

AFRICAN DEVELOPMENT BANK



PROJECT: FEASIBILITY STUDIES - DEVELOPMENT OF THE MAURITIUS SPECIAL AGRO INDUSTRIAL PROCESSING ZONE PROJECT

COUNTRY : MAURITIUS

MIC GRANT REPORT

June 2021

| | | |
|-----------------------|---|--|
| Study Team | Team Leader: | C. EZEDINMA, Principal Agricultural Economist, AHFR2 Phone 4506 |
| | Team Members: | W. ODHIAMBO, Chief Agricultural Economist RDGS.2 Phone 2321 R. FUSI, Chief Investment Officer, AHFR.11/RDGS.2 Phone 1743 O. AFUN-OGIDAN Principal Agroindustry officer Phone 8478 T. MKANDAWIRE, Chief FM Coordinator, RDGS Phone 3897 E. KAHIBURE, Environmental Officer Phone 4411 R. MWASAMBILI, Chief Regional Program Office Phone 7064 G. OBEDA, Principal Youth Employment Officer Phone 84479 M. MUSUMALI, Climate Change & Green Growth Officer Phone 3983 P. RAMMIDI Principal Procurement Specialist Phone 8474 |
| | Regional Manager | Neeraj. VIJ, Manager, RDGS.2 Phone 3852 |
| | Sector Manager | Olagoke OLADAPO, Manager AHFR.2 Phone 3494 |
| | Sector Director | Atsuko TODA, Director AHFR Phone 4029 |
| | Regional Director | Leila MOKADEM Phone 7301 |
| Peer Reviewers | M. ABDULLAHI, Senior Procurement Officer | Phone 8461 |
| | B. TIJANI, Investment Officer | Phone 1640 |
| | A. AREA, Principal Investment Officer | Phone 8478 |
| | M. KANE, Chief Irrigation & Rural Infrastructure Engineer | Phone 3004 |

AFRICAN DEVELOPMENT BANK



MAURITIUS

**FEASIBILITY STUDIES - REGIONAL AGRO INDUSTRIAL PROCESSING ZONE
PROJECT**

MIC GRANT REPORT

RDGS

June 2021

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CURRENCY EQUIVALENTS

As of March 2021

1 [MUR] = 0.01737 [UA]
1 Unit of Account (UA) = 57.55730 (MUR)
1 Unit of Account (UA) = 1.43927 USD

FISCAL YEAR

1 January – 31 December

WEIGHTS AND MEASURES

| | | |
|-------------------|---|-------------------|
| 1 metric ton | = | 2204 pounds (lbs) |
| 1 kilogram (kg) | = | 2.200 lbs |
| 1 meter (m) | = | 3.28 feet (ft) |
| 1 millimeter (mm) | = | 0.03937 inch |
| 1 kilometer (km) | = | 0.62 mile |
| 1 hectare (ha) | = | 2.471 acres |

ACRONYMS AND ABBREVIATIONS

| | |
|-------|--|
| AfDB | African Development Bank |
| ADF | African Development Fund |
| BEC | Bid Evaluation Committee |
| CDN | Country Diagnostic Note |
| CSP | Country Strategy Paper |
| CV | Curriculum Vitae |
| ESIA | Environment and Social Impact Analysis |
| ESMP | Environment and Social Management Plan |
| FC | Foreign Currency |
| GDP | Gross Domestic Product |
| GOM | Government of Mauritius |
| ICT | Information and Communication Technologies |
| IRR | Internal Rate of Return |
| LTSP | Long Term Strategic Plan |
| LC | Local Currency |
| LED | Local Economic Development |
| MAIFS | Ministry of Agro Industry and Food Security |
| MIC | Middle Income Countries |
| MOFED | Ministry of Finance and Economic Development |
| MSME | Micro, Small and Medium Enterprises |
| MUR | Mauritian Rupee |
| NSS | Non-Sugar Sector Study |
| RDGS | Regional Development and Business Delivery Office, Southern Africa |
| RFP | Request for Proposal |
| RFQ | Request for Qualification |
| ToR | Terms of reference |
| UA | Unit of Account |
| VAT | Value Added Tax |

GRANT INFORMATION

Client's Information

RECIPIENT: Republic of Mauritius

IMPLEMENTING/EXECUTING AGENCY: Ministry of Agroindustry and Food Security

Financing Plan

| Source | Amount | Instrument |
|-------------------|-------------------|-------------------------------|
| ADB | UA 100,000 | MIC Grant |
| Government | UA 15,000 | Government of Mauritius (GOM) |
| Others | N/A | |
| Total Cost | UA 115,000 | |

ADB's Key Financing Information

MIC Grant Currency United State Dollars (USD)

Timeframe – Key Expected Milestones

| | |
|---------------------------|------------------|
| Country team | : June 2021 |
| Grant Approval | : July 2021 |
| Effectiveness | : September 2021 |
| First Disbursement | : October 2021 |
| Closing Date | : August 2022 |
| Last Date of Disbursement | : December. 2022 |

RESULTS-BASED LOGICAL FRAMEWORK

| RESULTS FRAMEWORK | | | | | |
|--|--------------------------|---------------------|--------------------------------|-----------------------------|---|
| A PROJECT INFORMATION | | | | | |
| PROJECT NAME AND SAP CODE: Feasibility Studies - Special Agro Industrial Processing Zone Project: P-MU-A00-001 | | | COUNTRY/REGION: MAURITIUS/RDGS | | |
| PROJECT DEVELOPMENT OBJECTIVE: Support the development of inclusive and sustainable Agro Industrial development in Mauritius | | | | | |
| ALIGNMENT INDICATOR (S): Inclusive and Sustainable Agro Industrial Development | | | | | |
| B RESULTS MATRIX | | | | | |
| RESULTS CHAIN AND INDICATOR DESCRIPTION | RMF/ADOA INDICATOR | UNIT OF MEASUREMENT | BASELINE (2021) | TARGET AT COMPLETION (2023) | MEANS OF VERIFICATION |
| OUTCOME STATEMENT 1: Agro-Industrial Park established in Mauritius | | | | | |
| OUTCOME INDICATOR 1.1: # of Parks established | <input type="checkbox"/> | Number | 0 | 1 | Project progress implementation documents |
| OUTCOME INDICATOR 1.2: # of RTCs established | <input type="checkbox"/> | Number | 0 | TBD | |
| OUTCOME INDICATOR 1.3: Strategic/anchor investor in place by 2023 | | Number | 0 | 2 | |
| Component 1: Technical Assistance to prepare the Mauritius Regional Agro Industrial Processing Zone | | | | | |
| OUTPUT STATEMENT 1: Consolidated Feasibility Study and Master Plans Developed | | | | | |
| OUTPUT INDICATOR 1.1: Feasibility study and Master Plans approved by GOM | <input type="checkbox"/> | Number | 0 | 1 | Project progress implementation documents |
| OUTPUT INDICATOR 1.2: Project Promotion, branding, and marketing Plan approved | | Number | 0 | 1 | |
| Component 2: Project Master Plans Presented to Stakeholders | | | | | |
| OUTPUT STATEMENT 2: Stakeholder Workshop Implemented | | | | | |
| OUTPUT INDICATOR 2.1: Report of Stakeholder Workshop | <input type="checkbox"/> | Number | 0 | 1 | Project progress implementation documents |
| Component 3: Project coordination and management | | | | | |
| 3.1. Number of Implementation Progress Report | | Number | 0 | 1 | SAP/Project Progress implementation documents |
| 3.2. Disbursement rate on Bank’s managed resources | | Percent | 0 | 100 | |
| 3.3. Number of audit reports prepared and validated | | Number | 0 | 1 | |

