

MAURITIUS

WHAT IS YOUR AID FOR TRADE STRATEGY?

1. **What priority is accorded to trade development in your country's economic growth/national development/poverty reduction strategy?**
2. **Do you have a government-wide trade development strategy and if so what are its main priorities? What time period does it cover?**

A 10-year programme announced in the FY 07/07 Budget to

- Open the economy to the rest of the world
- Implement wider economic and social reforms to unlock growth potential through
 - a. stabilising macroeconomic fundamentals
 - b. Improving public sector efficiency
 - c. Enhancing global competitiveness of industry- **ENTERPRISE PROGRAMME**
 - d. Improving business climate to attract FDI
 - e. Making labour more mobile
 - f. Providing social safety nets, workfare programmes and democratising the economy through community participation and social inclusion- **EMPOWERMENT PROGRAMME**
- 3. **Does your trade development strategy specify aid-for-trade needs?**
 - economic development based on export-led strategy
 - need to reduce reliance on preferences and move to global competitiveness because of erosion of preferences
 - need to integrate the world economy to unlock growth potential to create jobs, reduce poverty and attain MDGs

4. What are the main trade development challenges and opportunities you face which require collaboration with other countries in your region? Are these addressed in your trade development strategy?

- Regional FTAs is a stepping stone to integration into world economy
- Regional integration allows countries to test the tenet that freer trade brings greater prosperity
- But regional FTAs still have to be made fully effective in spite of available instruments
- Hence need to assess constraints to regional free trade and estimate what it would cost to remove the barriers (**5 pillars of AFT Task Force recommendations**)

HOW MUCH AID-FOR-TRADE DO YOU RECEIVE?

5. Have you costed your trade development strategy? What percentage of your trade development financial requirements do you expect to be funded by ODA?

- The 5 elements of the WTO AFT Task Force recommendations are necessary
- Development Policy Loans amounting to US \$ 70 mobilised in FY 06/07
- Similar amounts expected in FY 07/08 and FY 08/09

6. Which activities do you consider are supporting your trade development strategy? Accordingly, how much aid-for-trade have you received by category for the period 2002-2005, and in particular in 2005?

Determined by Government on the basis of a macro framework embedding the fiscal constraints.

7. Describe any key trade development priorities that are constrained by lack of donors' funding?

Cost of AFT strategy and financing required

Commitments in US\$ thousands, 2004 constant prices

	Economy (Billion Euro)
Total cost	4.0
Private sector	1.8
External partners	1.2
Government	0.5
Financing Gap	0.5

Trade-Related Investment Needs, 2006-2015 (In million of Euros)

Sector	TRTA	TRCB	TRPCB	TRInf	TRAM	Total
1. Sugar						
1.1 Derocking/irrigation			63			63
1.2 Mechanisation			24			24
1.3 VRS II Compensation					97	97
1.4 Cess restructuring					24	24
1.5 Centralisation				43		43
1.6 Blue Print Compensation					35	35
1.7 Power Plant				215		215
1.8 Ethanol			16			16
1.9 Debt servicing					41	41
1.10 Income support					11	11
1.11 Research		14				14
2. SME Support to existing sectors		100*			120*	220
3. New Sectors						
3.1 Knowledge hub			145			145
3.2 Seafood hub			160			160
3.3 Light engineering			60			60
3.4 Pharmaceuticals/medical hub			85			85
3.5 ICT (EASSy, etc.)				660		660
3.6 Port & airport			190			190
3.7 Empowerment Program					45	45
3.8 Tariff revenue loss					100	100
Total		114	743	918	473	2248

HOW DO YOU IMPLEMENT YOUR AID-FOR-TRADE STRATEGY?**MAINSTREAMING****8. Describe the internal governmental coordination process to prepare your trade development strategy.**

- CONSULTATIONS with govt agencies, economic operators, trade unions and civil society
- But resistance to reform has to be overcome
- Political support and endorsement critical as reforms are painful
- development has always been export-led since Mauritius has a narrow resource base
- Trade in goods under preference regime has enabled diversification, esp in services and strengthened economic resilience

OWNERSHIP

Refers to partner countries exercising effective leadership over their development policies and strategies and coordinating development efforts.

