AFR/PD/IPS.

PD-ABB-285

A.I.D. Project No 642-0010
Dollar Appropriation No. 72-1191014
Budget Plan Code: GSSA-89-21642-KG13
Reservation Control No: N590001

SECOND AMENDATORY AGREEMENT

to

PROJECT GRANT AGREEMENT

between

THE GOVERNMENT OF MAURITIUS

and

THE UNITED STATES OF AMERICA

for

MAURITIUS INDUSTRIAL DIVERSIFICATION PROJECT

DATED: August 28, 1989

A.I.D. Project No 642-0010
Dollar Appropriation No. 72-1191014
Budget Plan Code: GSSA-89-21642-KG13
Reservation Control No: N590001

SECOND AMENDATORY AGREEMENT TO PROJECT GRANT AGREEMENT

FOR

MAURITIUS INDUSTRIAL DIVERSIFICATION PROJECT

DATED: AUGUST 28, 1989

between

The Government of Mauritius (hereinafter referred to as the "Grantee")

and

The United States of America, acting through the Agency for International Development ("A.I.D.")

Article 1: Purpose of Amendment

This Second Amendatory Agreement to Project Grant Agreement No. 642-0010 dated August 28, 1989, is hereby entered into between the parties above-named to grant the Grantees additional United States ("U.S.") Dollars under this Project and to modify the budget in Annex 1 (Amplified Project Description) consistent therewith.

Article 2: Financing

Section 3.1 is hereby deleted and the following substituted in its stead.

"Section 3.1. The Grant. To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant to the Grantee under the terms of this Agreement an additional One Million Five Hundred Thousand United States ("U.S.") Dollars ($1,500,000). The total Grant comprising the original Agreement and this Second Amendatory Agreement shall not exceed Two Million Three Hundred Fifty Thousand United States ("U.S.") Dollars ($2,350,000) ("Grant").

The Grant may be used to finance foreign exchange costs as defined in Section 6.1 and local currency costs (as defined in Section 6.2 of the original Grant Agreement) of goods and services required for the Project."

Section 3.2. Grantee Resources for the Project (b) The resources provided by the Grantee for equivalent of U.S. Dollars Five Hundred Thousand ($500,000), including costs borne on an "in-kind" basis.

Article 4: Annex 1

Annex 1 is hereby supplemented by the attached Annex 1A.

Article 5: Other Terms and Conditions

All other terms and conditions of the Project Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this First Amendatory Agreement to be signed in their names and delivered as of the day and year first above written.

THE GOVERNMENT OF MAURITIUS

BY: _____
Dr. Beergoonath Ghurburrun

TITLE: Deputy Prime Minister and Minister of Economic Planning and Development

UNITED STATES OF AMERICA

BY: _____
Ronald D. F. Palmer

TITLE: United States Ambassador

SECOND AMENDATORY AGREEMENT

ANNEX 1A

AMENDED AMPLIFIED PROJECT DESCRIPTION

1. Project Description

The additional $1.5 million in U.S. FY 1989 funding for the Mauritius Industrial Diversification Project (642-0010) will be used to implement the following activities:

A. Technical Assistance in Informatics/Electronics

A major component of the amended project will focus on the informatics, and to a limited extent, electronics sector. Under a prime contract, assistance will be provided to the private sector and relevant government ministries to identify market opportunities in these sectors; to develop production, marketing and training strategies which seize Mauritius comparative advantage; and to identify infrastructural and other requirements to effectively compete in world markets. Specific areas of assistance over the 12-month contract will include:

- Market Research in European Community and other countries
- Technical assistance and training for the GOM and Private firms to develop production and marketing strategies.
- Assistance to develop Computer Assisted Design (CAD) Conversion capabilities.
- Software Translation
- Promotional efforts (Exposure tours and attendance at trade fairs)

- Feasibility Studies for the establishment of Informatics and Electronics Office Parks

B. Firm Specific Assistance

- 20 assistance projects by the International Executive Service Corps (IESC) ranging from one to three months in duration. Activities will include assistance with management, production and marketing problems, as well as the identification of joint venture investment opportunities.

C. Computerization of GOM Agencies

- Procurement of one minicomputer, computer equipment peripherals, software manuals and training for State Informatics Limited (SIL). The system will be used to increase efficiency and turnaround time for such activities as business clearances, export/import licenses and other industrial activities. It will also be instrumental in establishing a trade and fiscal database for use by private business.

D. University of Mauritius

- Technical assistance in course design, curriculum development and staff development for Information Technology Faculty of the School of Engineering and Department of Women's Studies (approximately 12 person months). Technical assistance will also be provided to develop a plan for long-term linkage arrangements with a U.S. University (approximately 4 person months).

2. Estimated Budget (U.S. $000)

A. Original Budget for FY 1988 Grant

	AID	GOM	PRIVATE SECTOR	IESC	TOTAL
Technical Assistance	800	124 1/	40	88	1052
Evaluation and Audit	50	-	-	-	50
TOTAL	850	124	40	88	1102

B. Summary by Project Component (This Amendment)

	AID	GOM	PRIVATE SECTOR	IESC	TOTAL
Informatics	600	-	50 1/	-	650
Firm Specific Assistance	150	-	156 2/	77	383
GOM computerization	350	50	-	-	400
U. of Mauritius	400	326 3/	-	-	726
TOTAL	1,500	376	206	77	2,159

1 Includes in-kind support consisting of office space, counterparts' salaries, secetarial support, office supplies, and use of equipment.

2 Direct financial contributions to cover per diem of IESC volunteers.

3 GOM allocation for training program in electronics/informatics at U. of Mauritius (from previous AID-funded AEPRP local currency Generations).

NOTE: The total cost of the firm specific assistance is estimated at $330,000 of which $180,000 was included in the original FY88 grant. The total cost of the Prime Contract for assistance in Informatics and Electronics is $730,000, of which $130,000 was included the the FY88 Grant.

B. Summary by Project Input (This Amendment)

	AID	GOM	PRIVATE SECTOR	IESC	TOTALS
Technical Assistance	900	50	206	77	233
Training	200	-	-	-	200
Commodities	400	326	-		726
TOTAL	1,500	376	206	77	2,159

3. Implementation Arrangements

The Ministry of Economic Planning and Development (MEPD) will continue to coordinate the Project on behalf of the Government of Mauritius. The prime contract for assistance in informatics/electronics and any additional short-term contracts will be signed by MEPD. The Government of Mauritius is encouraged to consider minority and women-owned firms (Gray Amendment Entities) for technical assistance contracts. REDSO/ESA will assist MEPD in identifying Gray Amendment Entities which may wish to submit proposals for technical assistance.

The firm-specific assistance program will be implemented through an A.I.D. Grant to the IESC.

Computer equipment will be procured directly by A.I.D. through a Procurement Service Agent.

Assistance for curriculum development and the University linkage strategy will be contracted for by A.I.D. with a U.S. University.

The Mauritius Chamber of Commerce and Industry (MCCI) will continue in its role as coordinator of the firm-specific assistance. MCCI publishes notices announcing the availability of assistance from IESC, screens applicants using criteria developed during the design of MIDP in FY88, and submits approved applications to the Ministry of Industry and Industrial Technology and the Project Coordination Committee for final approval.

4. Evaluation Plan

Two evaluations are scheduled for MIPD. The first will be a joint REDSO/GOM/Mauritius Private Sector assessment in July 1990. This assessment will focus on the quality and impact of the Sector, policy and other studies as originally envisioned under MIDP and will evaluate the effectiveness of IESC firm-level assistance to date. Implementation progress for those project components included in the FY 1989 amendment will also be reviewed.

A final evaluation is scheduled in September 1991. This will be an external evaluation which will test the fundamental hypothesis of the MIDP approach. Rather than judging the timeliness and quality of assistance provided, the final evaluation team will assess the impact of MIDP activities on the economy of Mauritius. Performance will be evaluated in such areas as:

- Investment and employment in the informatics service sector;
- Investment and employment in electronics manufacture/assembly,
- Changes in GOM policy (or new policy initiatives) to attract investment in sectors with potential for industrial diversification;
- Productivity changes in existing industries; and
- To the extent possible, shifts in the percentages of exports from non-textile and sugar industries.

The evaluation team will consist of an economist, appropriate technical specialists (e.g., informatics, electronics) and an international marketing specialist. Services will be procured through the IQC mechanism.

SECOND AMENDATORY AGREEMENT

ANNEX 1A

AMENDED AMPLIFIED PROJECT DESCRIPTION

I. Project Description

The additional $1.5 million in U.S. FY 1989 funding for the Mauritius Industrial Diversification Project (642-0010) will be used to implement the following activities:

A. Technical Assistance in Informatics/Electronics

A major component of the amended project will focus on the informatics, and to a limited extent, electronics sector. Under a prime contract, assistance will be provided to the private sector and relevant government ministries to identify market opportunities in these sectors; to develop production, marketing and training strategies which seize Mauritius comparative advantage; and to identify infrastructural and other requirements to effectively compete in world markets. Specific areas of assistance over the 12-month contract will include:

- Market Research in European Community and other countries
- Technical assistance and training for the GOM and Private Firms to develop production and marketing strategies
- Assistance to develop Computer Assisted Design (CAD) Conversion capabilities
- Software Translation
- Promotional efforts (Exposure tours and attendance at trade fairs)
- Feasibility Studies for the establishment of Informatics and Electronics Office Parks

B. Firm Specific Assistance

- 20 assistance projects by the International Executive Service Corps (IESC) ranging from one to three months in duration. Activities will include assistance with management, production and marketing problems, as well as the identification of joint venture investment opportunities.

C. Computerization of GOM Agencies

- Procurement of one minicomputer, computer equipment peripherals, software manuals and training for State Informatics Limited (SIL). The system will be used to increase efficiency and turnaround time for such activities as business clearances, export/import licenses and other industrial activities. It will also be instrumental in establishing a trade and fiscal database for use by private businesses.

D. University of Mauritius

- Technical assistance in course design, curriculum development and staff development for Information Technology Faculty of the School of Engineering and Department of Women's Studies (approximately 12 person months). Technical assistance will also be provided to develop a plan for long-term linkage arrangements with a U.S. University (approximately 4 person months).

5198D

2. Estimated Budget (U.S. $000)

A. Original Budget for FY 1988 Grant

	AID	GOM	PRIVATE SECTOR	IESC	TOTALS
Technical Assistance	800	124 1/	40	88	1052
Evaluation and Audit	50	-	-	-	50
TOTAL	850	124	40	88	1102

B. Summary by Project Component (This Amendment)

	A.I.D.	GOM	PRIVATE SECTOR	IESC	TOTAL
Informatics	600	-	50 1/	-	650
Firm Specific Assistance	150	-	156 2/	77	383
GOM Computerization	350	50	-	-	400
U. of Mauritius	400	326 3/	-	-	726
TOTAL	1,500	376	206	77	2,159

1/ Includes in-kind support consisting of office space, counterparts' salaries, secretarial support, office supplies, and use of equipment.

2/ Direct financial contributions to cover per diem of IESC volunteers

3/ GOM allocation for training program in electronics/informatics at U. of Mauritius (from previous AID-funded AEPRP local currency Generations).

NOTE: The total cost of the firm specific assistance is estimated at $330,000 of which $180,000 was included in the original FY88 Grant. The total cost of the Prime Contract for assistance in Informatics and Electronics is $730,000, of which $130,000 was included in the FY88 Grant.

10

C. Summary by Project Input (This Amendment)

	A.I.D.	GOM	PRIVATE SECTOR	IESC	TOTAL
Technical Assistance	900	50	206	77	233
Training	200	-	-	-	200
Commodities	400	326	-	-	726
TOTAL	1,500	376	206	77	2,159

3. Implementation Arrangements

The Ministry of Economic Planning and Development (MEPD) will continue to coordinate the Project on behalf of the Government of Mauritius. The prime contract for assistance in informatics/electronics and any additional short-term contracts will be signed by MEPD. The Government of Mauritius is encouraged to consider minority and women-owned firms (Gray Amendment Entities) for technical assistance contracts. REDSO/ESA will assist MEPD in identifying Gray Amendment Entities which may wish to submit proposals for technical assistance.

The firm-specific assistance program will be implemented through an A.I.D. Grant to the IESC.

Computer equipment will be procured directly by A.I.D. through a Procurement Service Agent.

Assistance for curriculum development and the University linkage strategy will be contracted for by A.I.D. with a U.S. University.

The Mauritius Chamber of Commerce and Industries (MCCI) will continue in its role as coordinator of the firm-specific assistance. MCCI publishes notices announcing the availability of assistance form IESC, screens applicants using criteria developed during the design of MIDP in FY88, and submits approved applications to the Ministry of Industry and Industrial Technology and the Project Coordination Committee for final approval.

4. Evaluation Plan

Two evaluations are scheduled for MIDP. The first will be a joint REDSO/GOM/Mauritius Private Sector assessment in July 1990. This assessment will focus on the quality and impact of the sector, policy and other studies as originally envisioned under MIDP and will evaluate the effectiveness of IESC firm-level assistance to date. Implementation progress for those project components included in the FY 1989 amendment will also be reviewed.

A final evaluation is scheduled in September 1991. This will be an external evaluation which will test the fundamental hypothesis of the MIDP-approach. Rather than judging the timeliness and quality of assistance provided, the final evaluation team will assess the impact of MIDP activities on the economy of Mauritius. Performance will be evaluated in such areas as:

- investment and employment in the informatics service sector;

- investment and employment in electronics manufacture/assembly;

- changes in GOM policy (or new policy initiatives) to attract investment in sectors with potential for industrial diversification;

- productivity changes in existing industries; and

- to the extent possible, shifts in the percentages of exports from non-textile and sugar industries.

The evaluation team will consist of an economist, appropriate technical specialists (e.g., informatics, electronics) and an international marketing specialist. Services will be procured through the IQC mechanism.