1. INTRODUCTION

1.1 Background

1.1.1 The agricultural sector in Mauritius represents less than 3% of the nation's GDP, nonetheless, it is a critical driver of the country's socio-economic development as it accounts for more than 30% of export revenue, 7.3% of the total workforce and occupies about 44% of the arable land. In recent years, there has been a steady downward trend in the national unemployment rate (estimated at 7.1% in 2021¹), however this does not tell the full story as youth unemployment is estimated to be circa three times the national average (21.79% in 2019). Therefore, accelerated job creation and skills development has become imperative to reduce the burden on the country's generous social protection and pension scheme on an increasingly constrained fiscal space. Furthermore, the sharp decline in economic activities over the past 12 months resulting from the COVID-19 pandemic has added more urgency to efforts to re-skill the workforce, with preliminary projections indicating unemployment rate rising upwards of 10% in 2021.

1.1.2 The sugar industry is an important contributor to the economy of Mauritius which accounts for roughly 18% of the country's agricultural GDP, however, the sugar industry has faced increased pressure in recent years on account of protracted softness of global sugar prices in the international market amid rising costs of production and dwindling productivity. Hence, the Government of Mauritius has prioritized the need for diversification of the agricultural sector by providing support for "non-sugar agricultural value chains while taking advantage of the land being released as a result of discontinuation of sugar production by many farmers and recent technological advances in agriculture. The non-sugar sector in Mauritius is dominated by food production characterized by small scale farming (with an average holding of 0.25 ha and a few large farms that are greater than 10 ha). The main non-sugar commodities include potatoes, vegetables, fruits, ornamentals, livestock, and poultry. It is important to note that based on consumption patterns in Mauritius and agro-climatic conditions, potatoes, onions, and garlic are considered as strategic food security crops.

1.1.3 Food crop production has only marginally progressed over the past decade and has been declining over the past 5 years. Although close to 100 percent self-sufficiency is achieved for fresh vegetables and tropical fruits with the agricultural output, the quantity – and the quality – currently produced remain insufficient to support the development of a strong, competitive, and sustainable agro-processing industry. More than 70 percent of the food consumed in Mauritius is imported. Relying on food imports makes Mauritius particularly vulnerable to rising global food prices. Given the limited land area for agricultural expansion and low productivity per capita, Mauritius needs to move into high tech agriculture to generate enough surpluses that will support the development of agroindustry.

1.1.4 Following from a Bank mission in August 2019, the Government mandated the Bank to undertake a study on the Non-Sugar Sector in Mauritius to identify and guide the country's further investments in the agriculture sector. A Draft Report of this Study was presented to the Government of Mauritius in July 2020. Following a review of the Report by the Ministry of Agro Industry and Food Security and an inter-ministerial committee of government, the Report was presented to Stakeholders in a virtual validation workshop in October 2020. A major recommendation of the Study was the development of an Agro Industrial zone with a regional focus in rice, maize, and horticulture processing for the Republic of Mauritius. The strategic

¹ <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=MU>

goal is to create a new regional logistic hub for agro-industrial and commercial activities in the Republic of Mauritius and to link the island to the rest of the Continent of Africa to facilitate the inflow of agricultural raw material and as the main gateway to the international markets in Africa, Asia and Australia. The proposed study will also assess the feasibility of integrating producers from neighboring African countries to provide raw materials for the agro industrial park as well as upgrade local production towards high tech and climate proof agriculture to improve productivity and national food self-sufficiency.

1.2 Project Objectives

1.2.1 The purpose of the grant is to support the recruitment of a consulting firm to undertake a full Feasibility Study and Master Plans for the Mauritius Regional Agro Industrial Processing Zone. The Specific objectives are to:

- (i) Undertake Full Feasibility Study and Master Plans for the Mauritius Regional Agro Industrial Zone,
- (ii) Present Full Feasibility Reports and Master Plans to Government and Stakeholders.

1.3 Sector Responsible for Preparing the Request

This proposal has jointly been prepared by the Agricultural Finance and Rural Infrastructure Development (AHFR.2) and the Regional Sector Department (RDGS.2). Implementation oversight will be done through the Regional Directorate General South Region (RDGS) of the Bank.

1.4 Request Form clearance Date

The Request Form for the project was cleared by RDVP on the 24 of May 2021.

1.5 Justification for the use of Resources

1.5.1 The Government of Mauritius priorities for the non-sugar sector are outlined in the Strategic Plan for Food Crops, Livestock and Forestry Sectors (2016-2020)². The overall goal of the plan is to improve food security, food quality and safety and to promote a more sustainable agriculture. The objectives are: (i) increasing productivity of high-quality strategic crops to enhance food self-sufficiency; (ii) encourage farmers, particular youth and women to engage in agribusiness activities; (iii) promote sustainable production systems and organic farming, and (iv) encourage export of horticultural produce. As part of the plan, the Government of Mauritius is rolling out programs aimed at modernizing agricultural production, shifting to sustainable production systems, mechanization and improved access to input. Other measures have included development and support of agripreneurs³, diversification into high value commodities such as macadamia, coffee and tea and the development of value chain through PPPs and regional agri-business development projects.

1.5.3 The proposed project is consistent with the Bank's (2013-2022) Ten Year Strategy and three of its five priority areas (the High 5s), particularly Feed Africa, Industrialize Africa, and Improve the Quality of life of the people of Africa. The operation will contribute to the implementation of the High 5s and the attainment of the Bank's overarching inclusive growth agenda and transitioning to green growth.

