

MARCH 2015  
DELEGATION OF THE EUROPEAN UNION FOR THE PACIFIC

FWC BENEF 2013 – EUROPEAID/132633/C/SER/MULTI  
LETTER OF CONTRACT: 2014/352890

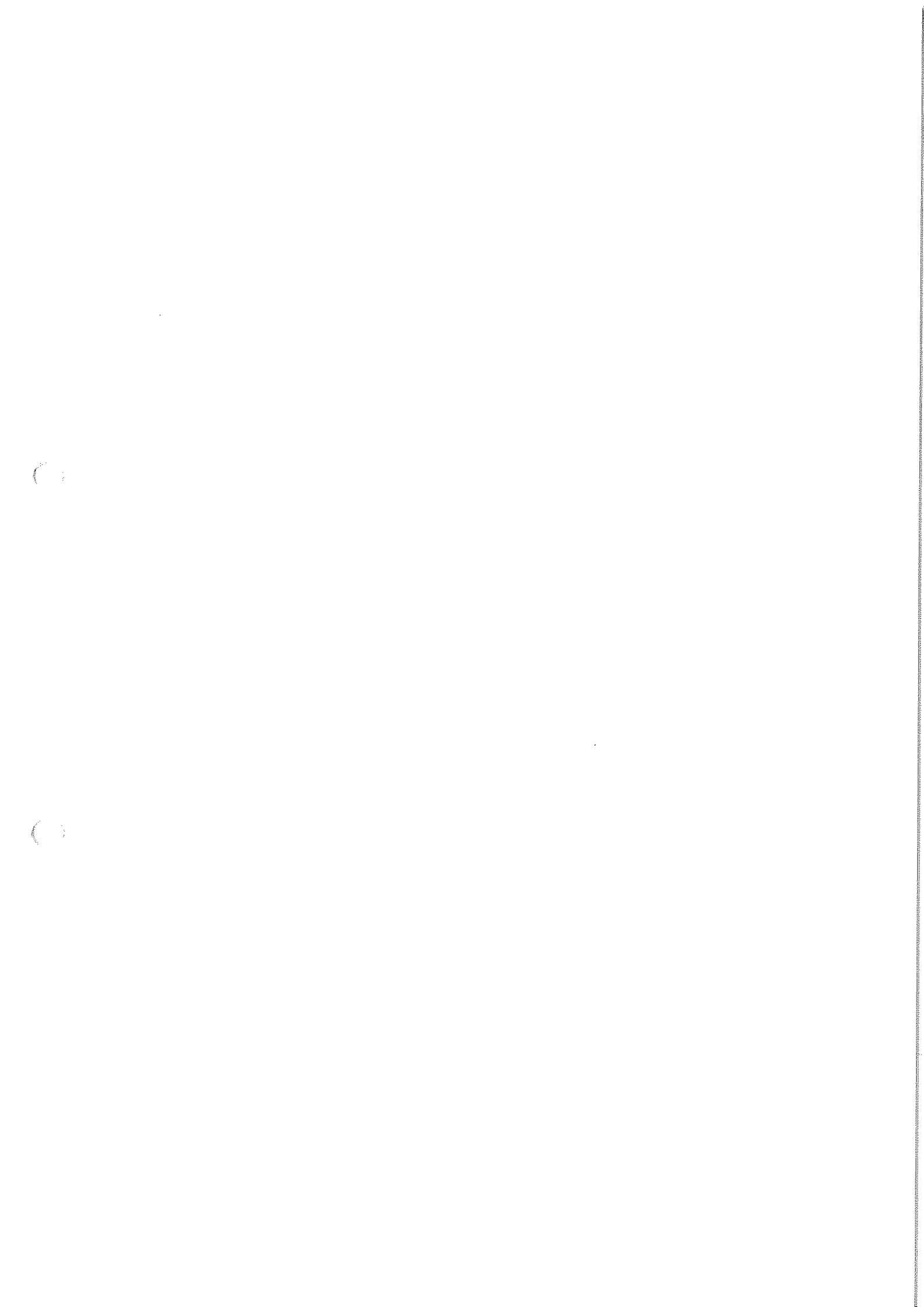
**FINAL EVALUATION OF THE ACCOMPANYING MEASURES 2010 FOR SUGAR PROTOCOL  
COUNTRIES (AMSP)**

FINAL REPORT

**DISCLAIMER:**

The content of this report is the sole responsibility of the Framework Contractor and can in no way be taken to reflect the views of the European Union

**COWI**



MARCH 2015

DELEGATION OF THE EUROPEAN UNION FOR THE PACIFIC

# FINAL EVALUATION OF THE ACCOMPANYING MEASURES 2010 FOR SUGAR PROTOCOL COUNTRIES (AMSP)

FINAL REPORT

PROJECT NO.  
DOCUMENT NO.  
VERSION 1  
DATE OF ISSUE 06/03/2015  
PREPARED Roberto Canessa/Roberto Borlini  
CHECKED Barbara Becht  
APPROVED

## Report Quality Control certification

As per the COWI Consortium procedures, this report and its content has been proofread and controlled for quality against the Terms of Reference of the assignment, and their subsequent possible modifications.

Name Barbara BECHT

Company SAFEGE

Date 06/03/2015

Signature:

## LIST OF ACRONYMS

AAP	Annual Action Plan
ACP	Africa - Caribbean - Pacific
AMSP	Accompanying Measures for the Sugar Protocol
APTC	Australia-Pacific Technical College
AusAID	Australian Aid
CU	Coordination Unit
DUE	Delegation of the European Union
EP	Empower Pacific
EU	European Union
EUDEL	Delegation of the European Union
FA	Financial Agreement
FD	Financing Decision
FJD	Fiji Dollar
FRIEND	Foundation for Rural Integrated Enterprises & Development
FSC	Fiji Sugar Corporation
GOF	Government Of Fiji
HFHF	Habitat for Humanity Fiji
IA	Implementing Agency
ITC	International Trade Centre
LCPA	Labasa Cane Producer Association
LF	Logical Framework
MFI	Micro-Finance Institute
MIP	Multi-annual Indicative Programme
MIS	Management Information System
MIT	Management Information Tool
MoS	Ministry of Sugar
MOU	Memorandum Of Understanding
MS	Member states
NAS	National Adaptation Strategy
NGO	Non Government Organisation
NSA	Non State Agency
NZAID	New Zealand Aid
PCM	Project Cycle Management
PCU	Project Coordination Unit
PSC	Programme Steering Committee
RKM	Ramakrishna Mission
ROM	Result Oriented Monitoring
SAG	Stakeholder Action Group
SAP	Strategic Action Plan
SCGC	Sugar Cane Grower's Council
SCGF	Sugar Cane Growers' Fund
SMSP	Social Mitigation Support Programme

SPC	Secretariat of the Pacific Community
SRIF	Sugar Research Institute of Fiji
ST	Short-term
TA	Technical Assistance
TOR	Terms of Reference
USP	University of the South Pacific
WTO	World Trade Organisation

# CONTENTS

1	Executive Summary	5
2	Introduction	7
2.1	Background	7
2.2	Methodology	7
3	Main Findings	9
3.1	Programme's Context	9
3.2	Problems and Needs (Relevance)	10
3.2.1	Implementation strategy	11
3.2.2	Selection of beneficiaries	12
3.2.3	Contractors' operational and institutional capacity	14
3.2.4	Institutional Architecture	15
3.2.5	Gender Mainstreaming	15
3.3	Sound Management and Value for Money (Efficiency)	16
3.3.1	Calendar of Activities	16
3.3.2	Grant Contracts administration	18
3.3.3	Outputs	18
3.3.4	Quantitative Outputs	19
3.3.5	Cost Effectiveness	20
3.3.6	Qualitative Outputs	25
3.3.7	Programme Coordination	31
3.4	Achievement of Purpose (Effectiveness)	37
3.4.1	Empower Pacific	37
3.4.2	FRIEND	39
3.4.3	Habitat for Humanity	42
3.4.4	Ramakrishna	43
3.5	Achievement of Wider Effects (Impact)	44
3.6	Likely Continuation of Achieved Results (Sustainability)	46
3.7	Mutual Reinforcement (Coherence)	48
3.8	EC Value Added	48

4	Visibility	50
5	Overall Assessment	51
6	Conclusions and Recommendations	52
6.1	Conclusions	52
6.2	Recommendations	53
7	Annexes	55

Annexes 56



# 1 Executive Summary

The 2010 Annual Action Programme of the Accompanying Measures for Sugar Protocol Countries was implemented in Fiji between January 2011 and December 2014, with a budget of 8 million EUR. The programme is funded through an envelop of the 60 million EUR set aside for the Multi-Annual Indicative Programme 2008-2010. Its goal is to provide social mitigation to the adverse effects of the EU sugar price reforms. The programme was implemented through four grant contracts, assigned to local NGOs selected through calls for proposals, and some service contracts to supervise the AAP2010, coordinate the whole Accompanying Measures Programme and to identify subsequent annual action programmes through implementation of studies.

The AAP 2010 programme was designed to help the population to cope with the consequences of the feared collapse of the sugar sector. Although the crisis of the industry has not yet fully taken place as deeply as expected,<sup>1</sup> the AAP2010 is still highly relevant to the needs of beneficiaries due to the substantial percentage of the population living below the poverty line in the sugar belt area of Fiji. The three main components of the programme, housing, micro credit and vocational training, reflect the needs of a big share of the population that is increasingly looking for economic activities to supplement their sources of income. The AAP2010 could not be delivered through the GoF because all direct collaboration was suspended after the 2006 coup. However, the programme is highly consistent with pillar 2 and 3 of the 2006 National Adaptation Strategy for the Sugar Sector, which is the main national policy document for the industry.