Clearances: REDSO/ESA/LEG:JBorns _____ Date 8-9-89

REDSO/ESA/DIR:SPShah _____ Date 8/9/89

RFMC/TCully _____ Date 8/9/89

FUNDS AVAILABLE
RFMC-NAIROBI/KENYA
DATE 8/9/89

ACTION MEMORANDUM FOR THE DIRECTOR, REDSO/ESA

FROM: Eugene Harris, REDSO/ESA/PROJ

SUBJECT: Amendment to the Mauritius Industrial Diversification Project - MIDP (642-0010)

PROBLEM: Your approval is required to amend the subject project to add $1,500,000 in FY 1989 DFA grant funds. The new LOP authorized funding total will be $2,350,000.

DISCUSSION: The Mauritius Industrial Diversification Project was authorized in August 1988. The purpose of the project was to assist Mauritius in its efforts to diversify its industrial base through the provision of sector and policy analyses as well as direct assistance to private firms.

Studies conducted to date have uncovered some exciting possibilities for Mauritius to enter high value added markets in such sectors as informatics and electronics. In addition the studies have highlighted the role that the Government of Mauritius (GOM) must play in creating an attractive investment environment and the need to involve the University of Mauritius as an integral partner in the country's development process.

The Amended Project

The proposed $1,500,000 amendment in FY 1989 to MIDP builds upon the findings and recommendations of previous studies and analyses. Specifically, the project will be expanded to include the following:

1. Informatics and Electronics Sector Assistance

This component of the project will provide technical assistance to the GOM and private firms to increase their capabilities in the areas of market research, promotional activities and training. In addition, the feasibility of establishing purpose-built or industrial parks in these two sectors will be evaluated.

The result will be the identification of market opportunities, recommendations for specific product interventions, and the development of production and marketing strategies which could dramatically affect the direction of economic growth in Mauritius.

2. Additional Firm-Specific Assistance

As originally designed, MIDP included twelve person months of technical assistance from the International Executive Service Corps (IESC). Based on private sector demand, this component of the project will be expanded to include additional firm-specific assistance in such areas as management and production technology. In addition, IESC will provide assistance in export development, new product development and the promotion of joint ventures with U.S. firms.

3. Computerization of Key GOM Agencies

In order to improve the efficiency of the GOM in reviewing and processing applications for business permits and export licenses, computer equipment, software and manuals will be provided to the State Informatics Limited (SIL) to develop a database system for the Ministries of Finance, Trade and Shipping, and Industry. Training in systems design, implementation and management will also be provided to SIL and key Ministries.

4. Institutional Support to the University of Mauritius

As Mauritius embarks on a new and daring growth path, indigenous training capabilities will become an integral cog in the economic machine. The ability to respond quickly and qualitatively to new training needs will be essential to establishing and maintaining market advantages. To support Mauritius' capacity to train a qualified technical and managerial workforce, this amendment will initiate the process of developing a long-term linkage between the University of Mauritius and a U.S. University. Technical assistance will be provided to improve the curriculum in two departments relevant to the industrial diversification process and to develop a strategy for a longer-term linkage program.

Implementation Arrangements

Implementation arrangements have been modified to use Host Country contracting to the extent practicable. HC contracting will be the responsibility of the Ministry of Economic Planning and Development (MEPD), which will also continue to serve as overall project coordinator on behalf of the GOM.

Summary Budget

A. Original Budget (U.S. $000)

	AID	GOM	PRIVATE SECTOR	IESC	TOTALS
Technical Assistance	800	124	40	88	1052
Evaluation and Audit	50	-	-	-	50
TOTAL	850	124	40	88	1102

B. Budget for Additional FY89 Funding (U.S. $000)

Information Assistance	600	-	50	-	650
Firm Specific Assistance	150	-	156	77	383
GOM Computerization	350	50	-	-	400
Assistance to U. of Mauritius	400	326	-	-	726
TOTAL	1,500	376	206	77	2,159

Special Concerns

An amended IEE, requesting the continuance of a Categorical Exclusion has been prepared for your approval, with clearances from the REDSO/ESA REO and RLA (State 227470 provides a delegation of authority for you to approve the IEE).

No waivers are required for this Amendment.

A Technical Notification was submitted to Congress on May 9, 1989, and the waiting period expired without comment.

As delegated in State 227470, the U.S. Ambassador to Mauritius has the authority to sign the Grant Agreement Amendment.

A REDSO/ESA Project Review Committee met on August 7, 1989 and recommended that the proposed Amendment be approved.

RECOMMENDATIONS: That you sign (1) the IEE Amendment approving a Categorical Exclusion; (2) the Project Data Sheet; and (3) the Project Authorization Amendment, extending the PACD to September 30, 1991 and approving the addition of $1,500,000 in FY 1989 funding for a new LOP total of $2,350,000.

Approved Satish P. Singh

Disapproved _____

Date 8/9/89

Attachments:

1. Project Authorization Amendment
2. Project Paper Supplement and Annexes

16

Drafted by REDSO/ESA/PROJ:EMorris _____ Date 8/8/89

Clearances

REDSO/ESA/LEG:JBorns _____ Date 8-8-89

REDSO/ESA/ANAL:RBurke _____ Date _____

RFMC:TCully _____ Date 8/9/89

5495D

PROJECT AUTHORIZATION AMENDMENT

NAME OF COUNTRY: Mauritius

NAME OF PROJECT: Mauritius Industrial Diversification Project

NUMBER OF PROJECT: 642-0010

1. Pursuant to Section 102 through 106 of the Foreign Assistance Act of 1961, as amended, and Title II of the FY 88 Continuing Resolution, Sub-Saharan Africa Development Assistance Account, the Industrial Diversification Project for Mauritius was authorized on August 22, 1987. The Authorization was amended on March 14, 1989. That Authorization is further amended as follows:

a. Paragraph 1 of the Authorization is deleted in its entirety and replaced by the following paragraph:

> Pursuant to Sections 102 through 106 of the Foreign Assistance Act of 1961, as amended, and Title II of the FY 88 Continuing Resolution, Sub-Saharan Africa-Development Assistance Account, I hereby authorize the Industrial Diversification Project for Mauritius involving planned obligations of not to exceed $2,350,000 in grant funds over a three year period from date of authorization subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the project. The planned life of the project is approximately three years from the date of initial obligation.

b. Paragraph 2 of the Authorization is deleted in its entirety and replaced by the following paragraph:

> The Project consists of short and medium term technical assistance and commodities to the private sector and the Government of Mauritius (GOM) to (1) assist the private sector and the GOM to identify, evaluate, and implement alternative industrial and service sector diversification opportunities; and (2) assist the private sector directly to increase sales and value added for export. Assistance will be provided in four broad areas: identification of opportunities for sector-specific market expansion and industrial diversification; firm-specific assistance in such areas as production, marketing and management; improvement of the computer capacity in key GOM agencies; and institutional support to the University of Mauritius.

2. The authorization cited above remains in force except as amended.

Signature: Satish P. Shah

Satish P. Shah
Director, REDSO/ESA

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE: C (A = Add, C = Change, D = Delete) — Amendment Number 1

DOCUMENT CODE: 3

2. COUNTRY/ENTITY: MAURITIUS

3. PROJECT NUMBER: 642-0010

4. BUREAU/OFFICE: AFR — 06

5. PROJECT TITLE (maximum 40 characters): MAURITIUS INDUSTRIAL DIVERSIFICATION

6. PROJECT ASSISTANCE COMPLETION DATE (PACD): MM 09 DD 30 YY 91

7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4)
A. Initial FY 88 B. Quarter 4 C. Final FY 89

8. COSTS ($000 OR EQUIVALENT $1 =)

A. FUNDING SOURCE	FIRST FY 88 B. FX	C. L/C	D. Total	LIFE OF PROJECT E. FX	F. L/C	G. Total
AID Appropriated Total	850		850	2,325	25	2,350
(Grant)	(850)	( )	(850)	(2,325)	(25)	(2,350)
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S. 1. IESC				165		165
Other U.S. 2.						
Host Country					500	500
Other Donor(s) HC PRIV. SEC.					246	246
TOTALS	850	8	858	2,325	771	3,261

9. SCHEDULE OF AID FUNDING ($000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE 1. Grant	2. Loan	D. OBLIGATIONS TO DATE 1. Grant	2. Loan	E. AMOUNT APPROVED THIS ACTION 1. Grant	2. Loan	F. LIFE OF PROJECT 1. Grant	2. Loan
(1) SSA	663			850		1,500		2,350	
(2)									
(3)									
(4)									
TOTALS				850		1,500		2,350	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)
A. Code
B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

To assist the private sector and the GOM to identify, evaluate and implement alternative industrial and service sector diversification opportunities and assist the private sector directly to increase sales and value added for export.

14. SCHEDULED EVALUATIONS
Interim MM 07 YY 90 MM YY Final MM 09 YY 91

15. SOURCE/ORIGIN OF GOODS AND SERVICES
☐ 000 ☐ 941 ☐ Local ☒ Other (Specify) 935

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of 6 page PP Amendment.)

RFMC Clearance: TCully Tony Cully

17. APPROVED BY
Signature: Satish P. Shah
Title: DIRECTOR, REDSO/ESA
Date Signed: MM 08 DD 19 YY 89

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
MM DD YY

AID 1330-4 (8-79)

MAURITIUS INDUSTRIAL DIVERSIFICATION PROJECT

642-0010

PROJECT PAPER SUPPLEMENT

20

MAURITIUS INDUSTRIAL DIVERSIFICATION
(642-0010)
PROJECT PAPER SUPPLEMENT

TABLE OF CONTENTS

Page

I. Background....1
A. Economic Setting....1
B. The Diversification Effort in Mauritius....2
1. AID-Funded Activities....2
a. MIDP....2
b. HRDA....4
2. Other Donor Programs....5
3. Other GOM Initiatives....5
4. The Environmental Investment Program....6

II. Project Description....7
A. Goal and Purpose....7
B. Project Components....7
1. Informatics Sector Assistance.... 7
2. Firm Specific Assistance....12
3. Computerization of Key GOM Agencies....14
4. Institutional Support-University of Mauritius..15

III. Financial Plan....17
A. Budget....17
B. Methods of Financing....17
C. Summary Budgets for Project Components 18

IV. Project Analyses....19
A. Technical....19
B. Institutional....19
C. Economic....20
D. Social....22

V. Implementation Arrangements....24
A. Procurement of Technical Assistance Services....24
B. Procurement of Computer Equipment....26
C. Anticipated Source/Origin of Project Inputs....26
D. Use of Gray Amendment Entities....26
E. Implementation Schedule....26

VI. Evaluation Plan....27

Annexes
A. GOM Request for Assistance
B. Revised Logical Framework Matrix
C. IEE Amendment
D. Statutory Checklists
E. Certification for Compliance with Gray Amendment
F. Description of IESC "ABLE" services
G. Draft Scope of Work for Information Services/Electronics Sector Assistance.
H. AID/W Approval Cables

21

ACRONYMS

ACP	Association of Computer Professionals
AID	Agency for International Development
CAD	Computer Aided Design
CDC	Commonwealth Development Corporation
DBM	Development Bank of Mauritius
DFA	Development Fund for Africa
EOPS	End of Project Status
EEC	European Economic Community
EPZ	Export Processing Zone
ESA	East and Southern Africa
EIP	Environmental Investment Programme
GDP	Gross Domestic Product
GOM	Government of Mauritius
HB	Handbook
HC	Host Country
HRD	Human Resources Development
HRDA	Human Resources Development Assistance
IBRD	International Bank for Reconstruction and Development (World Bank)
IESC	International Executive Service Corps
IQC	Indefinite Quantity Contract
IVTB	Industrial and Vocational Training Board LOP Life of Project
MIDP	Mauritius Industrial Diversification Project
MCCI	Mauritius Chamber of Commerce and Industry
MEDIA	Mauritius Export Development and Investment Authority
MEF	Mauritius Employers Federation
MEPD	Ministry of Economic Planning and Development
MEPZA	Mauritius Export Processing Zone Association
MES	Mauritius Examination Syndicule
MOF	Ministry of Finance
MIIT	Ministry of Industry & Industrial Technology
OPIC	Overseas Private Investment Corporation
OYB	Operating Year Budget
PCC	Project Coordinating Committee
PEDS	Private Enterprise Development Support
PIL	Project Implementation Letter
PIO/T	Project Implementation Order for Technical Services
PRE	Private Enterprise Bureau of A.I.D.
PP	Project Paper
PTA	Preferential Trade Area
REDSO/ESA	Regional Economic Development Service Organization/East and Southern Africa
SIL	State Informatics Ltd.
SAL	Structural Adjustment Loan
SAP	Structural Adjustment Programme
TA	Technical Assistance
TDC	Transitional Developing Country
UM	University of Mauritius
UNDP	United Nations Development Programme
US	United States
WASH	Water and Sanitation for Health

I. BACKGROUND

A. Economic Setting

Mauritius has continued its strong record of export led economic growth into 1989, although the pace has slowed. Real GDP grew 5.7 percent in 1988, against the background of over 8 percent for the previous two years.

Over the past year, total exports have increased about 9 percent; EPZ exports have increased 24 percent. Tourism revenues increased 33 percent in 1988, and now contribute over 15 percent of foreign exchange earnings.

The foreign exchange position of Mauritius remains sound; the debt service ratio has fallen below 10 percent, and reserves are equal to 17 weeks of imports.

The Fifth National Development Plan for 1988-1990 projects real GDP growth of 6 percent, fueled mostly by private sector investment. The domestic savings rate is a relatively high 27 percent. A major focus of public sector investment is on badly needed improvements in telecommunications and environmental infrastructure.

