



Food and Agriculture
Organization of the
United Nations



Hand-in-Hand
Initiative



Cabo Verde | Comoros | Guinea Bissau | Mauritius | Sao Tome and Principe | Seychelles

AFRICAN SIDS

For sustainable agrifood systems in Small Island Developing States



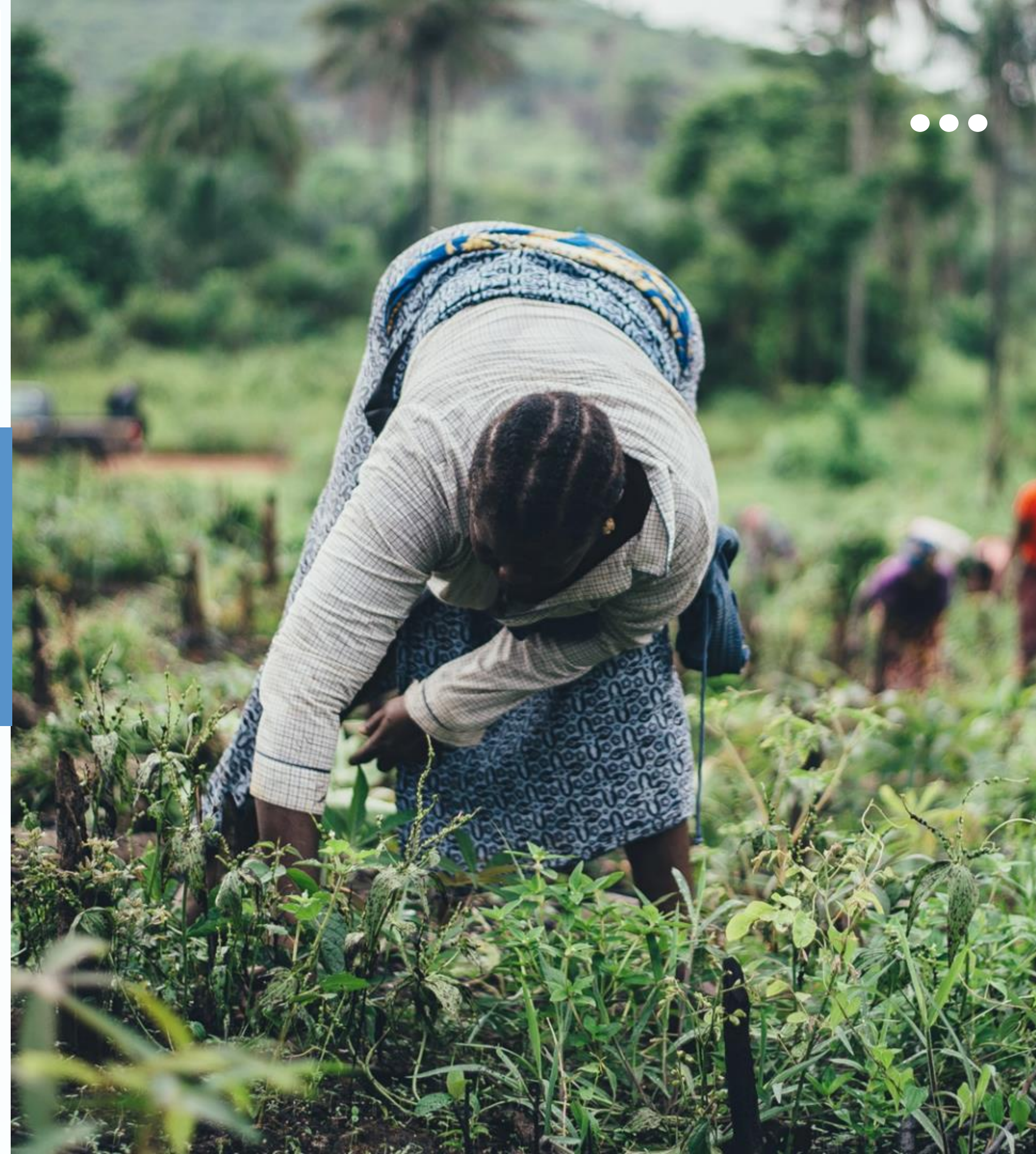
INDIAN OCEAN
COMMISSION

African SIDS

Hand-in-Hand Investment Programme

Phase 1: African SIDS in Indian Ocean + Madagascar + France/Réunion

Investment Forum|
Rome, Italy | 13-17 October 2025

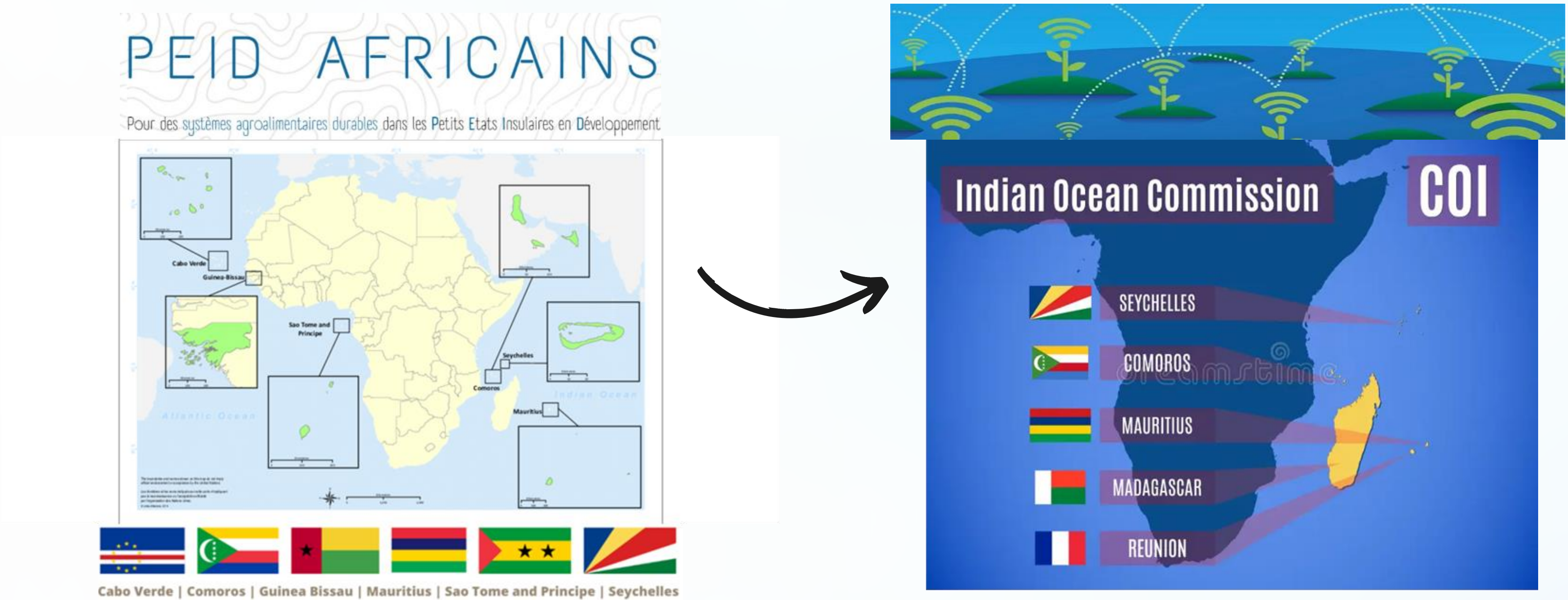


Towards an investment program supported by the Hand in Hand Initiative and the FAO African SIDS Programme

Phase 1 : African SIDS / Indian Ocean

Comoros, Mauritius, Seychelles + Madagascar + France/Réunion

(Phase 2 will include African SIDS/ Atlantic Ocean : Cabo Verde, Guinea-Bissau, Sao Tome and Principe)



CONTEXT

Phase 1: African SIDS/Indian Ocean + Madagascar + France/Réunion



ECONOMY

- 34,3 million consumers in IOC region, with 91 % in Madagascar
- 56,63 billion dollars regional GDP : 40% France/Réunion ; 28% Madagascar ;26% Mauritius ; 4% Seychelles ; 2% Comoros
- Varying GDP per capita (506\$ in Madagascar up to 26 002 \$ for France/Réunion)
- Value of agricultural imports of \$3,07 billion: 50% for Mauritius, 35% for Madagascar, 12% for Seychelles, 4% for Comoros representing 24% of total IOC imports (excluding France/Réunion)



POVERTY, FOOD SECURITY AND NUTRITION

- Poverty at \$ 2,15 per day (PPA 2017), 80% Madagascar, 18% Comoros, <1 % Mauritius and Seychelles, 37% France/Réunion (national poverty line)
- Stunting in children under 5: 42% in Madagascar, 30% in Comoros, less than 10% in Seychelles and Mauritius
- Madagascar & Comoros : Low dietary diversity, low animal-source food consumption, micronutrient deficiencies
- Mauritius, Seychelles, France/Réunion : High dietary diversity, dependence on food imports



Progress in Comoros and Madagascar - National initiatives presented during HiH Investment Forum 2024

Comoros

- The Government has negotiated USD 25 M with the Islamic Development Bank to develop agricultural projects for two value chains - banana and cassava. The project also includes rural roads upgrading.
- National Directorate of Agricultural Strategies is working with FAO and UNDP to identify priority actions.
- The National HiH committee has been established with support from Chamber of Commerce.