The institutional architecture of AAP2010 sees four implementing agencies working on separate grant contracts under the supervision of a Coordination Unit, which is funded under a service contract. The set up seems adequate to the need of providing solid administrative support and guidance to local non state actors with little previous experience of work with the EU. After signing the grant contracts, the four implementing agencies and the Coordination Unit performed a review of the logical frameworks, improving considerably their quality by nesting them into the overall logframe of the programme, rationalizing results and objectives and quantifying objectively verifiable indicators of output, but stopping short of introducing outcome indicators. Three of the four implementing agencies involved in the implementation of the AAP2010 had to significantly increase the scale of their operations or expand it to sectors in which they had limited to no experience. Only HFHF worked in its own core area of expertise (housing and WATSAN). Adapting to the new circumstances proved to be a serious challenge, but by and large the NGOs showed considerable flexibility and commitment to the goals of the programme. The Implementing Agencies (IAs) made a strong outreach effort to ensure ample publicity to the intervention. However, the link of beneficiaries with the sugar sector is sometimes weak and there were several instances of beneficiaries manipulating the selection process. HFHF set a requirement for an upfront cash contribution of 2,500 FJ\$ from beneficiaries of new houses that automatically excluded the main target group of the intervention, the most disadvantaged sector of the population.

---

<sup>1</sup> The EU price paid for sugar from 2011 to 2014 remained high on average due to the very high and exceptional international market price. However the 2010 price paid to growers was exceptionally low and below the breakeven point showing the precarious situation of the Fijian growers in the near future.

The Annual Action Plan 2010 successfully delivered the expected outputs with a good level of quality, at a cost that is relatively high compared to similar interventions. Implementation was affected by external events, like Hurricane Evan, that delayed execution. Notwithstanding this and other disruptive occurrences, the implementing agencies managed to make up for most of the time lost, finally delivering outputs to a population of approximately 4000 beneficiaries. The quality of the outputs is generally good, although with significant differences in the actual value of the package of assistance received. The top 4% received an assistance package (measured as the sum of direct investment on beneficiaries plus the cost of field assistance) worth between 6,000 and 19,000 FJ\$, while the bottom 22% received only 500 FJ\$ of assistance.

The effectiveness of the Programme has been good thanks to the substantial adoption of the outputs by the different target groups. All grant contracts saw a significant participation of beneficiaries who, by and large, made good use of the goods and services provided. In the case of productive activities it is still too early to assess the increase in income experienced by beneficiaries because a high percentage of farmers started producing only in 2014. However, according to the records available and field interviews, bee keeping, cash crop cultivation with irrigation and milk production provide the best returns. Traditional poultry is viable, but produces only modest revenues. Food processing has still to offer significant returns to participating farmers.

AAP2010 was a pilot project, whose primary goal was to test different methodologies for mitigating the impact of the reduction of European subsidies to the sugar sector. The impact of the programme is in its capacity to assess the viability of approaches to be extended to the entire population at risk in the sugar belt area. The project has successfully tested methods to increase family income, diversify agricultural production, develop a micro credit programme and provide water and sanitation facilities. Several of these methods, however, have shown to be successful under certain conditions (specific groups or activities). In order to be taken to scale, these approaches need to be fine-tuned. The AAP2010 also tested some approaches that were only partially successful, like the promotion of group activities and addressing the housing deficits of the most disadvantaged families, and did not fully explore the potential of some components that could have a significant impact in the future, as in the case of collaborations with the private sector.

The projects funded through the AAP2010 have a good sustainability perspective thanks to the considerable resources that were invested in strengthening the capacity and building up the assets of the implementing agencies. However, both Empower Pacific and FRIEND face considerable challenges in the near future, having to manage the delicate transition from NGO to private entity. EP has also to identify an operation modality to drastically cut costs, while FRIEND need to quickly increase its own revenues, without depending from further donors' assistance.

## 2 Introduction

### 2.1 Background

The European Union is one of the major producers of sugar in the world. Its internal market is highly regulated and heavily subsidized to protect farmers from more competitive producers outside the European market. The European Union has also traditionally guaranteed a quota of sugar imports and subsidized prices to a handful of developing countries, in light of their colonial ties. Since the internal production plus the imports of sugar through this preferential system exceed the consumption levels of the EU by roughly five million tonnes per year, part of European sugar is dumped on international markets causing a distortion in prices that lead to a formal complaint brought to the WTO by Australia, Brazil and Thailand. As a response to the likely WTO intervention, the European Union decided to reform its sugar policy, drastically cutting sugar import quotas and prices. In 2005, the European Union approved the *EU Action Plan on Accompanying Measures for Sugar Protocol Countries*, with a budget of approximately 1.2 billion EUR for eight years to help former beneficiaries of the ACP/EU Sugar Protocol to adapt to the reform.

In Fiji, the European Union allocated 60 million EUR through the 2008-2010 Multi Annual Plan to the Accompanying Measures. However, the funding was cancelled due to the political instability in the country. Only a small envelope of 8 million EUR was released for social mitigation assistance through the 2010 Annual Action Programme, to be implemented via non state actors. The 2010 Programme's goal was to test a sector strategy for social mitigation, focusing on alternative livelihoods and poverty reduction. The AAP2010 has also provided the necessary Technical Assistance for coordination, implementation and monitoring of the NSA grants scheme, and made provision of studies to prepare for possible future interventions under Accompanying Measures allocations (2011-2013).

### 2.2 Methodology

In the final evaluation of the project Accompanying Measures to Sugar Protocol Countries – 2010 Annual Action Plan, the evaluation team adopted a methodology that is firmly rooted in the OECD-DAC framework. The evaluation team focused on the five criteria of relevance (including quality of design), efficiency, effectiveness, impact and sustainability, seeking to answer the questions posed in the inception report.

The calendar of the evaluation was respected without major inconvenient. After the initial literature review and start-up meetings with the coordination unit and implementing agencies, the team conducted field visits to Viti Levu and Vanua Levu for a first round of interviews with beneficiaries (70 people interviewed) and direct observation of infrastructure built by the programme (5 water systems, 19 new houses, 14 Rotahomes). A detailed map of field visits is presented in Annex I. The evaluators used mobile data collection technology to record the feedback from beneficiaries and be able to quickly analyze the collected information. An example of the mobile surveys is presented in Annex II. A second round of interviews was conducted during the third week of the field phase aimed specifically at collecting insights from institutional stakeholders (Annex III – list of stakeholders). Finally, the preliminary results of

the evaluation were presented in a workshop with a wide participation of members of the Programme's Steering Committee on February 16 in Lautoka.

The quantitative analysis of the results of the AAP2010 was mainly focused on cost effectiveness of the four grant contracts, EP-provided queries on its loan portfolio (severely affected by the low quality and mistakes in their database), FRIEND sales and beneficiaries' revenues. When possible, evaluators tried to triangulate information from different sources in order to verify the accuracy of the conclusions. For example, FRIEND made available an excel spreadsheet recording data on poultry farmers' revenues in Labasa. Evaluators compared it to their own interviews with poultry farmers, both FRIEND's and EP's beneficiaries, and with the logbooks kept by some of the participants.

The qualitative conclusions were submitted to a rigorous process of validation, first within the team, then by cross-checking them to verify their consistency with the results of the quantitative analysis and finally by presenting and discussing them with the different stakeholders (implementing agencies, coordination unit, Delegation of the European Union).

The evaluators were aware of the limits of the adopted approach and tried to improve them, when possible. The table below shows some of the measures taken to improve the validity of the methodology.

<b>Limit</b>	<b>Mitigating Measure</b>
The sample of beneficiaries to be interviewed was not randomly selected, but rather they were chosen by the implementing agencies.	Evaluators proposed visits and meetings outside the original agenda.
Implementing agencies records are sometime incomplete and in the case of Empower Pacific inaccurate	Evaluators worked with IAs to correct or clarify inconsistencies in the documentation. In the case of Empower Pacific, the evaluation team abandoned indicators that were not measurable (i.e. delinquent portfolio) in favour of indicators that were more readily available (i.e. portfolio at risk).
Final reports are very concise	Extensive interviews were conducted with IAs
In some case Financial Reports are not up-to-date	Evaluators tried to work with IAs to obtain the most updated financial reports or to develop sound approximation. Where that was not possible, cost effectiveness analysis was performed on project budgets
Interviews could only estimate current revenues without being able to compare it to a baseline	Baselines were reconstructed as far as possible through extensive interviews with beneficiaries

### 3 Main Findings

The long predicted collapse of Fiji's sugar cane industry has yet not taken place to its full potential extent since the international price has remained strong over the 2011-2014 period. However this international context may be seen as exceptional and 2015 already sees an inversion of sugar prices on the EU market. The industry is going through a difficult period, but the crisis has not yet manifested itself with the foreseen intensity during the AAP2010 implementation period. The government, with the help of external partners, strongly supported the sector. Land tenure tensions, heavily affecting sugar cane producers since 1996, have been mostly settled, reducing the massive expulsion of marginal cane farmers. No mass migration due to sugar crisis has occurred.

The Government of Fiji has been supporting the sugar sector strongly to recover Fijian sugar competitiveness through better productivity at milling level. Sugar cane is being partially replanted and there is an effort to extend the area cultivated with sugar cane. The cancellation of the subsidies has not translated yet in a reduction in prices for farmers. Sugar cane farmers provide ambiguous perspectives on the future of the sector. The small and marginal ones declare that cane growing is not profitable and that they keep some cane only to maintain land-leasing rights. Bigger and apparently more efficient farmers show that cane is their uncontested major business, destined to continue in the long term.

#### 3.1 Programme's Context

Faced with the impossibility to give full implementation to the sugar accompanying measures due to the reduced dialogue with the Fijian Government, in 2010 the EU decided to start a trial programme to test various possible intervention methodologies aimed at offsetting the consequence of the sugar crisis. At the time, it was considered that in order to face the consequences of reduced sugar cane profitability, marginal cane growers and surplus workers of the sugar industry would need diversified skills to relocate themselves in the labour market, together with new farming options, diversified sources of incomes through microcredit schemes and social protection measures (namely housing).

The test character of the program needs to be highlighted in view of this evaluation because little knowledge existed until recently about diversification away from sugar production in Fiji, due to its long tradition as a mono-cropping sugar cane producer. The rural economy has been monopolized during the last 150 years by sugar production, with a farm population accustomed to depend on sugar cane cultivation for generating income, and strongly dependent on imported foods. Tourism, the other strong sector of Fiji economy, has also been developed mostly based on imported inputs and therefore with little impact on stimulating value addition to local products. The complex and sometimes conflictive land ownership structure and the socio-economic separation of the two main ethnic groups has also contributed to reduce the opportunities for more economic diversification and integration in rural areas. For all these reasons, Fiji confronted the market instability caused by the removal of international subsidies with serious weaknesses and little knowledge about possible solutions. The AAP2010

programme had the merit to establish an investigation and testing ground for social mitigation measures for the sugar sector.