Mauritius has a number of comparative advantages that make it an attractive investment location. These include a stable government, preferential access to markets in Europe and Africa, a central location among Europe, Asia, and Africa, good business support services, a stable, educated, and trainable work force, adequate infrastructure, a developed industrial base, good fiscal incentives, and labor costs equal to or lower than most other industrializing nations.

However, Mauritius faces daunting problems as a result of its successes. Labor is in increasingly short supply, affecting smallholder sugar growers as well as the EPZ sector. In the public sector, wages were increased 50 percent in the last year, private sector wage increases were nearly as high. These wage increases were not accompanied by a similar growth in productivity, and this will erode Mauritius traditional competitive advantage of cheap and skilled labor. Largely as a result of the salary increases, the inflation rate shot from 2 percent in 1987 to around 15 percent in 1988.

Diversification from textiles into more highly value-added industries has proceeded slowly. The dangers of the slow diversification process are accentuated by the increasingly competitive environment in the textile industry worldwide.

Diversification is hampered by a shortage of engineers and technicians, a paucity of manufacturing support industries, expensive and mediocre quality telecommunications, lengthy and confusing investment approval procedures, absence of free zone style industrial parks, increasing labor shortages, and long distances from markets and suppliers.

B. The Diversification Effort in Mauritius

1. AID-Funded Activities to Date

a. MIDP

Under MIDP, the following activities have taken place as of July 1989.

Preferential Access Seminar

A specialist in the U.S. preferential access programs gave a seminar in Port Louis, and scheduled individual consulting sessions with the seminar participants. Although most participants recognized that the specialist was highly qualified and skilled at presenting the material, the seminar and consulting sessions were not well received. First, most of the participants were in the textile industry, and the information the specialist gave about preferential access to U.S. markets was not encouraging. Second, although the terms of reference clearly specified that the consultant would focus heavily on the United States programs, at least a few in the seminar audience were expecting to be presented more information about the PTA and European market access programs.

The Sector Studies

Specialists in agro-industry, information services, and electronics sectors analyzed industry prospects and made recommendations on promotion, training, infrastructure, and policy changes.

- Informatics Sector Study

Two consultants with experience in the offshore information services industry in the Caribbean spent four weeks in Mauritius. During their consultancy, and especially at their wrap-up seminar towards the end, the Mauritian private sector was very excited about the findings and recommendations. Discussed in detail in the Project Description, the new Informatics Sector Assistance project component addresses key areas in market research, promotion, training, and infrastructure design that will allow Mauritius to exploit current advantages and create new ones in this rapidly growing sector.

24

The consultants saw immediate prospects for the slow turnaround data entry, computer aided design, and software development subsectors. With the construction of a teleport and specialized industrial park, the telecommunications intensive subsectors will become very attractive as well.

The timing of the information services consultancy was particularly fortuitous. Coincident with their visit, one Indian and one French software development team were scoping out the possibilities of an English-French software translation service; and a Singapore firm was looking for a base for fast turnaround data entry and data base management services for the French and U.K. markets. In addition, the Mauritian Export Development and Investment Authority (MEDIA) has received inquiries from Far Eastern and U.S. firms interested in establishing information services ventures in Mauritius.

As a result of the consultancy, the Mauritius Chamber of Commerce and Industry (MCCI) has received a number of requests for firm specific assistance in developing and marketing offshore information services. Many of these requests would have been difficult to meet under the original firm specific assistance guidelines but are particularly appropriate for the IESC's ABLE and joint venture services (see project description below).

Electronics Sector Assessment

One electronics and electrical industry consultant with experience in the Caribbean and Far Eastern offshore operations spent four weeks in Mauritius.

The export electronics industry has not been a resounding success in Mauritius, although the GOM views electronics as a promising sector. Until recently, the strategy for development of the sector seemed to be the encouragement of assembly operations for the domestic market, which would provide a base of experience to expand into export markets.

The electronics sector consultant found that Mauritius had a comparative advantage in the subassembly and commercial/industrial finished product subsectors; but required foreign involvement to make up for deficiencies in marketing and design.

The wrap-up seminar was very well received by private and public sector alike. Even those involved in electronics venture that had failed came out of the seminar realizing the failures were largely due to avoidable mistakes, and that future electronics ventures may be very attractive.

The electronics sector consultant placed a very high priority on improving training programs in electrical, electronic, maintenance and support industries, and industrial management skills. Existing programs by the Ministry of Education and planned programs by the MEPD will go some way to resolving deficiencies.

The Agro-industrial Sector Assessment

An agro-industrial expert with experience in Africa, the Pacific, and Latin America spent three weeks in Mauritius.

Agro-industry in Mauritius is far more developed than either the electronics or information services sectors. As a consequence, the consultant analyzed why diversification has not occurred as well as assessing future prospects for the industry.

The consultant confirmed that diversification from sugar was inhibited by the current price structure set under the sugar protocol with the EEC; sugar simply yields more per hectare than any other agricultural activity. Two other inhibiting factors to diversification are shortages of arable land not already under sugarcane, and the annual cyclonic season.

Although the consultant had not finalized his report when this project paper was written, he saw potential for exotic and off-season horticulture, particularly as the Mauritian "brand name" improves with increased tourism. The consultant also tentatively recommended that the sugar-industry be encouraged to form a "diversification consortium", which would provide a critical mass of capital and expertise, and share the risk of failure.

b. Activities under HRDA to date

The Export Marketing Seminar

A four week course in export marketing was presented in Mauritius by the International Marketing Institute (IMI) of Boston College. Although the initial response amongst marketing professionals was low, by the end of the first day the course was heavily oversubscribed.

Evaluations done by the course participants were very positive about the course content and presentation. Some firms have decided to send staff to the IMI residential course in Boston. As a result of the course, local marketing professionals are forming the Mauritian Marketing Association, which will be affiliated with the American Marketing Association in Chicago.

In a second course to be offered under HRDA, larger firms will be asked to be paid a higher fee for their personnel, and more time will be scheduled for individual firm consultations -- for an additional fee. Eventually, private sector interest and ability to pay may be high enough so that IMI can present courses in Mauritius with little or no donor assistance.

2. Other Donor Programs supporting Industrial Diversification

The EEC provided $28 million from 1985 through 1988 in support of agricultural and industrial diversification and promotion. Among other activities, the EEC is supporting the Mauritian Standards Bureau; MEDIA-sponsored trade promotion tours to Kenya, Malawi, and Zimbabwe; the University of Mauritius to develop the electrical engineering program. Together with the Italian government, the EEC is providing equipment and staff to the Lycee Polytechnique for training programs in leather and shoe working.

The EEC is also supporting a major study in socio-economic impacts of industrialization. Under the original MIDP, USAID was to fund a similar study, although with far less ambitious terms of reference.

The French are the largest donors in Mauritius, and are involved in virtually all areas. They are major funders of the Lycee Polytechnique, including the provision of equipment and trainers for training of electrical technician trainers.

Australia is a relatively large donor, providing over $3 million/year, but only $100,000 is directly related to trade and industry promotion.

3. GOM Initiatives in Industrial Diversification

The GOM is addressing Mauritius' new set of problems with a mix of initiatives that will improve the island's labor and capital base and attract higher value-added and service sector industries, while reducing dependence on textiles and sugar. A few key initiatives are discussed below.

Training towards higher value added, skill-intensive employment

In 1988, MEPD published "Mauritius: Towards an Industrial Training Strategy" which focused on industrial training explicitly apart from overall concern with general education on quantitative manpower issues. It addressed the role of industry, private training institutions and the GOM. Perhaps the most interesting feature is "Operations leapfrog", whereby Mauritius will monitor economic and industrial performance of the country's major competitors and adapt training programs (and industrial policy) accordingly. Intra-governmental and public/private sector dialogue will continue to refine this proposed training strategy.

Stock Exchange Act

With capital market development a high priority in Mauritius, Parliament passed the Stock Exchange Act in 1988. The GOM expects that the stock exchange will attract savings, encourage local companies to list their shares and spread ownership of the means of production more widely among the people, and eventually attract foreign investors.

21

The incentives offered to list stock may not be enough to attract local or foreign firms to the exchange, particularly those already operating under the EPZ regime. Only five companies were listed when the stock exchange opened July 5th.

Offshore Banking Act

Another capital markets initiative was launched with the Banking Act of 1988, which created the legislative framework for Africa's first offshore banking center. The GOM hopes that the offshore banking will help transform Mauritius into a regional financial center; Barclays Bank was offered the first offshore license earlier this year.

To be successful, the offshore banking facility must be flexible and liberal enough to attract a sufficient deposit base (there have been some doubts expressed about why depositors would choose Mauritius over established safe havens such as the Channel Islands). On the other hand, regulations must to be strict enough to screen out drug money or South African flight capital that might discredit operations.

Mauritius as an Entrepot

Although not yet formalized as a legislative initiative, the GOM is actively encouraging regional exporters and importers to use Mauritius as a free port. One incentive might be GOM provision of additional warehouse facilities. The government also plans that Mauritius, with its strong foreign exchange reserve position, will become a major regional wholesaler in its own right.

4. The Environmental Investment Program

GOM officials are acutely aware of emerging environmental problems that have occurred as result of unrestricted development. Industrial pollution, agricultural pesticides, septic tank leakage all endanger the drinking water supply, tourism, fisheries, and the high quality of life enjoyed in Mauritius.

Last January in Paris, donors at a World Bank organized conference in Paris pledged $93 million in grants and loans over the next five years in support of the environmental investment program. Some highlights of the program are development of comprehensive master plans for water and solid waste treatment (AFDB-funded), and a program (supported by UNDP) to strengthen the newly created Department of the Environment.

II. PROJECT DESCRIPTION

A. Goal and Purpose

The goals of the project remain as originally conceived - to promote economic stability and to increase incomes. The purposes are essentially the same, with only a minor modification to add selected activities designed to implement the recommendations of studies and analyses emanating from technical assistance which has been provided to date under MIDP. The revised purpose statement is to (1) assist the private sector and the GOM to identify, evaluate, and implement alternative industrial and service sector diversification opportunities; and (2) assist the private sector directly to increase sales and value added for export.

The original design of the Industrial Diversification project was premised on the belief that Mauritius, as a transitional developing country, could no longer rely on the sugar and textile industries to continue to drive the impressive economic growth of recent decades. It was argued that the country was ready to look to the future, and take a bold, new step in the development process. As discussed in previous sections, several possibilities to expand into higher value added, higher income export markets have been identified. This amendment builds upon the findings of these studies to date and expands the project to include institutional support for the University of Mauritius to help it become an integral player in the industrial diversification process.

B. Project Components

1. Informatics and Electronics Sector Assistance

The GOM and the private sector will be provided technical assistance to understand and exploit opportunities in the information services, and to a limited extent, the electronics sectors. Assistance will be provided in the form of four modules:

(i) Market Research
(ii) Promotion
(iii) Training
(iv) Feasibility of Infrastructure Development

A summary description of the module components are provided below. Budgets are contained in Section III, Financial Plan. Provisional scopes of work are included in Annex G.

Informatic Module One: Market Research

Three market research studies will be conducted on the information services sector. All three will involve field research, analysis in the home office, the presentation of a seminar in Mauritius, and follow-up consultations with private sector firms and interested GOM officials.

1. Information services Markets in the European Economic Community (EEC)

Although the United States information services market is several times larger than that of the EEC, for language and distance reasons alone the latter is probably the most promising geographic area for Mauritius. Therefore, the first market research study will be an in-depth, general analysis of the opportunities for Mauritius based provision of offshore information services services for the EEC. Field research will be undertaken in the United Kingdom and France.

2. CAD Conversion in Europe and the United States

TSG identified conversion of engineering drawings, maps, architectural blueprints, and other paper documents into Computer Assisted Design (CAD) data bases as a subsector where Mauritius currently has a considerable comparative advantage, even in the United States. This second study will be a detailed assessment of CAD conversion opportunities.

3. Software Translation Services English - French French - English

Mauritius has a unique ability to provide software translation services -- and linked in joint ventures with experienced, low cost software development houses in India and Southeast Asia would be poised to exploit European and possibly Francophone African markets. The third study will be a detailed assessment of combining Mauritian linguistic capabilities with joint venture arrangements to enter the $30 billion plus software development market.

Informatics Module Two: Promotion

Well designed promotional activities, with the input of both public and private sector, will be important to attract foreign partners to choose Mauritius as a base for offshore information services operations. Three component activities will be completed under the promotion module.

30

1. Exposure Tour to three key offshore informatic centers

The Caribbean Basin, India, and Southeast Asia have developed information services free zones/industrial parks. The exposure tour would allow senior level public sector and private sector leaders to experience first hand the type of infrastructure, promotional campaigns, in-country assistance provided to foreign investors in these three areas.

2. Development of Promotional Material for Informatics Sector

- Brochure — A brochure on export-oriented information services activities and opportunities in Mauritius will be developed. Although careful preparation is required, the design and production costs are very low.

- Video — The Dominican Republic has used an interactive video presentation very effectively in trade fairs overseas. Assistance would be given in conceptualizing and designing the video. Production could be done locally.

3. Preparation and Follow-up Guidance for Participation in Trade Fairs

Participation at trade fairs will allow information services providers and GOM officiaLs an opportunity to keep on top of industry trends, make deals, and promote Mauritius. After priority sectors have been targeted and understood, assistance will be given to prepare, participate, and follow-up on one trade fair in Europe and one trade fair in the United States. This assistance will provide a model for future preparations for other trade shows.

Assistance will also be provided to prepare, participate, and follow up for two electronics trade fairs in the subassembly and industrial/commercial finished produced sectors. One fair will be in either Europe or Asia, and one in the United States.

4. Assistance to MEDIA with promotion of information services opportunities in Mauritius to U.S. businesses.

Under the original MIDP, MEDIA was to receive general assistance in promoting Mauritius to U.S. investors. The sector focus of this assistance has been narrowed to information services.

