

Parliamentary Question No B/95

B/95 The Honourable Second Member for Stanley and Rose Hill
(Mr Cuttaree)

To ask Dr the Honourable Minister of Agro Industry and Fisheries:

Whether, in regard to the Financial Agreements between the European Union and the Republic of Mauritius on the accompanying measures for the reform of the sugar industry and in the wake of the reduction in the price of Mauritius Sugar Exports to the European Union, he will state the reasons for the delay in the signature thereof?

REPLY

Mr Speaker Sir,

I am informed that a critical part of the aid programming exercise for disbursement of EU funds to Government relates to the conditions which the Government of Mauritius has to satisfy for the release of funds. This commitment has to be taken in respect of each of the annual disbursements expected under the EC Accompanying Measures for sugar.

2. In regards to 2006, two amounts have been approved:
 - € 6.543m under the Sugar Sector Support Programme and
 - € 4.557m under the 9th EDF reliquats

3. The conditions for the first fixed tranche, which is a one-off disbursement of € 6.543 million are:
 - (i) a sustainable macro-economic reform programme as assessed by the EC in consultation with the IMF;
(Climate of confidence, FDI increase for this year has been more than the last 5 years, rupee stabilized)

 - (ii) satisfactory progress in public finance management, in particular the enactment of the new Public Procurement Bill within FY 2006-07; and

 - (iii) definition of a coherent energy policy fully integrating the role of the sugar cane and including ethanol development.

4. The Government is fairly comfortable with condition (i) above since the macro-economic environment remains relatively sound as assessed by the IMF and there is a well-defined macro-economic policy framework in place. Subsequent disbursements after June 2007 will move from Sectoral to General Budget Support.

5. As far as the second condition is concerned, the Procurement Act was passed in the National Assembly on 12 December 2006. The law will be proclaimed shortly.

6. With regards to the third condition, i.e. the definition of a Coherent Energy Policy, the EU has proposed to work together with the Mauritius side in preparing the required submission. This has been done and Cabinet has approved the Policy on Friday 6 April 2007 and this will now be submitted to the Commission.

7. The various milestones for the disbursements are as follows:-

- the EC Delegation is expecting to receive the document from us at latest by mid-April 2007 so that it can in turn seek the approval of its principals at the Commission in Brussels, before authorizing the signing of the Financing Agreement for the first fixed tranche of € 6,543n by the Government.
- The EC Delegation has also requested that the signing of this FA is scheduled to coincide with the approval of the Financing Agreement for the variable tranche of € 4.557m. The submission on the energy policy will therefore effectively unlock € 11.1 million, i.e. Rs 490 million.

8. Mr Speaker, Sir, I would like to inform the House that in mid 2005, we could only expect 15% of 915M€ i.e. some 138M€. Thanks to the intensive lobbying of the Hon. Prime Minister, we will now receive **19.4% of 1244M€** i.e. **248M€**. This represents an additional amount of 110M€ equivalent to some Rs5 billion. The total amount to be disbursed under accompanying measures, the 9th and 10th EDF, will amount to **301 M€**.