Madagascar

- Feasibility studies and business plans currently being prepared with prospective investor - for establishment of an agro-park covering 8,000 ha
- Investment in cold chain facility utilizing solar energy currently being negotiated with UNOPS
- Project on rice production has been negotiated with World Bank and IFAD - awaiting signature
- Investment capital currently being negotiated with private sector, development partners, foundations, and impact investor. A joint project between: (i) World Bank: USD 4.3 M (ii) IFAD 3.5 M and (iii) Government/ AfDB USD 28.3 M currently under development..

Indian Ocean Commission (IOC)

The only African intergovernmental organization made up exclusively of islands

The IOC is governed by bodies including the Committee of Permanent Liaison Officers (COPL) and the Council of Ministers.

It comprises a General Secretariat, headed by a Secretary-General.

MEMBER STATES:



Union of Comoros



France/Réunion



Madagascar



Mauritius



Seychelles



Objectives:

- Political and diplomatic cooperation
- Economic and trade cooperation
- Sustainable development
- Strengthening regional cultural identity

African SIDS/ Indian Ocean + Madagascar + France/Réunion

- Vulnerable island states and dispersed population
- Problems of market access and connectivity
- Dependence on narrow, undiversified production bases
- Trade vulnerabilities
- Insufficient agricultural production
- Dependence on imported fossil fuels, but ambition to switch to renewable energies
- Vulnerability to natural disasters



Natural disasters have caused more than \$2.8 billion in damage over the last 30 years



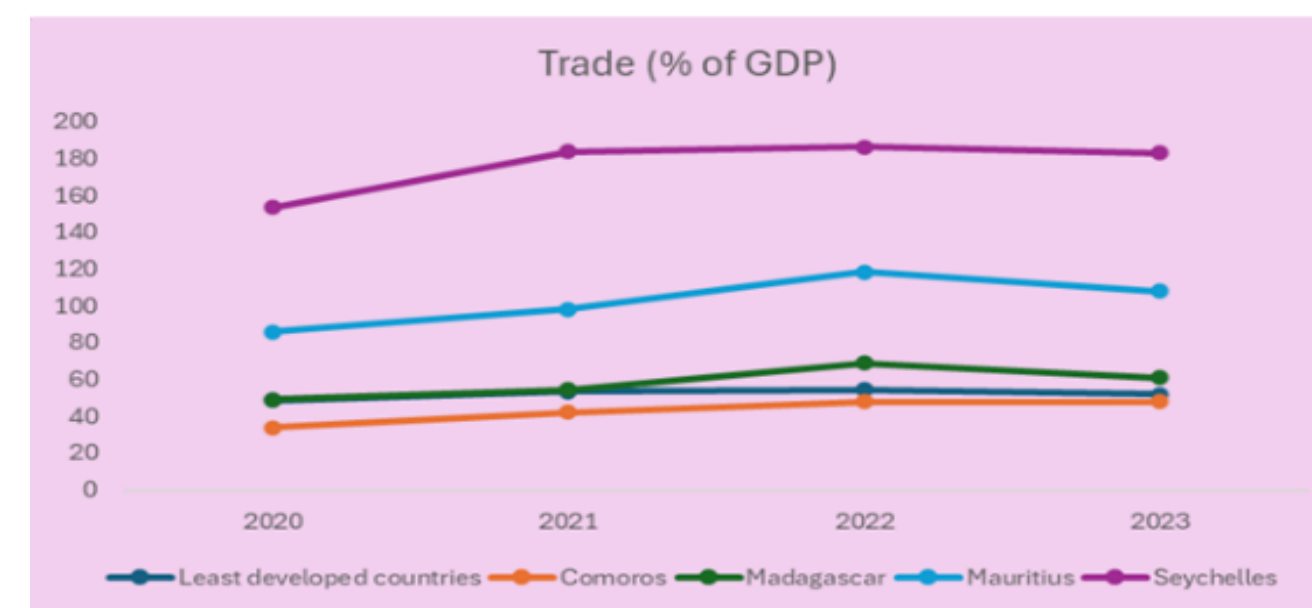
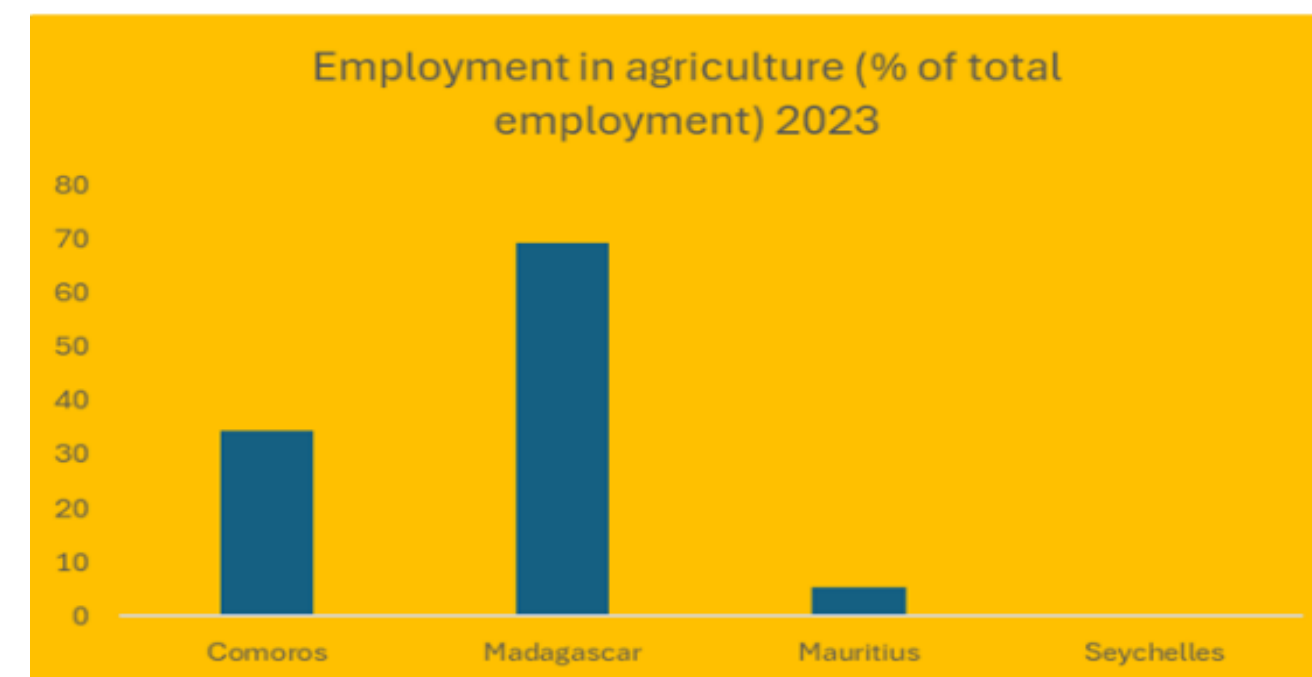
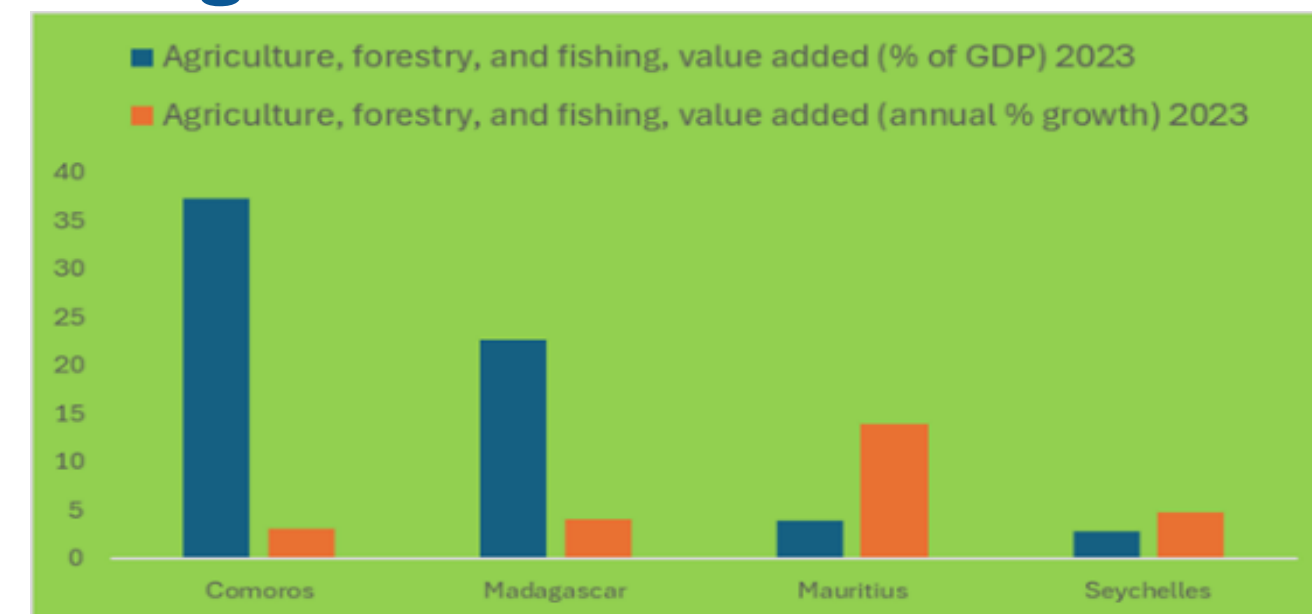
Temperature rise from 2.8°C to 3.8°C