1.5.4 This intervention is also aligned to the Bank's Feed Africa Strategy for Agricultural Transformation (2016 – 2025), the industrialization strategy and Jobs for Youth strategy. The

² This document is under review by the government and the updated version is not available

³ Person who supports and manages a business venture by focusing on the agricultural sector only

intervention will contribute to the implementation of the Bank's Gender Strategy, especially under the women's economic empowerment pillar through the design of infrastructure to support rural enterprise and livelihoods, which benefit the women due to their high participation rate in agricultural value chains and the fact that they are disproportionately present in rural areas⁴.

2. PROJECT DESCRIPTION

2.1 Description of Project Components

2.1.1 The purpose of the proposed project is to engage a consulting firm to undertake a Full Feasibility study and Master Plans for the Mauritius Regional Agro Industrial Processing Zone. The specific activities are detailed in the attached Terms of Reference in Annex 1. The feasibility study will analyze and make recommendations on critical issues identified along the priority value chains as well as provide information on the strategy for the full integration of private sector investments (including SMEs, farmers, processing, logistics, etc.) in the upstream and downstream of the agricultural sector. The proposal has three objective components which will be implemented simultaneously:

Component 1: Undertake Full Feasibility Study and Master Plans for the Mauritius Regional Agro Industrial Processing Zone

2.1.2 Under this component, the implementing agency (Ministry of Agro Industry and Food Security) will procure a consulting firm to undertake the documentation of a full feasibility study and master plans for the Regional Agro Industrial Park on its behalf. The site proposed by government is located at Five Ways Wooton over an extent of 15ha, adjacent to the National Wholesale Market in Port Louis.

2.1.3 To achieve the foregoing (2.1.2), the Implementing Agency will perform the following tasks:

2.1.4 Hold consultations with government and private sector entities, such as the Mauritius Chamber of Agriculture and other relevant private sector entities

2.15 Review the Terms of Reference for the consultancy assignment (see Annex 2)

2.1.6 ***Prepare Request for Proposal:*** Procure a consulting firm to undertake a feasibility study for the Mauritius Regional Agro-industrial zone

2.1.7 ***Choose the Preferred Bidder:*** The Implementing Agency is to provide all necessary administrative support including managing a data room, facilitating the evaluation process and assisting with the evaluation.

2.18 ***Contract Negotiation and award:*** The Implementing Agency will assist in final negotiations with the preferred tenderer, conclude and award the contract subject to prior review by the Bank. The information will include the date when the feasibility reports will be concluded and submitted to the Government for review prior to the Stakeholder workshop.

⁴ Empowering women and girls in rural areas to achieve the SDGs and Africa's Agenda 2063 | UN Women – Headquarters

2.1.9 Implementation: Following the award of the contract the selected firm is expected to undertake field visits in Mauritius to ground truth the location of the Agri hub and the related rural transformation centers and the procurement zones for raw materials. The latter may include upgrading of existing infrastructure (brown fields) as well as assess the upgrading to high tech agriculture in domestic production to ensure food security and mainstream digital agriculture to improve input delivery and commercialization.

2.1.10 Project Promotion - The consultant will also develop a communication and branding strategy, brand the project to enable the government and its agencies market the project globally through road shows and investment promotion(s) in collaboration with the Ministry of Agro Industry and Food Security.

Component 2: Present Full Feasibility Reports and Master Plans to Government and Stakeholders.

2.1.11 Stakeholder Workshop – Following the conclusion of the Feasibility Study and Master Plans, the consultant in collaboration with the Implementing Agency will present same to all stakeholders in a forum. Following the acceptance of the Feasibility Studies, the Implementing Agency is expected to present a letter of Request for funding the proposed Agro Industrial Park and its related Rural transformation Centers.

Component 3: Project coordination and management.

2.1.13 Under this component, the Implementing Agency will coordinate the recruitment of the consulting firm and provide support in terms of guidance to the relevant locations, provide available data and information and report progress to the Bank.

2.2 Environmental categorization

The proposed project is potentially a Category 1 because the planned physical investments include an agro-industrial park. In accordance with the national regulations and AfDB requirement standards an ESIA will be developed as part of the project preparation phase prior to appraisal. However, there will be no ESIA document disclosure prior to the approval of this proposal.

2.3 Expected Outputs

The expected outputs include:

- Final Full Feasibility Report
- Final Master Plans for the Special Agro Industrial Processing Zone
- A Gender Analysis Report for the Mauritius SAPZ
- Report of Stakeholder Workshop

3. COST AND FINANCING OF THE TECHNICAL ASSISTANCE

3.1 Costs

3.1.1 The cost estimates for the Technical Assistance are shown in Tables 1 and 2 below. The total estimated cost is UA 115,000 (equivalent to 6,619,089.5 Mauritian Rupee or USD 165,516.05) of which UA100,000 (5,755,730 MUR or USD 143,927) is provided by the Bank under the MIC TAF Grant. This will be used to cover the cost for a full feasibility study and

Master Plans only. The value of UA 15000, (863359.5 MUR) accounting for 15% of the TAF, is in kind contribution by the Government of Mauritius. The cost estimate includes a price contingency of 4.5% and a physical contingency of 3%. The detailed cost estimate by components is shown in Table 1 below.

Table 1: Cost Estimates

| Component | Cost (UA) | | | % | |
|--|--------------|--------------|---------------|-----------|------------|
| | Local | Foreign | Total | Foreign | Base |
| Component1: Undertake Full Feasibility Study and Master plans for the Mauritius Regional Agro Industrial Zone | 17500 | 70000 | 87500 | 80 | 82 |
| Component 2: Present Full Feasibility Reports and Master Plans to Government and Stakeholders | 1000 | 4000 | 5000 | 80 | 5 |
| Component 3: Project coordination and management. | 2875 | 11000 | 13875 | 80 | 13 |
| Total Base Cost | 21375 | 85000 | 106375 | 80 | 100 |
| Physical Contingency (3%) | 690 | 2760 | 3450 | | |
| Price Contingency (4.5%) | 1075 | 4100 | 5175 | | |
| TOTAL | 23140 | 91860 | 115000 | | |

Table 2: Summary of Estimated Costs by Expenditure Categories

| Disbursement categories | Cost In UA | | |
|-------------------------|--------------|---------------|---------------|
| | Local | Foreign | Total Cost |
| Civil Works | 0 | 0 | 0 |
| Goods | 0 | 0 | 0 |
| Services | | 100000 | 100000 |
| Operating Cost | 15000 | 0 | 15000 |
| Total cost | 15000 | 100000 | 115000 |

Table 3: Expenditure by Component and Source (UA)

| Component | ADB MIC | (GoM) | Total |
|--|----------------|--------------|---------------|
| Component 1. Undertake Full Feasibility Study and Master plans for the Mauritius Regional Agro Industrial Zone | 87500 | 0 | 87500 |
| Component 2: Present Full Feasibility Reports and Master Plans to Government and Stakeholders | 5000 | 0 | 5000 |
| Component 3: Project coordination and management. | 0 | 13875 | 13875 |
| Total Base Cost | 92500 | 13875 | 106375 |
| <i>Contingencies</i> | 7500 | 1125 | 8625 |
| Total | 100,000 | 15000 | 115000 |

3.2 Financing Plan

3.2.1 The Technical Assistance shall be financed by a MIC grant allocation of **UA 100,000 (USD 143,927)** under the MIC Technical Assistance Fund (TAF) and counterpart funds of **UA 15,000** (812,940 Mauritian Rupee) from Government of Mauritius respectively. The MIC TAF grant will fund 85% of the total cost of the TA, while 15% will be in kind contributions by the Government of Mauritius. Table 3 presents the estimated project costs by financing source.

