenance and repair. Primary teacher trainees would be instructed in new methods including the use of audio-visual aids. The Government has agreed that, starting in 1980, the ratio of trainees in the general purpose course to those in the oriental languages courses will be five to one in order to avoid an oversupply of teachers in oriental languages (Section 4.06, draft Loan Agreement).

36. All junior secondary schools supported by the proposed project have been made co-educational. Out of 9,120 new student places, 5,400 or about 60 percent will be reserved for girls to make up for previous inequity. Entrance regulations for the Primary Teacher Training College stipulate an enrollment ratio of two to one between male and female candidates. The Government has agreed to change the regulations to the effect that candidates be selected solely on the basis of merits and qualifications (Section 4.06, draft Loan Agreement).

37. Assistance would also be provided to the Audio-Visual Center attached to the Ministry of Education and Cultural Affairs. The revised curricula for primary and secondary education would use radio and television broadcasting as an effective means of communication, which would require the Center to play a greater role than in the past. There is, however, no possibility to expand or improve the activities of the present Center, which is housed in three different locations on inadequate premises. The proposed project would assist the radio and television education programs of the Center by providing: (a) new facilities including audio and television studios, production rooms and workshops for audio-visual support materials, as well as a printing section with storage rooms; (b) equipment and furniture for the different sections; and (c) technical assistance comprising 24 man-months of specialist services in media service management and 135 man-months of fellowships in the production of radio and television programs and in the maintenance and repair of equipment. The new Audio-Visual Center would be located in the vicinity of the Mauritius Institute of Education and would work closely with it. Equipment and special rooms (e.g., studios) already exist at the Institute for teacher training, and the carefully monitored establishment of the new technical facilities, using the same system with full inter-changeability, would facilitate maintenance and repair, and increase the usefulness to both institutions.

38. The Mauritius Institute of Education has been assisted by the United Kingdom and UNDP, with UNESCO as the executing agency. With the financial restrictions imposed on UNDP, this assistance has been cut nearly in half in 1976. The proposed project would help the Institute overcome its deficiencies by providing: (a) a building and equipment for the printing section and for secondary teacher training; (b) library equipment and book requirements for a four-year period; and (c) 150 man-months of fellowships. The facilities for printing would be used by the Institute and the Audio-Visual Center.

39. The Government would prepare a project completion report assessing the project, its implementation and its benefits. The report would be submitted to the Bank for review not later than June 30, 1982 (Section 3.06(c), draft Loan Agreement).

Project Cost and Financing

40. The estimated total project cost is US\$23.8 million equivalent, net of taxes, including a foreign exchange component of US\$15.2 million. The proposed Bank loan of US\$15.2 million would finance the foreign exchange

cost or 64 percent of total project cost, net of taxes. The Government would finance the remaining project cost. A summary of estimated costs and the proposed financing plan are as follows:

Summary of Estimated Costs
(in US\$ millions)

<u>Description</u>	<u>Local Cost</u>	<u>Foreign Cost</u>	<u>Total Cost</u>	<u>Percent of Total</u>
1) Reorganization of the Ministry of Education and Cultural Affairs	1.5	2.1	3.6	14
2) Assistance to the Primary Teacher Training College	0.3	0.5	0.8	3
3) Improvement of teaching aids	0.3	0.5	0.8	3
4) Junior secondary education	4.8	6.8	11.6	46
5) Technical assistance	0.1	1.3	1.4	6
6) Architectural/engineering services, project admin- istration and evaluation	1.0	1.0	2.0	8
7) Contingencies: physical and price increases	<u>2.0</u>	<u>3.0</u>	<u>5.0</u>	<u>20</u>
Total Project Cost	<u>10.0</u>	<u>15.2</u>	<u>25.2</u>	<u>100</u>
(Total Project Cost, Net of Taxes and Duties)	<u>8.6</u>	<u>15.2</u>	<u>23.8</u>	<u>100</u>

Financing Plan

Bank Loan	-	15.2	15.2	64
Government	<u>8.6</u>	<u>-</u>	<u>8.6</u>	<u>36</u>
Total	<u>8.6</u>	<u>15.2</u>	<u>23.8</u>	<u>100</u>

Project Implementation

41. The project would be implemented over a period of about 4-1/2 years from loan effectiveness. The proposed Closing Date is December 31, 1982. A Program Implementation Unit established within the Ministry of Education and Cultural Affairs for the first Bank Group-assisted project has performed well and would carry out all administrative functions for the proposed project. The Unit is staffed by a manager, architect, procurement officer,

accounting and other support staff. Not later than December 31, 1978, a deputy manager, whose qualifications and experience shall be satisfactory to the Bank, would be added to the unit to assist with the expanded workload (draft Loan Agreement, Section 3.02(b)). An architect presently on secondment from the Development Works Corporation would be replaced by an architect from the Ministry of Works on a full-time basis. Two Mauritian architectural firms appointed for the First Education Project have been retained by the Government for work on twelve junior secondary school expansions. Architectural consultants would be appointed on terms and conditions acceptable to the Bank for the design and supervision of construction of the Ministry of Education's administrative building.

42. The Ministry of Works would be responsible for design and supervision of three junior secondary schools and the Primary Teacher Training College. All sites are presently the property of the Ministry of Education and Cultural Affairs and sufficient land is available for the proposed physical expansion program, however, five of the proposed junior secondary school sites have insufficient land for adequate student recreation/sports facilities. The Government is aware of this difficulty and is making alternative arrangements for the teaching of physical education.

Procurement

43. Contracts for the construction of the administrative building for the Ministry of Education and Cultural Affairs, the Primary Teacher Training College, the Audio-Visual Center and three junior secondary schools, and furniture and equipment for the project would be awarded after international competitive bidding in accordance with the Bank Group Guidelines for procurement. These contracts, amounting to US\$11.0 million, would represent about 52 percent of the total value of the physical facilities to be provided under the project. Exceptions to these procedures would be for construction contracts costing less than US\$250,000 equivalent each, and for furniture and equipment contracts each costing less than US\$50,000 equivalent. These contracts are unlikely to attract foreign bidders and would be awarded after competitive bidding advertised locally in accordance with local procedures acceptable to the Bank. The aggregate amount of such contracts is not expected to exceed US\$500,000 equivalent. Construction contracts for the modification and expansion of the six schools and six centers being constructed under the First Project (representing US\$10.2 million or 48 percent of the cost of physical facilities to be provided under the project) would be concluded without further international competitive bidding through extensions of contracts with contractors already on site for the following reasons:

- (a) Work is presently proceeding on all twelve sites and the difficulties of site demarcation and contract delineation would be virtually unmanageable due to the restricted size of the sites and the nature of the work involved. The proposed work includes extension of the buildings under construction involving vertical and horizontal expansion and in some cases changes of function that necessitate structural and internal partition rearrangements.

