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Enabling poor rural people
to overcome poverty

Republic of Mauritius

President's memorandum

Rural Diversification Programme

Extension of the completion and closing dates

Executive Board — Ninety-sixth Session
Rome, 29-30 April 2009

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

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Abbreviations and acronyms

MARS	Marine and Agricultural Resources Support Programme
RDP	Rural Diversification Programme

Recommendation for approval

The Executive Board is invited to approve the extension of the completion and closing dates for the Rural Diversification Programme in the Republic of Mauritius as contained in paragraph 10.

President's memorandum

Rural Diversification Programme

Extension of the completion and closing dates

1. An IFAD loan of SDR 8.2 million was approved to support the Rural Diversification Programme (RDP) in April 1999, and became effective in April 2000. The original programme completion date was 30 June 2006, with a loan closing date of 31 December 2006. These dates were subsequently extended for three years, to 30 June 2009 and 31 December 2009 respectively. IFAD's Framework for Defining Project Implementation Periods and Extension of Loan Closing Dates (EB 97/61/R.10) specifies that loan closing dates can be extended, in rare cases, for up to three years. The Executive Board is, in this case, invited to approve an exceptional waiver to the standard procedures to allow the programme to be extended for an additional 18 months.
2. The central objective of RDP is to help stimulate livelihood opportunities for disadvantaged households in Mauritius by developing microenterprises and diversifying food production. The programme has five components: (i) irrigated agricultural development; (ii) fisheries development; (iii) microenterprise and microfinance development; (iv) community development; and (v) programme coordination. Overall, the programme is now substantially achieving its targets.
3. The irrigated agriculture component has been physically completed. There have been significant incremental yield benefits, and water users' associations have greatly gained in experience and maturity. Diversification from sugar cane to high-value crops is increasing. The success of this activity has been acknowledged by the African Development Bank and the Arab Bank for Economic Development in Africa, which are currently designing a project supporting the establishment of about 1,400 hectares under irrigation replicating the RDP model and approach. The main issue facing farmers in both the new and the rehabilitated areas is marketing. It is very difficult for small farmers to eliminate the middle man and sell their produce directly in markets or to the hotel trade. The RDP will need to continue its support to diversifying market outlets for small farmers through market liberation policies and the establishment of a fresh produce auction market in Port Louis.
4. The fisheries development component has contributed to a decline in lagoon fishers, especially on the island of Rodrigues. On Mauritius, use of fish aggregating devices (FADs) has significantly improved the income and welfare of fisher households. Daily catches for fishers operating around FADs have increased from 5 kilograms to 50-60 kilograms, and fisher households have used profits for their children's schooling and improved housing. The next major step will be for fisher associations to start selling their catch directly at eight fish markets operating on Mauritius, which may be facilitated by the planned establishment of a wholesale fish auction market in Port Louis. The current positive approach of the Fisheries Commission of Rodrigues holds significant potential for an increase in FAD fisheries there.
5. The microenterprise and microfinance development component was initially implemented by the Development Bank of Mauritius and the Ministry of Women's Rights, Child Development, Family Welfare and Consumer Protection with limited success. As recommended by the mid-term review mission, a thorough review of the component was carried out in 2006. It noted that, where microenterprises had been successful, they had had a positive impact on the households involved. The microfinance activities of RDP are now being implemented by the Cooperative Credit Union and the National Empowerment Foundation, which are best positioned to provide the loans and the necessary support and follow-up contact with small

clients. These arrangements are showing good progress in terms of outreach to poor households and higher loan recovery rates.

6. Under the community development component, 253 community schemes have been completed to the benefit of some 5,100 people. Half of the initiatives have been for facilities located in primary schools; these provide shelter and playground facilities for children and also double as community training facilities for life skills and adult education.
7. IFAD's 2005 country strategic opportunities programme for Mauritius recommended integrating the RDP approach into the Fund's future investments to build on the programme's successes and consolidate its impact. The Marine and Agricultural Resources Support (MARS) Programme, approved by IFAD in 2007, has fully integrated key RDP activities (together with respective loan funds totalling about US\$2.2 million) and has devised common implementation arrangements. This integration has been consolidated by transitional arrangements between RDP and the MARS Programme. This is essential since the MARS Programme will continue to focus on small-scale fishers and farmers, the most vulnerable of poor rural groups. It will support the development of alternative income-generating activities for fishers, and income diversification and employment for farmers affected by structural changes in the sugar sector. Both RDP and the MARS Programme are implemented by the same lead agencies and the Rodrigues Regional Assembly in Rodrigues, under the overall coordination of the Ministry of Finance and Economic Empowerment.
8. Transitional arrangements between RDP and the MARS Programme were due to take place during fiscal year 2008/09 or immediately after loan effectiveness of the MARS Programme. However, the Government deferred signing the financing agreement for the MARS Programme pending clarification on the Fund's calculation of interest rates on ordinary loans and their alignment with the rates of other international financing institutions. This has meant that the transitional activities foreseen under RDP funding have been delayed.
9. The Government of Mauritius signed the financing agreement for the MARS Programme in March 2009 with the understanding that the completion and closing dates of the RDP would be extended for 18 months as per their request to allow for the completion of key RDP activities and ensure a smooth transition to implementation of the MARS Programme.
10. **Recommendation.** It is recommended that the Executive Board approve the extension of the completion and closing dates for the Rural Diversification Programme until 31 December 2010 and 30 June 2011 respectively.

