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**14.1 Sheltered Farming Scheme**

***14.1.1 Background and Purpose***

To address the problem of adverse climatic conditions, the Ministry came up with the Sheltered Farming Scheme in 2014 to encourage farmers to shift from traditional open field cultivation to sheltered farming system. The Scheme has been entrusted to the Food and Agricultural Research and Extension Institute (FAREI) for implementation and target, in principle, Registered planters, Cooperative Societies, Agricultural Companies, amongst others. An Evaluation Committee, set up at the level of FAREI, examines the applications and recommends the projects to the Food Security Committee of the Ministry. After approval by the Committee, funds are transferred to FAREI for onwards disbursement to planters/farmers. Eventually, an agreement is signed between the Ministry (represented by FAREI) and each beneficiary.

***14.1.2 Commitment of the Ministry***

Following the Budget Speech 2016-17, the Scheme was reviewed as from August 2016 where the grant facility was increased from Rs 250,000 to Rs 400,000, amongst others.

As of 31 October 2017, the number of applications received was 375, of which 154 were approved by the Ministry for the sum of Rs 41,142,985. However, due to budgetary constraint, Rs 26,239,219 were released to FAREI. The latter has disbursed   
Rs 20,135,505 to 94 beneficiaries of the 154 approved applications and has kept the balance of Rs 6,103,714 for the 24 beneficiaries who had been paid only 40 per cent. The amount of Rs 14,903,766, not yet released by the Ministry to FAREI, related to   
60 applicants.

In addition, 74 new applications totalling Rs 27,001,763, as recommended by the Evaluation Committee, were awaiting Ministry’s approval.

***14.1.3 Monitoring and Controls***

* There was no feedback or any mechanism in place at the Ministry’s level to ensure compliance with conditions of the agreement signed with beneficiaries, and to assess the extent of any improvement in production and quality of farm produce;
* The Scheme has not been adequately formulated in terms of targets and indicators. Despite the growing interest noted in the Scheme, the request of all approved applicants could not be entertained due to shortage of funds. Consequently, the Scheme was put on hold as from 22 September 2017.

***Recommendation***

The Ministry needs to exercise proper supervision and control over the execution of the project by setting up a proper monitoring and control mechanism.

**14.2 Field Operations, Regrouping and Irrigation Project (FORIP)**

***14.2.1 Scope and objectives of the FORIP***

The Field Operations, Regrouping and Irrigation Project (FORIP), now referred to as the Sugarcane Planters Regrouping Project (SPRP), was implemented in the context of Sugar Sector reforms to keep the small and medium planters in the main stream of the sugar production and to withstand the 36 per cent cut in price of sugar imposed by the European Union (EU) as from October 2009.

The main objectives of FORIP are, amongst others, to improve the cost competitiveness of planters, namely 20 to 25 per cent decrease in cost of production and 20 per cent increase in sugar production through the adoption of better/more promising cane varieties, better cultural practices, and timely harvest and delivery of canes to the mills.

The project was entrusted to the Mauritius Cane Industry Authority (MCIA), previously to the Mauritius Sugar Authority (MSA), since 2006 for implementation in small and medium sugarcane planters’ fields, involving 12,000 hectares of land. The cumulative extent of lands regrouped, de-rocked and planted during the period 2006 to 2015 was 9,683 hectares, representing some 81 per cent of the extent earmarked under the project, involving 9,935 planters.

***14.2.2 Planters’ Obligations***

* Eligible planters had to enter into an agreement with MCIA prior to start of works, wherein provisions had been made for them to make an annual minimal contribution, ranging from Rs 1,500 to Rs 4,500/arpent/annum for a period of five and seven consecutive years, depending on works implemented in their fields;
* Planters, after the first harvest, had to refund in five or seven equal annual instalments to the MCIA the interest free cash advance of Rs 15,000 per arpent. The purpose of the cash advance was to evolve as a financially revolving fund which would be used to fund future cash advance requests made by planters.