### 3.2 Problems and Needs (Relevance)

The intervention is highly relevant to the 2006 National Adaptation Strategy for the Fiji Sugar Industry. The three components of the AAP2010 dovetail with the second and third pillar of the NAS, "Social Development and Poverty Reduction" and "Economic Diversification". The mitigation strategy is consistent with the vision of strengthening the livelihoods of those farmers who cannot produce enough income from sugar cane farming or who have to abandon the fields because of degradation of their land. Furthermore, the involvement of entire families promotes an integrated approach to income production in which different sources of on- and off-farm opportunities are tapped into.

Since the design of the Financing Agreement, the situation on the ground in the sugar belt area has changed significantly. The problems originally identified didn't materialize or materialized in ways different from what was expected. While 2010 had been a bad year (price paid to the growers was only 45 FJ\$ per tonne of cane), 2013 and 2014 were record years in which farmers received respectively 78 FJ\$ and 62 FJ\$ per tonne<sup>2</sup>, the second and third highest prices since 19753 (figures not adjusted for inflation). Also, the low rate of renewal of land leases was also not a major issue. According to a survey conducted with over 1,000 people by FRIEND at the beginning of the project, only 7% reported the non-renewal of their lease, the majority of which happened more than 10 years ago. Only 1.7% of the surveyed population didn't have their lease renewed in the last decade.

The environment in which the programme takes place is one in which the sugar industry is clearly struggling to regain its footing in a rapidly changing environment, trying simultaneously to increase production and modernize while providing benefits to sugar cane farmers. Currently, sugar cane production hovers around 2 million tonnes per year, while mills' capacity stands at more than 4 million tonnes. In order to become sustainable, the Fiji Sugar Cane Growers Council considers that the current production should double. Also, sugar content is an issue (addressed by the Sugar Research Institute in the framework of AAP2011), as is the bad state of the infrastructure. The majority of farmers cultivate small plots of sugar cane (in many cases this is under 2 Ha), together with other crops, both in intercropping modality and in different plots of land. Far from abandoning its cultivation, peasants treasure sugar as a key part of their identity as Fijian farmers even though they recognize that income is low. Sugar production is tightly intertwined with the right to land in the mentality of the rural population. More than a mere economic activity, it is the solid base around which to build a livelihood

---

<sup>2</sup> These figures, however, are for sugar cane prices paid by FSC, basically a government owned organization, to the cane farmers of Fiji. The price of sugar in international markets is actually declining.

<sup>3</sup> Sources:

for 1975-2011 prices: Fiji Bureau of Statistics, *Sugar Industry Production and Prices*, June 2012

for 2013 prices: Pacific Periscope, *Fiji Cane Farmers Get Record Payout*, May 20, 2013

for 2014 prices: Fiji Sun Online, *FSC Forecasts \$62.70 per Tonne Sugar Price*, May 11, 2014

strategy. In the current situation, a scenario in which farmers abandon the fields *en masse* to look for alternative livelihoods away from sugar cane seems unthinkable. This assessment is reflected in the statistical data and confirmed by the observations of the evaluation team on the ground.

Even though there is no emergency tied to the phasing out of the sugar subsidies, the economic situation is progressively deteriorating in the countryside. In the rural areas of Fiji, the average household income was 11,608 FJ\$ in 2009, up 10% from 2002. This is half the average income of the urban households (23,036 FJ\$). The incidence of poverty has actually increased in the rural areas from 40 to 43% in the same time period. Rural Western and Northern Division stand at the bottom of the table with 43% and 51% of poverty respectively<sup>4</sup>.

In this respect, the AAP2010 was very relevant to the needs of the population. The three main components of the programme, housing, micro credit and vocational training, reflect the needs of a big share of the population that lives below the poverty line and it is increasingly looking for alternative sources of income.

### 3.2.1 Implementation strategy

Because of the impossibility to work with government counterparts at that time, the EU designed the AAP2010 to be implemented by non-state actors. In order to carry out this pilot programme, the EU chose to work with a number of partners selected among the small pool of specialized NGOs existing in Fiji, using the mechanism of three Calls for Proposals, one for each component. A service contract was also foreseen to follow up on the partners' work and establish the basis for successive AMSP interventions. In spite of the implementation modality (grant contracts) that generally leaves substantial leeway to NGOs to elaborate individual projects, it is the Evaluators' opinion that the Financing Agreement was adequately reflected in the design of the interventions.

After signing the grant contracts, the four implementing agencies and the Coordination Unit performed a review of the logical frameworks, improving considerably their quality by nesting them into the overall log frame of the programme, rationalizing results and objectives and quantifying objectively verifiable indicators of output. The review didn't go as far as developing outcome indicators or a combination of quantitative and qualitative OVIs. The implementation strategies that were consequently elaborated by the IAs reflect the changes in the formal design of the intervention.

There were two fundamental changes between formal design and implementation strategies. The first one has to do with the context in which the intervention takes place and the selection of beneficiaries. The crisis of the sugar industry with massive exodus of sugar cane workers did not take place. The projects modified their strategies accordingly, targeting disadvantaged farmers and prioritizing those with a clear connection to the sugar sector. A more detailed analysis is available in the "beneficiary selection" paragraph. The second significant shift in

---

<sup>4</sup> Fiji Bureau of Statistics, *Household Income and Expenditure*, June 2012

strategy is specific to FRIEND and it occurred at different moments during project implementation, when project resources were re-programmed to strengthen the infrastructure and operating capacity of FRIEND. Funds originally earmarked for the purchase of feed, seeds and ploughing (approximately 600,000 EUR) were repurposed for building and equipping a feed and seed storage centre in FRIEND's headquarters in Tuvu. This re-allocation of the budget was justified by the fact that the infrastructure of the organisation was severely damaged by Cyclone Evan in late 2012. Without the change of funding allocation it is unlikely that FRIEND would have been able to implement the rest of the project. The change shifted the character of the intervention from the distribution of agricultural inputs to the establishment of a major actor in the agro-industrial sector, which has the capacity to process and sell products that comply with the quality standards of high-end markets. The decision, motivated by the mixed results of the hand-out strategy adopted in the early stages of the project, beefed up the marketing component of the project. The creation of a state-of-the-art centre for processing and packaging a variety of agricultural products on a big scale offers a great opportunity to market the production of the final beneficiaries of the project. However, the timing of the implementation doesn't allow seeing tangible results in the timeframe of AAP2010. Also, maintenance costs are presumed to be substantial and could not be covered with EU funding throughout the entire start-up of the new enterprise. Finally, the integration of farmers in FRIEND's value-chain could not be tested and therefore it cannot be determined how it feeds into the general objective of the programme.

### 3.2.2 Selection of beneficiaries

The programme's selection of beneficiaries reflected fairly accurately the implementation strategy, with the notable exception of HFHF. The outreach effort of the IAs deployed an impressive array of media to ensure ample publicity to the intervention. However, the link with the sugar sector is sometimes weak and there were several instances of beneficiaries manipulating the selection process. In response to the project requirement for beneficiaries to contribute 25% of the funding, HFHF conducted a survey of sample families that were eligible to receive new homes, within the target communities to determine an affordable contribution. Based on the families that met the criteria for new homes, HFHF set a requirement for an upfront cash contribution of 2,500 FJ\$ from beneficiaries of new houses to promote beneficiaries' sense of ownership. Although in principle the requirement was an example of a sound appropriation strategy, eventually it contributed to the exclusion of the most disadvantaged sector of the population. No corrective measures were adopted during implementation even though the PCU suggested a reconsideration of the cash requirement. By government standards, new homes were restricted to either titled land or traditional agreements on native land that automatically excluded the most disadvantaged sector of the population

Empower Pacific and FRIEND had very ambitious numerical targets in AAP2010, especially in light of their limited previous experience in this type and scale of interventions. However, both organizations managed to surpass the expected number of beneficiaries through extensive outreach campaigns that adopted a combination of field presence (individual visits, community meetings, word of mouth, etc.) and media communications (print media, radio, television). The range of beneficiaries and beneficiary conditions represent both a programme's strength and



weakness. On the one hand, it offers a variety of solutions and responses that enrich the test character of the project. On the other, it makes the adoption of standard approaches difficult.

Not all the beneficiaries belong to the poorest section of the sugar belt population. However, the observed sample frequently included people living in remote communities (many of them native Fijians). The targeted population is mostly composed of marginal cane growers or members of sugar cane producing families, complying to a large extent to the FA prescriptions, although some incoherent examples have been observed (especially in the grant contracts managed by Habitat and Ramakrishna). The foreseen sugar mill workers category, prioritized by the FA, is not present among the beneficiary population, apparently because the expected crisis of the milling industry didn't occur.

The relation between the programme's beneficiaries and sugar cane production (which was one of the main requisites to become a beneficiary of the Programme) is extremely variable. According to FRIEND's survey, only 40% of the beneficiaries received some income from sugar cane farming in the last five years. Several cases are observed: farmers who never cultivated cane but rather work seasonally as cane cutters (also qualifying for the Programme); marginal cane farmers who abandoned sugar cane for not being profitable; farmers who maintain small areas of sugar cane plantation (two acres) to keep the land lease rights; farmers who receive from cane cultivation part of their income (five to ten acres); farmers who cultivate cane on relatively large areas (up to 50 acres) and plant other crops to complement their income.

The observed sample was mostly composed of senior farmers<sup>5</sup>. Young people appear to be less represented among the project beneficiaries' population<sup>6</sup>. Women were the majority in FRIEND agro-processing training (95%) and YEN (65%) and 51% of poultry. 20% of Apiary were also women beneficiaries. During the field phase of the evaluation, some beneficiaries turned out to be retired government employees, who have become successful full time farmers. Young beneficiaries seem to be more frequent among EP clients that operate off-farm micro businesses and, as it is to be expected, in the vocational trainings reserved to them by both FRIEND (YEN) and Ramakrishna.