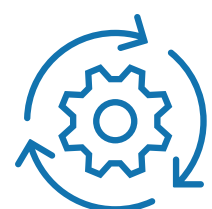
Sea level rise of up to 56 cm



Indian Ocean islands could disappear by 2090



OPPORTUNITIES IN AGRICULTURAL PRODUCTION, PROCESSING AND REGIONAL TRADE



PRODUCTION

- Strengthen productivity
- Structure producers
- Develop rural infrastructure
- Improve equitable access to land and financing
- Expand farm advisory services
- Set up dynamic value chains
- Adopt climate-resilient practices



COLLECTION AND PROCESSING

- Increasing production capacity
- Making the supply chain more reliable
- Developing local resources
- Creating joint regional agricultural trade zones
- Clarifying positioning for agricultural and agrifood investors
- Promoting affordable alternative energies






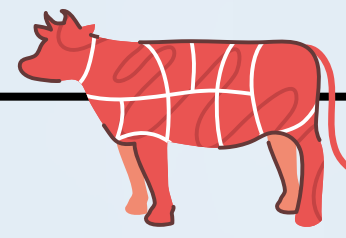
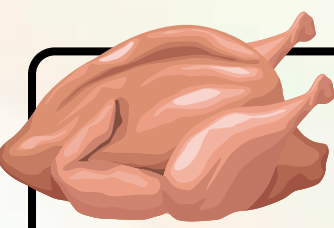
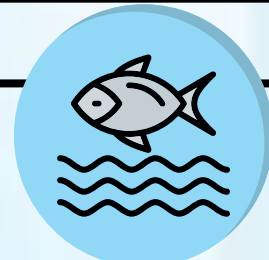


REGIONAL COMMERCE

- Boost regional trade
- Harmonize SPS, customs and tariff standards
- Implement quality and certification standards
- Improve supply regularity (quantity) and make product quality more consistent
- Reduce production costs (rice, soyabeans, corn)
- Strengthen the flow of information, people and skills

IOC AGROCULTURAL SECTOR: supply and demand

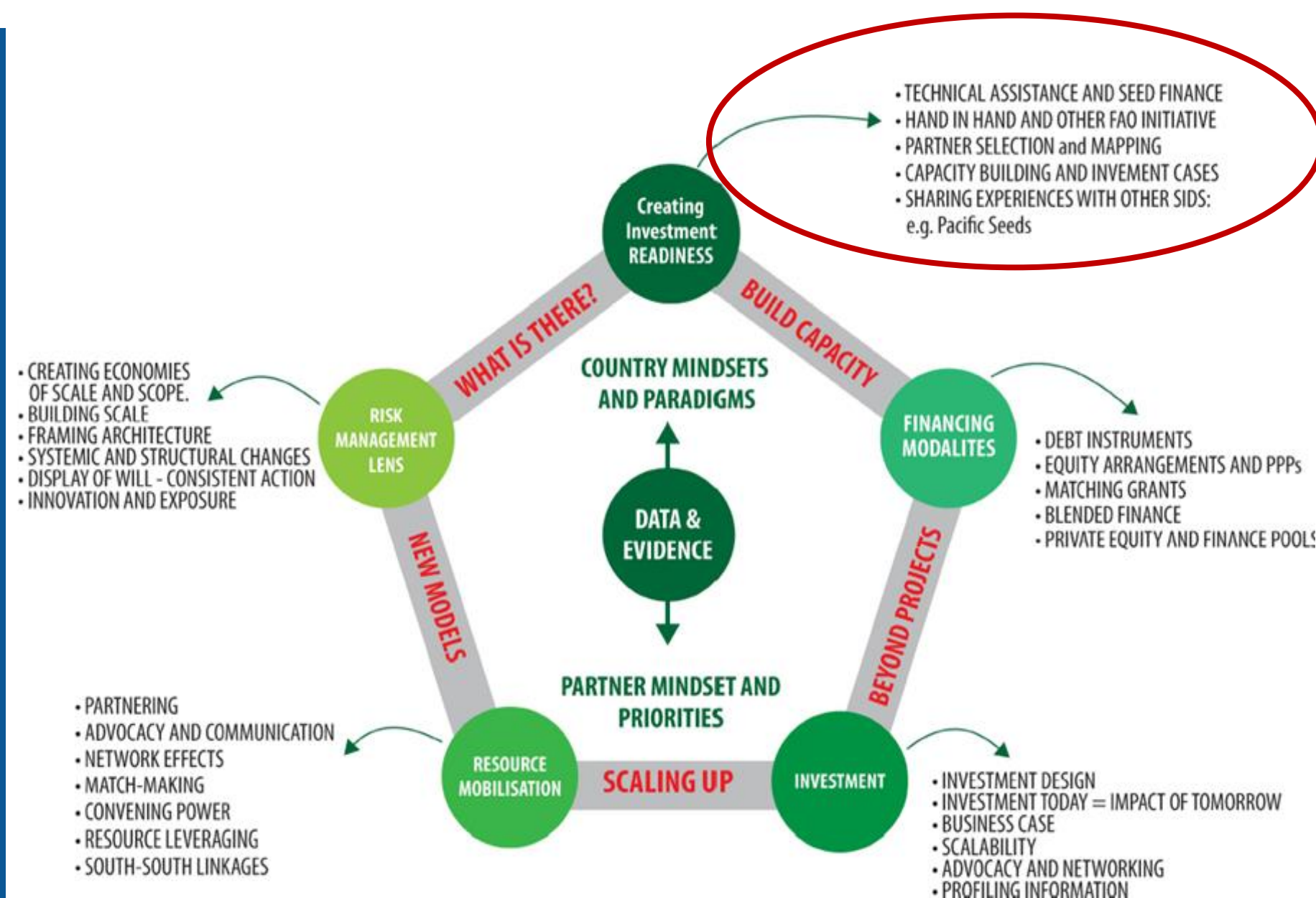


 RICE <ul style="list-style-type: none"> • Production : 5,2 MT • Deficit : 590 000 T • Imports : 590 000 T 	 MAIZE <ul style="list-style-type: none"> • Production : 270 000 T • Deficit : 247 000 T • Imports : 147 000 T 	 SOY <ul style="list-style-type: none"> • Production : <100 T • Deficit : 347 000 t • Imports : 240 000 T
 ONION <ul style="list-style-type: none"> • Production : 16 000 T • Deficit : 22 000 T • Imports : 17 500 T 	 BANANA <ul style="list-style-type: none"> • Production : 495 000 T • Deficit : 10 000 T 	 RED MEAT <ul style="list-style-type: none"> • Production : 27 000 T • Deficit : 49 200 T • Importns : 17 200 T
 POULTRY MEAT <ul style="list-style-type: none"> • Production : 151 700 T • Deficit : 39 000 T • Imports : 39 000 T 	 AQUACULTURE <ul style="list-style-type: none"> • Production: 13,500 T (FAO) 	FISHERIES BYCATCH <ul style="list-style-type: none"> • Production: 230,000 T (Est.) • (mainly in Seychelles)

VISION AND STRATEGY OF AFRICAN SIDS

FAO African SIDS Programme PRIORITIES

1. Improved governance and institutional frameworks for food systems
2. Efficient, inclusive, sustainable, and resilient agrifood systems
3. Sustainable fisheries and aquaculture within the blue transformation
4. Market access and value chain development
5. Empowerment of youth and women for improved nutrition
6. Innovation, communication, knowledge sharing, and technology transfer



VISION & STRATEGIES

Collaborative actions



- Strengthening regional cooperation and synergies
- Enhancing the sustainability of agriculture and fisheries
- Promoting sustainable agricultural practices
- Strengthening resilience through fisheries and aquaculture
- Reducing food loss and waste
- Policies and capacity building for the future