Table 4 Estimated Cost by Financing Source (UA)

| Sources of Financing | FE | % | LC | % | Total | % |
|--------------------------------|---------|-----|-------|----|---------|----|
| ADB MIC Grant | 100,000 | 100 | 0 | 0 | 100,000 | 87 |
| Government of Mauritius | | | 15000 | 15 | 15000 | 13 |

| | | | | | | |
|--------------|---------------|------------|--------------|------------|---------------|------------|
| <i>Other</i> | 0 | 0 0 | 0 | 0 | 0 | 0 |
| <i>Total</i> | <i>100000</i> | <i>100</i> | <i>15000</i> | <i>100</i> | <i>115000</i> | <i>100</i> |

[UA] = 1.36480 [USD]; 1 [UA] = 57.55730 [Mauritian Rupee]

4. MODE OF PROCUREMENT

4.1. Procurement of Services

4.1.1 **The acquisition of consulting services financed by the Bank will be in accordance with the “Procurement Framework for Bank Group Funded Operations”,** dated October 2015 and following the provisions stated in the Financing Agreement. Procurement would be carried out in accordance with Bank Procurement Methods and Procedures (PMPs), using the relevant Bank Standard or Model Solicitation Documents (SDs) and review procedures. There will be one consultancy services (firm), which will be procured on the basis of Quality-and-Cost Based Selection (QCBS). Details of procurement arrangement is presented in Annex 5.

4.1.2 Ministry of Agro Industry and Food Security (MAIFS) will be responsible for procurement of consulting services under the project. The Bank will provide support and guidance in procurement of the consultancy services in an effective and efficient manner to MAIFS.

5. FINANCING ARRANGEMENTS

5.1 Disbursement Modalities

5.1.1 The Ministry of Agro Industry and Food Security (MAIFS) will be the Implementing Agency. Given the nature of activities to be financed under the study, MAIFS will make use of the direct payment method of disbursement for activities under component 1 of the grant in accordance with Bank rules and procedures as laid out in the disbursement handbook as applicable and will be clearly spelt out in the disbursement letter. The Government will create a special account for the disbursement of funds for the Stakeholder workshop.

5.1.2 Remuneration for project coordination and management will be borne by the Government of Mauritius as in-kind contributions. This will include the salaries and allowances of staff involved in executing the study over the period.

5.2 Financial Management Requirements

5.2.1 MAIFS has been found satisfactory to undertake financial management arrangements of the MIC Grant with adequate budgeting, accounting, internal controls, flow of funds, financial reporting, and auditing arrangements in place. These arrangements meet the Bank’s minimum requirements to ensure that funds made available for project financing are used economically and efficiently and for the purpose intended. The project financial management arrangements will be handled within the existing structures of the MAIFS’s Finance Directorate. The project accounting system will be based on an automated accounting package being used by MAIFS. In accordance with the Bank’s requirements, MAIFS shall be required to prepare financial report as part of the progress report and submit to the Bank not later than 45 days after the end of consultancy services. MAIFS will also be required to put in place a Consultative committee that integrates the key stakeholders of the project. In addition, MAIFS shall prepare annual financial statements. Due to the nature of the operation, single audited financial statements together with the management letter shall be submitted to the Bank not later than 3 months after end of the engagement.

5.2.2 In line with the country requirements, the Office of the Auditor General will oversee the external audit function which will be carried out by an Independent Audit Firm recruited through a competitive. The audit shall be done in accordance with the approved Terms of Reference by the Bank. The audit cost shall be financed by government. Detailed financial management, disbursement and auditing arrangements are included in Annex V.

6. IMPLEMENTATION MODALITIES AND PROJECT SCHEDULE

6.1 Institutional Capacity Assessment, Arrangements, and Implementing Modalities

6.1.1 The Ministry of Agro Industry and Food Security will be the Executing/Implementing Agency of the MIC Technical Assistance Grant. The Ministry will be responsible for the management and supervision of the project and for reporting to the Bank (MIC Fund) on its implementation. MAIFS has had previous experience with the Bank in the implementation of the Study on the Assessment of the Non-Sugar Sector in which they chaired the Inter-Ministerial Committee on the Quality Assurance of the Study. They have also implemented grants from other development partners including the World Bank, IFAD, and FAO.

The Ministry of Agro Industry and Food Security has confirmed that a Steering Committee will be set up under the Chairmanship of the Permanent Secretary and comprising the Deputy Permanent Secretary, Director-Agricultural Services, Chief Executive Officer of the Food and Agricultural Research and Extension Unit, the Manager - Financial Operations and the Manager-Procurement to oversee the implementation of the setting up of the SAPZ. Furthermore, the Committee will oversee the procurement process for the recruitment of the Consultant to carry out the Feasibility Study.

6.1.3 During the project implementation period, the MAIFS team will prepare and forward to the Bank, within 30 days of the end of the assignment a Final Report highlighting the achievements on activities, disbursements made, problems encountered, and mitigations to the challenges. The Bank will monitor the implementation of the project through reviews of key outputs such as the Inception Reports, Interim & Final Reports for studies.

6.2 Timing of Planned Activities

The Technical Assistance will be implemented over a period of ten (10) months between November 2021 and August 2022 following approval by the Bank. The indicative timeframe is presented in Annex III which shows the detailed planned activities and the timeline for their completion.

7. DRAFT WORK PROGRAM AND PROCUREMENT SCHEDULE

7.1 Work Program

The work program is summarized in Annex III with the key activities and the indicative dates for their completion within the timeframe of the Project. This will be amenable to revisions as and when seen fit by the project team in consultation with the Bank's supervision team. The Procurement Arrangements and Plan is presented in Annex IV.

8. LEGAL INSTRUMENTS AND AUTHORITY

8.1 The Letter of Agreement

8.1.1 A Letter of Agreement (the "Agreement") shall be executed between the Republic of Mauritius and the African Development Bank.

8.1.2 *Entry into Force:* The Agreement shall enter into force upon signature by the parties.