HFHF introduced a 2,500 FJ\$ beneficiary contribution as a requirement to access the housing programme (on top of in-kind contributions). The amount requested is very substantial for the target population of the project. It represents roughly 50% of the yearly income of the average household interviewed by FRIEND in its baseline survey. Any family that can contribute this kind of money is clearly "middle class" rather than "disadvantaged". Field observations confirmed that the housing component missed its target group and created distortions like the

---

<sup>5</sup> The reason for this is that young people leave the sugar cane belt in search of better opportunities. They move to the cities or they migrate to Australia and New Zealand. This is what is creating the demographic problem in the sugar cane belt as the traditional farmers reach old age and are not replaced.

<sup>6</sup> With this respect FRIEND provides the following data: Below 30 age group made (15% of Apiary, 11% of poultry and 6% of cash crop), between 30-40 age group made 23% of apiary, 25% poultry and 16% cash crop and 40-50 age group made 37% of apiary, 26% poultry and 20% of cash crop. So 75 % of Apiary beneficiaries were below the age of 50, 62% of poultry and 42% of cash crop farmers were below 50 years of age and of course 100% of YEN was youth population so-for FRIEND various age group and gender were inclusive.

fact that beneficiaries acquired the house as an asset, rather than to satisfy a need. 15% of the houses visited (three out of nineteen) were not being used because the owners were currently living in the city or had the availability of a different house (in perfect conditions) in the same village.

### 3.2.3 Contractors' operational and institutional capacity

Three of the four implementing agencies involved in the implementation of the AAP2010 had to significantly increase the scale of their operations or expand it to sectors in which they had limited to no experience. Only HFHF worked in its own core area of expertise (housing and WATSAN). Adapting to the new circumstances proved to be a serious challenge, but by and large the NGOs showed considerable flexibility and commitment to the goals of the programme, helped by the continuous capacity building provided by the PCU.

Empower Pacific had limited experience in the micro credit business. Its key area of expertise is the provision of counselling and social services, for which it is well known and respected. Expanding its operations to micro credit meant creating a new department within the organization, including new human resources and a mechanism for managing the loan from the assessment of the client, to approval, disbursement and collection of payments. On top of that, a new challenge emerged because of the conflicting objectives of counselling/social services and micro credit. EP had the image of a charitable organization dedicated to improving the lives of the population without receiving any payment for its services. The reality of micro credit is far more prosaic: the payment of interest rates and the timely servicing of debt are key elements in its sustainability. Enforcing them is the responsibility of the good manager. EP faced an uphill battle in conciliating the two components of its work in the public arena, especially when it had to enforce payment of long-due loans. Overall EP was partially successful in engineering the transition to micro credit institution. Most project goals were achieved, but with serious problems in efficiency. The organization is still in the process of finding the right institutional asset to manage the micro credit branch of operations. It is important to mention here that there was no microcredit institutions with good records operating in the Sugar belt and the credit access for rural population was assessed as being an issue. The project enabled the creation of a new institution which is going to be extended after the project is completed. This is in itself a big achievement that the project has allowed to happen.

In 2011, the last year before the beginning of the AAP2010, FRIEND had a budget of approximately 300,000 EUR. The following year, with the help of EU funding, the budget skyrocketed to 1.4 million EUR, with an increase of 450%. This momentous growth posed a series of challenges to the organization in terms of staff, procedures and programmes. However, it seems that FRIEND managed the transition well, scaling up in an orderly way, although with more substantial progress in certain departments (administration, quality control) rather than in others (technical assistance).

In the case of Ramakrishna, the real challenge had more to do with the changes in the surrounding environment rather than with the ambitiousness of the project. The design of the intervention included some components that were not the core of RKM mission (off-farm training, hydroponics), but such novelties were of a manageable scale. The actual test for the organization was the restructuring of the curriculum required by the Fiji High Education

National Programme. In order to remain in operation as a vocational centre, RKM had to equip state-of-the-art laboratories, recruit trainers with substantial experience in the industry and revive the curriculum with a much stronger focus on the transfer of practical skills. The organization managed well the change, leveraging the EU project to obtain further funding and support from the Australia-Pacific Technical College. Overall RKM emerged with stronger institutional capacity.

### 3.2.4 Institutional Architecture

The institutional architecture of AAP2010 sees four implementing agencies working on separate grant contracts under the supervision of a Coordination Unit, funded with a service contract. The set-up seems adequate to the need of providing solid administrative support and guidance to local non state actors with little previous experience of work with the EU.

In the initial phases of the programme, there were some misunderstandings between the IAs and the Coordination Unit (CU). The adoption of the Management Information Tool (MIT) was a source of friction because it was deemed to be too cumbersome for small NGOs not used to coordinating closely with their donors. However, after an initial stage of reciprocal learning and mutual adaptation, all the different actors were able to establish a direct channel of communication that helped to take consensual decisions and implement them quickly. Eventually, the MIT was fully integrated in the work routines of the implementing agencies without major constraints, while constituting a key element in keeping CU and EUD abreast of the developments in the field.

In the course of the action, the NGOs and EUD established a direct channel of communication, although through the intermediation of the CU. Through this channel, the different grant contracts were easily and timely adapted to the changing needs on the ground, with full satisfaction of all the actors involved.

### 3.2.5 Gender Mainstreaming

In the design of the intervention only FRIEND's logical framework identifies one result that is specifically aimed at improving the condition of women and youths. However, in the implementation of the intervention, the four IAs set specific numerical goals for the participation of women and tracked their results collecting gender-disaggregated data.

The AAP2010 was successful in mainstreaming gender equality when the IAs were careful in targeting the entire household with their activities. Conversely, when only men or women were targeted individually, the projects achieved less in terms of improving gender inequalities. FRIEND, for instance, was very successful in adopting a gender sensitive approach based on the involvement of whole families. In its portfolio of activities, FRIEND had some components that were more in tune with female roles (for instance, food processing) and others that are traditionally managed by men. However, there was a conscious effort to incentivize the participation of both sexes in meetings and trainings, with the result that in each family there were different persons technically proficient and able to perform the tasks required to conduct the businesses. This kind of approach promotes diffused ownership and shared responsibility.

Furthermore, it reflects the operating modality of Fijian society where the entire family is involved in different aspects of agricultural production. During field visits, the evaluators observed in several opportunities how business activities were conducted in collaboration with the entire family, each one contributing with the skill set and time available. Older children (boys and girls) were part of this system too. Being the ones with the most advanced education level, they are often responsible for keeping a logbook of expenses and revenues.

On the other hand, Empower Pacific initial approach targeted individuals, not families. In many rural households, it is not acceptable for a woman to start her own business or to take out a loan. As a consequence, loans were mostly disbursed to men rather than women (75% men vs. 25% women). There were cases in which the husband applied for the loan and even participated in the business skills training, notwithstanding the fact that the wife was the one operating the business. This situation led to inefficiencies, limited empowerment of women and even losses to EP's portfolio. Since the loan contract was signed with an individual, in case of death, the family was not responsible for repaying the debt.

**Lesson Learnt #1**

In Fijian society, gender mainstreaming is better promoted through the involvement of the entire household in the activities of the project

### 3.3 Sound Management and Value for Money (Efficiency)

The Annual Action Plan 2010 successfully delivered the expected outputs with a good level of quality, at a cost that is relatively high compared to similar interventions. The operational phase of the programme lasted 48 months, from January 1, 2011, until December 31, 2014. Implementation was affected by external events that delayed execution. Notwithstanding these disruptive occurrences, the implementing agencies working under the AAP2010 managed to make up for most of the lost time, finally delivering outputs to a population of approximately 4000 beneficiaries. The quality of the outputs is generally good, although with significant differences in the actual value of the package of assistance received.

#### 3.3.1 Calendar of Activities

The operational implementation phase of the Financing Agreement regulating the AAP2010 had a duration of 48 months that is deemed adequate to the goals of the intervention. After the set-up of the implementation modality (grant contracts), the four implementing agencies had 36 months to actually implement the activities. All implementing agencies experienced some delay in their respective projects, both of internal and external nature. The main impediment was Cyclone Evan that destroyed FRIEND's office and warehouse in December 2012 and left a trail of destruction in Western Viti Levu, with damages estimated at 169 million FJ\$ across Fiji. In

spite of this major setback and other lesser problems, the programme eventually recovered the lost time and was able to deliver all its outputs on time.

At the time of the design of the 2010 Annual Action Programme of the Accompanying Measure for Sugar Protocol Countries, Fiji had been under the restrictions of Article 96 of the Cotonou Agreement, any assistance being conditional to the restoration of democratic institutions in the country. Given the political situation, but aware of the needs of the sugar sector in the wake of the phasing out of the preferential treatment for sugar imports, the European Union opted to deliver social mitigation assistance through grant contracts to non-governmental organizations and service contracts for coordination, realization of studies and capacity building.

The implementation modality through grant contracts required the launch of three different calls for proposals, appropriately structured as a two-step process. In the first phase, candidates were asked to submit a concept note; later, only short listed agencies were admitted to the second phase where a full proposal was submitted. Given the general weakness of the NSA field in Fiji, the process adequately allowed for the screening of the most promising agencies. However, grant contracts were eventually signed only in November 2011 and implementation started in early 2012, after 12 months had already elapsed in the operational phase of the AAP2010.

Empower Pacific went through a significant internal restructuring mid-way through the project. The Board of the organization decided to hire a new management team after the initial phase of the implementation failed to meet the quantitative and qualitative goals expected in the set up of the micro credit operations. The new management had to promote some significant changes in the approval process of new loans and the management of the existing portfolio. Inevitably, the process took some time and absorbed resources that had to be diverted from the implementation of the normal calendar of activities.

In December 2012, when the implementing agencies were nearly completing the start-up of their respective projects, Fiji experienced serious damages from Evan, a Category 4 Tropical Cyclone, whose path ran along the Western Coast of Vanua Levu and Viti Levu. During a three-day period, December 15-18, Evan battered the sugar belt causing extensive damage to power lines and infrastructure. FRIEND office in Tuvu (Lautoka) was destroyed. In the following months, the NGO had to rent locals in Lautoka to restart activities while reconstructing its own facilities. Several months were spent recovering what was lost and setting up the operations to the point where they had been before the natural disaster. The implementation of the project was clearly affected and it took several months before FRIEND could be fully operational again.