Informatics Module Three: Training via technical seminars presented by ACP

One of the best way of disseminating skills and new technology in the information services sector is through cooperative training arrangements amongst private sector firms, whereby an expensive expatriate trainer conducts intensive open and in-house training sessions with individual companies. The recently formed Association of Computer Professionals (ACP) may be an excellent vehicle to foster such intra-industry cooperation. Assistance will be given to the ACP to identify, contract, and host these multi-company training arrangements -- with the private sector bearing the full cost of in house training itself.

Informatics Module Four: Feasibility of Infrastructure Development

1. Feasibility Study of an Information Services Office Park with Teleport

To attract investment in the telecommunications intensive sectors of the information services industry, Mauritius will have to provide low cost, high quality telecommunications services. Providing this kind of service to disparate locations in Mauritius may not be feasible for years.

A solution might be the development of a specialized industrial park with a dedicated satellite communications link (or "teleport"). India and some Caribbean Basin countries have used teleports with great success; at no cost to the government and with no incremental demand on (or revenue depletion from) the existing telecommunications infrastructure. A specialized industrial park would be a centerpiece for investment promotion campaigns, and would also expand opportunities to access interactive learning programs via satellite. The park could also support back office communications operations of the offshore banks.

Assistance will be given to assess the feasibility of a specialized information services office park with teleport. This assistance was included in the original MIDP, the only difference is that the teleport concept will be explored explicitly.

Although MEDIA and OTS will be the coordinating GOM agencies, actual design and construction of the park could be done by a private sector firm, alone or in partnership with MEDIA.

2. Feasibility Study of a specialized industrial park for the electronics industry

A description of this project component is contained in the original MIDP paper.

Outputs of Informatics Sector Assistance

The GOM will have a better understanding of the policy implications and technical needs of the export oriented information services industry, and will have access to well designed promotional materials.

Private sector firms will have the necessary market and product information to make investment decisions in information services.

End of Project Status

At the end of the project, Mauritius will have attracted additional offshore information services firms to locate in Mauritius, increased the amount of joint-venture and subcontracting arrangements with local firms, and increased the amount of Mauritian ventures in information services.

Private sector organizations will be better equipped to respond to outside inquiries, provide training opportunities and research services to their members, and represent the private sector at industry trade shows.

The potential to increase foreign exchange earnings will be created, and higher value added, skill-intensive information services jobs will have been created. The feasibility of an office park/teleport will have been established, which if completed, would provide infrastructure useful to the offshore banking industry and a wide spectrum of training efforts.

Inputs

The GOM, private sector business and professional organizations, and private sector firms will be provided:

- Technical assistance in understanding and exploiting export oriented information services industry opportunities (e.g. market research, design of promotional materials, and feasibility studies).

- Travel and other expenses reimbursement for participation on an exposure visit to key information services centers and 2 information services trade fairs.

A prime TA contract estimated at $800,000 will be awarded to implement this component of the project. Additional funding from this PP amendment is $600,000.

2. Firm Specific Assistance - Description of Project Activities

The firm-specific assistance component of the project, which is managed currently by the Mauritius Chamber of Commerce and Industry (MCCI), will be continued and augmented with additional funds. Two basic modifications will be made to this component, as described below.

a. All firm specific assistance will be provided through the International Executive Service Corps (IESC)

Firm specific assistance, as originally designed, was to be provided through the IESC as well as through the REDSO IQC and the various AID centrally funded projects, such as PEDS. The change to implement all assistance through IESC was made at the request of the MCCI for two reasons:

(i) First, IESC volunteers are about half as expensive as the other sources of technical assistance, so that more firms could receive assistance for the same amount of project funds;

(ii) Second, IESC volunteers are more flexible about accepting extended assignments; the typical assignment is three months. Conversely, it is difficult to recruit professional consultants for assignments longer than 4 weeks.

b. The range of firm specific assistance will be expanded to include the American Business Linkage Enterprise (ABLE) and Joint Venture services provided by IESC

ABLE provides low cost research and brokering services for business, industry, and universities in developing countries. ABLE projects generally fall in one of the following categories:

Export Development,
Export Business Development,
New Product Development,
Joint Venture, Co-production, Subcontracting, and Equipment Purchase.

ABLE differs from the traditional IESC program in that the work is done by volunteers in the United States; but the two are often closely linked. For example, a typical ABLE assignment will often follow an in-country assignment that addressed production problems. Because ABLE services do not involve overseas travel and per diem expense, the cost per assignment is low. Details of the ABLE program can be found in Annex F.

The Joint Venture services provided by IESC involve a U.S. volunteer who has already visited the client firm - either from an earlier IESC assignment or specifically to assess joint venture prospects. This volunteer then selects and makes contact with prospective joint venture candidates in the United States. Expansion to cover ABLE and joint venture services responds directly to requests from private firms for assistance under the present program. Businesses, especially those interested in new areas such as information services and electronics, have requested assistance in finding overseas partners and markets.

Outputs

With the assistance of the IESC, Mauritian firms will have designed and implemented changes in management, production, and marketing operations. In addition, new joint ventures, production sharing, and subcontracting arrangements, will be evaluated.

End of Project Status

At the end of firm specific assistance provided under MIDP, Mauritian firms will have increased their capability to expand production and sales of non-textile goods and services. Opportunities for U.S. and other foreign involvement through subcontracting and joint ventures will have been identified.

Inputs

Approximately 20 Mauritian firms will be provided technical assistance through a volunteer IESC assignment in Mauritius, and another 20 firms will have received IESC assistance through the ABLE and Joint Venture Services. The firm-specific assistance will be implemented through a grant to IESC. The estimated cost of this component is $330,000, $150,000 of which will be provided under this amendment.

3. Computerization of key GOM agencies in support of Trade and Diversification Activities

A consistent finding of the sector studies conducted thus far under MIDP is that onerous, overly complicated, and protracted systems are being used by the GOM for such activities as issuance of EPZ certificates, business licenses, import/export permits, and customs clearances. This component of the project will provide the necessary hardware and software packages to the State Informatics Limited (SIL), to develop database systems for the Ministries of Finance, Trade and Shipping; Industry and Industrial Technology; as well as MEDIA.

State of the art training in systems design, implementation, and management will also be provided to SIL staff to enable them to use the hardware and software to their optimum potential.

The provision of a computer and the design of software packages will enable the GOM to streamline its financial tracking, investment approval, export/import licensing and customs procedures, particularly for EPZ and ESZ firms. As part of the systems design and implementation, overly burdensome and unnecessary steps in the approval processes will be eliminated, while others will be consolidated and simplified. The result will be much faster turnaround times for government approvals, easier and quicker access to information, and the capability to respond to data requirements concerning business permits, import and export licensing and general trade and fiscal matters. Thus, major constraint to private investment in Mauritius will be mitigated.

Outputs: Development of a computer system to streamline the review and approval process for various business permits and licenses, as well as customs clearances.

EOPs: Improved capacity of the MOF and other key GOM Ministries to assess and approve business applications in a timely manner which responds to the needs of potential investors and firms currently operating in the EPZ and ESZ sectors.

Inputs: One Minicomputer with required peripherals (terminals, external storage units, line printer, matrix printers, operating system, programming language and software packages)

Books and Manuals

Training in systems conceptualization, design, and implementation, which will be made available to private sector employees on a cost reimbursable basis in addition to ministry and SIL staff.

(Estimated Cost: $350,000) of which:

- Microcomputer with peripherals	- $220,000
- Technical Assistance/training	- $90,000
- Development and Production of Manuals	- $40,000

In October/November 1989, REDSO/ESA's computer specialist will visit Mauritius to review the specific requirements for implementing the system. He will assess the completeness of the GOM's existing needs assessment regarding hardware, software, site preparation and staff training. Based on this assessment, specifications, detailed costs and a contracting plan will be developed jointly by the GOM and REDSO.

4. University of Mauritius - Linkage with a U.S. University and curriculum support in Information Technology and Women's Studies

To support the industrial diversification process, AID will provide assistance to bring the University of Mauritius (UM) more fully into the planning and training process. In the long-term, the GOM and the University of Mauritius wish to establish a permanent linkage arrangement with a U.S. university which would cut across several departmental lines to develop the UM into a first-rate institution of higher learning offering state of the art training and research. The linkage arrangement would focus on those UM departments which are identified as key to the economic growth pattern of Mauritius.

To initiate this program, AID will finance the costs of staff development and curriculum design for two departments: (1) the Information Technology Faculty of the School of Engineering and (2) the Department of Women's Studies.

Assistance in information technology will upgrade the current certificate course in computer studies into a full-fledged diploma course and, in a possible later phase, to a degree program. Specific areas of concentration will be communications, micro-electronics and computer science.

The UM has developed a future-oriented document entitled "Mauritius 2000: A Generalized Framework for Academic Activities." The framework calls for studies on women and development as a high priority in light of the rapid social change being experienced during Mauritius' rapid industrial growth phase. With the advent of further growth in new areas, such as informatics and electronics, the economy will change and grow in ways that will continue to affect the country's social fabric. Already, women and children are affected as traditional roles change.

Research on issues concerning women and family structure in Mauritius is almost non existent (although a major study is planned with funding from the EEC). The current of information is a handicap to policy makers and planners involved in developing social programs. Assistance will be provided to help UM develop new courses and inter-disciplinary research programs which address issues affecting women in Mauritius.

Finally, approximately three person-months of technical assistance will be provided to help UM begin the planning process for a long-term development strategy, focusing on the initial steps for a linkage arrangement with a U.S. University. This assistance will help UM identify specific departments to be included in the linkage arrangements and begin the process of identifying potential U.S. University partners.

Outputs

New courses in information technology and women's studies will be developed and staff trained.

A proposal for a long-term linkage arrangement with a U.S. University will be developed.

EOPs

The University of Mauritius will have increased capacity to conduct courses in information technology and women's studies. In addition, research capabilities of UM staff will be enhanced.

Inputs ($400,000 - Technical Assistance and staff training in curriculum development $300,000; technical assistance to develop a long-term linkage strategy $100,000).

III. FINANCIAL PLAN

This amendment to MIDP will provide $ 1.5 million in additional funding from A.I.D., bringing the total LOP to $2.350 million. In addition to HC (government and private firms) contributions anticipated in the original design, the GOM will provide both cash and in-kind contributions for the additional activities proposed in this amendment. Cash contributions will include local currency support for MCCI to implement firm-level TA and the provision of local currency by the GOM for additional facilities at the University of Mauritius. In-kind contributions will include support for TA (office space, salaries of counterparts, secretarial services, transportation in country, equipment, counterpart salaries, offices, misc. supplies). Private firms will continue to contribute fees for production and marketing assistance and the IESC will fund certain costs of firm-level assistance component of the project.

Project Components and Methods of Financing

Short-term TA	HC Contract	Direct Payment
Informatics Assistance	HC Contract	Direct Payment
Firm-level Assistance	AID Direct Grant	Direct Payment
Computerization Program	REDSO PSA IQC	Direct Payment
Support to U. of Mauritius	AID Direct Contract	Direct Payment

A. Original Budget (U.S. $000)

	AID	GOM	PRIVATE SECTOR	IESC	TOTALS
Technical Assistance	800	124	40	88	1052
Evaluation and Audit	50	-	-	-	50
TOTAL	850	124	40	88	1102

B. Budget for Additional FY89 Funding (U.S. $000)

Information Assistance	600	-	50	-	650
Firm Specific Assistance	150	-	156	77	383
GOM Computerization	350	50	-	-	400
Assistance to U. of Mauritius	400	326	-	-	726
TOTAL	1,500	376	206	77	2,159

C. Summary Budgets for Project Components (U.S. $000) A.I.D.

1. INFORMATICS SECTOR ASSISTANCE

Market Research	195
EEC Market	(100)
CAD Conversion	(45)
Software Translation	(50)
Promotion	290
Exposure Tour	(80)
Promotion Materials	(25)
Trade Fairs	(160)
U.S. Promotion	(25)
Training - ACP Seminars	70
Infrastructure Feasibility studies	175
Office Park/Teleport	(105)
Industrial Park Electronics	(70)
Total Informatics Budget	730
Less funds from FY88 obligation	130
Incremental Informatics Budget	600

2. FIRM-LEVEL ASSISTANCE (IESC)

	A.I.D.
19 IESC volunteers	284
2 Joint ventures	38
15 ABLE assignments	8
Total	330
Less funds already budgeted	180
A.I.D. funded this amendment	150

3. GOM COMPUTERIZATION PROGRAM

Procurement of minicomputer and peripherals	220
Technical assistance/training	90
Development and Production of Manuals	40
TOTAL this Amendment	350

4. INSTITUTIONAL SUPPORT TO THE UNIVERSITY OF MAURITIUS

TA for development of linkage arrangement	100
Curriculum Development	300
TOTAL this Amendment	400

IV. PROJECT ANALYSES

A. Technical

In the original MIDP Project Paper, technical, institutional and administrative analyses were combined. This amendment includes a separate institutional analysis which, while based on the original, provides additional information (see Section IV.B).

The technical rationale for assistance to private sector firms and in particular to the informatics sector is covered in both the project description and the economic analysis. In short, the project is filling a gap not covered by donor or GOM efforts in the diversification process by providing highly qualified expertise from the U.S. to help the GOM to identify policy constraints to diversifying into new production and service sectors and, more importantly, by providing direct assistance to the private sector to identify markets and product lines which have the potential to increase exports in high value added sectors.

B Institutional Analyses

The key public sector implementing agencies in the new project activities are MEPD, MEDIA, SIL, University of Mauritius, and MOF. The key private sector implementing agencies are MCCI and the ACP.

Public Sector

MEPD — The project management capabilities of MEPD were discussed adequately in the original project paper technical analysis. The major change proposed in this amendment is a switch from direct-A.I.D. to host Country contracting for certain technical assistance activities. Section V provides an assessment of MEPDs contracting capabilities.