***14.2.3 Disbursements***

The project was being financed by the European Union. Funds are earmarked in the Ministry’s Budget through the Ministry of Finance and Economic Development (MOFED), and are released to the MCIA as and when requested. For 2016-17, Rs 300 million of the Rs 305 million provided for in the Budget, have been disbursed for implementation of the project.

As of 30 June 2017, a total of Rs 3.6 billionhas been disbursed to the MCIA/MSA under the FORIP since 2006.

***Observations***

* *Payment of Contribution and Refund of Cash Advance*

The planters have not paid the required annual minimal contribution and also not refunded the cash advanced to them. During the period 2007 to 2015, contributions which should have been made by planters and the actual cash advanced to them amounted to some Rs 225 million and Rs 211 million respectively. Thus, the cash advance to evolve as a financially revolving fund did not function as no planters had refunded their dues.

* *Monitoring of Cane and Sugar Yield under FORIP*

Despite some Rs 3.6 billion have been spent by the Ministry on this project, no analysis has been undertaken since 2012 to assess the impact of FORIP on cane and sugar yield on a region-wise basis, and to confirm whether the cost competitiveness of planters have been achieved.

***Ministry’s Reply***

In the present context of financial difficulties for the sugar sector and to ensure that planters remain in the cane production activity and as well as to ensure the viability and sustainability of the Mauritian Cane Industry, the MCIA is of the view that it will not be appropriate to proceed with deduction of planters' contributions under FORIP and is proposing that these contributions be waived. The proposals of the MCIA have been forwarded to MOFED for its consideration.

Government is aware of the financial difficulties being faced by the sugarcane planters and is taking immediate action to bring reforms in the cane industry through the setting up of a Joint Technical Committee to come up with recommendations and measures to ensure the stability of the cane industry and its economic survival in the new international context.

**14.3 Construction of a National Wholesale Market – Rs 370 million**

The need for setting up of a National Wholesale Market (NWM) for fruits and vegetables arose from the pressure of growers for a modern and adequate wholesale auction facility where both producers and wholesalers would be able to trade openly and efficiently in hygienic conditions.

The project was announced in the Budget Speech 2008-09 and a Technical Committee was constituted under the Food Security Fund to look into it. The cost of the project was estimated at Rs 195 million, following a strategic review of the Agricultural Marketing Board in 2008.

13 hectares of land at Five Ways, Belle Rive were earmarked for the construction of the NWM since 2015. The total building requirements were about 12,100 m², surrounded by about 27,500 m² of parking facilities.

***14.3.1 Consultancy Services for the setting up of the NWM***

Contract for Consultancy services for the setting up of the NWM was awarded to a French Consultant on 8 January 2014 for the sum of EUR 67,608 and Rs 1,972,001 (totalling some Rs 4.8 million) which were settled in April and May 2014. In his report submitted on 7 April 2014, the Consultant had estimated the cost of the project at some Rs 345 million (excluding land acquisition cost).

***14.3.2 Consultancy Services for the Management, Design and Supervision***

On 21 November 2016, the contract for Consultancy services for the management, design and supervision of the NWM was awarded to an Italian Consultant for the amount of   
EUR 153,950 and Rs 11,655,000 (totalling some Rs 20 million).

As of 10 November 2017, the preliminary drawings for Buildings and Land Use Permit, prepared by the Consultant, were submitted to the Authorities for clearances. In parallel, preparation of detailed design/tender documents, architectural working drawings, engineering working drawings, electrical and mechanical working drawings and tender documents, were underway.

***14.3.3 Disbursements***

In the Budget Speech 2015-16, it was announced that Government would invest some   
Rs 370 million in a national wholesale vegetable market to ensure that food is distributed under right hygienic conditions.

During 2015-16 and 2016-17, although Rs 10 million and Rs 15 million were respectively budgeted for the project, the actual expenditure totalled only Rs 3,553,291 as of 30 June 2017 in respect of stakeholder’s consultative meeting and launching of the project.