Habitat for Humanity Fiji also experienced some delays due to the unavailability of timber in Fiji. The country currently exports sawn timber to other countries, mostly mahogany, while pine tree production is largely destined to the local housing market<sup>7</sup>. The expanding tourism industry's demand for higher timber grades had led to shortages in the availability of building material. After building the first batch of houses, Habitat for Humanity also experienced problems with the supply of timber of adequate quality (excessive moisture being the main

---

<sup>7</sup> Leslie, Alfred and Tuinivania, Osea, *Fiji Forestry Outlook Study*, Working Paper Series, Food and Agriculture Organization of the United Nations, 2009

issue). Unable to purchase the timber locally, HFHF had to import it from New Zealand and switch to a different building method, substituting tin sheets for timber in the outer walls. The importing process led inevitably to delays in the construction of subsequent houses. However HFHF made up for the delay and successfully met all the revised targets by the end of the project.

Ramakrishna (RKM) also faced some external issues arising from the restructuring of the education sector in Fiji. At the beginning of the grant contract, the organization found out that its status as an independent centre not attached to any school would not be viable in the new structure of the vocational sector as it was taking shape. RKM had to register with the Fiji Higher Education Commission as an independent Higher Education Provider, which required a major change in curricula, infrastructure and in the qualifications required from teaching staff. The transition was deftly managed by RKM, through an efficient use of the EU grant and support from the Australian Government. Eventually, this occurrence did not have a major impact.

Overall, the delays in the calendar of activities affected the implementation of the programme, but did not prevent the IAs from timely delivering the expected number of outputs. Activities had to be compressed in a shorter period of time and some beneficiaries were only added in the last months of the programme, without the possibility of receiving the planned follow-up within the lifespan of the project. Implementing agencies necessarily had to dedicate time and resources to make up for the lost time, possibly obfuscating the focus on longer-term outcomes. However, all four NGOs showed considerable resilience when faced with difficulties, which contributed to the achievement of all numerical goals by the end of the programme.

### 3.3.2 Grant Contracts administration

The Grant Contract, being a completely new legal and administrative instrument for the NGOs participating in this program, posed some strong challenges at the beginning. The CU carried out several training sessions to explain the main features related to the management and reporting in line with the General Conditions (GC) obligations. At the time of this evaluation not all the final accounts were available: Ramakrishna had completed its last auditing and could present clear final accounts. Habitat for Humanity and Empower Pacific provided to the evaluation team its final detailed accounts well in order, while those produced by FRIEND were quite confused. The evaluation mission used the available Grant Contracts financial data for the purpose of calculating the cost effectiveness of each project activities (see 3.2.4.). It is not the evaluators' task to analyze the accountability aspects of the GC execution. It will be the external Auditors' and Delegation's responsibility to make the final assessment about the financial outcome of each GC.

### 3.3.3 Outputs

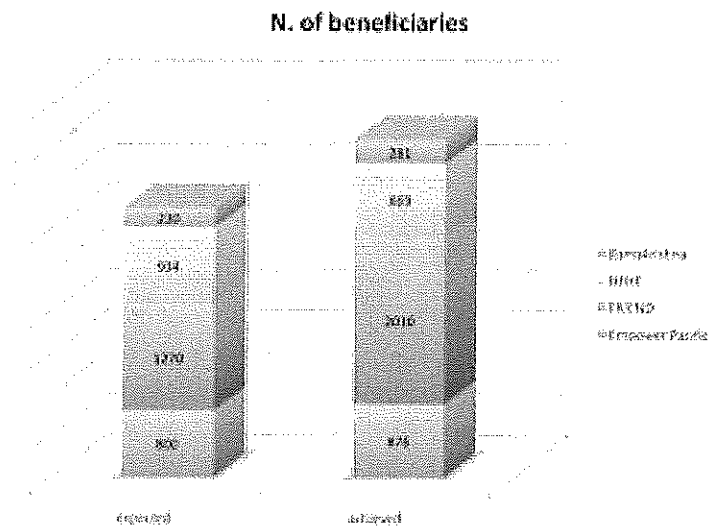
The numerical goals of the AAP2010 were ambitious, but achievable given the available budget and the characteristics of the interventions funded through grant contracts. All four implementing agencies reached the expected number of beneficiaries, with FRIEND exceeding its goal by 30%. The value of the assistance received by beneficiaries (measured as the sum of direct investment on beneficiaries plus the cost of field assistance) varies. The great majority of

the target beneficiaries (87%) received goods and services for a value of less than 2,000 FJ\$ and the bottom 22% received less than 550 FJ\$ (food processing beneficiaries), while a small minority (4%) benefited with substantial investments of more than 6,000 FJ\$. By and large, the quality of the outputs was good, although the modalities for the delivery of technical assistance should be revisited to ensure permanent improvements in the production and marketing activities of target groups. The most successful cases observed were those where inputs, know how and marketing were well integrated in a whole package of assistance.

### 3.3.4 Quantitative Outputs

At the end of the implementation period, the AAP2010 has delivered some form of assistance to a population of more than 4,000 people (see table A), in a large area that includes sugar-producing regions in both Vanua Levu and Viti Levu. In the logical framework of the intervention there are two conflicting numerical goals: the IOV of the general objective states that at least 5,000 people will have improved their livelihoods, while the sum of the direct beneficiaries of the four logical frameworks estimates that 3,234 persons are expected to receive the assistance of the project, the latter number appearing to be commensurate to the level of funding available for the programme. Under this assumption, the programme has exceeded its target by 25%, which is a laudable achievement in itself.

*Table A - Number of beneficiaries expected and achieved*



As shown in table A, while Ramakrishna and Empower Pacific slightly surpassed their respective goals, HFHF missed its goal by a small margin, the low numbers explained by the need to reduce the number of water projects in order to allocate extra funding for the inclusion of water and sanitation facilities in the new houses. The change in design in HFHF's project was agreed with the Delegation of the European Union in the Pacific to correct the original design,

which, according to HFHF, had been drawn in accordance with the baseline data collected prior to contract signing. FRIEND exceeded its numerical goals by 66% thanks to the expansion of the food processing (920 instead of 440) and cash crop (510 instead of 350) components to a much larger population. The increase in the number of beneficiaries without proportional increases in the cost of the activities was possible due to the high demand for the services and the small marginal cost involved in adding participants to the existing groups (see table D).

### 3.3.5 Cost Effectiveness

The analysis of the cost effectiveness of the project was performed on the final financial reports of HFHF and Ramakrishna, while in the case of FRIEND the evaluators opted to analyze the latest version of the budget because the financial report has not been finalized yet.

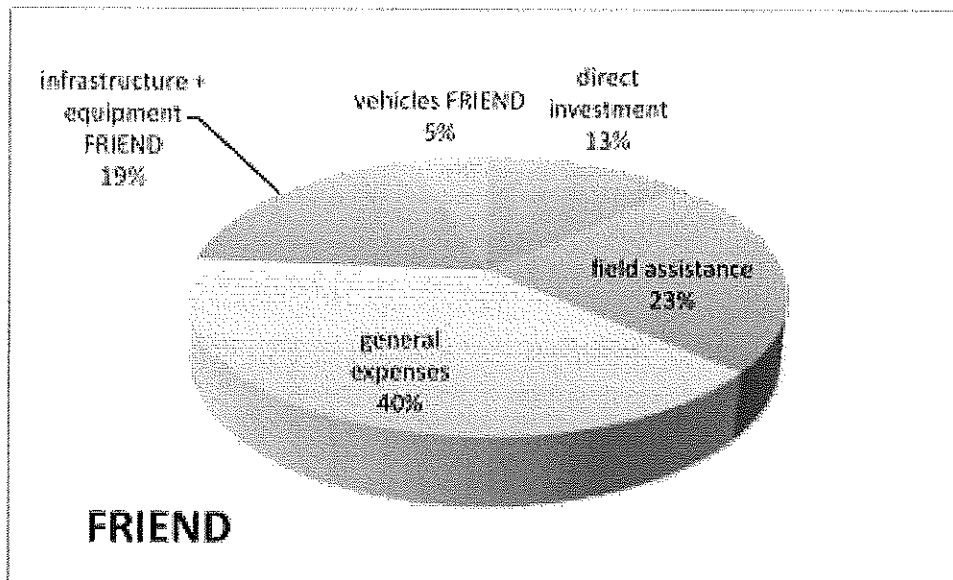
In the case of the vocational training component, an analysis of the costs reveals that delivering assistance to final beneficiaries has been relatively expensive compared to similar projects funded by the European Union in other regions<sup>8</sup>. Overall, FRIEND<sup>9</sup> has delivered 36% of the budget in direct investments and field assistance to beneficiaries (table B), while in the case of Ramakrishna this number goes down to 25% (Table C). The so-called accessory costs surpass 60% in most of the calculations made by the evaluation team. This appears to be quite high because, according to the experience of the evaluators, the share of accessory costs in similar projects varies between 40% and 55%. However, it is important to point out that this ratio is not a mandatory requirement and it varies according to the nature of the programme and the geographic conditions (the Pacific is well known for its high costs due to the geographic isolation). Moreover, interventions whose aim is the capitalization of local actors for the future delivery of benefits to the population need to allocate a bigger share of the budget to infrastructure and the purchase of equipment and vehicles. In this sense the significant equipment and infrastructure costs in the case of FRIEND must be seen as an expenditure aiming at consolidating the financial sustainability of the NGOs and therefore very useful for delivering future sustained services to beneficiaries.

---

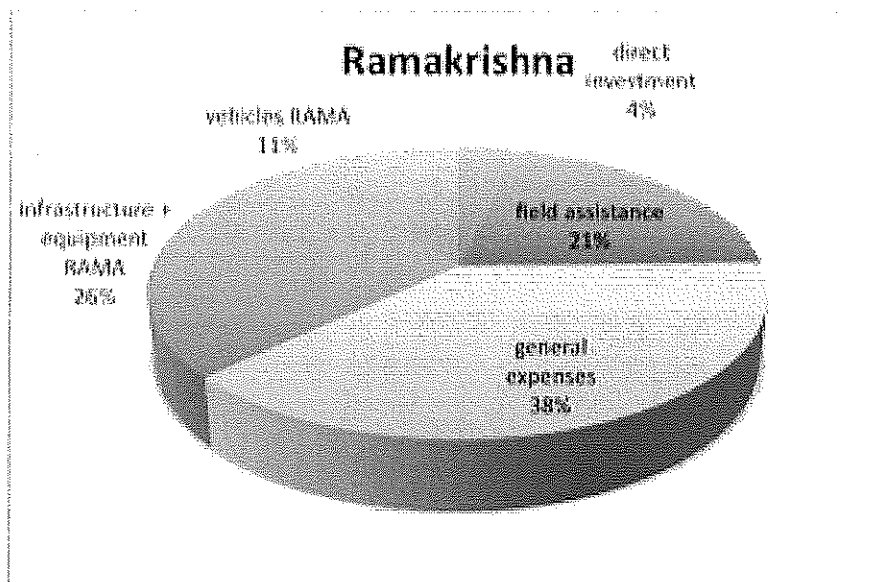
<sup>9</sup> In this respect RKM point out that the training duration of the course is two years long and technical education class sizes have restrictions. It is to be noted that the RKM program has a high sustainability and is churning out about 75 trainees each year at a very reasonable annual fee of FJ\$600 per student.