8.1.3 *Disbursement Conditions:* The obligation of the Bank to make the first disbursement of the Grant shall be conditional upon the entry into force of the Agreement.

8.2 Suspension of Disbursement of the Grant

8.2.1 The Bank may, by notice to the Recipient, suspend at any time further withdrawals of the Grant if any of the following events of suspension shall have occurred: (a) funds withdrawn have not been used for the purposes agreed between the Recipient and the Bank; (b) The envisaged activities are not carried out in accordance with the standards or methods agreed between the Recipient and the Bank; (c) the right of the Executing Agency, to which the Bank has provided the Grant through the Recipient, to make withdrawals under any grant agreement with Bank shall have been suspended; (d) the activities cannot be implemented in a satisfactory manner or its implementation becomes impossible; (e) the Recipient or the Executing Agency or any of their contractors/agents has committed or attempted to commit an act of fraud, corruption or any other illegal act or behavior; (f) the Recipient does not comply with the terms and conditions enunciated within the Letter of Agreement; and (g) for any other legitimate reasons that the Bank may determine and communicate to the Recipient.

9. CONCLUSIONS AND RECOMMENDATIONS

9.1 Given the importance of agriculture in ensuring food security, job creation and inclusive growth in Mauritius, the Government has prioritized the development of the Regional Agro Industrial Park to provide the required infrastructure that will provide an agro-industrial base that will drive demand for farm produce and increase agro-industrial processing. The project will also integrate producers from neighboring African countries to provide raw materials for the agro industrial park as well as upgrade local production towards high tech and climate proof agriculture to improve productivity and national food self-sufficiency.

9.2 In this regard, the Government of Mauritius has endorsed the MIC Grant Request towards the development of an Agri industrial zone as one of the major areas of strategic thrust in the country. The intervention will support the Ministry of Agro Industry and Food Security with a consulting firm to undertake the Feasibility study for the project.

9.3 Considering the foregoing, Management recommends the approval by the Director General of the proposal for a grant not exceeding One Hundred Thousand Units of Account (UA 100,000) to the Republic of Mauritius from the resources of the Middle-Income Country Technical Assistance Fund for the purposes and subject to the conditions stipulated in this MIC Grant Report.

ANNEX I: Letter of Request



MINISTRY OF FINANCE, ECONOMIC PLANNING AND DEVELOPMENT
Government Centre, Port Louis, Mauritius

In reply please quote: CF/30/30/40/103

Date: 27 January 2021

Director General
African Development Bank Group
339 Witch-Hazel Avenue, Highveld Ext. 78,
Centurion, South Africa

Dear Madam,

MIC-TAF Grant - Development of a Special Agro Industrial Processing Zone in Mauritius

As you are aware, the African Development Bank conducted a Study on the Non-Sugar Sub-Sector (NSS) focusing on identifying investable activities relevant to the Feed Africa Strategy and to facilitate partnerships between Mauritius and other African countries.

2. The final Report was presented to the Ministry of Agro-industry and Food Security in October 2020. One of the recommendations of the Report concerns investing in a Regional Special Agro Industrial Processing Zone (SAPZ) to leverage the logistics potential of Mauritius.

3. Accordingly, the Government of Mauritius is requesting the assistance of the Bank, under the Middle Income Countries Technical Assistance Fund [MIC-TAF] Grant to:

- (i) undertake a feasibility study, prepare the project write up and bid documents for the setting up of the SAPZ; and
- (ii) Set up such a zone at Five Ways Wooton over an extent of 15ha, adjacent to the National Wholesale Market.

4. We look forward to a positive response from your side and seize this opportunity to thank the Bank for its continued support.

Yours faithfully,

M. Rawoteea
For Financial Secretary

ANNEX II: TERMS OF REFERENCE

Brief description of the assignment:

Consulting firm to provide technical and advisory support to the African Development Bank (“the Bank”) in The Feasibility Study and Master Plan for the Establishment of a Special Agro Industrial Processing Zone in the Republic of Mauritius (The Feasibility Study”), a Regional focused agro industrial zone designed to upgrade and expand the agribusiness sector in Mauritius.

1. Introduction and Background

1.1 The Republic of Mauritius has experienced a steady economic growth over recent years, after experiencing serious shocks during the global financial crisis and its aftermath in the late 2000s. GDP growth has ranged between 3.5-3.9% in the past 5 years, whilst GDP per capita growth has averaged 3.4% during that time. Strong performances in the financial services, tourism and ICT have been the principal drivers of economic growth, together with robust household consumption and private investment growth. Political stability, sound macroeconomic management and effective governance structures have provided an enabling environment for steady economic growth and prosperity on the island. However, the COVID-19 global pandemic has presented a fresh challenge to economic growth and stability, with the island economy experiencing a recession in 2020 for the first time since the early 1980s. The pandemic has adversely impacted critical economic activities of the island economy, such as tourism, trade and investment and financial services, as well as household consumption, private investments, and export growth.

1.2 Over time, the economy of Mauritius has evolved from its primary agricultural base (sugar cane plantations) to a service-oriented economy where financial services, tourism, retail and wholesale and ICT services have become main income earners, but still, the level of diversification and structural transformation remains generally low. The dependence of the economy on tourism and external markets, has also rendered the economy vulnerable to external shocks. Other sectors such as manufacturing and agriculture have received less investments, and as such, their contributions to GDP have been low and declining over time. However, in the context of its Vision 2030 and the Government Program 2020-24, there are ongoing efforts for Mauritius to shift from basic industrial economic activities to more value added, technology and knowledge-driven economic activities such as pharmaceuticals, agro-processing and marine development. This latest developmental approach for Mauritius aims to enhance the contribution of financial and IT related services to GDP and improve competitiveness and productivity.

1.3 The agricultural sector represents less than 4 percent of Mauritius’ GDP, but it is a critical driver of the socio-economic development. The sector employs 7.3 percent of the total workforce and occupies about 44 percent of the arable land. The sugar sector, which contributes 18 percent of agriculture GDP, has over the years, played key multi-functional and ecological roles since its introduction and establishment in Mauritius and has had major stimulus in the economic development of the country. The non-sugar sector, which contributes 40 percent of

agriculture's share to GDP, covers approximately 8,600 hectares and supports an estimated 8000 smallholder farmers, 375 hydroponic producers and a few corporate farmers. The main non-sugar commodities include vegetables, fruits, ornamentals, livestock and poultry.