- (b) Savings in cost would also result, as the contracts would be based upon unit rates for construction as contained in the original bills of quantities for which bids were tendered by international competitive bidding in 1977. A standard fluctuation clause is included. If formal retendering were required, considerable cost increases could be expected and a delay of at least one year would result in providing the facilities necessary to support the nine-year basic education cycle.
- (c) Time is of essence to enable the Ministry of Education and Cultural Affairs to commence limited student intakes as planned at six redesigned laboratory and workshop centers during the 1978 academic year, and for the occupation of a further six junior secondary schools at the start of the 1979 academic year.

44. Sketch designs, draft tender documents and master lists of furniture and equipment would be reviewed by the Bank. Items would be grouped to the extent practicable to encourage competitive bidding and to permit bulk procurement. Review of tender evaluation documents by the Bank prior to award would not be required for construction contracts, each costing less than US\$250,000, and for furniture and equipment contracts, each costing less than US\$50,000 equivalent. Where international competitive bidding procedures are used, domestic manufacturers of furniture and equipment would be allowed a preference of 15 percent or the existing rate of import duties, whichever is lower, over the c.i.f. price of competing suppliers.

Disbursement

45. Disbursement would be on the basis of: (a) 55 percent of total expenditures for construction, architectural and engineering services and project administration; (b) 100 percent of foreign expenditures for directly imported furniture and equipment, or 100 percent of the ex-factory cost, if locally manufactured, or 75 percent of local expenditures if imported but procured locally; and (c) 100 percent of foreign expenditures for technical assistance, fellowships and project evaluation. Disbursement for project administration would be made against certificates of expenditure, documentation for which would not be submitted for review but would be retained by the borrower and would be available for inspection by the Bank during the course of project supervision. Expenditures for project administration would be audited for each fiscal year in accordance with sound auditing principles with copies provided to the Bank within four months after the end of the fiscal year (Section 4.03(b), draft Loan Agreement).

46. Retroactive reimbursement of a sum not exceeding US\$200,000 equivalent for approved expenditures incurred after December 1, 1977 and prior to loan signing is recommended for: (a) the services of consultant architects for the design and supervision of project institutions; (b) technical assistance for the reorganization of the Ministry of Education and Cultural Affairs;

and (c) construction works at six junior secondary schools (Schedule 1, paragraph 4(a), draft Loan Agreement). This will permit a rapid start to the project and enable the Government to meet the planned 1978 and 1979 opening dates for twelve junior secondary schools.

Benefits and Risks

47. The proposed project would improve the efficiency of junior secondary education by generating savings to the Government in terms of unit recurrent costs per student/year. The present value of these savings to be realized over a 25 year period is estimated at US\$11 million equivalent, as against a present value of US\$9 million equivalent for the investment required to expand the schools as proposed.

48. The proposed project would increase the Government's share in junior secondary education by creating 9,120 student places, raising the enrollment rate in government junior secondary schools two and a half times. With double-shifting in government schools and the 21 better private schools, about 70 percent of junior secondary school students would be enrolled in schools with standardized facilities suitable to offer the revised curriculum, which aims at producing youth with the aptitudes and basic educational background needed for work in industry and commerce.

49. Institution building would continue to be an essential feature of Bank assistance to the education sector in Mauritius. The First Education Project helped establish an effective implementation machinery and strengthen vocational training. The sector work conducted through the Bank/UNESCO cooperative program has assisted the Government in making far-reaching changes in the structure and content of education, and these changes provided the basis for the proposed second project. Finally, the project would strengthen the planning and implementation capacity of the Ministry of Education and Cultural Affairs, and help coordinate the provision of occupational training.

Project Risks

50. The risks associated with the proposed project, which are no greater than can normally be expected with operations of this type, essentially relate to the junior secondary schools. The increased share of government school enrollment would replace about 50 percent of the student places presently available in substandard private secondary schools. Despite the proposed shift in investment emphasis to encourage nine-year basic education, there are risks that these places would be used to increase the number of senior secondary students, given the strong social pressure in Mauritius to obtain a School Certificate. Mauritius does not need such expansion on manpower grounds which, in addition, would represent too heavy a burden on Government finances.

51. To minimize the risks, the Government has agreed that: (a) a statement of primary and secondary education policy will be formulated by December 31, 1978 including, inter alia, financial implications of such policy and targets concerning students:teacher ratios (Section 3.07(a),

draft Loan Agreement); (b) starting December 31, 1979, a report on the developments in the implementation of primary and secondary education policy will be prepared annually for the Bank's review (Section 3.07(b), draft Loan Agreement); and (c) regulations on budgeting and financial control of private schools, drafts of which have been reviewed by the Bank, will be introduced by January 1, 1979 (Section 4.08, draft Loan Agreement). The Government has confirmed its intention to control the enrollment growth in senior secondary education and to use the new Form III examination, coupled with aptitude tests, for the selection of candidates for: (a) entry to Form IV in line with expected high- and middle-level manpower absorptive capacity, (b) occupational training, and (c) the labor market.

PART V - LEGAL INSTRUMENTS AND AUTHORITY

52. 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 of the Bank are being distributed to the Executive Directors separately. Special conditions of the project are listed in Section III of Annex III of this Report.