*Table B – FRIEND's cost effectiveness (as per budget)*

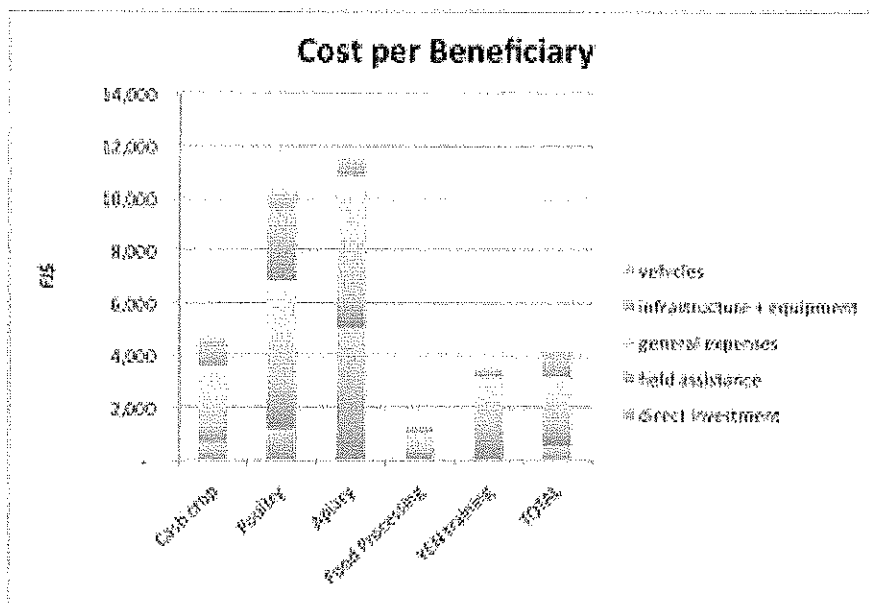


*Table C – Ramakrishna' cost effectiveness (as per financial report)*



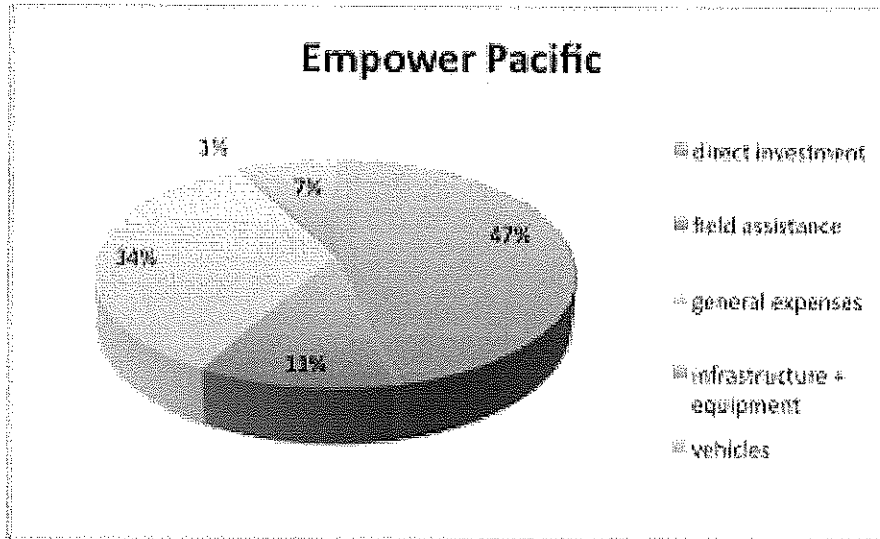
An internal comparison of FRIEND's cost effectiveness per capita across the different components reveals that bee farmers received a package that is worth considerably more than any other form of assistance. Compared to a bee farmer, a poultry beneficiary and cash crop farmers received assistance that is worth respectively 50% and 20% of their peers (Table D – Per capita cost of FRIEND components).

*Table D – Per capita cost of FRIEND components (as per budget)*



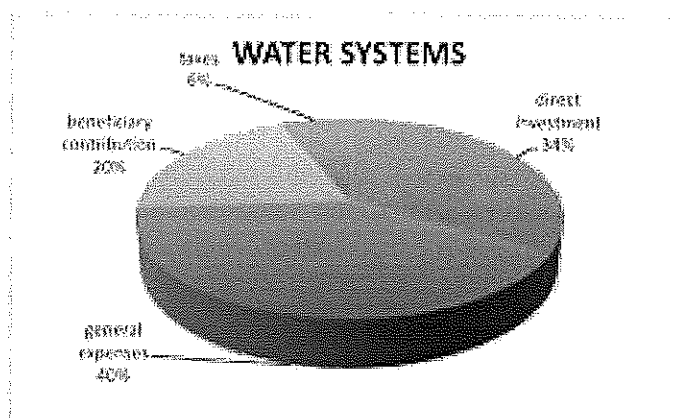
The implementation modality through micro credit followed by Empower Pacific has the clear merit of being cost effective. Table E shows that 58% of the budget goes to final beneficiaries, with a ratio between general costs and direct benefits that is line with development programmes in other regions of the world. So, although Empower Pacific runs a programme that is too expensive to be sustainable and it is at risk of not recovering the initial seed money, it is undoubtedly delivering a substantial aid package in the hands of the target population. However, the high cost of lending should also be assessed against the fact that the project enabled to set up a new Micro credit institution out of nothing. If this Institution is sustained (which is not yet absolutely sure) then the Micro-credit programme is indeed very cost effective as it will deliver credit for a much larger population on a sustainable way.

*Table E – Empower Pacific’s cost effectiveness (financial data until November 30, 2014)*



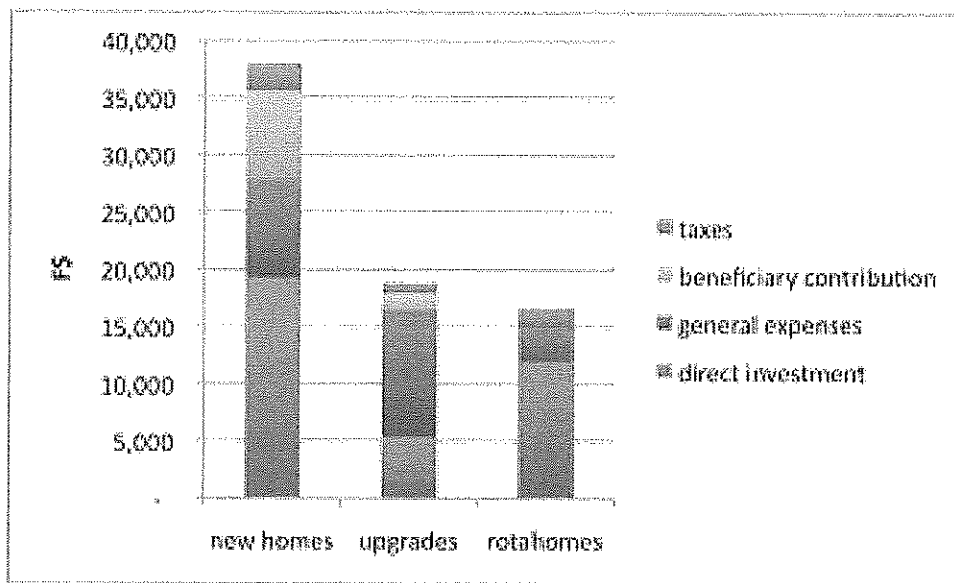
In the case of HFHF, the value of the assistance delivered to the final beneficiaries is higher compared to the vocational training component, which is understandable given the different nature of the intervention. In the case of water systems general expenses represent 40% of the total because they include planning and procurement of materials, which tend to be significant (Table F). However, even including these expenses, 54 cents of every Euro spent goes to the final beneficiary (including the beneficiaries’ contribution in labour and equipment).

*Table F – HFHF's Water Systems – Cost Effectiveness*



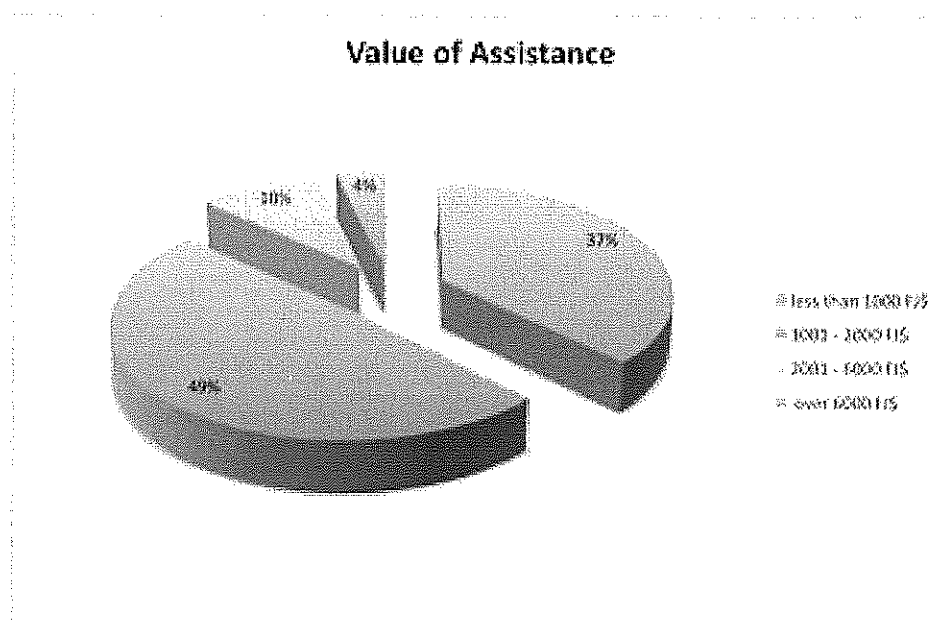
For the housing programme, it is interesting to notice that comparing the cost per capita of the different housing options (new houses, upgrades and affordable housing), general costs in the upgrades not only represent a higher percentage than in new houses and affordable housing, but they are also higher in absolute terms (Table G). Of the three options, the rotahomes (or affordable housing option) are clearly the most cost effective to provide families with a home, although the total cost of the new homes appears also very attractive if one considers the good quality of the houses which were built.