Recommendations of PRESAN and HiH support



- Value chain analysis, increasing production, productivity, and competitiveness of priority value chains
- Identification of agricultural potential
- Provision of data and knowledge sharing
- Improving food security, nutrition, and population resilience
- Development of a multi-stakeholder investment plan
- Promotion of intra-regional trade in agrifood products

African SIDS/ Indian Ocean + Madagascar + France/Réunion

VISION & STRATEGIES

Way forward for the Indian Ocean region



- Strengthening the blue economy
- Renewable energy and climate resilience
- Inclusive development by empowering youth and women

Indian Ocean Commission



- Establishment of a secure and economic Regional Common Agricultural Area
- Free movement of goods, with IOC standards and norms: SPS, legal, customs
- Free movement of people and skills



African SIDS/ Indian Ocean + Madagascar + France/Réunion

Investment programme

African SIDS /Indian Ocean (Comoros, Mauritius, Seychelles) + Madagascar + France/Réunion

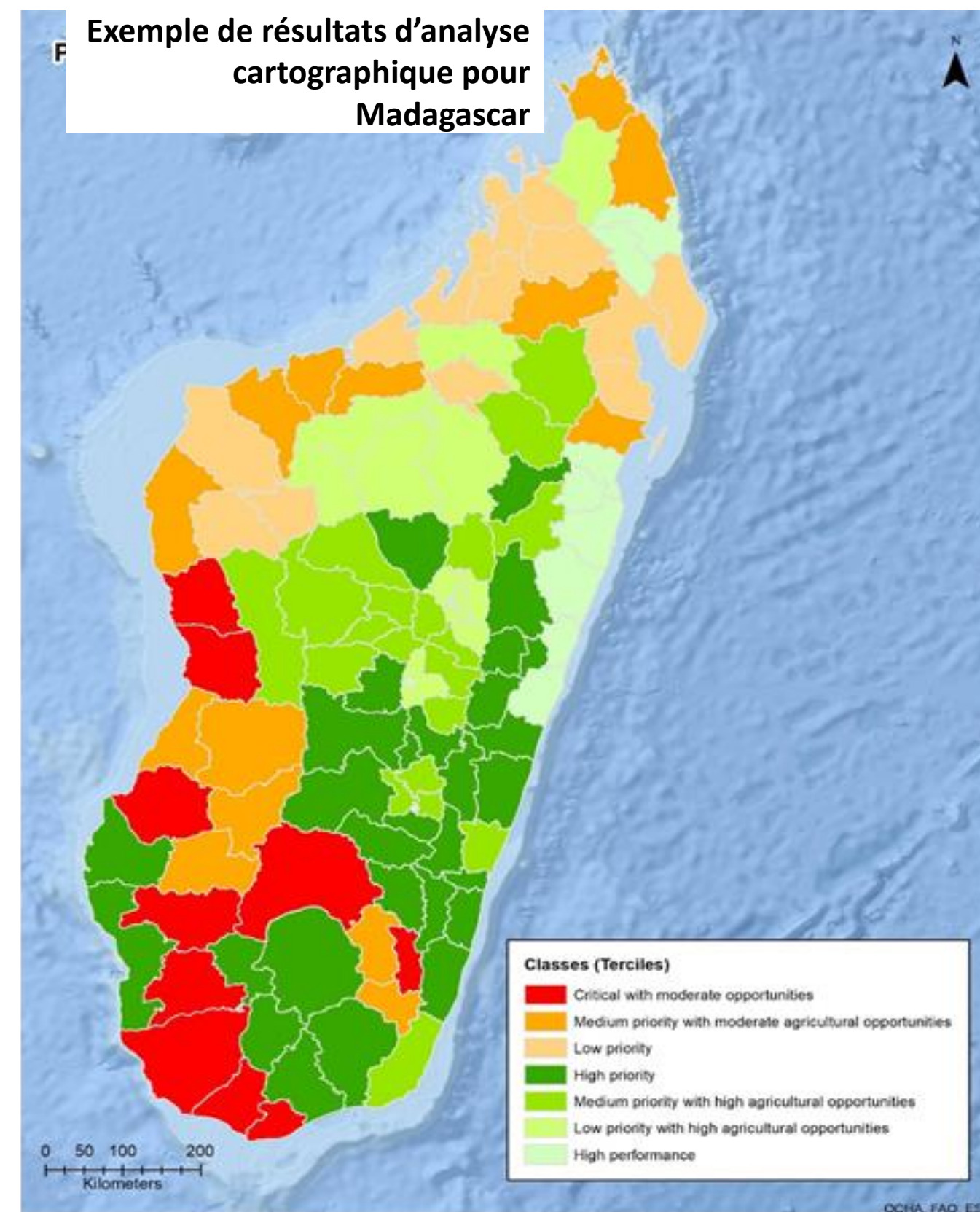
Investment in high-performance areas

Focus on priority value chains aligned with country-specific development policy strategies

2 pillars of the Hand in Hand program for SIDS

**Integrated development
of value chains**

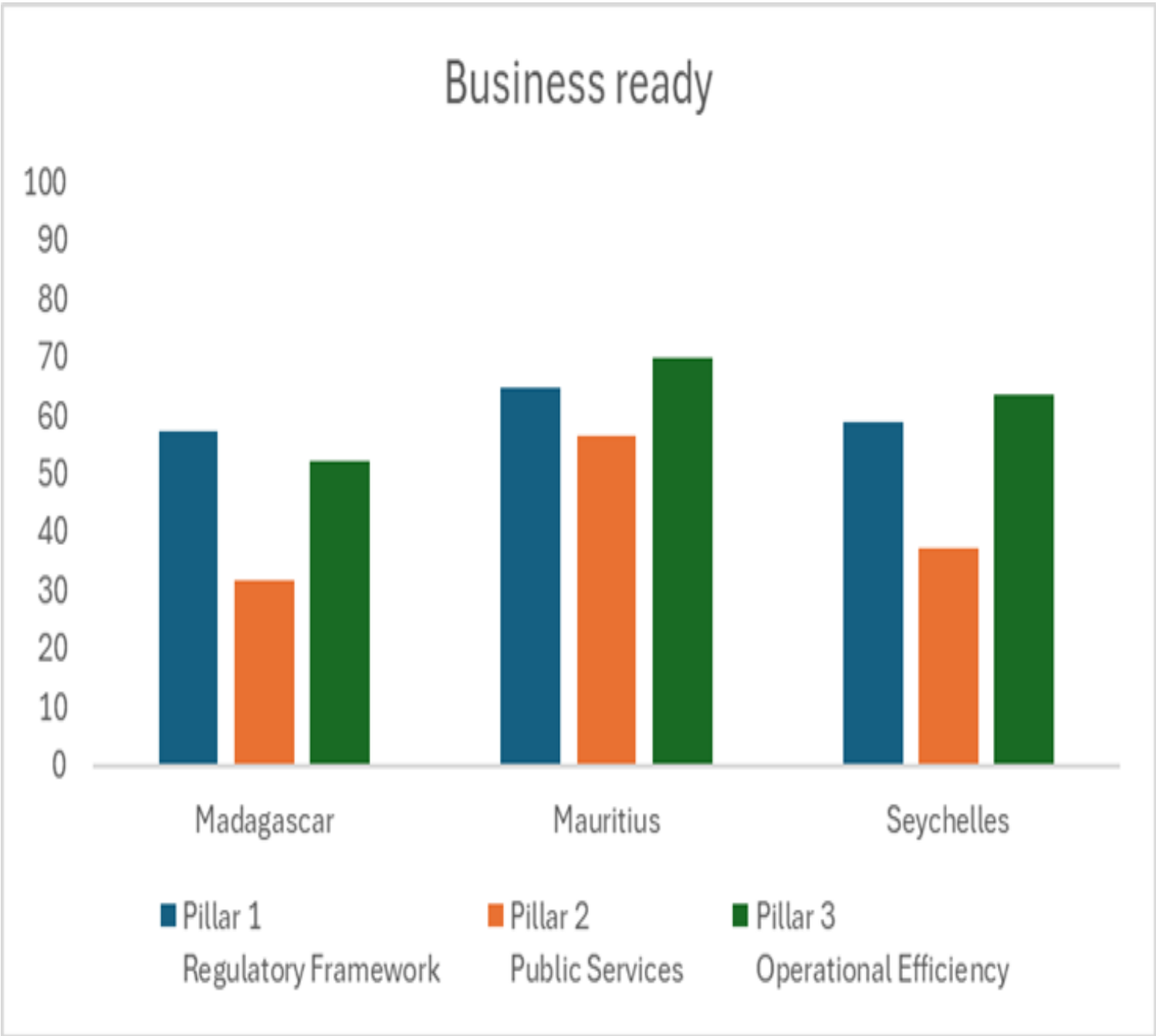
**Regional market and
trade integration**