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

PART VI - RECOMMENDATION

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

Robert S. McNamara
President

Attachments

March 13, 1978

TABLE 3A
- SOCIAL INDICATORS DATA SHEET

LAND AREA (THOU KM ²)	MAURITIUS					
	MAURITIUS			REFERENCE COUNTRIES (1970)		
	1960	1970	MOST RECENT ESTIMATE	HONDURAS****	FIJI****	SINGAPORE****
TOTAL	2.0					
AGRIC.	1.1					
GNP PER CAPITA (US\$)	250.0*	350.0*	680.0*/a	250.0*	620.0*	1240.0*
POPULATION AND VITAL STATISTICS						
POPULATION (MID-YR. MILLION)	0.7	0.8	0.9/a	2.3	0.5	2.1
POPULATION DENSITY PER SQUARE KM.	324.0	408.0	450.0/a	22.0	28.0	3571.0
PER SQ. KM. AGRICULTURAL LAND	681.0	748.0	818.0/a	89.0	179.0	10373.0
VITAL STATISTICS						
CRUDE BIRTH RATE (/THOU, AV)	43.6	35.9	25.1	51.5	35.7	29.5
CRUDE DEATH RATE (/THOU, AV)	13.5	8.9	7.8	19.1	6.0	6.4
INFANT MORTALITY RATE (/THOU)	69.5/a	57.0	46.6	..	21.8	21.0
LIFE EXPECTANCY AT BIRTH (YRS)	60.3	63.2	65.5	49.4	68.1	68.0
GROSS REPRODUCTION RATE	2.9	1.9	1.6	3.4	2.4	2.2
POPULATION GROWTH RATE (%)						
TOTAL	3.3	2.4**	1.1**	2.7/a	3.0	2.3
URBAN	3.4	5.1	2.9	7.5	9.7/a	4.7
URBAN POPULATION (% OF TOTAL)	34.6	45.3	48.3	27.3/b	33.4/b	86.3
AGE STRUCTURE (PERCENT)						
0 TO 14 YEARS	44.3	41.8	40.4/b	46.7	46.7/b	39.0
15 TO 64 YEARS	52.6	54.5	55.9/b	50.9	50.9/b	58.0
65 YEARS AND OVER	3.1	3.6	3.7/b	2.4	2.4/b	3.0
AGE DEPENDENCY RATIO						
ECONOMIC DEPENDENCY RATIO	0.9	0.8	0.8/b	1.0	1.0/b	0.7
	1.7/b	1.6/a	1.4/c	1.5/c	1.9/b	1.2
FAMILY PLANNING						
ACCEPTORS (CUMULATIVE, THOU)	..	49.6	97.8	20.7	..	175.5
USERS (% OF MARRIED WOMEN)	..	..	56.2	..	..	41.0
EMPLOYMENT						
TOTAL LABOR FORCE (THOUSAND)	190.0/b	230.0	274.0/a	700.0/e	126.0/b	730.0
LABOR FORCE IN AGRICULTURE (%)	38.0/b	31.5	30.3/a	63.3/e	56.5/b,c	3.0
UNEMPLOYED (% OF LABOR FORCE)	9.6/b	17.3	10.0/a	8.0	4.1/b	7.0/a
INCOME DISTRIBUTION						
% OF PRIVATE INCOME REC'D BY- HIGHEST 5% OF HOUSEHOLDS	28.0	..	31.0	28.0/d	18.3/d	..
HIGHEST 20% OF HOUSEHOLDS	51.0	..	55.0	60.6/d	48.2/d	..
LOWEST 20% OF HOUSEHOLDS	4.5	..	4.5	2.5/d	4.9/d	..
LOWEST 40% OF HOUSEHOLDS	14.0	..	14.0	8.4/d	14.3/d	..
DISTRIBUTION OF LAND OWNERSHIP						
% OWNED BY TOP 10% OF OWNERS	75.0***	78.0***	80.0***	..	..	..
% OWNED BY SMALLEST 10% OWNERS	2.0***	2.0***	2.0***	..	..	..
HEALTH AND NUTRITION						
POPULATION PER PHYSICIAN	5470.0/b	4220.0	2010.0	3710.0/f	2120.0	1520.0/b
POPULATION PER NURSING PERSON	1720.0/b	710.0	520.0	9120.0	640.0/e	460.0
POPULATION PER HOSPITAL BED	230.0/b	260.0	270.0	570.0	340.0	270.0
PER CAPITA SUPPLY OF -						
CALORIES (% OF REQUIREMENTS)	103.0	106.0	108.0	96.0	..	103.0/c
PROTEIN (GRAMS PER DAY)	47.0	50.0	55.8	58.0	..	83.0/c
-OF WHICH ANIMAL AND PULSE	19.0	19.0	21.8	25.0	..	34.0/c
DEATH RATE (/THOU) AGES 1-4	0.0	..	4.5/b	10.0	..	0.5
EDUCATION						
ADJUSTED ENROLLMENT RATIO						
PRIMARY SCHOOL	88.0	83.0	80.0	..	99.0	105.0
SECONDARY SCHOOL	25.0	35.0	43.0	12.0	34.0	47.0
YEARS OF SCHOOLING PROVIDED (FIRST AND SECOND LEVEL)	14.0	14.0	14.0	12.0	14.0	12.0
VOCATIONAL ENROLLMENT (% OF SECONDARY)	2.0	..	2.0	18.0	8.0	9.0
ADULT LITERACY RATE (%)	..	..	80.0/d	..	73.0	75.0
HOUSING						
PERSONS PER ROOM (URBAN)	1.8/b	..	..	..	..	2.0/d,e
OCCUPIED DWELLINGS WITHOUT PIPED WATER (%)	65.0/b,c	..	73.0/d,e	..	..	20.0/d,f
ACCESS TO ELECTRICITY (% OF ALL DWELLINGS)	47.0/b	..	70.0/d	..	..	87.0/d
RURAL DWELLINGS CONNECTED TO ELECTRICITY (%)	29.0/b	..	..	..	..	..
CONSUMPTION						
RADIO RECEIVERS (PER THOU POP)	61.0	102.0	125.0	57.0	96.0	134.0
PASSENGER CARS (PER THOU POP)	14.0	15.0	20.0	5.0	23.0	71.0
ELECTRICITY (KWH/YR PER CAP)	227.0	263.0	373.0	127.0	304.0	1065.0
NEWSPRINT (KG/YR PER CAP)	0.5	0.7	1.1	1.1	1.5	11.4

SEE NOTES AND DEFINITIONS ON REVERSE

NOTES

Unless otherwise noted, data for 1960 refer to any year between 1959 and 1961, for 1970 between 1968 and 1970, and for Most Recent Estimates between 1973 and 1975.