*Table G - HFHF's Per Capita Costs*



Overall the four grant contracts funded with AAP2010 delivered in beneficiaries' hands assistance worth approximately 2.5 million (40% of 6.2 million EUR of the EU contribution) to a target population that surpassed 4,000 people. The majority of the beneficiary population (87%) received an assistance package worth less than 2000 FJ\$. A small minority (3.8%), which includes households who receive a new home (either an affordable unit or a standard one) and FRIEND's beekeepers, benefited with at least 6,000 FJ\$ of direct assistance (Table H).

*Table H – Value of Assistance*



### 3.3.6 Qualitative Outputs

The quality of the outputs of the AAP2010 is generally good, which is a testament of the considerable level of commitment and skill of the implementing agencies and the capacity building support provided by the EU PCU.. The beneficiaries of the programme received goods and services that responded to their needs, were readily available and allowed them to improve their income with on- and off-farm activities.

#### Empower Pacific

The quality and efficiency of the micro credit programme run by Empower Pacific is measured in terms of its outreach and the quality of the portfolio, which is normally considered a good indicator of management and lending practices of micro finance institutions. These two criteria provide an overview of the financial performance of the organization. An analysis on the social performance of EP will follow in the “Effectiveness” section of the evaluation.

Empower Pacific provided 876 affordable loans used by beneficiaries to kick-start or expand existing economic activities. EP conducted a strong outreach campaign reaching both beneficiaries that were geographically located in areas of no easy access and people who normally wouldn’t even apply for a loan given their self-imposed image of “unbankable”. However, with a combination of word-of-mouth, posters, community meetings and radio and TV ads, EP managed to disseminate its message and convince a high number of persons to apply for a small loan. The overall loan repayment rate measured through “portfolio at risk over 30 days” (quality of the loan portfolio - see below) is low compared to international benchmarks, but significantly better than the performance of rural portfolio of the national bank ANZ. The evaluators used “portfolio at risk over 30 days” as the main indicator of quality of portfolio,

following industry standards<sup>10</sup>. The calculation was performed on the excel datasheet provided by EP after querying its database. The results of the analysis show that roughly 40% of the portfolio is currently at risk. As a rule of thumb, according to international standards, a portfolio at risk higher than 10% has to be reduced quickly or the risk of contagion to the entire portfolio becomes real<sup>11</sup>.

The assessment of other criteria was not possible due to the limited functionalities of the Management Information System currently in use. EP's information management tool was not operational at the time of the short-term TA visit in 2014. However, Mr Lalonde highlights in his report that the system has "*integrity/accuracy problems when data is compared with manual records*". The report also states that "*the MIS cannot meet its goal nor produce reports, and statistics needed for sound loan management*". EP tried to improve the functionalities of the database based upon the findings of the TA, but the evaluators encountered similar issues with inaccuracy of records and extremely weak reporting and statistics capabilities at the time of the evaluation visit.

Empower Pacific doesn't normally enforce payment of the loans, but 13.6% of the value of the outstanding portfolio is older than 365 days and should be written off. Another 10% has been delinquent for between 180 days and 365 days. These loans are also very much in danger of being definitely written off. Overall, 24% of the outstanding portfolio is probably lost. Although these numbers are worrisome and could potentially signal a dangerous spiral for Empower Pacific, it should be highlighted that when the Australian and New Zealand Banking Group Limited (ANZ) tested the potential of a rural credit scheme in Fiji, the loan write off reached 60% which shows that EP results are actually promising compare to previous experiences.

#### **Lesson Learnt #2**

As it is widely reported in micro finance literature, NGOs face an extra challenge in mounting successful microcredit operations due to the perception among the public that they are charitable organizations, not pursuing profit at all cost. Lower repayment rates are therefore to be expected. Keeping transaction costs low and ensuring new grants is therefore a priority to keep the MFI sustainable.

#### **FRIEND**

FRIEND worked in five different components (bee farming, cash crops, food processing, poultry and YEN training) delivering agricultural inputs and trainings to a population of approximately

---

<sup>10</sup> Portfolio at risk = outstanding balance of all loans past due more than 30 days / outstanding principal balance of all loans

<sup>11</sup> Rosenberg, Richard, *Measuring Results of Micro Finance Institutions: minimum indicators that donors and investors should track*, CGAP, 2009

2,000 farmers, with a budget of 3.5 million EUR (including 20% FRIEND' own contribution), the largest of the four grant contracts.

According to field observations and interviews with farmers, the quality of the distributed inputs seems to be good. FRIEND put considerable efforts in reviewing and improving the poultry programme since its inception. Initially, poultry was envisioned as a semi-industrial activity, conducted with improved breeds and using commercial feed. Meat birds were supposed to be sold to or as an alternative to the industrial chicken farms. However, since the results were unsatisfactory, the organization opted for a more traditional approach, with the use of indigenous or mixed breed and feed grown on the farm. With this second business model, costs are reduced and the birds fetch a better price in local markets. Traditional poultry production is typically an economic activity capable to generate small but reliable increases in the income of the household, without the need for horizontal and/or vertical integration of the supply chain.

The bee farming programme also went through a re-adjustment over the course of its implementation. The quality of the initial trainings wasn't adequate to the needs of the beneficiaries that with few exceptions are newcomers in the field of honey production. Following the advice of the ROM expert, FRIEND hired an international consultant who, according to the beneficiaries interviewed for the final evaluation, provided a thorough technical instruction in the course of 2014. Although the programme has now come to an end, it would be important to follow-up on the technical trainings with the distribution of manuals and capacity building activities directed to the marketing aspect of the honey supply chain, which needs to be strengthened (it is recommended that the PCU supervises this follow up).<sup>12</sup>

A big share of FRIEND beneficiaries participated in food processing, which consists of a two-day training in how to dry food for future consumption or for the market. The communities interviewed during the field phase of the evaluation seemed to have enjoyed the trainings, which consist of a practical introduction to the techniques of sun drying local produce (fruit and vegetables). How these trainings have produced any significant additional source of income to the participants was not clear from the evaluation's field observations.

Cash crop farming also went through a re-adjustment process. Initially, "cash crop" was intended as a programme to improve and diversify production of cluster groups of farmers with the introduction of ploughing and new/improved varieties of seeds and seedlings. However, according to interviews with beneficiaries, this approach didn't work as expected. Farmers readily accepted inputs as handouts, without a clear commitment to a permanent change in production methods. Ploughing has been an especially contentious issue. According to the design of the project, FRIEND would use EU funding for ploughing the land during the first year, while farmers would continue the practice of hiring a tractor in the following seasons. However, after the first ploughing was done, cluster members drifted out of the project, either content with what they had received or uninterested in a more thorough overhaul of their agricultural

---

<sup>12</sup> With this respect FRIEND points out that the NGO has developed a training facility and is supporting the farmers on an ongoing basis with harvest as well as marketing.

practices<sup>13</sup>. In the following farming seasons, ploughing wasn't offered to farmers anymore<sup>14</sup>, but not before a significant amount of funding was spent in this activity, with insufficient results. In subsequent years, FRIEND engaged beneficiaries with a combination of inputs (seeds and seedlings) and trainings, with regular visits by a technical assistant. This strategy proved to be more successful than the offering of big-ticket items (like ploughing) that don't require a contribution or long-term commitment on the part of the farmer. However, 15 of the 50 cluster groups are not active anymore by the end of the project and most of the cluster groups visited appear to be rather weak informal associations whose main goal is to access the inputs of the project.

The collaboration between FRIEND and University of South Pacific (USP) led to the set up of a training course for youth from disadvantaged families (YEN - Youth Employment Network), based on FRIEND's previous experience running a similar training programme. The eight-week course, offered in different locations throughout the sugar belt of Viti Levu, prepared 200 young men and women to enter the labour market by teaching office and IT skills and providing orientation in how to approach potential employers. The course was practically oriented to the development of specific skills that recent graduates generally lack. Aside from the practice of using IT equipment to perform office tasks, the training helped students to understand what employers are looking for in a young recruit and how to approach HR offices of private companies and the public sector. Whilst not learning a specific profession, students were trained to perform secretarial tasks in a modern office setting. One of the requirements to graduate was the completion of a 4-month work attachment, which in most cases led to a permanent job. 200 students participated in the training and 178 graduated. According to a follow-up survey conducted by FRIEND, 90% of the students found permanent employment with salaries ranging from 100FJ\$ to 250FJ\$ per week (with the great majority in the 100-150FJ\$ range). The field interviews confirmed the general positive impression on the course, with the caveat that most of the YEN graduates were very vocal in expressing their desire to receive more training or pursue a university degree. The lack of money for school fees and the inadequate level of education seem to preclude further educational opportunities. The current employment situation is a great step forward for the beneficiaries (the majority was previously unemployed), but it is rarely seen as the final goal of their professional aspirations. Future programmes should take this into account in the attempt to open up preferential channels for gifted students.

---

<sup>13</sup> On this point FRIEND clarifies that this was a percentage and not reflected by all farmers ... cyclone and flood damage also warranted this assistance

<sup>14</sup> According to FRIEND this was part of their sustainability strategy as farmers had to continue the ploughing on their own



**Lesson Learnt #3**

The modality of delivering technical assistance is a crucial element of rural development programmes and it should carefully planned, monitored and adjusted during implementation of any future programme of this nature.

Also, group work dynamics is a well-known bottleneck in the effectiveness of supply-chain development. In Fiji there have been successful experiences of work with model farmers that should have been taken into consideration for programming the modalities of assistance to FRIEND farmers.