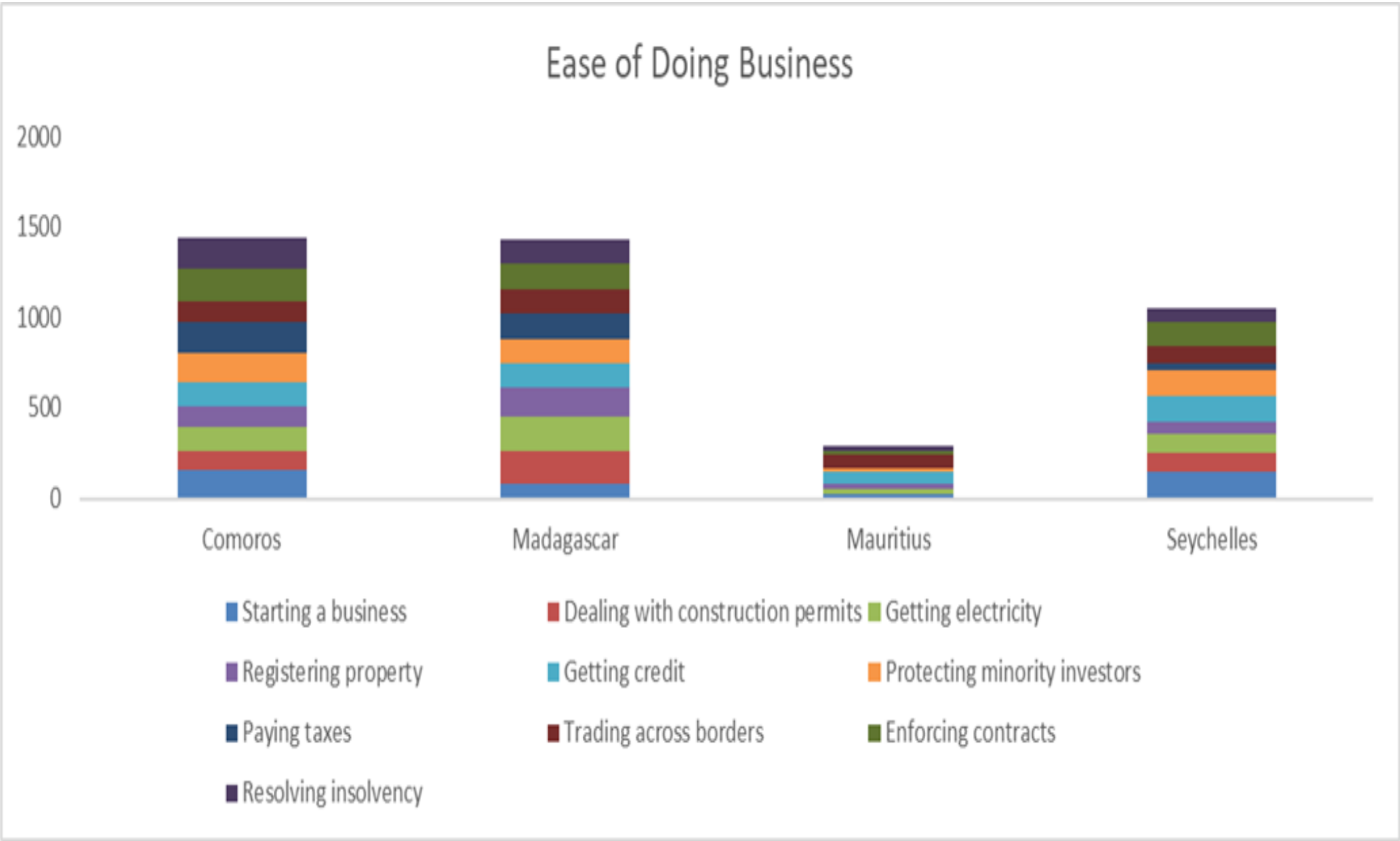
Source : FAO-HIH 2024

African SIDS/ Indian Ocean + Madagascar + France/Réunion

ENABLING ENVIRONMENT



Source : Business Ready (B-READY) 2024 ; World Bank



Source: 2021 Ease of Doing Business Ranking ; World Bank

African SIDS/ Indian Ocean + Madagascar + France/Réunion

FACTORS ATTRACTING INVESTORS



PRODUCTION FACTORS

- Available land
- Low (unskilled) labor costs
- Possible use of loan guarantee mechanisms
- High tuna stocks in IOC maritime zone, high by-catch volume (Seychelles)
- Export processing zones (under development)
- Existence of innovation stocks (improved varieties, climate-friendly technologies)



TRADE AND ENABLING ENVIRONMENT

- Market access
- Risk reduction: MIGA
- Regional framework program (PRESAN)
 - ❖ Improving the business environment within the IOC (reducing trade barriers: legal, tariff and SPS)
 - ❖ Plan to create clusters and agroparks to facilitate intra-regional trade and promote agro-processing



FOOD SECURITY, NUTRITION AND ENVIRONMENT

- Developing venture capital to reduce food insecurity and improve nutrition for the poor
- Minimizing GHG emissions, promoting climate-smart agricultural production and soil health

African SIDS/ Indian Ocean + Madagascar + France/Réunion

FACTORS ATTRACTING INVESTORS

Type of incentive	Comoros	France/Réunion	Madagascar	Mauritius	Seychelles
General tax exemptions	✓	✓	✓	✓	✓
- Exemption from corporate income tax	✗	✓ (ZFA)	✓ (5 to 15 years)	✓ (8 years)	✓
- VAT exemption or reduction	✓	✓	✓	✓	✓
- Export tax exemption	✓ (local produce)	✓ (POSEI)	✓	✗	✓
- Investment tax credit	✗	✓ (up to 50%)	✗	✗	✗
Customs incentives (import duties)	✗	✓ (reduced rates)	✓	✗	✓
Accelerated depreciation	✗	✗	✓	✗	✓
Favorable / stable / simple tax systems	✓	✓	✓	✓	✓
Easier access to land	✗	✓	✓	✓	✗
Sector-specific incentives (agriculture, agro-industry)	✓	✓	✓	✓	✓
Subsidies or direct aid	✗	✓ (regional council, POSEI)	✗	✓ (seed subsidies, leasing)	✗
Special economic zones (ZES/ZFA)	✗	✓ (ZFA)	✓	✓ (modern parcelling)	✗
Reductions in social security contributions	✗	✓ (agriculture)	✗	✗	✗
Benefits for Young Farmers (<40 years old)	✗	✓	✗	✗	✗
Dedicated institutional support (agency, one-stop shop)	✓	✓ (NEXA)	✓	✓	✓ (SIB)
Other specific incentives	✓ (No currency control, administrative simplicity)	✓ (sustainable agricultural strategy, sugar, local processing)	✓ (export incentives, mechanization)	✓ (greenhouses, hydroponics)	✓ (sustainable agriculture and aquaculture)



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INDIAN OCEAN
COMMISSION



INVESTMENT PLAN AND OPPORTUNITIES - HAND IN HAND

African SIDS/ Indian Ocean + Madagascar + France/Réunion



Investment case 1
Integrated value chains
development
&
Sustainable development
of the blue economy

VALUE CHAINS	COMOROS (KM)	RÉUNION (RE)	MADAGASCAR (MG)	MAURITIUS (MU)	SEYCHELLES (SC)
Rice	<ul style="list-style-type: none"> Import from MG 	<ul style="list-style-type: none"> Import from MG 	<ul style="list-style-type: none"> Production Processing Export 	<ul style="list-style-type: none"> Import from MG 	<ul style="list-style-type: none"> Import from MG
Maize	<ul style="list-style-type: none"> Import from MG Processing (food) 	<ul style="list-style-type: none"> Import from MG 	<ul style="list-style-type: none"> Production Processing Export 	<ul style="list-style-type: none"> Import from MG Processing (food) 	
Soya	<ul style="list-style-type: none"> Import from MG Processing (food) 	<ul style="list-style-type: none"> Import from MU / MG 	<ul style="list-style-type: none"> Production Processing Exportation 	<ul style="list-style-type: none"> Import from MG Processing (food) 	
Onion	<ul style="list-style-type: none"> Import from MG 	<ul style="list-style-type: none"> Import from MG 	<ul style="list-style-type: none"> Production Processing Export 	<ul style="list-style-type: none"> Import from MG 	<ul style="list-style-type: none"> Import from MG
Banana	<ul style="list-style-type: none"> Production Export to non IOC countries 				
Poultry meat	<ul style="list-style-type: none"> Production 				
Red meat	<ul style="list-style-type: none"> Production of small ruminants Import from MG 	<ul style="list-style-type: none"> Import from MG 	<ul style="list-style-type: none"> Production Processing Export 	<ul style="list-style-type: none"> Import from MG 	<ul style="list-style-type: none"> Import from MG
Aquaculture	<ul style="list-style-type: none"> Production 	<ul style="list-style-type: none"> Production 	<ul style="list-style-type: none"> Production 	<ul style="list-style-type: none"> Production 	<ul style="list-style-type: none"> Production
Fisheries bycatch	<ul style="list-style-type: none"> Import from SC / MU for animal feed 	<ul style="list-style-type: none"> Import from SC / MU for animal feed 	<ul style="list-style-type: none"> Processing 	<ul style="list-style-type: none"> Processing Export to other countries 	<ul style="list-style-type: none"> Processing Export to other countries