9. What needs assessment tools do you use to formulate your trade development strategies (do you use diagnostic studies, e.g. such as those prepared under the Integrated Framework?)

- Analytical and Advisory services from the WB and TA from IMF to help identify options and assess their costs and benefits
- Maintaining the status quo was not an option
- But final strategy was determined by Government

10. How do you involve key stakeholders (including the private sector and civil society) in the identification of your trade development challenges and opportunities?

- different options above discussed with all stakeholders
- private sector informed that the value of protections was gradually eroding
- better use the time between now and the end of protection to restructure
- Trade off between producer surplus versus consumer welfare to be rebalanced

ALIGNMENT

Refers to donors basing their overall support on partner countries. national development strategies, institutions and procedures.

- 11. Are external partners using your policy planning and budgeting framework as a basis for their aid-for-trade support?**
- 12. How well do aid-for-trade flows reflect your government's trade development priorities and what aid management information system do you use?**

HARMONISATION

Refers to donors. actions being more harmonised, transparent and collectively effective.

- 13. How do you encourage external partners to coordinate their trade related analyses and programming? Where, if at all, are the main coordination gaps?**
- External partners align their intervention on Govt reform programme
 - External resources are channelled through GBS to support Govt on the basis of mutually agreed performance indicators
 - The initial focus is on policy reforms and review of sector strategies to align them to the reform agenda
 - External partners provide TA to ensure that international benchmarks are adopted
 - Partners collectively agree with line ministries on strategies and benchmarks

MANAGEMENT FOR RESULTS

Refers to both donors and partner countries managing resources and improving decision making for results.

14. How do you measure the success of your trade development and aid-for-trade strategies?

15. Do you cooperate with donors and other stakeholders in joint monitoring and evaluation of aid-for-trade programmes?

The objectives are to

- Open the economy to the rest of the world
- Implement wider economic and social reforms to unlock growth potential
 - g. To stabilise macroeconomic fundamentals
 - h. Improve public sector efficiency
 - i. Enhance global competitiveness of industry- **ENTERPRISE PROGRAMME**
 - j. Improve business climate to attract FDI
 - k. Make labour more mobile
 - l. Democratise the economy through community participation and social inclusion- **EMPOWERMENT PROGRAMME**
- A 10-year **time frame** announced in the FY 07/07 Budget
- But pace of reform depends on how fast external support is available
- **Evaluation** based on Performance indicators mutually agreed upon are meaningful, verifiable and efficiency enhancing
- External partners make their own independent assessment of progress
- Since we are using GBS, focus is on outcome indicators instead of inputs
- Mandatory **consultations** with partners collectively are held 3 times a year to take stock of progress, agree on new indicators and targets

DO YOU PARTICIPATE IN MUTUAL ACCOUNTABILITY ARRANGEMENTS?

Mutual accountability refers to donors and developing countries providing timely, transparent and comprehensive information in order to jointly assess development results.

16. The WTO Task Force recommended establishing “A National Aid-for-Trade Committee, where necessary, to ensure trade mainstreaming in national development strategies, determine country needs, set priorities, assist in matching ‘demand’ and ‘response’, and help in evaluation.” Has such a Committee, or an equivalent body, been established in your country?

17. Describe the process and key actors (such as donors, private sector-representatives, etc.) involved in reviewing progress toward fulfilment of your aid-for-trade and trade development commitments?

- The NAFTC meets as often as required to monitor progress and review strategy wherever necessary
- Partners collect evidence of performance on the basis of official statistics, laws and regulations passed and reports of the IMF on macroeconomic performance