MEDIA — MEDIA's capabilities as an export promotion agency and industrial park developer were discussed in the original project paper analysis.

SIL — SIL is a newly created parastatal with the mandate to design and develop computer software systems for the public sector. To date, they have recruited 20 computer professionals and they are undertaking an analysis of GOM systems. The staff is not fully capable of designing and implementing new software systems; that is why a portion of PP amendment funds will be devoted to training of SIL staff.

UM — The School of Industrial Technology at the University of Mauritius is currently running regular certificate courses in computer studies. The School wants to upgrade the certificate course in computer studies into full fledged diploma and degree courses; but it is hampered by low funding levels, inadequate faculty training and experience, and a poor understanding of private sector needs.

PP amendment funds to support a US/Mauritius university linkage will help the School redress many of its deficiencies.

Private Sector

MCCI — MCCI's role will be modified by the project supplement. Its responsibilities for the firm specific assistance may be reduced to general support of the IESC program, and providing office space to the resident IESC volunteer. On the other hand, MCCI's responsibility for coordinating technical assistance activities, particularly in the information services sector, will be increased. This added responsibility will include helping consultants with appointments and office support, organizing seminars, and helping organize trade fair and exposure tour delegations. MCCI has considerable experience doing all of the above; for AID, for other donors, and on their own initiative. Furthermore, MCCI is very interested in the information services sector, and has been planning events themselves without any AID assistance.

ACP — The ACP is a new organization of computer professionals who have attained at least a BSc level in academic training in computer sciences. The ACP has already sponsored seminars presented by local experts, and they should be capable of doing so for seminars presented by us experts.

C. Economic Analysis

A study of economic prospects for Mauritius conducted by REDSO in January 1988 identified the heavy concentration of industrial activity in the textile and government sector as a major problem for the country's further development. As real wages rise, it is particularly important that Mauritius' industry diversity into areas of higher labor productivity if the country's recent high rates of growth are to be sustained.

The analyses conducted under the MIDP have provided a careful evaluation of three promising sectors, an assessment of their prospects for Mauritius, and recommendations on policy, training, infrastructure, and other areas. This PP amendment is based on an evaluation of the preliminary results of the MIDP, recognizing that no one project can simultaneously address all constraints to industrial diversification in Mauritius.

Feasibility of Infrastructure Development

Both the electronic and information services sector consultants specifically recommended development of purpose built industrial/office parks. Funds for feasibility studies in these areas are already budgeted in the project. An integral component of these studies will be the expected economic returns and cost effectives of developing purpose built parks.

Firm Specific Assistance

Firm specific assistance is necessary to help individual firms to enter the appropriate sectors and subsectors. The economic outcomes of the lack of this type of assistance would fall into the following categories:

- Slowed pace of diversification

- Opportunity costs of failed or marginal businesses -- the capital and labor that went into the unsuccessful enterprises could have been otherwise employed.

Equally as important as an economic cost/benefit analysis, of course, is the following point: firm specific assistance provided through IESC volunteers in Mauritius and in the United States will provide immediate, tangible results with little management burden on AID.

Sector Assistance

Based on the information in the sector studies, additional assistance to both the informatics and electronics sector was considered.

Except for limited support for participation in electronics trade fairs, emphasis has been placed on information services for four principal reasons:

(i) Higher labor value added per job. Although certain electronics assembly/manufacture sectors have high value added per job, this is due to the capital intensive nature of the business rather than the skill intensive nature of the workforce.

(ii) The opportunity to capture significant market share ahead of competition. Mauritius unique linguistic skills and educated workforce give it a head start in the information services sector. In the electronics sector, although competitive, Mauritius has no unique advantages and will enter the market after a long line of experienced developing country competitors.

(iii) Major training investments by the public sector are not required, because the technology is rapidly evolving, private information services training institutions are available, and many information services firms prefer to do training in-house

(iv) U.S. has a strong comparative advantage in providing technical assistance in this area. The U.S. is the acknowledged world leader in most if not all areas of information services technology, as well as in establishing offshore enterprises the U.S. is one of several equal world leaders in electronics manufacture and assembly.

Policy Reform

A conscious decision was made not to provide program assistance towards policy reform, for three main reasons:

(i) The amount of funding for policy reform is too small to provide a meaningful incentive to the GOM;

(ii) Policy reform recommendations made to date would not have significant political, social or economic costs that the GOM would need assistance to meet, and

(iii) The GOM is capable of deciding and implementing policy reform when it is convinced that a change is necessary. MIDP analyses are providing the information needed to make many of these decisions.

D. Social Analysis

Under MIDP, AID anticipated funding a socio-economic impact study to determine the effect of industrialization on various segments of Mauritius population. In the meantime, however, the EEC has initiated a similar, but much more comprehensive study, which should be completed in approximately 15 months. Broadly the study will cover the following topics:

a. survey all available documents and studies relating to the environment in Mauritius with a view to assessing, in particular, the impact of industrialization on natural and physical environment;

- investigate the social impact of industrialization in Mauritius, with particular reference to its socio-cultural implications;

- make proposals on the development of an integrated approach to industrialization which gives due importance to the social and environmental dimensions of industrialization; and

- analyze the economic impact of industrialization and make recommendations on measures to maximize its economic benefits to the country.

b. Specific elements of the study are:

- the extent to which industrialization (work discipline, night shifts, overtime work etc.) is affecting society and family life, including family stability;

- the extent to which the population has adapted to the changing social environment;

- change in the family structure of industrial workers;

- possible shifts in control over family budget;

- the volume of domestic workload of industrial workers and its distribution and that of other family tasks among family members;

- the effect of independent income on women and children;

- social attitudes towards female employment and the consequences thereof;

- demand for social services (kindergartens, health services, education, counselling etc);

- impact on the habitat (on living conditions, access to basic public services, social relations) and on the location of the residences (the extent and type of migration - individual, family, temporary etc);

- the effect on traditional cultural and social values, including any shift observed in the people's perception of these values;

- the change in people's life-styles and its effects on society including any correlation with the rising trend of stresses and strains in the social fabric, work-related accidents, occupational health hazards, deteriorating nutrition etc.; and

- attitudes towards foreigners, in particular towards overseas industrialists, investors, businessmen and expatriate staff.

The results of the study will be used to help guide the design of support to the University of Mauritius on assessing the impact of industrialization on women and family and support provide valuable information for the development on a new curriculum for women's studies.

V. IMPLEMENTATION ARRANGEMENTS

A. Procurement of Technical Assistance Services

To the maximum extent, contracting for technical assistance activities will be done by the Grantee.

Under the original PP, technical assistance was provided under A.I.D. direct contracts. This resulted in a large management burden for REDSO/ESA. To reduce this burden and provide more involvement by the GOM, an assessment of the GOM's contracting ability was undertaken by the RLA, REDSO/ESA.

MEPD, the lead Ministry and Chair of the Project Coordination Committee, has undertaken Host Country Contracting with World Bank and EEC funds for approximately 10 years. EEC/World Bank procedures for technical assistance contracting are similar to A.I.D.'s. These contracts have ranged in amount from under $100,000 to several million dollars. MEPD clearly appears to have the expertise to conduct this type of contracting. The EEC representative was generally quite pleased with MEPD's performance.

MEPD has the authority to enter into contracts. At times, clearance from other ministries may be required prior to entering into a contract. For instance, the MOF will review a contract for fiscal/monetary issues. The Crown Counsel's office reviews the contract for legal sufficiency and compliance with Mauritian laws. In the past, these reviews have not caused any problems and have not delayed contract award. This process is simplified by the use of standard formats for contracts. A standard format for A.I.D. funded contracts -- following Handbook 11 guidelines -- will be utilized.

In evaluating the technical competence of various proposals, MEPD draws upon its own staff as well as professionals from other ministries. If asked by a donor, MEPD will include a representative from that donor on the review panel.

MEPD's experience demonstrates the ability to do its own contracting. It has shown a willingness and ability to abide by a donor's regulations and administer contracts accordingly.

MEPD has been provided with copy of HB 11, Chapter 1 (Procurement of Professional and Technical Services) and the REDSO RLA discussed points regarding A.I.D. requirements with MEPD officials. A PIL explaining A.I.D. Host country Contracting requirements will be issued shortly after the signing of the Project Agreement Amendment.

Specifically, MEPD will contract for the following activities:

1. Short-term consultancies to complete assessments/studies envisioned under the original MIDP technical assistance project;

2. The prime contract for technical assistance in Informatics;

The Mauritius Chamber of Commerce and Industries (MCCI) will continue in its role as coordinator of the firm-specific assistance. MCCI publishes notices announcing the availability of assistance from IESC, screens applicants using criteria developed during the design of MIDP in FY88, and submits approved applications to the Ministry of Industry and Industrial Technology and the Project Coordination Committee for final approval.

Firm-specific technical assistance will be implemented by IESC, through a direct grant with A.I.D. (REDSO/ESA).

B. Procurement of Computer Equipment

The minicomputer peripherals and software packages for the State Informatics Limited and other key ministries will be procured directly by A.I.D. using the REDSO Procurement Services Agent IQC. The source and origin of the equipment will be the United STates and all equipment will be procured on a competitive basis.

C. Anticipated Source/Origin of Project Inputs

Technical Assistance in Informatics - U.S. Private Firm
Firm-specific Assistance - International Executive Service Corps
Computer Equipment for key GOM Ministries - U.S.
Institution Support to the University of Mauritius - U.S.
Short-Term Technical Assistance - U.S./local
(Estimated cost of non-U.S. TA is $25,000)

D. Use of Gray Amendment Entities

There will be three opportunities for the use of Gray Amendment entities. First, REDSO/ESA will assist the Host Country in identifying qualified, experienced Gray Amendment firms for the technical assistance in informatics component of the project and ensure that interested firms receive the RFP. Second, through the IQC contracting mechanism, Gray Amendment firms will be considered for the final evaluation of MIDP. Third, REDSO, working with BIFAD, will encourage joint proposals which include HBCUs for the assistance to the University of Mauritius.

E. Implementation Schedule

Amendment Authorized	August, 1989
Grant Agreement Amendment Signed	August, 1989
PIO/T for IESC Approved	August, 1989
IESC Grant Executed	September, 1989
Implementation of IESC Firm-level Assistance	Nov 1989-May 1990
Specifications Developed for Computerization	October, 1989
University Linkage Program Initiated	November, 1989
RFP for Informatics TA Issued	December, 1989
Procurement of Computer Equipment Initiated	December, 1989
First Visit of U.S. University Linkage Team	January, 1990
Informatics Contract Award	February, 1990
University Linkage Proposal Finalized	March, 1990
Informatics TA Initiated	March, 1990
Informatics Program Implemented	March, 1991-Feb. 1991
Computerization Program Completed	May, 1990
U. of Mauritius Curriculum Dev. Completed	July, 1990
Interim Evaluation (In-House)	July, 1990

IV. EVALUATION PLAN

Two evaluations are scheduled for MIDP. The first will be a joint REDSO/GOM/Mauritius Private Sector assessment in July 1990. This assessment will focus on the quality and impact of the sector, policy and other studies as originally envisioned under MIDP and will evaluate the effectiveness of IESC firm-level assistance to date. Implementation progress for those project components included in the FY 1989 amendment will also be reviewed.

A final evaluation is scheduled in September 1991. This will be an external evaluation which will test the fundamental hypothesis of the MIDP approach. Rather than judging the timeliness and quality of assistance provided, the final evaluation team will assess the impact of MIDP activities on the economy of Mauritius. Performance will be evaluated in such areas as:

- investment and employment in the informatics service sector;
- investment and employment in electronics manufacture/assembly;
- changes in GOM policy (or new policy initiatives) to attract investment in sectors with potential for industrial diversification;
- productivity changes in existing industries; and
- to the extent possible, shifts in the percentages of exports from non-textile and sugar industries.

The evaluation team will consist of an economist, appropriate technical specialists (e.g., informatics, electronics) and an international marketing specialist. Services will be procured through the IQC mechanism.

5198D

MINISTRY OF ECONOMIC PLANNING AND DEVELOPMENT

MAURITIUS

Emmanuel Anquetil Building
Port Louis.

In reply please quote MEPD/EPU/54/20/11 V2

3rd August, 1989

The Director
USAID/REDSO
Nairobi
Kenya

Dear Sir,

Amendment to the Mauritius Industrial Diversification Project

You will recall that in July this year, you led a USAID/REDSO team to Mauritius to review the on-going Mauritius Industrial Diversification Project (MIDP) and to examine areas for future collaboration between the Government of the United States and the Government of Mauritius. In the light of discussions the team had with Government officials, it has been mutually agreed that the Project Agreement relating to MIDP be modified to provide for additional assistance. We are accordingly making a formal request to your Government for supplementary assistance towards MIDP.

This aid will be used to finance specific components which have the potential to contribute to the achievement of Government's objectives to stimulate industrial diversification and to put in place an administrative framework conducive to industrial development.

We suggest that arrangements be made for the amendment of the MIDP Project Agreement to provide for additional aid in FY 1989 and for its signature at a mutually convenient date.