- * GNP per capita data are based on the World Bank Atlas methodology (1976-76 basis).
- ** Due to migration population growth rate is lower than the rate of natural increase.
- *** Sugar land only.
- **** Honduras has been selected because it had a roughly similar per capita income to Mauritius in 1970, and Fiji also because its 1970 per capita income was somewhat above that of Mauritius. Singapore has been selected as an objective country since its industrial sector and policies are an example of what Mauritius is trying to achieve for itself in future.

MAURITIUS	1960	/a	Excluding dependanties;	/b	1962;	/c	inside only.
	1970	/a	Ratio of population under 15 and 65 and over to total labor force.				
		MOST RECENT ESTIMATE:	/a	1976;	/b	1971;	/c Ratio of population under 15 and 65 and over to total labor force; /d 1973;
			/e	inside only.			
HONDURAS	1970	/a	Largely due to emigration of El-Salvadorians resident; in Honduras the population growth rate was lower than the rate of natural increase;	/b	13 important urban centers;	/c	Ratio of population under 15 and 65 and over to labor force age 10 years and over;
			/d	1967-68, per capita income;	/e	Labor force age 10 years and over;	/f Registered, not all practicing in the country.
FIJI	1970	/a	1936-66;	/b	1966;	/c	Excluding unemployed;
			/d	Urban only;	/e	Including natives.	
SINGAPORE	1970	/a	Registered applicants for work;	/b	Registered, not all practicing in the country;	/c	1964-66;
			/d	Total, urban and rural;	/e	1966;	
			/f	inside only.			

17, January 12, 1978

DEFINITIONS OF SOCIAL INDICATORS

- Land Area (thou km²)**
Total - Total surface area comprising land area and inland waters.
Arable - Most recent estimate of agricultural area used temporarily or permanently for crops, pastures, market & kitchen gardens or to its fallow.
- GNP per capita (US\$)** - GNP per capita estimated at current market prices, calculated by same conversion method as World Bank Atlas (1973-75 basis); 1960, 1970 and 1975 data.
- Population and vital statistics:**
Population (mid-year million) - As of July first; if not available, average of two end-year estimates; 1960, 1970 and 1975 data.
Population density - per square km - Mid-year population per square kilometre (100 hectares) of total area.
Population density - per square km of agric. land - Computed as above for agricultural land only.
- Vital statistics**
Crude birth rate per thousand, average - Annual live births per thousand of mid-year population; ten-year arithmetic average ending in 1960 and 1970, and five-year average ending in 1975 for most recent estimates.
Crude death rate per thousand, average - Annual deaths per thousand of mid-year population; ten-year arithmetic average ending in 1960 and 1970 and five-year average ending in 1975 for most recent estimates.
Infant mortality rate (/thou) - Annual deaths of infants under one year of age per thousand live births.
Life expectancy at birth (yrs) - Average number of years of life remaining at birth; usually five-year averages ending in 1960, 1970 and 1975 for developing countries.
Crude reproduction rate - Average number of live daughters a woman will bear in her normal reproductive period if she experiences present age-specific fertility rates; usually five-year average ending in 1960, 1970 and 1975 for developing countries.
- Population growth rate (%) - total** - Compound annual growth rates of mid-year population for 1950-60, 1960-70 and 1970-75.
Population growth rate (%) - urban - Computed like growth rate of total population; different definitions of urban areas may affect comparability of data among countries.
Urban population (% of total) - Ratio of urban to total population; different definitions of urban areas may affect comparability of data among countries.
- Age structure (percent)** - Children (0-14 years), working-age (15-64 years), and retired (65 years and over) as percentages of mid-year population.
Age dependency ratio - Ratio of population under 15 and 65 and over to those of ages 15 through 64.
Economic dependency ratio - Ratio of population under 15 and 65 and over to the labor force in age group of 15-64 years.
Fertility planning - acceptors (cumulative, thou) - Cumulative number of acceptors of birth-control devices under auspices of national family planning program since inception.
Family planning - users (% of married women) - Percentages of married women of child-bearing age (15-44 years) who use birth-control devices to all married women in same age group.
- Employment**
Total labor force (thousand) - Economically active persons, including armed forces and unemployed but excluding housewives, students, etc.; definitions in various countries are not comparable.
Labor force in agriculture (%) - Agricultural labor force (in farming, forestry, hunting and fishing) as percentage of total labor force.
Unemployed (% of labor force) - Unemployed are usually defined as persons who are able and willing to take a job, out of a job on a given day, remained out of a job, and seeking work for a specified minimum period not exceeding one week; may not be comparable between countries due to different definitions of unemployed and source of data, e.g., employment office statistics, sample surveys, compulsory unemployment insurance.
- Income distribution** - Percentage of private income (both in cash and kind) received by richest 5%, richest 20%, poorest 20%, and poorest 40% of households.
- Distribution of land ownership** - Percentages of land owned by wealthiest 10% and poorest 10% of land owners.
- Health and Nutrition**
Population per physician - Population divided by number of practicing physicians qualified from a medical school or university level.
- Population per nursing person** - Population divided by number of practicing male and female graduate nurses, "trained" or "certified" nurses, and auxiliary personnel with training or experience.
Population per hospital bed - Population divided by number of hospital beds available in public and private general and specialized hospital and rehabilitation centers; excludes nursing homes and establishments for custodial and preventive care.
Per capita supply of calories (% 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 distributions of population, and allowing 10% for waste at household level.
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 Economic Research Service provide for a 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.
Per capita protein supply from animal and pulse - Protein content of food derived from animals and pulses in grams per day.
Death rate (/thou) ages 1-4 - Annual deaths per thousand in age group 1-4 years, to children in this age group; suggested as an indicator of malnutrition.
- Education**
Adjusted enrollment ratio - primary school - Enrollment of all ages as percentage of primary school-age population; includes education ages 6-11 years but adjusted for different lengths of primary education; for countries with universal education, enrollment may exceed 100% since some pupils are below or above the official school age.
Adjusted enrollment ratio - secondary school - Covered as above; secondary education requires at least four years of approved primary instruction; provided general, vocational or teacher training instructions for public of 12 to 17 years of age; correspondence courses are generally excluded.
Years of schooling provided (first and second levels) - Total years of schooling; at secondary level, vocational instruction may be partially or completely excluded.
Vocational enrollment (% of secondary) - Vocational institutions include technical, industrial or other programs which operate independently or as departments of secondary institutions.
Adult literacy rate (%) - Literate adults (able to read and write) as percentage of total adult population aged 15 years and over.
- Housing**
Persons per room (urban) - Average number of persons per room in occupied conventional dwellings in urban areas; dwellings exclude non-permanent structures and unoccupied parts.
Occupied dwellings with piped water (%) - Occupied conventional dwellings in urban and rural areas without inside or outside piped water facilities as percentage of all occupied dwellings.
Access to electricity (% of all dwellings) - Conventional dwellings with electricity in living quarters as percent of total dwellings in urban and rural areas.
Rural dwellings connected to electricity (%) - Computed as above for rural dwellings only.
- Consumption**
Radio receivers (per thou pop) - All types of receivers for radio broadcasts to general public per thousand of population; excludes industrial 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.
Passenger cars (per thou pop) - Passenger cars comprise motor cars seating less than eight persons; excludes ambulances, hearse and military vehicles.
Electricity (kwh/yr per cap) - Annual consumption of industrial, commercial, public and private electricity in kilowatt hours per capita, generally based on production data, without allowance for losses in grids but allowing for imports and exports of electricity.
Newsprint (kg/yr per cap) - Per capita annual consumption in kilograms estimated from domestic production plus net imports of newspaper.