***Observations***

* The estimated project cost has increased from Rs 195 million in 2008 to   
  Rs 345 million in 2014 (excluding land acquisition cost), representing an increase of 77 per cent. A further increase of Rs 25 million was announced in the Budget Speech 2015-16, when provision of Rs 370 million was made. The project cost is expected to increase further by the time the construction contract will be awarded;
* Although the cost of the project was estimated at some Rs 195 million in 2008, Consultancy services for the setting up of a NWM were procured after five years, in 2013, for an amount of some Rs 4.8 million.

The Ministry took another two and a half years after the French Consultant submitted his report in April 2014, to award contract for Consultancy services for the management, design and supervision of the NWM for the total sum of EUR 153,950 and Rs 11,655,000 (VAT exclusive).

***Conclusion***

Although land has already been earmarked and funds provided in Budgets 2013, 2015-16 and 2016-17, the project which had been contemplated since 2008, was still at the stage of Consultancy services for the management, design and supervision at 30 November 2017, almost nine years later. Further delay in the implementation of the project would definitely result in escalation of costs. The main objectives for the setting up of a NWM will not materialise in the near future.

* 1. **Land Use Division**

***14.4.1 Computerisation of the Land Use Division (LUD)***

The LUD is managing 4,589 plots of agricultural State Land of a total area of 9,524 arpents, falling under the aegis of the Ministry, including land acquired under the agreement with the Mauritius Sugar Producers Association (MSPA).

A database was set up at the Lease Section of the LUD to record information for each plot. Compilation of data has to be done manually, thus rendering it difficult and time-consuming to obtain relevant reports. Furthermore, debt management was inadequate, as an age analysis of debtors was not available for identification of slow-payers and defaulters.

***Recommendation***

The Ministry should consider the computerisation of the Lease Section of the LUD to improve retrieval of information and to facilitate computation of arrears of revenue. This would ensure improved service delivery and overall effectiveness of the Section.

***14.4.2 Digital State Land Register***

At paragraph 14.3.1 of the Audit Report for the 18-month period 1 January 2015 to   
30 June 2016, I mentioned that the Digital State Land Register has not been set up at the Ministry’s level, as announced in the Budget Speech 2015-16.

As of 30 September 2017, no decision was taken to set up the Digital State Land Register, which would promote greater transparency in the allocation of State Lands.

***14.4.3 Illegal Construction of Buildings on State Lands Leased for Agricultural Purposes***

At paragraph 14.3.2 of the Audit Report for the 18-month period 1 January 2015 to   
30 June 2016, attention was drawn to the fact that 12 lessees had illegally constructed concrete buildings of an extent of 90 to 1,140 m² on land leased to them at Petit Sable, Grand Sable, Pointe aux Feuilles, Elysee and Terre Rouge.

According to the record of tenants kept at LUD, the number of illegal constructions as of 30 September 2017 was 14, of which two were for major residential and commercial buildings.

***Recommendations***

* A Fast Track Committee has to be set up by the Ministry to address cases of illegal construction;
* The Ministry should take strong measures to prevent illegal construction on agricultural State Lands.

***14.4.4 Illegal Occupation of State Lands Reserved for Agricultural Purposes***

The number of illegal occupation of agricultural State Lands has increased from 16 plots at 30 June 2016 to 31 plots at 31 August 2017, for a total extent of 200,069 m2 of land.

As reported at paragraph 14.3.3 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, one squatter has been occupying 12 plots of land of an extent of   
50,650 m2 at Raffray for several years. No follow-up action was seen to have been taken after site visits were effected by Officers of the Ministry in September 2013 and January 2016.

As of 31 October 2017, the Ministry has regularised nine of the 31 cases of illegal occupation of agricultural State Lands.

***14.4.5 Allocation of Land without Parcel Identification Number (PIN)***

As of 30 September 2017, only 298 (6 per cent) of the 4,589 plots of agricultural State Land have been assigned PINs.