Yours faithfully,

R. Bheenick
Director

REVISED LOGICAL FRAMEWORK

Project Title & Number: Mauritius Industrial Diversification

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
GOAL To promote economic stability and increase incomes.	Increased exports of high value-added products and services, other than textiles. Increased per capita income.	GOM statistics. IBRD country reports.	Mauritian goods/services will continue to receive preferential access to certain overseas markets Lucrative market niches can be identified for Mauritian products and services
PURPOSE:	END OF PROJECT STATUS		
(1) To assist the private sector and GOM to identify and evaluate and implement alternative industrial and service sector diversification opportunities, and	GOM's awareness of important policy considerations related to diversification and new investment promotion is enhanced.	Project evaluations. GOM statistics.	GOM responds to remove any policy restraints to diversifi cation.
(2) To assist the private sector directly to increase sales and value-added for export.	Capability of private sector to identify products, services and markets in non textile sectors is improved. Increased investments in non-textile sectors.		Foreign capital and expertise can be attracted for joint ventures.
Outputs: Products and services identified which can yield higher value added export revenues and increase incomes. conditions.	Magnitude of Outputs: Development of specific products and services for which there are potential export markets are promoted through appropriate policies, investment incentives, establishment of standards.	- Project evaluations - MCCI, MEDIA, MEF reports and official GOM statistics.	Assumptions for achieving outputs Private sector responds to market opportunities and actively pursues export and production recommendations of project technical assistance.
Recommendations for improved policies to foster industrial diversification and service sector expansion. Computerized investment, EPZ and ESZ review and approval systems in place.			
Overseas markets identified for products/services for which Mauritius has a comparative advantage.	Market opportunities in information services and, to a limited extent, electronics identified and exploited through promotional and market research activities.		
Feasibility studies for purpose built office parks for information service and electronics firms.	2 studies conducted.		
Production and marketing problems of private sector firms resolved.	40 firms receiving assistance on production and marketing problems.		
New curricula developed for U. of Mauritius.	-Curriculum for Information Technology -Curriculum for studies on women in development.		

ANNEX C

INITIAL ENVIRONMENTAL EXAMINATION
OR
CATEGORICAL EXCLUSION

Project County: Mauritius

Project Title and Number: Industrial Diversification (642-0010)

Funding: FY 1989 $1,500,000
LOP $2,350,000

IEE/CE Prepared by: E. Morris, REDSO/ESA/PROJ

Environmental Action Recommended:

Positive Determination _____
Negative Determination _____
or
Categorical Exclusion X

This activity meets the criteria for Categorical Exclusion in accordance with Regulation 16, Section 216.2(c) and is excluded from further review because:

The purpose of the project is to assist the private sector and the GOM to identify, evaluate and implement alternative industrial and service sector diversification opportunities and assist the private sector directly to increase sales and value added for export. The purpose will be achieved primarily through technical assistance to help Mauritius identify and exploit markets for products and services for which it has identified a comparative advantage. Any feasibility or other studies financed by project funds shall include a requirement to assess environmental impacts as part of the feasibility analysis.

THRESHOLD DECISION: Categorical Exclusion

For certain classes of actions where there is no adverse impact Regulation 16, Section 216.2(c) provides for Categorical Exclusions. When a project meets those criteria, an Initial Environmental Examination is not required. The above project warrants a Categorical Exclusion based on the finding that it meets Section 216.2(c)(2)(I) and Section 216.2(c)(2)(XIV). The former section relates to educational technical assistance, and the latter to programs which develop within the recipient country the capacity to engage in development planning.

Approved _____

Disapproved _____

Date 8/9/89

Clearance: REDSO/ESA/LEG:JBorns _____
REDSO/ESA/REO:EMcGowan _____

5198D

5C(1) - COUNTRY CHECKLIST

Listed below are statutory criteria applicable to: (A) FAA funds generally; (B)(1) Development Assistance funds only; or (B)(2) the Economic Support Fund only.

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY

1. FY 1989 Appropriations Act Sec. 578(b). Has the President certified to the Congress that the government of the recipient country is failing to take adequate measures to prevent narcotic drugs or other controlled substances which are cultivated, produced or processed illicitly, in whole or in part, in such country or transported through such country, from being sold illegally within the jurisdiction of such country to United States Government personnel or their dependents or from entering the United States unlawfully? — NO

2. FAA Sec. 481(h); FY 1989 Appropriations Act Sec. 578; 1988 Drug Act Secs. 4405-07. (These provisions apply to assistance of any kind provided by grant, sale, loan, lease, credit, guaranty, or insurance, except assistance from the Child Survival Fund or relating to international narcotics control, disaster and refugee relief, narcotics education and awareness, or the provision of food or medicine.) If the recipient is a "major illicit drug producing country" (defined as a country producing during a fiscal year at least five metric tons of opium or 500 metric tons of coca or marijuana) or a "major drug-transit country" (defined as a country that is a significant direct source of illicit drugs significantly affecting the United States, through which such drugs are transported, or through which significant sums of drug-related profits are — N/A

laundered with the knowledge or complicity of the government): (a) Does the country have in place a bilateral narcotics agreement with the United States, or a multilateral narcotics agreement? and (b) Has the President in the March 1 International Narcotics Control Strategy Report (INSCR) determined and certified to the Congress (without Congressional enactment, within 45 days of continuous session, of a resolution disapproving such a certification), or has the President determined and certified to the Congress on any other date (with enactment by Congress of a resolution approving such certification), that (1) during the previous year the country has cooperated fully with the United States or taken adequate steps on its own to satisfy the goals agreed to in a bilateral narcotics agreement with the United States or in a multilateral agreement, to prevent illicit drugs produced or processed in or transported through such country from being transported into the United States, to prevent and punish drug profit laundering in the country, and to prevent and punish bribery and other forms of public corruption which facilitate production or shipment of illicit drugs or discourage prosecution of such acts, or that (2) the vital national interests of the United States require the provision of such assistance?

3. 1986 Drug Act Sec. 2013; 1988 Drug Act Sec. 4404. (This section applies to the same categories of assistance subject to the restrictions in FAA Sec. 481(h), above.) If recipient country is a "major illicit drug producing country" or "major drug-transit country" (as defined for the purpose of FAA Sec 481(h)), has the President submitted a report to Congress listing such country as one (a) which, as a matter of government policy, encourages or facilitates the production or distribution of illicit drugs; (b) in which any senior official of the N/A

54

government engages in, encourages, or facilitates the production or distribution of illegal drugs; (c) in which any member of a U.S. Government agency has suffered or been threatened with violence inflicted by or with the complicity of any government officer; or (d) which fails to provide reasonable cooperation to lawful activities of U.S. drug enforcement agents, unless the President has provided the required certification to Congress pertaining to U.S. national interests and the drug control and criminal prosecution efforts of that country?

4. FAA Sec. 620(c). If assistance is to a government, is the government indebted to any U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies, (b) the debt is not denied or contested by such government, or (c) the indebtedness arises under an unconditional guaranty of payment given by such government or controlled entity? NO

5. FAA Sec. 620(e)(1). If assistance is to a government, has it (including any government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities? NO

6. FAA Secs. 620(a), 620(f), 620D; FY 1989 Appropriations Act Secs. 512, 550, 592. Is recipient country a Communist country? If so, has the President determined that assistance to the country is vital to the security of the United States, that the recipient country is not controlled by the international Communist conspiracy, and that such assistance will further promote the independence of the recipient country from international communism? Will assistance be provided NO

either directly or indirectly to Angola, Cambodia, Cuba, Iraq, Libya, Vietnam, South Yemen, Iran or Syria? Will assistance be provided to Afghanistan without a certification, or will assistance be provided inside Afghanistan through the Soviet-controlled government of Afghanistan?

7. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, damage or destruction by mob action of U.S. property? NO

8. FAA Sec. 620(l). Has the country failed to enter into an investment guaranty agreement with OPIC? NO

9. FAA Sec. 620(o); Fishermen's Protective Act of 1967 (as amended) Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing vessel because of fishing activities in international waters? (b) If so, has any deduction required by the Fishermen's Protective Act been made? NO

10. FAA Sec. 620(q); FY 1989 Appropriations Act Sec. 518. (a) Has the government of the recipient country been in default for more than six months on interest or principal of any loan to the country under the FAA? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the FY 1989 Appropriations Act appropriates funds? NO

11. FAA Sec. 620(s). If contemplated assistance is development loan or to come from Economic Support Fund, has the Administrator taken into account the percentage of the country's budget and amount of the country's foreign exchange or other resources spent on military equipment? (Reference may be made to the annual "Taking Into Consideration" memo: "Yes, taken into account by the Administrator at time of approval of N/A

Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.)

12. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have relations been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption? NO

13. FAA Sec. 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the A.I.D. Administrator in determining the current A.I.D. Operational Year Budget? (Reference may be made to the "Taking into Consideration" memo.) Up to date.

14. FAA Sec. 620A. Has the President determined that the recipient country grants sanctuary from prosecution to any individual or group which has committed an act of international terrorism or otherwise supports international terrorism? NO

15. FY 1989 Appropriations Act Sec. 568. Has the country been placed on the list provided for in Section 6(j) of the Export Administration Act of 1979 (currently Libya, Iran, South Yemen, Syria, Cuba, or North Korea)? NO

16. ISDCA of 1985 Sec. 552(b). Has the Secretary of State determined that the country is a high terrorist threat country after the Secretary of Transportation has determined, pursuant to section 1115(e)(2) of the Federal Aviation Act of 1958, that an airport in the country does not maintain and administer effective security measures? NO

17.	FAA Sec. 666(b). Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA?	NO
18.	FAA Secs. 669, 670. Has the country, after August 3, 1977, delivered to any other country or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards, and without special certification by the President? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.)	NO
19.	FAA Sec. 670. If the country is a non-nuclear weapon state, has it, on or after August 8, 1985, exported (or attempted to export) illegally from the United States any material, equipment, or technology which would contribute significantly to the ability of a country to manufacture a nuclear explosive device?	NO
20.	ISDCA of 1981 Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Assembly of the U.N. on Sept. 25 and 28, 1981, and did it fail to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the "Taking into Consideration" memo.)	Mauritius was represented and filed a written reservation to the communique issued. This was taken into consideration in the FY88 "TAKING INTO CONSIDERATION" memo.
21.	FY 1989 Appropriations Act Sec. 527. Has the recipient country been determined by the President to have engaged in a consistent pattern of opposition to the foreign policy of the United States?	NO

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria

FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy?	NO
FY 1989 Appropriations Act Sec. 536. Has the President certified that use of DA funds by this country would violate any of the prohibitions against use of funds to pay for the performance of abortions as a method of family planning, to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilization as a method of family planning, to coerce or provide any financial incentive to any person to undergo sterilizations, to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?	NO

2. Economic Support Fund Country Criteria

FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the President found that the country made such significant improvement in its human rights record that furnishing such assistance is in the U.S. national interest?	N/A
FY 1989 Appropriations Act Sec. 578(d). Has this country met its drug eradication targets or otherwise taken significant steps to halt illicit drug production or trafficking?	

5C(2) - PROJECT CHECKLIST

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A includes criteria applicable to all projects. Part B applies to projects funded from specific sources only: B(1) applies to all projects funded with Development Assistance; B(2) applies to projects funded with Development Assistance loans; and B(3) applies to projects funded from ESF.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?	YES INDEED

A. GENERAL CRITERIA FOR PROJECT

1. FY 1989 Appropriations Act Sec. 523; FAA Sec. 634A. If money is sought to obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified?	Yes
2. FAA Sec. 611(a)(1). Prior to an obligation in excess of $500,000, will there be (a) engineering, financial or other plans necessary to carry out the assistance, and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?	Yes
3. FAA Sec. 611(a)(2). If legislative action is required within recipient country, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance?	None required.

4. FAA Sec. 611(b); FY 1989 Appropriations Act Sec. 501. If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.)	N/A
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed $1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively?	N/A
6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs.	NO
7. FAA Sec. 601(a). Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.	(a) Yes (b) Yes (c) No (d) Yes (e) Yes (f) No
8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).	Efforts will be made to interest U.S. Investors.

61

9. FAA Sec. 612(b), 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.

GOM is contributing local currencies.

10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

NO

11. FY 1989 Appropriations Act Sec. 521. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?

NO

12. FY 1989 Appropriations Act Secs. 549. Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel?

NO

13. FAA Sec. 119(g)(4)-(6) & (10). Will the assistance (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other

N/A

wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas?	
14. FAA Sec. 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (either dollars or local currency generated therefrom)?	N/A
15. FY 1989 Appropriations Act. If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government?	IESC - Yes
16. FY 1989 Appropriations Act Sec. 538. If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.?	IESC - Yes
17. FY 1989 Appropriations Act Sec. 514. If funds are being obligated under an appropriation account to which they were not appropriated, has prior approval of the Appropriations Committees of Congress been obtained?	N/A
18. State Authorization Sec. 139 (as interpreted by conference report). Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision).	N/A. Will be done when Grant Agreement Amendment is signed.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a. FY 1989 Appropriations Act Sec. 548 (as interpreted by conference report for original enactment). If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities (a) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (b) in support of research that is intended primarily to benefit U.S. producers?	N/A
b. FAA Secs. 102(b), 111, 113, 281(a). Describe extent to which activity will (a) effectively involve the poor in development by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life, and otherwise encourage democratic private and local governmental	(a) Technical skills will be upgraded and opportunities identified for people to obtain higher paying, higher skilled jobs. (b) No. (c) No. (d) Women will fully participate as members of the Mauritian labor force. (e) Yes - through trade stimulation.

institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries.

c.	FAA Secs. 103, 103A, 104, 105, 106, 120-21; FY 1989 Appropriations Act (Development Fund for Africa). Does the project fit the criteria for the source of funds (functional account) being used?	Yes
d.	FAA Sec. 107. Is emphasis placed on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?	Yes
e.	FAA Secs. 110, 124(d). Will the recipient country provide at least 25 percent of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)?	Yes
f.	FAA Sec. 128(b). If the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority?	Yes. Incomes will go up.