1.4 At the request of the Government of Mauritius, the African Development Bank undertook an Assessment of the Non-Sugar Sector in Mauritius in 2020. The Study shows that the non-sugar sector is dominated by food production is characterized by small scale farming (with an average holding of 0.25 ha and a few large farms that are greater than 10 ha). The main crops cultivated are potato, tomato, onion, crucifers, cucurbits, green vegetables and tropical fruits such as banana, pineapple and the seasonal lychee and mango. It is important to note that based on consumption patterns in Mauritius and agro-climatic conditions, potatoes, onions, and garlic are considered as strategic crops. Food crop production only marginally progressed over the past decade but have been declining over the past 5 years. Although close to 100 percent self-sufficiency is achieved for fresh vegetables and tropical fruits with the agricultural output, the quantity – and the quality – currently produced remain insufficient to support the development of a strong, competitive, and sustainable agro-processing industry. A major recommendation of the Study was the development of an Agro Industrial zone with a regional focus for the Republic of Mauritius.

1.5 More than 70 percent of the food consumed in Mauritius is imported. This dependency can be traced to the country's specialization in sugar, such that most of the Island's food needs has been satisfied from imports. There is a growing food import bill for staples such as rice, wheat (flour), beef, dairy milk and so many other food items. With the decline of sugar price on the world market, the erosion of the preferential trade with the EU, the country has lost its comparative advantage for sugar export, thus farmers are releasing land from sugar. Increasingly, the Government is putting a lot of emphasis in the development of the non-sugar sector largely to meet its food needs.

1.6 The Government of Mauritius priorities for the non-sugar sector are outlined in the Strategic Plan for Food Crops, Livestock and Forestry Sectors (2016-2020). The overall goal of the plan is to improve food security, food quality and safety and to promote a more sustainable agriculture. The objectives are: (i) increasing productivity of high quality strategic crops to enhance food self-sufficiency; (ii) encourage farmers, particular youth and women to engage in agribusiness activities; (iii) promote sustainable production systems and organic farming, and (iv) encourage export of horticultural produce.

1.7 Special Agro Industrial Processing Zones (SAPZ) are agro-based spatial development initiatives designed to concentrate agro-processing activities within areas of high agricultural potential to boost productivity and integrate production, processing, and marketing of selected commodities. SAPZ are purposely built shared facilities, to enable agricultural producers, processors, aggregators, and distributors to operate within the same vicinity to reduce transaction costs, share economies of scale and benefit from shared business development services for increased productivity and competitiveness. By bringing adequate infrastructure (energy, water, roads, ICT etc.) to rural areas of high agricultural potential, attracts investments

from private agro-industrialists/entrepreneurs to contribute to the economic and social development of rural economy. By design, SAPZ are facilitated by government (Government-enabled) but private sector-led (managed). This has implications for who (public or private), regulates, owns, develops, and manages or operates the Parks and its associated physical amenities.

The Agri Hub is also supported by several Rural (Agricultural) Transformation Centers. A Rural Transformation Center(RTC) is a physical complex of facilities centrally located in the middle of a farming community, where required services are offered to farmers, including farm inputs (seeds, fertilizer, crop protection inputs, etc.) distribution and marketing, farm equipment rental and maintenance services, crop handling, grading, storage, and processing for increased shelf life; crop drying facilities, cold stores and warehouses, livestock handling, slaughtering and meat packing; fish handling, grading and processing; food quality and safety control and certification; distribution and marketing platforms. RTCs are strategically located within the production area to serve as aggregation points to accumulate products from the community to supply the Agro-Processing Hub for further value addition or send to centers of great demand for distribution and retail to consumers.

2. Objective and Activities of the Assignment

The strategic objective of this project is to create a new regional logistic hub for agro-industrial and commercial activities in the Republic of Mauritius. The goal is to link the Island of Mauritius to the Continent of Africa as a source of agricultural raw material and as the main gateway to the international markets in Africa, Asia Europe, and Australia. In addition, the feasibility studies will also assess the economic, social, and environmental viability of establishing Special Agro Industrial zones the Republic of Mauritius.

Under the overall guidance of the Government of Mauritius and under the immediate supervision of the Project Coordinator, the Consulting Firm will leverage its experience in the design of master plans and development of feasibility studies for agro industrial zones.

Further, it will be responsible for undertaking the following principal activities:

4.0 ACTIVITIES & EXPECTED OUTCOMES

4.1 Proposed Activities

The selected firm will be responsible for the following activities:

1. Assess in detail the agricultural value chains and recommend interventions that will help improve production efficiency
2. Undertake a value chain analysis, assess the production gaps, challenges and marketable surplus (if any) in the target commodities
3. Undertake the comparative/competitive advantage of the Republic of Mauritius in high tech agriculture (including sheltered agriculture, green house farming, vertical farming, etc.) to improve productivity
4. Undertake a detailed analysis of the competitive advantage of the Republic of Mauritius for specific agro industrial commodities and recommendations on how to source the required surplus competitively from the regional market

5. Identify and prioritize agricultural raw materials that should be sourced from the continent for processing in the Republic of Mauritius
6. Identify and design Rural Transformation centers (RTCs) strategically located in the country. These RTCs should also take into cognizance the existing production-oriented infrastructure by AMB and other private sector entities with a view to upgrade and align to the new investments in agro industry
7. Carry out zoning of identified components and develop a masterplan and outline business case for the entire SAPZ park in the identified site provided by the GoM
8. Carry out an Infrastructure gap analysis and location analysis with broad specifications and designs for both external and internal infrastructures
9. Carry out the Project costing and viability analysis for the SAPZ Park and respective RTCs
10. Undertake an assessment of the digital requirements in line with existing infrastructure for the planned Agro Industrial Zone in Mauritius
11. Develop the Project implementation strategy, project implementation structure, legal aspects and operation and governance structure
12. Develop the Project Implementation schedule and micro level action plan
13. Develop a Risk mapping and mitigation strategies for the SAPZ Project including preliminary assessment
14. Assess the Labour Supply (skills) and demand (demand for labour- job creation) constraints of the labour market and the peculiar opportunities and challenges for the agriculture sector to employment creation including entrepreneurship and MSME development.
15. Assess the key demographics and their implications for the future workforce and job creation: percentage of population engaged in agricultural activities including division between men and women, rural vs. urban, age dynamics (children, youth, adults).
16. Provide an analysis of the beneficiaries and contribution to job creation and other benefits in the Republic of Mauritius
17. Provide explicitly the cost and price assumptions (dataset) to inform further evaluation at project appraisal and implementation phase
18. Provide guidance on the integration of the SAPZ ecosystem (farmers, producers, logistics, agro-industrialists, and all key actors) under a responsive electronic platform (such as Thuma Mina)
19. Provide guidance on the sources of finance for the development of the SAPZ in Mauritius

4.2 Desirable Expertise Required

The desired expertise required from the consultant/firm will include a team leader, an infrastructure specialist, an agricultural economist with value chain assessment expertise, Agricultural Trade and Policy expert, hydrologist with irrigation infrastructure development expertise, Labor market expert, Gender Expert, Digital agriculture expertise and survey/mapping expertise, Agronomist with expertise in **High Tech Agriculture** and an agricultural financing expert. Other expertise may be added as and when required during the assignment. The Consultant shall attach the list and curriculum vitae of the key experts to who will be assigned the tasks. With the exception Team Leader, the estimated of staff-months for the selected expertise shall be a minimum of two (2) months. The staff time for the Team Leader is expected be a minimum of four months.