ECONOMIC DEVELOPMENT DATA

	ACTUAL				EST.	PROJECTED				1965 1975	GROWTH RATES			1974 SHARE OF GDP
	1965	1970	1974	1975		1976	1977	1978	1985		1975 1977	1977 1985	1985 1990	
<u>NATIONAL ACCOUNTS (1)</u> (MILLIONS OF US\$ AT 1967-69 PRICES)														
GROSS DOMESTIC PRODUCT	191.3	187.4	255.9	256.7	298.7	313.0	328.5	404.2		3.1	10.0	5.6		100.0
GAINS FROM TERMS OF TRADE	4.5	4.2	37.9	37.2	2.2	5.1	6.4	30.2						10.8
GROSS DOMESTIC INCOME	195.9	191.5	293.8	296.0	301.9	318.1	334.9	510.8		4.2	3.7	6.2		110.8
IMPORTS	93.9	95.1	137.0	135.8	129.8	129.8	129.6	193.7		3.8	-2.2	5.1		53.5
EXPORTS - VOLUME	-80.2	-92.8	-115.0	-101.1	-98.8	-101.0	-105.6	-155.0		2.3	-0.0	5.5		44.9
EXPORTS - TT, ADJUSTED	-84.7	-96.9	-152.9	-134.3	-94.0	-108.1	-112.0	-185.2		5.0	-12.4	7.2		59.7
RESOURCE GAP - TT, ADJUSTED	9.1	-2.8	-16.0	-2.5	30.8	23.7	17.0	7.9						-0.5
TOTAL CONSUMPTION	104.1	106.1	200.8	234.7	207.5	211.6	275.5	393.3		3.6	7.4	4.7		81.4
INVESTMENT	80.9	25.6	69.4	58.7	84.4	70.2	77.1	129.1		3.7	9.4	7.9		27.1
NATIONAL SAVINGS	29.2	30.2	91.8	66.4	38.6	51.4	63.4	124.3		0.6	-12.0	11.7		35.9
DOMESTIC SAVINGS	31.8	25.4	85.3	61.2	33.7	46.5	59.3	121.1		6.4	-12.8	12.7		33.3
GDP AT CURRENT US\$	193.6	188.6	263.9	266.8	294.7	275.3	409.7	1545.2		11.3	0.6	13.2		
<u>SECTOR OUTPUT</u> (SHARE OF GDP AT 1967-69 PRICES)														
AGRICULTURE	0.245	0.234	0.450	0.335	0.202	0.193	0.165	0.132						
INDUSTRY	0.260	0.245	0.282	0.276	0.307	0.312	0.317	0.366						
SERVICES	0.495	0.521	0.308	0.389	0.499	0.495	0.498	0.502						
<u>PRICES (1967-69 = 100)</u>														
EXPORT PRICE INDEX	102.49	102.95	323.75	372.32	325.60	359.28	392.18	727.47		13.7	-2.0	9.3		
IMPORT PRICE INDEX	97.37	96.51	243.51	272.12	310.21	340.01	369.78	608.86		10.8	11.8	7.6		
TERMS OF TRADE INDEX	105.67	104.50	132.95	136.82	102.32	105.08	104.06	119.48		2.6	-12.4	1.6		
GDP DEFLATOR (US\$)	101.21	100.67	220.39	219.07	214.62	232.64	251.28	405.35		8.0	3.1	7.2		
ANNUAL AVERAGE EXCHANGE RATE	4.76	5.56	5.70	6.03										

SELECTED INDICATORS	1965-75	1975-77	1977-85	1985-90
ICDR	5.46	2.27	4.37	
IMPORT ELASTICITY	1.22	-0.24	0.91	
AVERAGE NATIONAL SAVINGS RATE	0.20	0.18	0.22	
MARGINAL NATIONAL SAVINGS RATE	0.54	-0.28	0.43	
IMPORTS/GDP	0.49	0.45	0.40	
INVESTMENT/GDP	0.19	0.22	0.25	
RESOURCE GAP/GDP	0.00	0.06	0.04	

(1) COMPONENTS MAY NOT ADD UP BECAUSE OF ROUNDING

OUTPUT, LABOR FORCE AND
PRODUCTIVITY IN 1976

	VALUE ADDED		LABOR FORCE		V.A. PER WORKER	
	US\$ MLN	%	THOU.	%	US\$	%
AGRICULTURE	145.9	28.8	83	30.3	1,757.8	95.2
INDUSTRY	137.0	27.1	71	25.9	1,929.6	104.5
SERVICES	223.0	44.1	106	38.7	2,103.8	113.9
UNALLOCATED			14	5.1		
TOTAL/AVERAGE	505.9	100.0	274	100.0	1,846.4	100.0