CHALLENGES	PUBLIC AND PRIVATE INVESTMENTS	RISK AND MITIGATION
IMPROVING PRODUCTIVITY AND QUALITY <ul style="list-style-type: none">• Low production, low productivity, traditional agricultural and animal production practices• Unavailability and low use of modern inputs, seeds, quality animal breeds• Lack of irrigation infrastructure, watering points for animals and watershed degradation• Heterogeneous product quality• Disorganized value chain	INCREASE PRODUCTION AND PRODUCTIVITY - BUILD INFRASTRUCTURE: Total investment = \$92,6 M <ul style="list-style-type: none">• Investing in agricultural equipment and developing production: \$62,8 M Breakdown by value chain : Rice : \$15,3 M - Maize : \$9,3 M - Red Meat : \$8,1 M – Soya : \$8,7 M – Onion : \$2,1 M, Banana : \$5,6 M – Poultry : \$13,7 M Breakdown by country: Madagascar : \$43,5 M – Comoros : \$19,3 M• Building production infrastructures: irrigation systems and soil fertility restoration: \$29,8 M Breakdown by value chain : Rice : \$16,2 M - Maize : \$4,2 M - Red Meat : \$1,1 M – Soya : \$4,2 M – Onion :\$ 4.1 M Breakdown by country: Madagascar : \$29,8 M SUMMARY PER COUNTRY (Production and production infrastructure) <ul style="list-style-type: none">• Madagascar : \$73,3 M• Comoros : \$19,3 M	CLIMATE CHANGE <ul style="list-style-type: none">• Adopt climate-resilient innovation technologies for agricultural and livestock production that also reduce GHG emissions• Invest in climate-resilient irrigation (gravity/solar) and watering points for forage and livestock• Disseminate climate-resilient crops, use quality inputs and improve SPS control EPIDEMICS: <ul style="list-style-type: none">• Disease surveillance• Improving insurance for animal production NO ACCESS TO FEED: <ul style="list-style-type: none">• Importer des matières premières et construire des unités de traitement des aliments pour animaux

CHALLENGES	PUBLIC AND PRIVATE INVESTMENTS	RISK AND MITIGATION
PROCESSING AND MARKETING <ul style="list-style-type: none">Poor roads to markets and lack of docks for fishermenLow added value, poor preservation, no cold chainNo modern processing units, slaughterhouse, standard and temperature-controlled warehouses	IMPROVE TRADE AND MARKET ACCESS: Total investment = \$65,3 M <ul style="list-style-type: none">Facilitating access to markets, building roads : 34,9 M\$ Breakdown by value chain : Rice : \$9,1 M - Maize : \$9,1 M - Red meat : \$9,1 M — Onion : \$7,6 M Breakdown by country: Madagascar : \$34,9 MInvestment in collection centers and treatment plants: 30,3 M\$ Breakdown by value chain : Rice : \$1,8 M - Maize : \$1,6 M - Red Meat : \$7,5 M – Soya : \$6,0 M – Onion : \$1,2 M, Banana : \$10,7 M – Poultry : \$1,5 M Breakdown by country: Madagascar : \$18,1 M – Comoros : \$12,2 M SUMMARY PER COUNTRY (Improving trade and market access) <ul style="list-style-type: none">Madagascar : \$53,1 MComoros :\$ 12,2 M	LOW DEMAND <ul style="list-style-type: none">Improve access to the regional market LOW SUPPLY <ul style="list-style-type: none">Improve the professional relationship between venture capital players through aggregationEnsure access to inputs (seeds, animal breeds, etc.) DEGRADED ROADS <ul style="list-style-type: none">Adopt road infrastructures resilient to climate change, comply with international standards

CHALLENGES	PUBLIC AND PRIVATE INVESTMENTS	RISK AND MITIGATION
<p>PROMOTING BUSINESS: FINANCING, INFORMATION SYSTEMS, REGIONAL TRADE, LAND</p> <ul style="list-style-type: none">• Lack of access to finance and information• Unsecured land tenure• Lack of regional trade regulations• High taxes on imported equipment• Limited applied research and development• Lack of extension and animal health services for venture capitalists	<p>FACILITATING ACTIVITIES AND SERVICES FOR RISK CAPITAL PLAYERS:</p> <p>Total investment= \$31,0 M</p> <ul style="list-style-type: none">• Improving access to credit and information• Digitizing supply chains• Improving access to land• Improving the general business environment (Comoros)• Supporting agricultural research and extension services• Producing and disseminating improved seeds• Building and operating SPS laboratories• Carrying out specific studies and evaluations• Supporting the Ministry and the regional directorate for the agriculture, livestock and fisheries sectors <p>SUMMARY PER COUNTRY (Production and production facilities)</p> <ul style="list-style-type: none">• Madagascar : \$22,5 M• Comoros : \$8,5 M	<p>ACCESS TO FINANCING</p> <ul style="list-style-type: none">• Coordinate with existing MFIs, development projects, MFIs and commercial banks <p>LAND LAW</p> <ul style="list-style-type: none">• Enforce the law on land law• Finalize the local land use plan (PLOF)• Strengthen the social pact to ensure rural security <p>ADMINISTRATIVE BARRIERS</p> <ul style="list-style-type: none">• Enforce investment code law <p>R&D AND ANIMAL HEALTH</p> <ul style="list-style-type: none">• Regular monitoring of animal health• Reduce customs controls

1a Integrated value chains development



PROJECT CONTRIBUTION	FINANCE AND ECONOMY			
Project production: <ul style="list-style-type: none"> • 45,000 T paddy • 25,000 T maize • 20,000 T soya • 9,000 T onions • 10,000 T banana • 10.00 T red meat • 19,000 T poultry meat Contribution to IOC Gap : <ul style="list-style-type: none"> • 10% for rice • 30% for maize • 6% for soya • 40% for onions • 100% for bananas • 8% for red meat • 50% for poultry meat 	Total investissement : \$188,8 M			
	VALUE CHAINS	INVESTMENT (\$)	NPV \$ (12 %)	IRR (10 YEARS)
	RICE	48,189,447	9,278,391	21.5%
	MAIZE	27,928,140	3,917,485	18.6%
	RED MEAT	32,675,051	7,856,249	23.3%
	SOYA	22,744,439	3,669,367	20.4%
	ONION	17,275,773	4,067,888	23.0%
	MADAGASCAR	148,812,851	28,789,381	21.4%
	BANANA	20,000,000	4,121,546	22.6%
	POULTRY	20,000,000	1,022,516	20.2%
	COMOROS	40,000,000	5,144,062	22.0%
	REGIONAL CONFLICT	188,812,851	33,933,444	21.5%
	Beneficiaries: 12,500 small-scale farmers; Rice (1,500), Maize (1,500), Soybeans (1,500), Onions (500), Bananas (3,000), Red meat (1,000), Poultry meat (3,500) 50 large-scale farms and 50 cattle ranches			
	Investment areas: <ul style="list-style-type: none"> • Madagascar: 5 clusters of 5,000 to 8,000 ha each for rice, soybean, corn, onion, red meat and aquaculture production • Comoros: 1 cluster of around 500 ha for banana, poultry and aquaculture production, an AIP for poultry feed and a slaughterhouse 			

CHALLENGES	PUBLIC AND PRIVATE INVESTMENTS	RISK AND MITIGATION
SUSTAINABILITY AND SECURITY <ul style="list-style-type: none"> Overfishing (Seychelles, France/Réunion) Coastal overexploitation (Comoros, Madagascar) Loss of mangroves (Madagascar) Lack of security for small-scale fishermen 	SUSTAINABLE AQUACULTURE AND FISH PRODUCTION: Total Investissement = \$14,8 M <ul style="list-style-type: none"> Support the effective implementation of the IOC's Regional Action Plan for the Blue Economy Invest in improving aquaculture production (inland fishing) in the Comoros Invest in fishing and safety equipment and improve the health and safety of IOC artisanal fishermen 	CLIMATE CHANGE: <ul style="list-style-type: none"> Warmer waters and changing fish populations threaten catches. Implement Good Fishing Practices (GFP), avoid sensitive fishing areas. OVERFISHING: <ul style="list-style-type: none"> Training stakeholders, protecting habitats and marine ecosystems.
REGULATION & TRADE <ul style="list-style-type: none"> IUU (illegal, unreported and unregulated) fishing in Madagascar, Comoros, Mauritius, France/Reunion Poor governance: Madagascar, Comoros Management of tuna stocks shared between islands 	STRENGTHENING REGIONAL COOPERATION: Total Investissement = \$22,4 M <ul style="list-style-type: none"> Support the effective operationalization of the IOC Regional Fisheries Monitoring Plan (RFMP) Improve regional cooperation and management within the Indian Ocean Tuna Commission (IOTC) for the management of tuna stocks Train/improve regulations on the use of alternatives to purse seine/DFC fishing Extend bycatch monitoring and mitigation frameworks to IOC countries Strengthen fishermen's capacity in bycatch management 	CONFLICT: <ul style="list-style-type: none"> Strengthen dialogue between states to reduce the risk of conflict over resource use. STAKEHOLDER CAPACITY: <ul style="list-style-type: none"> Invest in BPP dissemination, organize capacity-building workshops for regional stakeholders