g.	FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civil education and training in skills required for effective participation in governmental processes essential to self-government.	Private initiatives, new investment opportunities, better jobs will all be results of the project.
h.	FY 1989 Appropriations Act Sec. 536. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions?	NO
	Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations?	NO
	Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?	NO
i.	FY 1989 Appropriations Act. Is the assistance being made available to any organization or program which has been determined to support or participate in the management of a program of coercive abortion or involuntary sterilization?	NO
	If assistance is from the population functional account, are any of the funds to be made available to voluntary family planning projects which do not offer, either directly or through referral to or information about access to, a broad range of family planning methods and services?	N/A

j.	FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?	Yes
k.	FY 1989 Appropriations Act. What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 20 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)?	Cannot be determined now but will be assessed on a case by case basis.
l.	FAA Sec. 118(c). Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16? Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (a) stress the importance of conserving and sustainably managing forest resources; (b) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (c) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (d) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (e) help conserve forests which have not yet been degraded by helping to increase	Yes

production on lands already cleared or degraded; (f) conserve forested watersheds and rehabilitate those which have been deforested; (g) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (h) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (i) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (j) seek to increase the awareness of U.S. government agencies and other donors of the immediate and long-term value of tropical forests; and (k)/utilize the resources and abilities of all relevant U.S. government agencies?

m. FAA Sec. 118(c)(13). If the assistance will support a program or project significantly affecting tropical forests (including projects involving the planting of exotic plant species), will the program or project (a) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land, and (b)/take full account of the environmental impacts of the proposed activities on biological diversity? N/A

68

n.	FAA Sec. 118(c)(14). Will assistance be used for (a) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; or (b) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas?	NO
o.	FAA Sec. 118(c)(15). Will assistance be used for (a) activities which would result in the conversion of forest lands to the rearing of livestock; (b) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undegraded forest lands; (c) the colonization of forest lands; or (d) the construction of dams or other water control structures which flood relatively undegraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development?	NO
p.	FY 1989 Appropriations Act. If assistance will come from the Sub-Saharan Africa DA account, is it (a) to be used to help the poor majority in Sub-Saharan Africa through a process of long-term development and economic growth that is equitable, participatory, environmentally sustainable, and self-reliant; (b) being provided in accordance with the policies contained in section 102 of the FAA;	Yes. The project will increase incomes and employment opportunities

(c) being provided, when conistent with the objectives of such assistance, through African, United States and other PVOs that have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in Sub-Saharan Africa; (d) being used to help overcome shorter-term constraints to long-term development, to promote reform of sectoral economic policies, to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning services, education, and income generating opportunities, to bring about appropriate sectoral restructuring of the Sub-Saharan African economies, to support reform in public administration and finances and to establish a favorable environment for individual enterprise and self-sustaining development, and to take into account, in assisted policy reforms, the need to protect vulnerable groups; (e) being used to increase agricultural production in ways that protect and restore the natural resource base, especially food production, to maintain and improve basic transportation and communication networks, to maintain and restore the renewable natural resource base in ways that increase agricultural production, to improve health conditions with special emphasis on meeting the health needs of mothers and children, including the establishment of self-sustaining primary health care systems that give priority to preventive care, to provide increased access to voluntary family planning services, to improve basic literacy and mathematics especially to those outside the formal educational system and to improve primary education, and to develop income-generating opportunities for the unemployed and underemployed in urban and rural areas?

q. **FY 1989 Appropriations Act Sec. 515.** If deob/reob authority is sought to be exercised in the provision of DA assistance, are the funds being obligated for the same general purpose, and for countries within the same general region as originally obligated, and have the Appropriations Committees of both Houses of Congress been properly notified? N/A

2. Development Assistance Project Criteria (Loans Only) N/A

a. FAA Sec. 122(b). Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest.

b. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20 percent of the enterprise's annual production during the life of the loan, or has the requirement to enter into such an agreement been waived by the President because of a national security interest?

c. FAA Sec. 122(b). Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities?

ANNEX E

CERTIFICATION FOR COMPLIANCE WITH GRAY AMENDMENT

I, Satish Shah, REDSO/ESA Director and the Principal Officer of the Agency for International Development in Maurituis do hereby certify that the acquisition plan in the Mauritius Industrial Diversification Project Paper Supplement was developed with full consideration of maximally involving minority and women-owned firms, or Gray Amendment Entities, in the provision of required goods and services. Opportunities for such organizations to participate in the project have been identified and will be implemented to the extent possible.

Satish P. Shah

Satish P. Shah
Director, REDSO/ESA

8/9/89
Date

Clearance: REDSO/ESA/LEG:JBorns _____ Date 8-9-89

ANNEX F

Description of the IESC/ABLE Program

ABLE (American Business Linkage) conducts low cost pre-planning studies for business and industry in developing countries. These studies forge links with U.S. markets, joint venture partners, equipment and technology. ABLE is a research service of the International Executive Service Corps (IESC), a not-for-profit organization dedicated to stimulating business in developing countries.

ABLE projects serve Industry, Agri-business, the Service Sector, and most recently, High Technology areas. ABLE investigates business development areas such as New Business Development; New Product Development; Drawback/Co-Production; Process Technology; Licensing; Joint Venture Search; Export Development; and Equipment Purchase. Studies may include: U.S. market overview; channels of distribution; new and used equipment; import procedures; U.S. government regulations; shipping; price levels; and process technology. ABLE has researched a range of products such as processed food, pharmaceuticals, high fashion blouses, tropical products, data processing, cement, and caustic soda.

Each project is individually designed to suit the needs of the client. The information is current and ABLE reports are accompanied by equipment catalogues, flow charts, key trade journals, quantitative data, competitive brochures and other exhibits.

ABLE recently completed a project for a manufacturer of clay roofing tile in Guatemala. At their request, ABLE investigated U.S. markets for tiles and furnished names of potential buyers. Using these contacts, the Guatemalan firm sold three years' production of tiles in advance and formed joint ventures with two U.S. firms to build new facilities.

In many cases an ABLE study works in coordination with other programs offered by IESC, such as a recent project using the services of an IESC volunteer who is an aquaculture expert. Initially, the IESC volunteer conducted an on-site diagnostic evaluation of the fishfarming industry in Jamaica, focusing on its capability to produce three new seafood products for export. Using information gathered by the volunteer, ABLE investigated U.S. markets for the three projected products. The volunteer returned to Jamaica to present the ABLE research to government and industry organizations and to help the client implement the recommendations made in the report.

A number of clients have commissioned a second or third ABLE study on different products or different aspects. Experience shows that ABLE's research yields comprehensive, practical business information which can help revitalize an existing business, create a new business, develop a new product, or enter new markets.

5198D

ANNEX G

Draft Scope of Work for Information Services Sector Assistance

1. Introduction

A major thrust of the MIDP will be to provide support for the development of Mauritius informatics sector. Support will be provided in the form of technical assistance delivered by one or more firms combined contract.

Technical assistance will be in the following four areas:

- o Market Research
- o Promotion
- o Training
- o Feasibility of Infrastructure Development

In addition to providing technical assistance, the contractor firm(s) will undertake all aspects of project management in the United States and in Mauritius. The contractor will also be responsible for collecting baseline data immediately after the contract is awarded, and collecting end of project data immediately before project completion.

2. Specifications of Work to be Performed.

A. Module One: Market Research

Background

Three market research studies will be conducted on the information services sector. All three will involve field research, analysis in the home office, presentation of a seminar in Mauritius, followup consultations with private sector firms and interested GOM officials, and preparation of a final report.

a. The information services market in the European Community(EC)

1. Characterize the information services industry in the European Community. This should describe the various segments of the sector, the major players, major end-user markets and market behaviour, suppliers of services, trends in the sector (with a special focus on the implications of Europe 1992). Some preparation should be done in the United States (or local European office), and field work conducted in the United Kingdom and France (the consultant should propose alternate countries if deemed more appropriate).

2. Charecterize the market for offshore supply of services to the European information services sector. Describe the firms supplied and supplying services, countries, type of arrangements (e.g. contract, joint venture, foreign investment), volume of business, and subsectors.

Data on the cost of offshore operations should be collected. This should be based on field work in Europe. The consultant should also propose a site visit to a major supplying country if appropriate.

3. Analyze Mauritius comparative advantages and disadvantages in serving the European Community market. The consultant should address labor, infrastructure, telecommunications, support services, GOM policy, and other factors identified as important. This should clarify and expand the analysis contained in the Informatics Sector report.

4. Develop the outline of a practically oriented investor targeting and promotion strategy for the EC. Identify the messages to get across and the media in which they should be placed. Recommend appropriate trade shows, how to prepare, and how to follow up (see Promotion module below).

5. Prepare a draft report and seminar package based on research conducted in steps 1-4 above. Most of the report and seminar package should be drafted at the consultants home office. The report should also contain one page outlines of the investment and annual operating costs of high priority information services subsectors in three locations; a European country, an offshore location currently serving the European country, and Mauritius.

[Note: Steps 6-8 are common to all three market research studies and will not be repeated]

6. Conduct a seminar organized by the MCCI in Mauritius.

7. Consult with private sector firms and GOM officials in follow-up sessions after the seminar. The topics of these sessions should be driven by the entity requesting consultations. For example, a GOM agency might want guidance on policy changes; a private firm may want information on equipment suppliers or potential joint venture partners.

8. Draft final report in home office, incorporating feedback from seminar proceedings and followup consultations. The report will be submitted to REDSO/ESA and to MEPD. Ample time should be budgeted to incorporate comments from REDSO/ESA and the PCC.

b. CAD conversion in Europe and the United States

1. Charecterize the CAD conversion subsector in the EC and the United States. Describe the current market segments (e.g. blueprints, maps, architectural drawings). Who is supplying services (e.g. inhouse, end market firms that have have entered CAD conversion market, service bureaus)? Where are the suppliers located? What are revenues and profits? What are the trends in hardware,

software, and use of telecommunications and how will they effect the market? Field work should be done in the U.S., France, and the U.K. (the consultant can propose alternative EC countries).

15

2. Charecterize the offshore provision of CAD conversion services for the EC and US markets. Who is supplying services, hcw are they doing it? where are they doing it. What are the investment and operating costs of offshore, inhouse, and local supply of services? The contractor should propose appropriate locations for field work.

3. Analyze Mauritius comparative advantages and disadvantages for this sector and its markets. Expand upon earlier work on general comporative advantage. Recommend ways to mitigate disadvantages and improve advantages.

4. Develop the outline of a practically oriented investor targeting and promotion strategy for the EC and for the us. Identify the messages to get across and the media in which they should be placed. Recommend appropriate trade shows, how to prepare, and how to follow up (see Promotion module below). Recommendations should be given for the proper role and activities for MEDIA (and if relevant, other GOM agencies/parastatals), MCCI, and individual private sector firms.

5. Prepare a draft report and seminar package based on research conducted in steps 1-4 above. Most of the report and seminar package should be drafted at the consultants home office. The report should contain one page outlines of the investment and annual operating costs of CAD conversion services for the EC and the US; these should compare the costs of a local supplier, an offshore location currently serving an EC country/ US, and Mauritius..

c. Software Translation Services English - French/French - English

1. Charecterize the market and underlying demand for software translation services worldwide. Some key questions are: What are the markets for English-French and French-English translation, the market for true bilingual software? Where are the markets (or potential markets); e.g. Francophone Europe, Canada, Francophone Africa? What needs translation; the software itself, documentation, instruction manuals, interactive learning packages, etc? Is translation best done during or after development? Who supplies translation services? What are the mechanisms -- e.g., license or subcontracting arrangements? Field work may be required in key locations to be identified by the contractor; most likely in Canada, Europe, and Africa.

2. Characterize the offshore supply of software translation services. Who is supplying services, how are they doing it, where are they doing it. What are the investment and operating costs of offshore, inhouse, and local supply of services? The contractor should propose locations for field work if appropriate.

3. Analyze Mauritius comparative advantages and disadvantages for this sector and markets. The consultant should focus on translation-specific needs (additional technical language or software development training, e.g.) and should expand upon earlier work on general comparative advantage.

76

4. Develop the outline of a practically oriented investor targeting and promotion strategy for software translation services. Recommend appropriate trade shows, how to prepare, and how to follow up (see Promotion module below). Recommendations should be given for the proper role and activities for MEDIA (and if relevant, other GOM agencies/parastatals), MCCI, and individual private sector firms.

5. Explore possibilities of joint ventures. One area of keen interest now are joint ventures with companies that have sophisticated, low cost software development capabilities (like those in India), but that lack the linguistic skills of a Mauritian based operation.

6. Prepare a draft report and seminar package based on research conducted in steps 1-4 above. Most of the report and, seminar package should be drafted at the consultants home office. The report should contain one page outlines of the investment and annual operating costs of software translation services; comparing the costs of local versus Mauritius translation.

Module Two: Promotion

Four component activities will take place under the Information Services Promotion Module:

- o Exposure Tour,
- o Development of Promotional Packages,
- o Preparation & Followup for Trade Fair Participation, and
- o Promoting U.S. Investment in Information Services in Mauritius

a. Exposure Tour to Three Key Offshore Centers for Information Services

The exposure tour will allow senior level public officials and private sector businesspeople to experience first hand the type of infrastructure, promotional campaigns, in-country assistance, and firms operating in the offshore information services centers.

1. Select three appropriate offshore centers for information services. Criteria for selection should be developed as a result of the EC Market Survey study. Likely locations will be India, Singapore, Philippines, North Africa, and the Caribbean Basin. The type of infrastructure and telecommunications services available, the markets and market segments served, the labor force charecteristics are likely to be important criteria.

2. Prepare for the Exposure Tour by an advance visit to the three centers. The contractor should meet and arrange a schedule with key government officials (in investment promotion, telecommunications, investment approval, industrial park management), private sector developers, local, foreign, and joint venture firms providing offshore information services, private sector business associations. The contractor may arrange meetings with other relevant parties as well.

3. Prepare the Mauritian delegation via a briefing seminar in Mauritius immediately before departure. The briefing should include a thorough explanation of the itinerary and why it was selected, what to expect from the trip, and how to prepare for the trip.

4. Lead the exposure tour through the three offshore centers. The leader will assume full responsibility for the exposure tour proceeding as planned.