GOVERNMENT FINANCE

	CENTRAL GOVERNMENT		
	(RS. MLN.) 1975/76	% OF GDP 1975/76 1970/71	
CURRENT RECEIPTS	1,075.2	29.8	23.5
CURRENT EXPENDITURE	991.0	27.4	22.7
CURRENT SURPLUS	84.7	2.4	0.8
CAPITAL EXPENDITURES	423.4	11.7	7.6
EXTERNAL ASSISTANCE (NET)	38.1	1.1	1.9

BALANCE OF PAYMENTS AND EXTERNAL ASSISTANCE

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1985	1990	1995
	ACTUAL					EST.		PROJECTED						
SUMMARY OF BALANCE OF PAYMENTS														
1. EXPORTS (INCLUDING NFS)	98.6	102.2	102.1	372.4	376.4	315.1	360.8	414.2	475.5	505.0	628.5	1127.8		
2. IMPORTS (INCLUDING NFS)	105.4	135.2	140.6	333.5	369.5	413.0	441.3	480.0	545.2	620.0	796.0	1170.0		
3. RESOURCE BALANCE	-10.8	7.0	-8.5	38.9	6.9	-97.9	-80.5	-65.7	-69.7	-75.6	-76.1	-48.2		
4. NET FACTOR SERVICE INCOME	.0	-2.2	1.7	1.1	2.5	3.0	2.5	.1	-1.5	-3.5	-5.9	-15.1		
4.1 NET INTEREST PAYMENTS	1.6	1.5	3.2	-1.0	-1.0	-2.0	-2.1	-6.3	-5.0	-3.5	-5.9	-15.0		
OF WHICH ON PUB MALT LOANS	-1.5	-1.3	-1.2	-1.0	-1.0	-1.0	-2.1	-3.0	-5.0	-3.8	-12.7	-29.7		
2 DIRECT INVESTMENT INCOME	-1.0	-1.7	-1.9	-1.0	-1.0	-3.0	-3.0	-4.0	-4.0	-5.2	-6.0	-10.6		
3 WORKERS REMITTANCES (NET)	.5	.0	1.6	4.5	.0	4.0	4.6	3.5	4.1	7.0	8.0	18.1		
5. CURRENT TRANSFERS (NET)	0.5	0.0	7.2	10.6	11.0	12.0	13.0	15.1	10.9	7.0	21.1	33.3		
6. BALANCE ON CURRENT ACCOUNT	-5.4	15.0	.4	50.6	21.0	-82.9	-84.6	-50.6	-54.4	-60.0	-60.9	-30.1		
7. PRIVATE DIRECT INVESTMENT	.0	0.5	2.0	0.2	.0	3.0	5.8	10.0	11.5	13.2	18.2	20.6		
8. GRANTS & GRANT-LIKE FLOWS	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0		
PUBLIC MALT LOANS														
9. DISBURSEMENTS	2.8	2.6	4.4	7.4	13.6	9.7	31.5	40.7	57.7	69.6	80.7	107.7		
10. AMORTIZATION	-3.3	-1.0	-1.9	-2.0	-2.1	-1.0	-1.9	-3.3	-5.2	-6.1	-10.9	-13.5		
11. NET DISBURSEMENTS	-0.5	1.6	2.4	5.3	11.5	7.9	29.6	37.4	52.4	63.5	77.0	74.3		
OTHER MALT LOANS														
12. DISBURSEMENTS	.0	.0	0.0	.0	.0	.0	.0	.0	.0	.0	.0	.0		
13. AMORTIZATION	.0	-1.1	0.1	-0.6	.0	.0	.0	.0	.0	.0	.0	.0		
14. NET DISBURSEMENTS	.0	-1.1	0.1	-0.6	.0	.0	.0	.0	.0	.0	.0	.0		
15. USE OF IMF RESOURCES	.0	.0	.0	0.6	.0	.0	.0	.0	.0	.0	.0	.0		
16. SHORT-TERM CAPITAL TRANSACTIONS	.7	-0.7	-7.4	-7.7	.0	0.0	0.0	7.0	7.1	10.5	12.1	21.1		
17. CAPITAL TRANSACTIONS NET	-10.6	-0.4	-10.5	1.7	.0	-10.5	.0	.0	.0	.0	.0	.0		
18. CHANGE IN RESERVES (= + INCREASE)	-1.6	-23.2	3.9	-60.3	.0	70.5	22.3	-4.7	-20.7	-25.2	-40.2	-91.9		
19. NET FOREIGN EXCHANGE RESERVES (END OF PERIOD)	51.7	70.1	66.0	131.1	.0	89.4	67.3	72.0	62.7	117.9	102.1	391.6		
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1985	1990	1995
GRANT AND LOANS COMMITMENTS														
1. OFFICIAL GRANTS	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0		
2. TOTAL PUBLIC MALT LOANS	5.2	02.9	20.3	22.7	.0	17.9	30.3	30.0	71.9	81.9	100.9	137.4		
2.1 IDA	5.2	3.5	8.0	3.5	.0	3.0	7.5	15.0	15.0	15.0	15.0	15.0		
3 OTHER MULTILATERAL GOVERNMENTS	.0	.0	.0	.0	.0	2.3	5.0	5.0	7.0	8.7	10.1	17.6		
5 OF WHICH CENTRALLY PLANNED ECONOMIES (2)	.0	33.9	.0	.0	.0	.0	.0	.0	.0	34.7	52.0	60.4		
6 SUPPLIERS	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0		
7 FINANCIAL INSTITUTIONS	.0	.0	.0	.0	.0	.2	10.0	11.0	14.2	19.0	20.9	30.0		
8 OTHERS	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0		
9 PUBLIC LOANS NET	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0		
3. OTHER MALT LOANS (WHERE AVAILABLE)	.0	1.1	.0	2.0	.0	.0	.0	.0	.0	.0	.0	.0		
MEMORANDUM ITEMS														
1. GRANT ELEMENT OF TOTAL COMMITMENTS	83.300	77.500	73.500	20.600	.000	95.955	33.206	30.040	29.327	20.995	26.052	31.050		
2. AVERAGE INTEREST (PERCENT)	.000	.000	.003	.002	.000	.000	.073	.071	.072	.072	.074	.000		
3. AVERAGE MATURITY (YEARS)	49.000	20.300	34.700	27.700	.000	14.000	16.030	17.413	17.127	16.900	16.507	17.130		

1/ NET FOREIGN ASSETS; US\$ EQUIVALENT OF LINE 31.