CHALLENGES	PUBLIC AND PRIVATE INVESTMENTS	RISK AND MITIGATION
FISHERY BY-CATCHES <ul style="list-style-type: none"> Seychelles / Mauritius: High by-catch of sharks, rays and juvenile tuna in purse seine/DFG fisheries Lack of by-catch collection and processing facilities 	BY-CATCH PROCESSING: Total investment = \$19.5 million <ul style="list-style-type: none"> Construction of by-catch collection and processing units for the animal feed industry and for human consumption in the Seychelles and Mauritius Import of by-catch processed products from the Seychelles for the animal feed industry in Mauritius, Madagascar, Comoros and France/Réunion. 	ECONOMIC VIABILITY: <ul style="list-style-type: none"> Promote access to regional and global markets ENVIRONMENTAL: <ul style="list-style-type: none"> Implement a waste management system, adopt the circular economy approach, prior discussion with surrounding communities HYGIENE AND SAFETY: <ul style="list-style-type: none"> Apply HACCP or ISO standards and traceability system Train employees well



PROJECT CONTRIBUTION	FINANCE AND ECONOMY				
<p>Project production:</p> <ul style="list-style-type: none">• 2,250 T of fish (annual increase)• 9,000 T of fish meal• 2,000 T of fish oil <p>Beneficiaries: 12,500 fishermen in the IOC region</p> <p>Investment areas:</p> <ul style="list-style-type: none">• Seychelles: 1 PAI for by-catch processing and export• Mauritius: PAI for by-catch processing and export• IOC: Institutional capacity building• Madagascar: Mangrove reforestation	<p>Total investment: \$56.1 M</p> <p>NPV (12%): \$50.9 M</p> <p>IRR: 20.6</p>				
	<p>Breakdown of investments by country:</p>				
	COUNTRIES / REGION		TOTAL INVESTMENT (\$)		
	All IOC countries		26,035,357		
	Madagascar		577,500		
	Comoros		10,000,010		
	Seychelles		9,739,558		
	Mauritius		9,739,558		
	IOC (Total)		56,091,983		
	<p>Breakdown of investments by value chain:</p>				
	VALUE CHAIN	TOTAL INVESTMENT (\$)		NPV (12 %)	IRR
	AQUACULTURE	22,842,510		18,941,506	17.6%
	FISHERIES BY-CATCH	33,449,473		31,997,804	22.8%
	IOC (Total)	56,091,983		50,939,310	20.6%

African SIDS/ Indian Ocean + Madagascar + France/Réunion



Investment case 2
Regional market and
trade integration

2 Regional market and trade integration



POTENTIAL

- Increase intra-regional trade in agricultural products due to differences in comparative advantages.
- Increase integration into global value chains



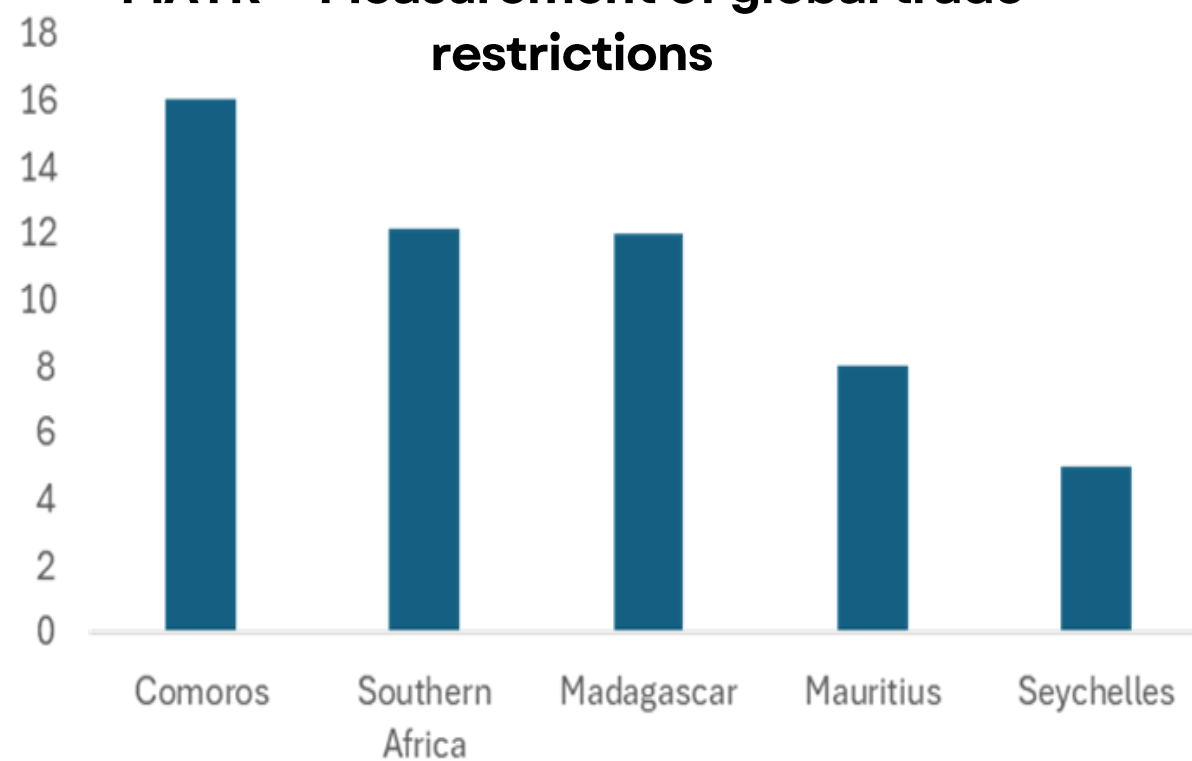
CHALLENGES

- Limited diversification away from commodities
- Low participation in African markets and wide disparity in trade costs (tariff and non-tariff barriers, political factors, customs inefficiency infrastructure, etc.)
- Lack of policy coordination - IOC trade regime benefits only certain countries.

1

General trade restrictions, including customs duties and NTMs

MATR – Measurement of global trade restrictions



Source: IMF, 2022

2

Import and export duties on agricultural products

Region/ Country	Average import duty	Average export duty
Africa	19.58	9.86
Comoros	2.6	3.9
Madagascar	5.4	10.7
Mauritius	6.7	1.3
Seychelles	4.5	36
Réunion (France/UE)	13.3	16.4

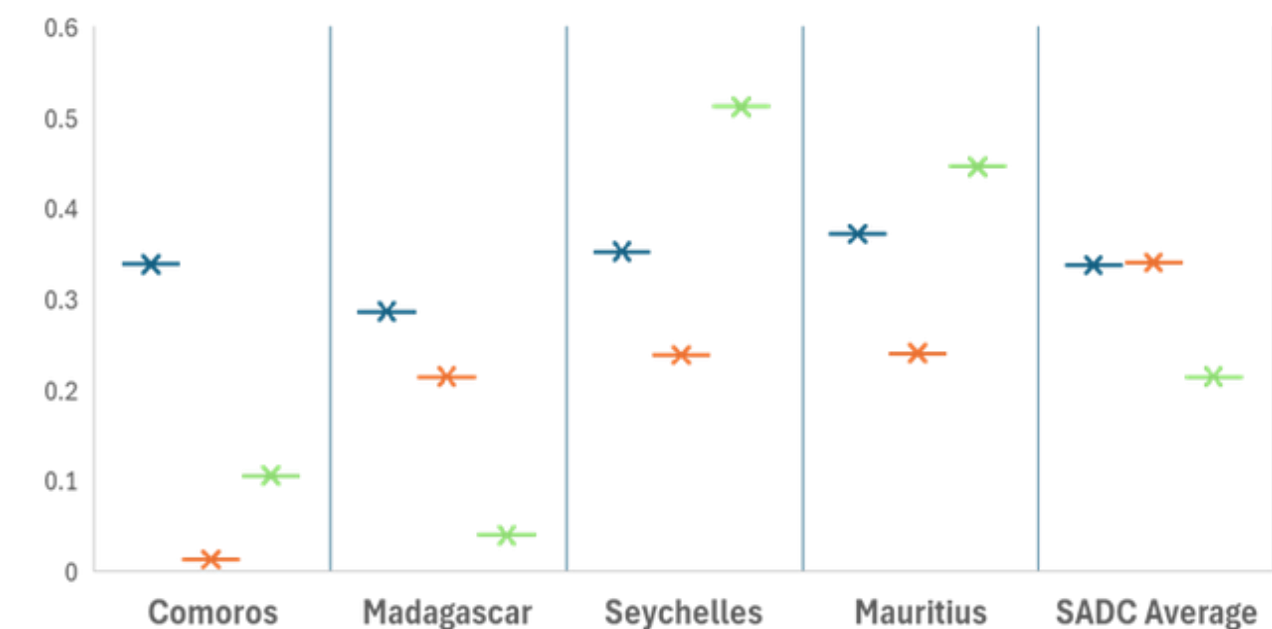
Source : IFPRI, 2017

3

Border costs and infrastructure

Export time: Border compliance (hours)*	Import time: Border compliance (hours)
57	77