Of the remaining 4,291 plots of agricultural State Land, 263 were allocated or renewed without PIN during 2016-17. This practice is not in line with the Cadastral Survey Act.

***Recommendations***

* The LUD should ensure that the private Land Surveyor prioritise surveys on plots of State Land which have already been committed;
* State Lands should be leased to tenants after the plots have been assigned individual PIN, in compliance with the Cadastral Survey Act.

***14.4.6 Non-Compliance with Lease Agreement***

1. *State Land at Nouvelle Decouverte – Abandoned Land*

At paragraph 14.3.8 of the Audit Report for the 18-month period 1 January 2015 to   
30 June 2016, I reported that following an appeal made by a lessee, a new lease agreement was signed on 18 August 2014 for the same extent of land (42,246 m²) at Nouvelle Decouverte and for the same purpose, for a period of 15 years ending   
24 January 2030 on the condition that the leased land would be retrieved outright, without any further notice in the absence of any concrete development.

On 20 May 2016, the Ministry informed the lessee that lease of the plots of land would be cancelled and the land retrieved, as same was still abandoned. On 14 June 2016, the lessee made another appeal despite the fact that the Ministry had considered the first appeal on the condition that same would be retrieved outright without any further notice. The lessee was notified on 15 March 2017 that the appeal had not been acceded to and he was requested to vacate the said plots of land.

On 6 April 2017, a notice was served on the lessee to pay rent due for the period   
25 January 2017 to 24 January 2018 on the four plots amounting to Rs 10,811 (inclusive of interest), not later than 5 May 2017. In case of failure to settle the rent claimed, appropriate action would be taken by the Ministry to retrieve all four plots of land, in conformity with the Lease Agreement.

As of 31 October 2017, some seven months after the notification, the said plots of land have still not been retrieved by the Ministry.

***Recommendation***

The terms and conditions of all lease agreements should be strictly enforced and in case of non-compliance, action should be initiated to retrieve the land.

1. *State Land at Bois Marchand*

State Land, of an extent of 63,417 m² (15A02P), at Bois Marchand was leased to a private Company for a period of 25 years ending 28 February 2033.

Following a joint site visit carried out by Officers of LUD and FAREI on 29 June 2016, the Ministry was informed on 15 July 2016 that the Company was not fulfilling its purpose, as mentioned in the Lease Agreement as there was no full-time nursery man, and the nursery and orchard were not being optimally used.

On 4 April 2017, the LUD informed the lessee that the Ministry had decided, as per the Lease Agreement signed on 27 March 2008, to resume possession of an extent of 12A50P from the 15A02P, as from 4 October 2017.

As of 31 October 2017, the lessee had not yet been notified of the cancellation of the existing Lease Agreement and drawing up of a new one, on the reduced extent of 2A52P.

***14.4.7 Mauritius Sugar Producers Association (MSPA) Lands Scheme***

At paragraph 14.3.6 of the Audit Report for the 18-month period 1 January 2015 to   
30 June 2016, I reported on the agreement signed in April 2008, between Government and the MSPA whereby sugar cane land of an extent of 2,000 arpents would be granted to Government by Corporate Planters who are members of the MSPA. Land would be released as and when required during the period of the lease, which was valid up to   
31 December 2017.

As of 31 October 2017, that is, two months prior to the expiry of agreement, of the 1,252 arpents to be allocated for agricultural projects and the remaining 748 arpents for housing and other social projects, only an extent of 895 and 372 arpents of land for the respective projects, representing 63 per cent of total extent of land, have so far been acquired. Procedures have been initiated for the acquisition of another 133 arpents and proposals were under consideration for the remaining 109 arpents. Survey reports concerning   
491 arpents were being finalised.

As of 31 October 2017, there was no evidence that the acquisition of the 2,000 arpents of land as agreed between Government and MSPA would be completed by the due date of   
31 December 2017.

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