2/ INCLUDES CMEA COUNTRIES; PEOPLES REPUBLIC OF CHINA; NORTH KOREA; NORTH VIETNAM.

DATE OF LATEST UPDATE: 02/13/78

DEBT AND CREDITWORTHINESS

	1971 -----	1972 -----	1973 -----	1974 -----	1975 -----	1976 -----
			A C T U A L I -----			E I S T, -----
MEDIUM AND LONG TERM DEBT (DISBURSED ONLY)						

TOTAL DEBT OUTSTANDING (000 END OF PERIOD)	28.9	30.9	36.0	41.8	45.0	47.0
INCLUDING UNDISBURSED	47.2	91.5	107.6	130.0	116.2	133.3
PUBLIC DEBT SERVICE	-4.8	-3.0	-3.1	-3.6	-3.9	-3.6
INTEREST	-1.5	-1.3	-1.2	-1.6	-1.9	-1.8
OTHER MULT DEBT SERVICE ¹	.0	-1.2	-.3	-.7	.0	.0
TOTAL DEBT SERVICE	-4.8	-4.2	-3.4	-4.3	-3.9	-3.6
DEBT BURDEN ²						

DEBT SERVICE RATIO	4.6	2.6	1.7	1.2	.0	1.1
DEBT SERVICE RATIO (1)	5.4	3.7	2.7	1.6	.0	2.1
DEBT SERVICE/GDP	2.3	1.5	1.0	.8	.0	.7
PUB. DEBT SERVICE/GOV. REVENUE	.0	.0	.0	.0	.0	2.6
TERMS						

INT. ON TOTAL DOD/TOTAL DOD	5.1	4.9	4.1	4.6	4.1	3.8
TOTAL DEBT SERVICE/TOTAL DOD	16.4	10.8	10.7	10.5	8.6	7.7
DEPENDENCY RATIOS FOR MULT DEBT						

GROSS DISB./IMPORTS (INCL.NFS)	2.6	2.3	4.5	2.3	.0	2.4
NET TRANSFER/IMPORTS (INCL.NFS)	-1.8	-.7	2.8	1.0	.0	1.5
NET TRANSFER/GROSS DISB.	-71.6	-29.1	61.0	44.5	71.2	63.0
EXPOSURE						

IBRD DISB./GROSS TOTAL DISB.	.0	.0	.0	.0	24.5	23.6
BANK GROUP DISB./GROSS TOTAL DISBURSEMENTS	18.4	25.6	13.9	29.4	35.6	50.4
IBRD DOD/TOTAL DOD	18.5	16.2	12.7	10.3	15.9	20.6
BANK GROUP DOD/TOTAL DOD	20.2	20.7	20.3	22.4	30.2	44.2
IBRD DEBT SERVICE/TOTAL DEBT SERVICE	13.0	14.9	13.6	15.5	20.7	36.1
BANK GROUP DEBT SERVICE/TOTAL DEBT SERVICE	13.0	15.0	14.0	16.0	21.7	38.9

OUTSTANDING DECEMBER 31, 1976

EXTERNAL DEBT (DISBURSED ONLY)

	AMOUNT	PERCENT
IBRD	9.7	21.0
BANK GROUP	20.7	44.7
OTHER MULTILATERAL GOVERNMENTS	2.9	6.3
	22.7	49.0
OF WHICH CENTRALLY PLANNED ECONOMIES (2)	0.8	1.7
SUPPLIERS	.0	.0
FINANCIAL INSTITUTIONS	.0	.0
BONDS	.0	.0
PUBLIC DEBT NET	.0	.0
TOTAL PUBLIC MEDIUM AND LONG-TERM DEBT	46.3	100.0
OTHER PUBLIC MEDIUM AND LONG-TERM DEBT	.0	.0
OTHER MEDIUM AND LONG-TERM DEBT	8.4	18.1
TOTAL PUBLIC DEBT (INCLUDING UNDISBURSED)	133.0	287.3
TOTAL MEDIUM AND LONG-TERM DEBT (INCLUDING UNDISBURSED)	133.0	287.3

DEBT PROFILE

TOTAL DEBT SERVICE 1977-81/TOTAL DOD END OF 1976 -1.34

1/INCLUDING NET DIRECT INVESTMENT INCOME
2/INCLUDES CMEA COUNTRIES, PEOPLES REPUBLIC OF CHINA,
NORTH KOREA, NORTH VIETNAM,

* ACTUAL FIGURES WHICH DIFFER marginally FROM THE CORRESPONDING PROJECTION
MODEL ESTIMATES.

STATUS OF BANK GROUP OPERATIONS
IN MAURITIUS

A. Statement of Bank Loans and IDA Credits (as at January 31, 1978)

<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>
Two Loans and one Credit have been fully disbursed				12.0	3.5	
239-MAS	1971	Mauritius	Smallholder Tea Development		5.2	1.3
411-MAS	1973	"	Industrial Estate		4.0	0.2
419-MAS	1974	"	Rural Development		4.0	1.1
976-MAS	1974	"	Port I	10.0		6.6
501-MAS	1974	Mauritius	Education		3.5	2.4
1033-MAS	1974	"	Education	3.5		3.5
1168-MAS	1975	DBM	Development Bank III	7.5		3.4
1339-T-MAS	1976	Mauritius	Revised Port I	3.6	-	3.3
1481-MAS	1977	DBM	Development Bank IV	7.5		7.3
TOTAL				44.1	20.2	29.1
of which has been repaid				4.3	-	-
TOTAL now outstanding				39.8	20.2	
Amount sold					5.0	
of which has been repaid				1.6	3.4	
TOTAL now held by Bank and IDA <u>1/</u>				38.2	20.2	
TOTAL undisbursed				24.1	5.0	29.1

B. Statement of IFC Investments (as at January 31, 1978)

<u>Year</u>	<u>Borrower</u>	<u>Type of Business</u>	<u>Loan</u>	<u>Equity</u>	<u>Total</u>
1971	Dinarobin Inns & Motors Ltd.	Tourism	0.6	-	0.6
	Total gross commitment		0.6	-	0.6
	Less cancellations, terminations, repayments and sales		0.4		0.4
	Net held by IFC		0.2	-	0.2
	Total undisbursed		0.0	0.0	0.0
1977	Maritim Mauritius <u>2/</u>		1.9	0.7	2.6

1/ Prior to exchange adjustments.