4.3 Expected Deliverables

After the assignment, the firm will prepare and submit the following reports to the management of the Bank:

- i. A full Masterplan of the SAPZ Park indicating the location of key infrastructure and land allotted for industrial tenants and area mapped out for social development
- ii. A full master plan of the relevant number of RTCs with defined locations based on logistic advantage in the region
- iii. A detailed feasibility study of the SAPZ park, RTCs and farm level Aggregation Centers (AC)
- iv. A detailed Gender Analytical Study for the Mauritius SAPZ

4.4 Expected Outcomes

A detailed project feasibility study (Outline Business Case) and Master Plan for the Special Agro Industrial Processing zone and related support infrastructure (RTCs and ACs) and a Gender Analytical Study.

5. EXECUTION SCHEDULE

5.1 Duration of the Study

The consultant/firm will be required for a period of six (6) months. The consultant/firm will spend a maximum of three months in Mauritius to gather additional information and consolidate the existing information. Work will be carried out remotely from the country of recruitment for the last three months of the assignment to prepare the required reports and a host a Stakeholder workshop before the end of the assignment. The Implementing Agency will provide logistic support and local guidance in Mauritius.

5.2 Mission Duration and Start date:

The study execution will span ten (10) months from its commencement, including the review deadlines for the various phases, the validation workshops, and the project audit period. The mission is expected to start in November 2021.

5.3 Mission location:

The mission location is home based with missions to the Republic of Mauritius

6. TERMS OF PAYMENT OF THE CONSULTANT'S FEES

The Consultant's fees is expected to be based on the deliverables detailed in section 4 of the ToR subject to their validation by the Government team. Kindly note that all the expenses required to the execution of the mission will be borne by the consultant and should be included in his financial offer which will be a lump sum that will include: (i) Honorarium; (ii) other expenses; as described in Appendix 2 (Formats for Financial Proposals) of the request of the proposal.

The schedule of payments to be made on the basis of the delivery of the final reports is as follows.

| | |
|--|-----|
| Presentation of an Inception Report: | 30% |
| Full Feasibility Report and Master plan: | 40% |
| Final Report (after Stakeholder workshop): | 30% |

7. CONSULTANT’S OBLIGATIONS

The Consultant will be entirely responsible for the study execution including the services provided by its sub-contractors. The consultant will provide the specialists, supportive structures and the essential logistics in quality and quantity for the execution of the assignment. The consultant shall take all the necessary steps to ensure proper execution of the assignment on schedule.

8. MINISTRY OF AGROINDUSTRY AND FOOD SECURITY OBLIGATIONS

At the level of the Government, the Ministry of Agroindustry and Food Security (MAIFS) shall take the lead and support the coordination of activities in country. The key agencies of the Government of Mauritius and private sector entities related to the establishment of the SAPZ (namely Ministry of Agroindustry and Food Security (MAIFS), Ministry of Trade and Industry (MOTI), Ministry of Finance and Economic Development (MoFED), Ministry of Environment, and the Environmental Protection Agency (EPA), Mauritius Chamber of Agriculture, Agricultural Marketing Board, Small farmers Welfare Fund, Economic Development Board, Mauritius Chamber of Commerce & Industry, are largely challenged by coordination of this activity. The firm/consultant is expected to liaise with these organs of government and agencies to ensure coordination and buy in before developing the Master plans and feasibility studies for the Special Agro Industrial Processing zone.

The Government shall place at the Consultant’s disposal all available documents, data and studies that may be necessary for the proper execution of the study and access to the sites for primary data collection.

Government Team Contact

The Government team contact is:

ANNEX III: PROJECT IMPLEMENTATION PLAN

| PROJECT IMPLEMENTATION SCHEDULE | | | | | | |
|--|------|----|------|----|----|----|
| Activity | 2021 | | 2022 | | | |
| | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Grant Approval | | | | | | |
| Grant Signature | | | | | | |
| Grant Effectiveness | | | | | | |
| First Disbursement | | | | | | |
| Component 1: Undertake Full Feasibility Study and Master Plans | | | | | | |
| 1.1. Procurement of Consulting Firm | | | | | | |
| 1.2. Review of Relevant Studies (e.g. NSS, other studies) | | | | | | |
| 1.3. Undertake Full Feasibility Studies and Master Plans | | | | | | |
| 1.4 Undertake and submit a communication and marketing strategy for the Project | | | | | | |
| Component 2: Present Full Feasibility Reports and Master Plans to Stakeholders. | | | | | | |
| 2.1. Organize and Execute Stakeholder Workshop | | | | | | |
| Component 3: Project coordination and management | | | | | | |
| 3.1. Inception & final Reports | | | | | | |
| 3.2. Disbursement of Bank's managed resources | | | | | | |
| 3.3. Audit reports prepared and validated | | | | | | |

ANNEX IV: PROCUREMENT ARRANGEMENTS AND PROCUREMENT PLAN

Details of Procurement Methods & Procedures (PMPs) to be used under the Project

Borrower Procurement System (BPS)

There is no contract under BPS.

Bank Procurement Policy and Methodology (BPM):

The following contracts will be carried out using the BPM in line with the Bank's Procurement Framework for Bank Group-Funded Operations, dated October 2015, using Bank's Procurement Methods and Procedures (PMPs) and utilizing available Bank's Standard Solicitation Documents (SSDs).

Consulting Services

Consulting Services: Recruitment of Consulting Firm to provide consulting services at estimated value of UA 100000 will be undertaken through a shortlisting process using the Quality and Cost Based Selection (QCBS) method. Advertisement related to this recruitment shall be advertised in UNDB online and in the Bank's External Website.

Summary of Procurement Arrangements

| Category of Expenditures (Cost Element) | Bank's PMP - UA | Total |
|--|-------------------------------------|---------|
| | Quality Cost Based Selection (QCBS) | |
| I. Consulting Services | | |
| Consultancy Services | 100,000 | 100,000 |
| TOTAL | | |

Executing Agency

The Ministry of Agro Industry and Food Security will be the Executing/Implementing Agency of the MIC Technical Assistance Grant. The Ministry will be responsible for the management and supervision of the project and for reporting to the Bank (MIC fund) on its implementation. The Ministry has had previous experience with the Bank in the implementation of the Non-Sugar Sector Study last year 2020. However, the Bank will provide support and guidance to the Ministry in the procurement of the single consultancy services under the Grant.