■ Regional Integration ■ Trade Integration ■ Infrastructural Integration



Source : AfDB, 2019

2 Regional market and trade integration

Main bottlenecks	Key investments required
Weak trade between countries in the region and Africa Import and export tariffs on agricultural products in all countries	<ul style="list-style-type: none"> ✓ Implement the IOC trade regime in all countries: no customs duties for products meeting IOC rules of origin Establish a single common external tariff to become a customs union. ✓ Capitalize on ongoing political efforts to progress within the framework of the FTA Af and SADC ✓ Support the ongoing development of the Indian Ocean Agricultural Observatory (OA-OI) to help understand the diversity of agricultural systems and identify comparative advantages to support intra-regional trade ✓ The reduction of import and export tariffs by 50% in the agricultural sector represents a reduction in tariff collection for all countries of ~147 million USD.
Highly disparate non-tariff barriers in the region	<ul style="list-style-type: none"> ✓ Ensure that national products comply with IOC rules of origin to facilitate trade. ✓ Give priority to regional rather than national policies. ✓ Eliminate unnecessary non-tariff barriers, within the framework of PRESAN ✓ Harmonization of customs rules and procedures, achievement of internationally acceptable standards, quality, accreditation and metrology, harmonization of sanitary and phytosanitary measures. ✓ Cost of reducing NTM imports with all African countries ~82 million USD.
Inefficient customs result in additional trade costs and time spent in ports	<ul style="list-style-type: none"> ✓ Capitalize on current efforts and the work of associations such as Cap Business Océan Indien to improve air, sea and digital connectivity ✓ Set up a regional technical committee for regional shipping that would include East African coastal states, and relaunch regional committees for civil aviation and air carriers ✓ Develop the Enhanced Maritime Connectivity Program (MCEP) and trade facilitation agreements ✓ Reduce port costs by ~2%, representing a reduction in collection of ~5 million USD.
No regional wholesale market, lack of regional processing of agricultural products	<ul style="list-style-type: none"> ✓ Facilitate the establishment of a Common Regional Agricultural Area to facilitate intra-regional trade and promote agro-processing (for future investment).

2

Regional market and trade integration

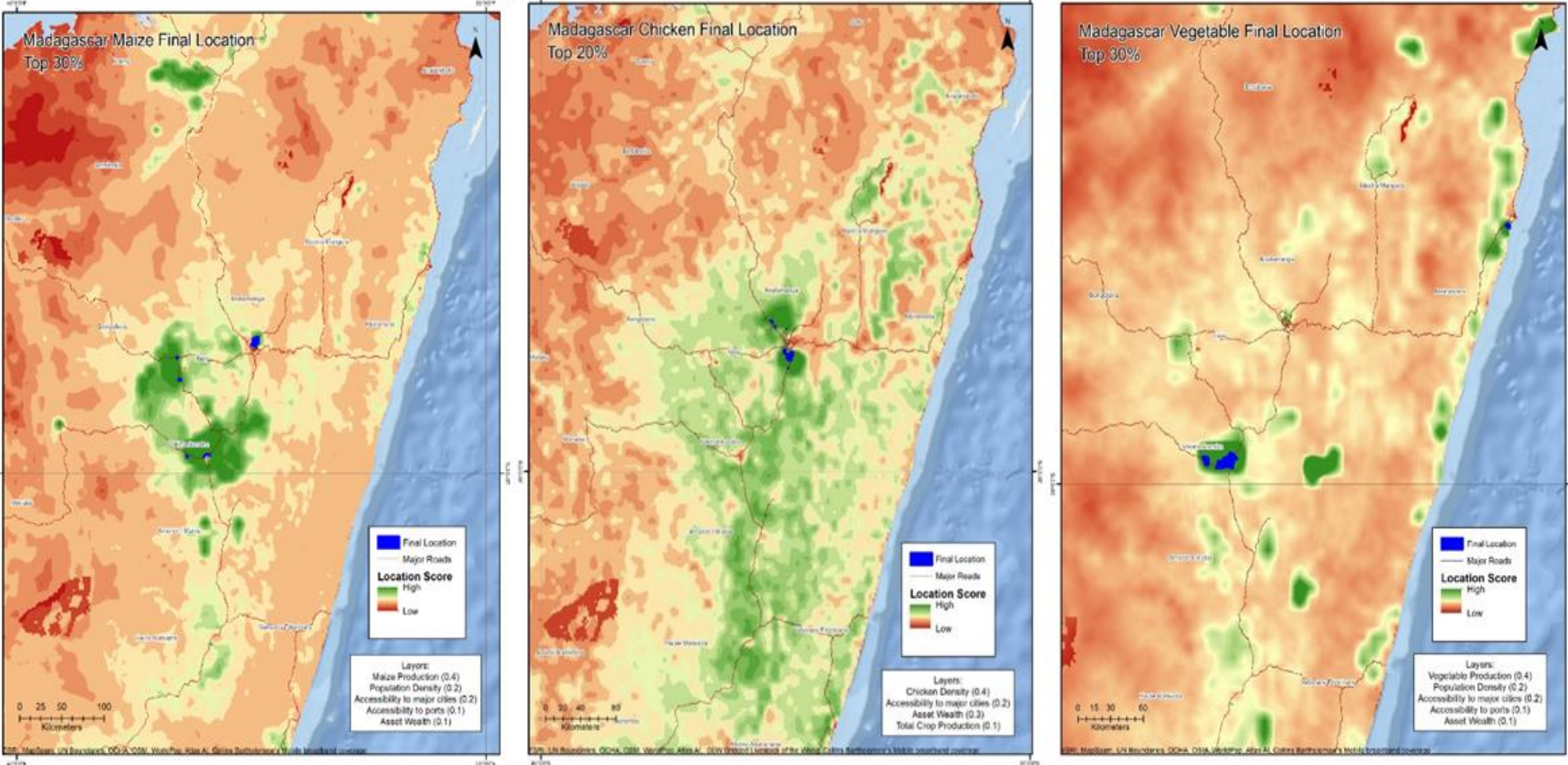
Integration into a 3-phase implementation over 20 years (Additional investments needed to create market/non-market infrastructure)

- Cold stores, agri-food processing units, slaughterhouses, crop and dairy collection centers, aquaculture
- Support services (energy, water infrastructure, veterinary centers, telecommunications, etc.)
- Related investments need to be estimated!

Additional impacts/benefits

- 50% reduction in customs duties and 80% reduction in non-tariff measures to increase the region's GDP by 0.3% (IFPRI 2022)
- Reduction of ~4 hours at the port for gains of ~23 million USD for the private sector
- Reduction of extreme poverty in the IOC attributable to the FTAA: ~780,000 people (WB, 2020)
- Moderate poverty reduction in the IOC attributable to the FTAA: ~1.8 million people (WB, 2020).

Candidate locations for markets and support facilities (examples from Madagascar)



Net profit: USD 63 million per year

Country	Million \$US	IRR (%)
Comoros	4.5	69%
Madagascar	86.9	36%
Mauritius	91.2	27%
Seychelles	21.2	9%
Total	204	



SUMMARY OF INVESTMENT PLANS



\$448,9 M
Total investment

26,1%
Overall average IRR

19 M
Direct beneficiaries

\$23 - \$720
Increase in per capita income

Reduction in per capita emissions (in development)

1a

Integrated value chains development

- **COST (USD)**
\$188,8 M
- **IRR (%) – Internal rate of return**
21.5%
- **NPV 12 % - Net present value**
• \$33,9 M
- **Sustainability benefits**
Beneficiaries: 13,000 small farmers - 100 large farms / ranches

Increase in per capita income: Between \$70 - \$720

Reduction in emissions per capita : in development

1b

Sustainable development of the Blue Economy

- **COST (USD)**
\$56,1 M
- **IRR (%)**
20.6%
- **NPV 12 %**
\$50,9 M
- **Sustainability benefits**
Beneficiaries: 12,500 small-scale fishermen

Increase in per capita income: Between \$37-\$270

Reduction in emissions per capita : in development

2

Regional market and trade integration

- **COST (USD)**
\$204 M
- **IRR (%)**
30%
- **NPV 12 %**
\$271 M
- **Sustainability benefits**
Beneficiaries: 19 million

Increase in per capita income: \$23