2/ Approved by the Executive Directors in November 1977 but not yet signed.

PROJECTS IN EXECUTION 1/

Credit No. 239-MAS Tea Development Project; US\$5.2 million credit of
April 9, 1971; Date of Effectiveness: June 11, 1971;
Closing Date: December 31, 1978

Project field development experienced problems due to poor soil and drainage conditions, poor quality of planting materials and the effect of a cyclone which hit Mauritius in February 1975. These difficulties were aggravated by general problems facing the Mauritian tea industry, especially rapidly increasing wage rates in the sugar industry with which the tea sector is unable to compete. These problems were examined in 1975 by a study group which included Bank staff members. The recommendations of the study group, which included suggestions on what the role of the Tea Development Authority should be, were accepted by the Government and are being implemented. Project accounts are now in better shape, following the appointment of a qualified financial controller and a chief accountant. Field work is now proceeding on schedule and the first project plantations should be ready for handover to smallholders in 1977-78. The Government has agreed to provide additional labor in 1977/78 (through the Development Works Corporation) to ensure that green leaf is plucked and factories work to new capacity. The new tea factory has been completed and has commenced operations.

Credit No. 411-MAS Industrial Estate Project; US\$4.0 million credit of
June 29, 1973; Date of Effectiveness: October 1, 1973;
Closing Date: June 30, 1980

Construction of the Coromandel Estates is virtually completed with the exception of some external works such as street lighting, telephone installations etc. Original construction schedule called for completion by the end of 1978. Occupancy, however, is proceeding slowly. As of December 1977 only about 45 percent of the available space was occupied, which reflects the general investment slowdown in the country. The Estate expects that full occupancy can be reached around mid-1980. As of January 31, 1978, approximately \$3.8 million of the \$4.0 million credit had been disbursed.

1/ These notes are designed to inform the Executive Directors regarding the progress of projects 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.

Credit No. 419-MAS Rural Development Project; US\$4.0 million credit of July 9, 1973; Date of Effectiveness: October 11, 1973; Closing Date: February 28, 1979

The implementation of the rural development project has been mixed. Several factors caused a slow progress, including procurement difficulties and the rise in sugar prices which caused land prices to rise sharply, thus making it difficult for the Government to obtain land for the project. The February 1975 cyclone also contributed to the delay. Managerial problems within the Development Works Corporation (DWC) which are now being followed up, initially prevented prompt execution of the project.

The mid-term evaluation mission that visited Mauritius in August 1977 confirmed that some of the components of the project, such as bench terracing and fodder planting, have not been successful and have been discontinued. The village improvement component, which formed the major part of the project, was generally satisfactory although the village markets seem to have been over-designed and are presently underutilized. According to the mission, the training component is by far the most successful component of the project. The mission also confirmed that DWC is less than adequately managed, although this seems to have had a greater impact on operations other than those included in the IDA-financed project. The project is now expected to be completed by the end of 1978. To allow for full disbursement of the credit, the Closing Date has been extended to February 1979.

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

Physical execution of the project is proceeding well. The Mauritius Marine Authority has been formally established and is now operational. The Authority has made interim contractual arrangements with one of the dock companies for lighterage and cargo handling operations and is making good progress in exercising its responsibilities.

Loan No. 1033-MAS First Education Project: US\$3.5 million Loan and US\$3.5 million credit of July 29, 1974; Date of Effectiveness: October 29, 1974; Closing Date: March 31, 1980
and
Credit No. 501-MAS

After a slow start, project implementation is now proceeding satisfactorily and all major contracts for construction, furniture and equipment have been awarded. The program unit is fully staffed and operating well. As explained in paragraphs 28 and 34 of this report, changes have become necessary to reflect the Government's decision to restructure secondary education.

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 project will assist in financing the foreign exchange component of Mauritius Development Bank loans and investments in industry, agro-industry and tourism. The project is proceeding well. All funds under the project are fully committed and about US\$4.0 million has been disbursed.

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 will help finance the term foreign exchange needs of medium and large scale industrial, tourism and possibly agro-industrial projects. Of the US\$7.5 million loan amount, about US\$3.0 million has been committed and US\$0.2 million disbursed.

SUPPLEMENTARY PROJECT DATA SHEET

Section I: Timetable of Key Events

- | | |
|---|-----------------------|
| (a) Time taken to prepare project: | Two years |
| (b) Preparation: | UNESCO and Government |
| (c) Initial Discussion with Bank Mission: | May 1976 |
| (d) Preparation Mission: | November 1976 |
| (e) Pre-appraisal Mission: | May 1977 |
| (f) Appraisal Mission: | August 1977 |
| (g) Post-appraisal Mission: | November 1977 |
| (h) Negotiations: | February 1978 |
| (i) Planned Date of Effectiveness: | July 1978 |

Section II: Special Implementation Actions

(i) A Bank mission is scheduled for June 1978 to discuss with the Government the preparation of the terms of reference for specialists to assist the Government with the establishment of a Central Training Office. These specialists would be responsible for assisting the Government in drafting the legislation required to establish the Office.

(ii) During project implementation, close dialogue with the Government would be maintained on education policies, and budgetary and financial implications of such policies.

Section III: Special Conditions of the Project

(i) The completion of the first phase of the reorganization of the Ministry of Education and Cultural Affairs and satisfactory evidence that the Borrower has taken all action necessary to implement the agreed proposals will be conditions of disbursement for civil works, equipment and furniture of a new Ministry building (para. 30);

(ii) A new junior secondary school curriculum will be introduced and a national examination at the end of the junior secondary cycle will be held, beginning in 1980, to select students on the basis of performance for entry into senior secondary schools (para. 34);

(iii) The Borrower will submit a statement of its primary and secondary educational policy by December 31, 1978 covering inter alia financial implications and targets concerning students:teacher ratios (para. 51);

(iv) Starting December 31, 1979 the Borrower will annually submit to the Bank for review a report on the developments in the implementation of primary and secondary educational policy (para. 51);

(v) Regulations on budgeting and financial control of private schools will be introduced by January 1, 1979 (para. 51).