Procurement Oversight.

- (i) Recruitment process for each contract for **consulting services** shall be subject to Prior Review by the Bank.
- (ii) Except as indicated in paragraph (i) above, the Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review.

Procurement Plan

| Description | Selection Method | Lump sum or Time-Based | Est. Amnt in UA | Prior/Post Review | EOI Pub. Date | EST. Contract Start Date |
|-------------|------------------|------------------------|-----------------|-------------------|---------------|--------------------------|
| Consultancy | QCBS | Lump sum | 100000 | Prior | TBD | November 2021 |

ANNEX V: FINANCIAL MANAGEMENT AND DISBURSEMENT ARRANGEMENTS

The current financial management systems within MAIFS will be adopted for the proposed study. MAIFS has been found satisfactory to undertake financial management arrangements of the MIC Grant with adequate budgeting, accounting, internal controls, flow of funds, financial reporting and auditing arrangements in place. These arrangements meet the Bank's minimum requirements to ensure that funds made available for project financing are used economically and efficiently and for the purpose intended. The project accounting system will be based on an automated accounting package being used by the MAIFS. The overall financial management (including accounting, financial reporting, disbursement, and auditing) responsibilities will rest with the head of finance in MAIFS (the Chief Financial Officer). A finance expert within MAIFS with adequate experience in FM of donor funded projects shall be nominated to handle day to day FM activities of the proposed study. The study will be accounted for using the current accounting system. Separate financial records shall be maintained for the study. The existing internal control environment including the manuals will be applicable to the study.

MAIFS will ensure that a financial report is submitted to the Bank not later than 45 days after end of assignment. In line with the country requirements, the Office of Auditor General will oversee the external audit function which will be carried out by an Independent Audit Firm recruited through a competitive process. The audit shall be done in accordance with the Terms of Reference approved by the Bank. The audit cost shall be financed by MAIFS. Due to nature of the operation, single audited financial statements together with the management letter shall be submitted to the Bank not later than 3 months after end of the study.

Disbursement shall be by direct payment method. Upon satisfactory deliverables and approved invoices submission to the disbursement unit of the Bank, the payments will be released directly to the consultants. Disbursement arrangements will be clearly spelt out in the disbursement letter.

Annex VI - M&E arrangements

A. Alignment indicators

| Indicator name | Definition/ description | Source | Baseline and targets (where possible) |
|---|---|--------|--|
| Support to the establishment of the Mauritius Agro Industrial Park | Procure a Consulting Firm for the preparation of Feasibility Studies | MAIFS | Baseline (date): 0 (2021) Target (date): 1 (2022) |

B. Outcome and output indicators (*performance indicators*)

| Indicator name | Definition/ description | Methodology for collection | Responsibility for collection | Frequency of reporting | Results planning | | |
|--|---|---|----------------------------------|---------------------------|------------------|--------|--------|
| | | | | | DATE 1 | DATE 2 | DATE X |
| OUTCOME INDICATOR 1.1: At least 1# new agro-parks established in Mauritius | Measure of number of new Parks | Project Progress reports and implementation documents | MAIFS | Annual | 2021 | 2022 | |
| OUTCOME INDICATOR 1.2: Strategic/anchor investor in place by 2022 | Measure of Number of Strategic Investor | Project Progress reports and implementation documents | MAIFS | Annual | 2021 | 2022 | |

B. Outcome and output indicators (*performance indicators*)

| Indicator name | Definition/ Description | Methodology for collection | Responsibility for collection | Frequency of reporting | Results planning | | |
|--|---|---|----------------------------------|---------------------------|------------------|--------|--------|
| | | | | | DATE 1 | DATE 2 | DATE X |
| OUTPUT INDICATOR 1.1: Feasibility study and Master Plans approved by GOM | Measure of Transactions Adviser (firm) procured | Project Progress reports and implementation documents | MAIFS | Annual | 2021 | 2022 | 2023 |
| OUTPUT INDICATOR 1.2: Project Promotion, branding, and marketing Plan approved | Measure of Feasibility Studies completed | Project Progress reports and implementation documents | MAIFS | Annual | 2021 | 2022 | 2023 |
| OUTPUT INDICATOR 2.1: Report of Stakeholder Workshop | Measure of Stakeholder Workshop Report | Project Progress reports and implementation documents | MAIFS | Annual | 2021 | 2022 | 2023 |
| 3.1. Number of Implementation Progress Report | Measure of Implementation Progress Reports | Project Progress reports and implementation documents | MAIFS | Annual | 2022 | 2023 | 2026 |
| 3.2. Disbursement rate on Bank's managed resources | Measure of Disbursement Rate | Project Progress reports and implementation documents | MAIFS | Annual | 2021 | 2022 | 2023 |
| 3.3. Number of audit reports prepared and validated | Measure of Audit Report document | Project Progress reports and implementation documents | MAIFS | Annual | 2021 | 2022 | 2023 |

Annex VI - Risks to Results

| RISK CATEGORY | RISK DESCRIPTION | RATING | MITIGATION MEASURE | RISK OWNER |
|--|--|----------|--|---------------------------|
| SECTOR STRATEGIES AND POLICIES | <u>Risk 1:</u> Slow Agribusiness investments | Moderate | <u>Mitigation 1:</u> International Investment fora and, specific incentives packages in place to attract investors, capacities of government personnel will be built on investment promotion. Other development partners will also continue to give guidance to the Government on continuing reforms to improve business climate | Implementing Agency/ Bank |
| TECHNICAL DESIGN OF THE OPERATION | <u>Risk 2:</u> Staff turnover may be high after project launch | Low | <u>Mitigation 2:</u> Dialogue with the Government to ensure that the staff selected for Implementing activities remain in their post for at least 2 years. | Implementing Agency |
| MACROECONOMIC | <u>Risk 3:</u> The Government changes policy focus that will not enable further IFI investments in the Agri Parks. | Low | <u>Mitigation 3:</u> Continued dialogue with the Government and the Development Partners to continue to support the Agro industrialization agenda | Implementing Agency/ Bank |
| FIDUCIARY AND VALUE FOR MONEY | <u>Risk 4:</u> Procurement delays | Moderate | <u>Mitigation 4:</u> Continued dialogue with government and proactive measures to eliminate delays in procurement | Implementing Agency |
| CAPACITY OF IMPLEMENTING ENTITY | <u>Risk 5:</u> Implementation coordination Risks, considering IA experience with the Bank compliance requirements, processes, and procedures | Moderate | <u>Mitigation 5:</u> Close monitoring of implementation by the Bank | Bank |

ANNEX 6: REPUBLIC OF MAURITIUS MAP