5. Prepare a trip report for submission to REDSO/ESA, MEPD, and the MCCI. The trip report should summarize what was learned from the preparatory and exposure trips, and make recommendations for future self-sponsored trips.

b. Development of Material Promoting Information Services Investment in Mauritius.

1. Determine focus of promotional efforts as a result of review of market studies and exposure tour. The materials should emphasize Mauritius strengths, but must present an accurate and balanced account of what an investor will experience in Mauritius.

2. Develop the copy and indicative design for a simple brochure promoting foreign investment in export-oriented information services. Final design, layout, and printing will be done by a local Mauritian firm.

3. Develop the script and story board for a video presentation for use in Mauritius and trade fairs overseas. If possible, the video could be made interactive and incorporate computer generated graphics. Production, direction, and cinematography will be done by a local Mauritian firm.

c. Promoting U.S. Investment in Mauritius -- Seminar and Individual consultations

1. Prepare a review of the factors motivating the flow of U.S. investment to offshore locations for the major segments of the information services sector.

2. Describe recent changes in the types of U.S. investments being made in various offshore locations (e.g., subcontracting and shelter-plan type investments), and give an informed opinion on future trends.

5198D

-18

3. Summarize briefly approaches utilized elsewhere in attracting information services investment, and why they did or did not work.

4. Assess the competitive advantages and disadvantages of Mauritius vis a vis other offshore locations in attracting U.S. investors.

5. Review past efforts of Mauritius public and private sector in attracting U.S. investment in Mauritius, and identify principal shortcomings and how to improve them.

6. Present seminar based on steps 1--5 above to MEDIA, other GOM, and private sector representatives. The seminar should provide concrete advice on promotional materials, use of trade and mass media, the role of public and private sector organizations, etc.

7. Provide follow-on consultations to interested GOM and private sector firms on all aspects of promoting to the United States. The content and timing of these consultations should be driven by the needs of those requesting them.

8. Draft a report summarizing the results of review, assessment, analyses, seminar feedback, and consultation feedback and submit to REDSO/ESA and the GOM.

d. Preparing and Leading Delegations to two informatics and two electronics Trade Fairs

1. After review of market research studies, exposure tour, and U.S. promotion seminar, select two informatics trade fairs for attendance by Mauritians. One should be in the EC, and one in the U.S. Review electronics sector report and list of trade fairs most relevant to sub-assembly and participation. One should be in the U.S., the other either in the EC or Asia.

2. Assist in preparation efforts by GOM and private sector firms. The consultant should prepare a background briefing on the trade fair -- what type of firms will attend, why they will attend, what to expect, how to follow-up leads, when to take an active, promoting role and when to take a passive, learning role, etc). Other assistance can include suggestions on developing flyers, video presentations, construction of a Mauritius and/or individual firm booths.

3. Accompany the delegation to the trade fair. The contractor will provide assistance upon request to the trade fair delegates.

4. Draft a trip report. The report should analyze the successes and failures of the trip, suggest follow on activities, and note detailed recommendations for future attendance. The report should be submitted to MEDIA, the MCCI, and REDSO/ESA.

Information Services Module Three: Training via ACP Seminars

1. Consult with the ACP and select up to four topics to be presented in seminar fashion in Mauritius. The venue and dates should also be finalized. Initial topics discussed include fourth generation computer languages, how to computerize your business, selecting appropriate hardware, and intellectual property rights.

2. Select the appropriate consultant to prepare and deliver the seminars in Mauritius.

3. Arrange for all logistical needs of the consultant while in Mauritius. ACP will handle logistics of organizing and managing the seminar.

Information Services Module Four: Feasibility of Infrastructure Development

(a) Feasibility Study of a Specialized Office Park with Teleport

1. Review earlier market research and exposure tour results that clarified needs of offshore information services suppliers.

2. Identify the physical requirements of "high potential" information services operations in terms of type of buildings, specialized features (e.g. local area network, electrical lines, air-conditioning, uninterrupted power supply, etc.

3. Identify the needs for specialized utilities and services (electricity, specialized telecommunications, transportation, courier)

4. Work with the Overseas Telecommunications Services OTS to develop the best way of providing the specialized telecommunications services required. Choices include lines provide by OTS to the international gateway, a teleport build privately and deeded back to OTS, a completely private teleport. Produce projections of investment costs and revenues generated (or foregone) by OTS, MEDIA, or a private developer for each option considered.

5. Prepare the specifications of the office park and services provided. Include a rough schematic layout of the office park.

6. Prepare preliminary capital and operating costs for the park, and analyze the rent and utility tariff structure that will be necessary for breakeven and profitable operation.

7. Analyze viability of the estate, from the perspective of financial and economic feasibility.

8. Provide detailed terms of reference for the siting and A&E necessary to design the park. This should be done only if the office park will be commercially viable, or if the GOM agrees to provide a subsidy if the project is economically viable. An assessment and quantification of the environmental impacts and necessary mitigation measures should be part of the analyses specified in the terms of reference.

(b) Feasibility Study of a Specialized Electronics Industrial Park

1. Review Electornics Sector Assessment study that clarified needs of offshore electronics industry.

2. Identify the physical requirements of "high potential" electronics operations in terms of type of buildings, specialized features (e.g. local area network, electrical lines, air-conditioning, uninterrupted power supply, etc.

3. Identify the needs for specialized utilities and services (electricity, specialized telecommunications, transportation, courier)

4. Prepare the specifications of the industrial park and services provided. Include a rough schematic layout of the industrial park.

5. Prepare preliminary capital and operating costs for the park, and analyze the rent and utility tariff structure that will be necessary for breakeven and profitable operation.

6. Analyze viability of the estate, from the perspective of financial and economic feasibility.

7. Provide detailed terms of reference for the siting and A&E necessary to design the park. This should be done only if the office park will be commercially viable, or if the GOM agrees to provide a subsidy if the project is economically viable. (See point 8 in study a.)

UNCLASSIFIED STATE 227470

ANNEX H

ACTION: AID-3 INFO: ECON POL/RLO

VZCZCMAC223 19-JUL-89 TOR: 23:04
PP RUEHNR CN: 42700
DE RUEHC #7470 1992306 CHRG: AID
ZNR UUUUU ZZH DIST: AID
P 192302Z JUL 89 ADD:
FM SECSTATE WASHDC
TO RUEHNR/AMEMBASSY NAIROBI PRIORITY 3028
INFO RUEHMC/AMEMBASSY PORT LOUIS PRIORITY 2551
BT

REDSO CHRON COPY

UNCLAS STATE 227470

JUL 19 1989

AIDAC NAIROBI FOR REDSO/ESA

E.O. 12356: N/A

SUBJECT: MAURITIUS INDUSTRIAL DIVERSIFICATION PROJECT (642-0010) - FY 89 AMENDMENT TO ADD DOLS. 1.5 MILLION

REF: NAIROBI 19242

1. THE AD HOC DOA'S REQUESTED IN PARA 4 REFTEL ARE AS FOLLOWS,

(A) DELEGATION OF AUTHORITY FOR APPROVAL OF IEE:

THE AFRICA BUREAU ENVIRONMENTAL OFFICER HEREBY DELEGATES AUTHORITY FOR APPROVAL OF THE IEE FOR THE FY 89 AMENDMENT TO SUBJECT PROJECT TO DIRECTOR, REDSO/ESA OR PERSON ACTING IN THAT CAPACITY, SUBJECT TO CLEARANCE OF THE REDSO/ESA REGIONAL LEGAL ADVISOR (RLA) AND REGIONAL ENVIRONMENTAL OFFICER (REO). PLEASE FORWARD A COPY OF THE SIGNED DOCUMENT, FOR OUR FILES, TO THE BEO AFR/TR/ANR.

(B) DELEGATION OF AUTHORITY TO SIGN AMENDMENT:

HE ACTING ASSISTANT ADMINISTRATOR FOR AFRICA HEREBY DELEGATES AUTHORITY TO SIGN AN AMENDMENT TO THE MAURITIUS INDUSTRIAL DIVERSIFICATION PROJECT AGREEMENT (642-0010), NOT TO EXCEED DOLS. 1.5 MILLION IN FY 1989, TO THE U.S. AMBASSADOR TO MAURITIUS, WHICH AMENDMENT SHALL BE PREPARED BY REDSO/ESA AND CLEARED BY THE DIRECTOR/REDSO/EA AND THE REDSO/ESA REGIONAL LEGAL ADVISOR. BAKER
BT
#7470

NNNN

UNCLASSIFIED STATE 227470

REDSO/ESA	
OD	
D/DIR	
AGR	
ANAL	
CM	
CON	
ENGR	
FEP	
LEG	✓
PH	
PROJ	
LIBRARY	
PERMC	
EXO/PER	
ADMIN	
CHRON	
REPLY DUE	
ACTION TAKEN	✓
DATE	
INITIALS	

- 88

UNCLASSIFIED STATE 148652

ACTION: AID-3 INFO: ECON POL/RLO

642-0010

VZCZCNAO924
RR RUEHNR
DE RUEHC #8652 1310223
ZNR UUUUU ZZH
R 110223Z MAY 89
FM SECSTATE WASHDC
TO AMEMBASSY NAIROBI 5410
BT
UNCLAS STATE 148652

11-MAY-89 TOR: 02:21
CN: 18616
CHRG: AID
DIST: AID
ADD:

MAY 11 1989

Monica

AIDAC FOR REDSO/ESA

E.O. 12356: N/A

SUBJECT: TECHNICAL NOTIFICATION FOR MAURITIUS INDUSTRIAL DEVELOPMENT PROJECT (642-0010)

REF: STATE 124280

1. TECHNICAL NOTIFICATION SENT TO HILL ON MAY 9, 1989. OBLIGATION MAY BE INCURRED ON MAY 24, 1989 ASSUMING OTHER PREREQUISITES TO OBLIGATION MET. TN INCREASES THE FY 89 OBLIGATION FROM DOLS 750,000 TO DOLS 1,500,000.

2. PLEASE ADVISE AFR/DP THE DATE WHEN FUNDS WILL BE OBLIGATED. EAGLEBURGER
BT
#8652

NNNN

UNCLASSIFIED STATE 148652

REDSO	Action	Date
DIR		
D/DIR		
AGR		
ANA		
RCMO		
RCO		
ENGR		
FPPO		
PRJ		
RLA		
LIBRARY		
KAGAI		
RFMC		
EXO/PER		
ADMIN		
CHRON		
REPLY DUE		
ACTION TAKEN		
DATE		
INITIALS		

83

UNCLASSIFIED STATE

ACTION: AID-3 INFO: ECON RLO

642-001

VZCZCNA0435
PP RUEHNR
DE RUEHC #9794 0560111
ZNR UUUUU ZZH
P 250105Z FEB 89
FM SECSTATE WASHDC
TO RUFHMC/AMEMBASSY PORT LOUIS PRIORITY 1952
INFO RUEHNR/AMEMBASSY NAIROBI PRIORITY 1865
BT
UNCLAS STATE 059794

25-FEB-89 TOR: 01:15
CN: 56083
CHRG: AID
DIST: AID
ADD:

FEB 27 1989

AIDAC, NAIROBI FOR REDSO/EA /RFMC

E.O. 12356: N/A

SUBJECT: SSA ALLOWANCE

1. APPROPRIATION 72-1191014, BUDGET PLAN CODE GSSA-89-21642-KG13 (ALLOWANCE 914-52-642-00-69-91) ESTABLISHED FOR DOLLARS 750,000 FOR PROJECT 642-0010, INDUSTRIAL DIVERSIFICATION I.

2. FUNDS CANNOT BE OBLIGATED UNTIL MISSION NOTIFIED GLOBAL REPORT HAS EXPIRED.

3. ADVICE OF ALLOWANCE FOLLOWS. ARMACOST
BT
#9794

NNNN

UNCLASSIFIED STATE 059794

REDSO	
DIR	
D/DIR	
ADR	
ANA	
RCMO	
RCO	
ENGR	
FFRO	
PRJ	
RLA	
LIBRARY	
KAGAN	
RFMC	
EXO/PER	
ADMIN	
CHRON	
REPLY DUE	
ACTION TAKEN	
DATE	
INITIALS	

84

RFMC/REDSO UNCLASSIFIED STATE 129516

642-0010

ACTION: AID-3 INFO: ECON POL/RLO

VZCZCNAO733 26-APR-89 TOR: 23:59
PP RUEENR CN: 13488
DE RUEEC #9516 1152358 CERG: AID
ZNR UUUUU ZZH DIST: AID
P 2523582 APR 89 ADD:
FM SECSTATE WASHDC
TO RUFHMC/AMEMBASSY PORT LOUIS PRIORITY 2233
INFO RUEHNR/AMEMBASSY NAIROBI PRIORITY 4702
BT
UNCLAS STATE 129516

APR 26 1989

Wall

AIDAC, NAIROBI FOR REDSO/EA

E.O. 12356: N/A

SUBJECT: SSA ALLOWANCE

1. APPROPRIATION 72-1191014, BUDGET PLAN CODE GSSA-89-21642-KG13 (ALLOWANCE 914-52-642-00-69-91) INCREASED BY DOLLARS 750,000 FOR PROJECT 642-0010, INDUSTRIAL DIVERSIFICATION I.

2. FUNDS CANNOT BE OBLIGATED UNTIL MISSION NOTIFIED TN WAITING PERIOD EXPIRED.

3. ADVICE OF ALLOWANCE FOLLOWS. BAKER
BT
#9516

NNNN

UNCLASSIFIED STATE 129516

REDSO	Action	Info
DIR		
D/DIR		
AGR		
ANA		
RCMD		
RCO		
ENGR		
FFPO		
PRJ		
RLA		
LIBRARY		
KAGAI		
RFMC		
EXO/PER		
ADMIN		
CHRON		
REPLY DUE		
ACTION TAKEN		
DATE		
INITIALS		

dS