

Republic of Mauritius

Rural Diversification Programme Project Performance Assessment

Executive Summary

1. **Background.** The Project Performance Assessment (PPA) of the Rural Diversification Programme (RDP) in Mauritius was undertaken by the Independent Office of Evaluation (IOE) of IFAD in 2013 in order to assess the overall results of the Programme and to generate relevant findings and recommendations for the implementation of on-going operations and the design of future IFAD-funded interventions in the country. This PPA is based on the review of official project reports and other related documentation, as well as on an in-country mission which visited the project area and held discussions with key stakeholders, including Government officials, project staff, and beneficiaries.
2. **The programme.** The Republic of Mauritius is an island nation in the Indian Ocean located off the southeast coast of the African continent, with a population of 1.25 million people. The country includes the islands of Mauritius, Rodrigues, Agalega, and the group islands of Saint Brandon. Since its independence in 1968, Mauritius has steadily developed, moving from a low-income to an upper middle-income country status. The economy is based on tourism, textiles, sugar, and financial services.
3. The RDP was approved by IFAD's Executive Board in April 1999, and was implemented over a period of more than ten years (129 months), between 4 April 2000 and December 2010, with the closing date extended three times through amendments to the original Loan Agreement. The planned total cost was US\$16.57 million, including an IFAD loan of US\$11.12 million, government contribution of US\$4.71 million, beneficiaries contribution of US\$0.56 million and financial intermediaries US\$0.16 million. In addition, RDP benefited from a Technical Assistance Grant of US\$0.075 million.
4. The RDP rationale, in line with IFAD's country strategy and Government's development priorities at that time, was dictated by the need to shift the productive structure of the economy towards a number of diversified, and relatively underdeveloped, subsectors with high growth potential, which would provide an opportunity to the poor and disadvantaged groups to improve their economic status, income and well-being. The goal of the programme was to stimulate diversified and sustainable economic development for low-income households. This was to be achieved by: (i) diversifying and improving the income and resource base of poor, particularly low-income, households; (ii) developing institutional modalities and instruments to enable the poor to avail themselves of increased economic opportunities from agriculture, fishing and off- farm microenterprises; and (iii) improving the technical and entrepreneurial capacity of the target group through training and the strengthening of grass-roots groups and organizations, in close cooperation with the private sector, NGOs and civil society.
5. The programme was articulated around four components: (i) Irrigated Agriculture Development; (ii) Fisheries Development; (iii) Microenterprise and Microfinance; and (iv) Community Development for Mauritius and Rodrigues. A total of 15,180 households in Mauritius and Rodrigues were expected to benefit from the programme. The target group was composed of poor rural households in the Mauritius and Rodrigues islands area. The majority of the poor consisted of small and marginal planters, artisanal fishermen, unemployed, landless rural labourers, unskilled (mostly female) labourers and female-headed households. All these

groups faced production constraints, namely, inadequate access to financial resources and improved production technology, poor education, and limited vocational skills and training.

6. **Performance assessment.** The RDP was highly relevant in the context of key constraints in the agricultural sector and with the national policy framework to broaden and diversify the base of the smallholders' production system from sugar cane to other potential higher value cash crops. It was also to address the issue of rising unemployment and poverty by providing opportunities to the poor in accessing capital and technical assistance, as well as addressing the core issue of over-exploitation of fish stocks and destructive fishing practices in the lagoons that surround Mauritius and Rodrigues islands.
7. Overall, the programme yielded mixed results. In terms of rural poverty impact, RDP interventions generated moderately beneficial effects in some impact domains, such as household income and assets, and food security and agricultural productivity. For example, the overall impact of irrigation was found to be positive, with increases in cultivated land, previously left abandoned, and increases in yields ranging between 10 to 70 per cent; this could be attributed to the timely and reliable water supply provided through RDP activities, with concomitant increase in income. In addition, the irrigation schemes and fish aggregating device (FAD) fishery have contributed to increasing the agricultural production and productivity and fish catches, and to enhancing food security by increasing the beneficiaries' total production and income. With regard to gender, the PPA mission found that some of the community projects have supported poor women to overcome social and economic exclusion and enhance livelihoods.
8. On the other hand, the programme came short of meeting its objectives, in particular due to the programme design's failure to carefully address critical issues such as human resources constraints, qualifications and skills of staff engaged in implementation, as well as in not internalizing the previous experience and failures of microcredit in Mauritius. The overall achievement of the development objectives was moderately unsatisfactory. In particular: (i) the diversification of food crops was not sufficient to reduce farmer's dependence on sugar cane and sugar cane prices; (ii) the reduction of the ecological pressure on the lagoon was minimal; (iii) the microfinance/microenterprise sub-programme was discontinued due to structural implementation problems; and (iv) a number of community projects did not respond to the needs of beneficiaries and remained unused or underused.
9. Lastly, except for the IFAD fishery sub-programme, the programme's monitoring and evaluation system remained weak throughout implementation, due to a serious lack of capacities, culminating into a complete lack of second and higher level programme results and outcomes.

Recommendations

10. **Irrigation schemes.** The implementation of public irrigation schemes should follow the Participatory Irrigation Management process as modelled by the Irrigation Authority, whereby planters participate fully right from the design through the construction stage. Capacity-building of farmers for existing schemes should complete detailed procedures for the transfer of Operation and Maintenance to the Water User Cooperative Societies. The empowerment of the smallholders should create a conspicuous multiplier effect leading to efficient water use and increased revenue.
11. **Cost sharing and beneficiary contributions must be clearly defined, enforced and recorded.** In order to ensure the sustainability of services following programme completion, it is advisable to institute cost sharing principles and user fees from the outset of implementation, to the extent feasible. The enforcement and the keeping of records of beneficiary contributions help farmers and fishermen to take ownership and responsibility for the assets they receive. The strict

application of full cost recovery for services may encourage beneficiaries to form groups or associations to facilitate the provision of services.

12. **Future IFAD operations in Mauritius should support the value chain approach and market linkages.** Development interventions that support the value chain approach and market linkages can stimulate diversification and investments that would lead to availability of market produce and the strengthening of rural enterprises. In addition, they would bring closer the rural entrepreneurs and PFIs and would contribute to the development of efficient schemes that will incorporate technical support, financing, management and quality control. Analysis of market opportunities should be carried out before investing in agriculture, livestock and fisheries; training on business and marketing aspects should complement production-oriented training. Long-term success requires not only improved on-farm and off-farm and fisheries productivity but also opportunities for planters and fishermen to have access to, and compete in, output markets. Future IFAD-supported projects need to provide institutional support for various marketing activities at several levels, including assistance to farmer and fisher groups, members of groups or entrepreneurs for the establishment and initial operation via credit of marketing associations of agricultural and fisheries produce or purchase of inputs, and private small and medium scale processing plants equipped with storage facilities and quality testing.
13. **Rural financial services.** The lack of short and medium-term finance is a serious constraint to the access of inputs on which increased productivity is largely dependent. Poor planters and fishermen need to rely on credit opportunities for on-farm and fisheries investments and off-farm income generation. The absence of a credit revolving fund exacerbated the lack of cash for the poor beneficiaries and discouraged further on-farm and off-farm investments. The availability of a rural financial services delivery system is an important tool for poverty reduction.