**Habitat for Humanity Fiji**

Habitat for Humanity built 60 new houses, 27 water systems, retrofitted 350 houses, improved 60 existing houses and funded the construction of 14 affordable houses in the village of Koroipita, at the outskirts of Lautoka. By and large, the intervention delivered products of high quality. Especially in the case of the water systems, HFHF selected a design appropriate to the context (gravity system with catchment area above productive activities) and realized the system using good materials and qualified human resources. Houses are also built according to good quality standards. Beneficiaries report minor issues (mostly with windows of houses built over the last months of implementation of the project) that will require follow-up in the next few months (it is recommended that the PCU supervises this follow up).

The 25% contribution to the price of the new houses has skewed the selection process towards more affluent households, as remarked in 3.1 "Relevance". Indirectly, the modality in which the contribution from beneficiaries was collected has also created other distortions that affected the overall efficiency of the project. Each family was expected to pay 4,500 FJ\$ for the construction of the house. Out of this total, 2,500 FJ\$ were an upfront cash contribution and the balance of 2,000 FJ\$ was to be claimed as a tax deduction for the construction of a new house by the beneficiary and paid to HFHF after receiving the money back from the state coffers. Some beneficiaries opted to pay out the total amount of 4,500 FJ\$, while others entered an agreement with HFHF to repay it on monthly basis. HFHF doesn't benefit from a tax exemption from the GoF and designed this system in order to recoup part of the VAT due in relation to the project by having the home owner file on its behalf a claim for taxable items (materials, logistics, etc). The NGO offered assistance to homeowners to file the tax deduction claim. As it is structured, the 2,000 FJ\$ is not a contribution by the home owner. It is simply the transfer of the VAT to HFHF. However, some beneficiaries ended up paying it out-of-pocket, in order to avoid further complications, and others did not. The mechanism, quite ingenious in its design, turned out fairly complicated to implement and to explain to participants. According to the interviews conducted during field visits, beneficiaries didn't understand the nuances of the system and simply assumed that their contribution consisted in an upfront payment of 2,500 FJ\$ plus a balance of 2,000 FJ\$ that could be repaid in monthly instalments of 30 FJ\$. Eventually, some people paid 4,500 FJ\$ upfront (20% of the sample interviewed), some are currently paying 30 FJ\$ every month, some others stopped paying the monthly instalments and ignore who or how

will pay the balance. According to HFHF, 40 homeowners have filed their tax refund request and 10 of them have already received the money. Of these, seven have paid back HFHF. Data on monthly repayments exist, but is not readily available.

Since HFHF has mobilized internal funds to cover co-financing and tax (ineligible expenses), the issue with homeowners' contributions did not affect the financial performance of the project. However, it should be noted that the tax refunding mechanism has created a certain degree of confusion among beneficiaries. The system will require HFHF to follow up on individual cases for months if not years, and HFHF has to cover the costs out of its own pockets. So far, beneficiaries have reported a sporadic follow-up, which suggests that not all contributions will be collected. In that case, some participants in the programme will end up paying significantly less than others. Furthermore, according to the terms of the contract with HFHF, beneficiaries do not become full owners of the house (and cannot make any modification to it) until they finish paying their total contribution. The lack of full ownership can potentially affect maintenance and the rights of the people to dispose of the new asset as they like. With no clear time horizon and repayment schedule available, it is hard to assess how this situation will affect the future sustainability of the housing programme, but it reflects negatively on the transparency of the project.

**Lesson Learnt #4**

Beneficiaries should not be involved in complicate schemes that, although legal, create an impression of lack of transparency

**Ramakrishna**

Ramakrishna Mission has implemented "Vocational Training for Promotion of Income Generating Activities", the project with the smallest budget of the four contracts funded through AAP2010. The intervention consists of on-farm and off-farm trainings to 350 beneficiaries.

Ramakrishna offered high quality trainings in its newly equipped facilities, where young people enrolled in two-year courses to acquire professional skills in automotive maintenance, cookery, computer applications and maintenance, poultry and apiculture. Trainings in hydroponics were not successful as the hydroponic greenhouse could not be made to work in a tropical climate and was later reconverted to grow seedlings for the forestry component of AAP2011. The level of qualification obtained by students upon graduating enables them to transition to the job market, via work attachments. At the time of the field visits, the current employers of the young graduates expressed their satisfaction with their preparation and skills that are considered above average for the entry level in the job market.

The off-farm trainings targeted farmers who already possessed a certain level of technical knowledge and assets. They received agricultural inputs, trainings (poultry, bee keeping and vegetable growing) and visits from technical assistants. Although there is no reason to question

the quality of the trainings, the beneficiaries visited during the evaluation mission either did not need the assistance of the project or did not show signs of clear improvement in their agricultural practices<sup>15</sup>.

### 3.3.7 Programme Coordination

According to the Financing Agreement, under Result 2 the Programme had to make sure that NAS and the related policies and programmes were properly developed, coordinated and monitored. In particular two aspects of result 2 were to be addressed: a) coordination and monitoring of the 3 components of the projects and overall articulation with the NAS for strengthening the policy dialogue with the sugar industry and b) provide studies and short term technical assistance needed for better design of the different interventions within the project as well as under the future annual AMSP allocations for strengthening farmer's associations. In this respect, 21% of the FA financial resources were reserved to result 2, of which 1 million EUR for technical assistance and 0.9 million EUR for studies, later reduced to a total of 1.7 million EUR by the Addendum to the FA of November 2011. There is no doubt that, in view of the situation prevailing at the time when the AMSP 2010 was designed, and the way the programme was going to be implemented (through grant contracts with partners not familiar with the EU cooperation mechanisms), a coordination role close to the implementing partners was needed and therefore the inclusion of Result 2 in the FA was appropriate.

#### 3.3.7.1 The Coordination Unit

In order to implement R2 the FA foresaw the setting up of a Coordination Unit staffed with one expatriate TA expert and three national experts. In fact a similar structure had been operating for the coordination of the previous phase (AMSP 2006) therefore its continuation and strengthening as part of AMSP 2010 was decided in order to provide the coordination and administration of the social mitigation projects as well as the coordination of the three pillars of the NAS, ensuring a proper programming, implementation and monitoring of the future allocations, as well as the dissemination of the information to the relevant stakeholders. The Unit started to operate for the AMSP 2010 on the 1<sup>st</sup> of August 2011 and was operational, under the AMSP 2010 financing, until December 2014<sup>16</sup>. The final draft report produced by the TA

---

<sup>15</sup> During the revision of the first draft of this evaluation report, RKM has manifested their disagreement on this statement claiming that their reports show significant increase in the income generated from supply of seeds/organic pesticides/micro-nursery technologies and skills/knowledge of better farming practices. The feedback received from farmers individually and collectively during the workshop conducted to assess the impact of the program was very positive. Admittedly, the skills training were also provided to some larger farmers who were up scaling their vegetable farming to supply exporters or keeping full time stalls in market.

<sup>16</sup> On 24 May 2013 the Head of the EU Delegation signed an addendum recognising 1 August 2011 as the commencement date for the implementation of the project. The Implementation period will end on the 31 December 2014

contractor at the end of 2014 provides the major elements to compare accomplishments with respect of the planned results.

It is important to highlight that the services of the TA team have been recently extended, by renewing the respective contract, in order to cover another 3 years period and therefore continue the supervision role also for AMSP 2011-2013 and continue the coordination with the sugar sector institutions.

### 3.3.7.2 The TA contract

A service contract for an amount of 1,299,430 EUR was signed with the French company SOFRECO in July 2011. The team, originally composed of three elements, started their services on August 2011. On 1 August 2011, Messrs. Mohammed Habib, Technical Manager, and Faizal Khan, Financial Controller, commenced duties. They were joined by the Team Leader, Andrew Winter-Taylor, on 12 August 2011.

In line with FA prescriptions the TA Contract's objective is to *"Co-ordinate and monitor through relevant implementing agencies the activities under the Financing Decision 2010 (MIP I) and subsequent possible EU Financing Decisions with regards to the MIP II (2011-2013)"*, with two well differentiated results to be achieved: R1 - The pilot local level development programme is implemented successfully. R2 - NAS and related policies / programmes are properly developed, co-ordinated and monitored.

As said, the TA team formed (and still continues) the so-called "Coordination Unit", which performed its two main above-mentioned tasks in parallel, during the entire period. However, gradually, the responsibilities related to R2 absorbed a prevailing portion of the CU attention.

The 2,389 man/days foreseen in SOFRECO's contract for full time positions were totally consumed as at 31/12/2014. One additional full time position was later created on April 2012 when Jone Vukinagauna joined the team as Manager MIS, reinforced by Mr. Apenisa Vaniqi who joined the CU team in August 2012 sharing responsibilities in the MIT unit and the FCU. These additional positions were financed through the provision for short-term experts under the SOFRECO's contract.

As a result, only one third of the short-term inputs foreseen in the contract were actually used to recruit specialists. Two inputs were reserved to help Empower Pacific in designing and managing their microcredit program (Michael Ostrowski and Jean-Paul Lalonde). Other inputs were used to prepare the TOR for the specialist studies necessary to design the AMSP following phases: Hamen Lodier (TOR Developer – Roads Rejuvenation), Dick Watling (TOR Developer – Reforestation), Simon Cole (Livestock Specialist)

As a conclusion of the above description, we can observe that the TA contract has been thoroughly implemented from an administrative point of view. Flexibility in the allocation of short-term inputs to reinforce the full time team capacity to monitor the Programme's activities has been correctly adopted. The financial controller position, was employed not only to manage

the incidental component under the TA contract but also to give financial management advise (use of EU procedures) to the 4 NGOs all along the contract<sup>17</sup>. The NGOs have expressed their satisfaction about the support received<sup>18</sup>.

### *3.3.7.3 Achievements of TA contract's R1 - Coordinating the Financing Decision 2010*

The coordination task, as assigned to the CU, has been performed constantly and efficiently by the TA team since its establishment in August 2011. The CU of AMSP 2010 fully took advantage of the pre-existing CU of AMSP 2006 and the continuity of the Technical Manager (Mohammed Habib) services, who brought into the new CU his long term and deep experience of Fiji's sugar sector, strongly supporting the expatriate TL. The CU's main role with respect to AMSP 2010 was principally the one of monitoring and supervising the four grant contracts financed under the respective FA. Its location in Lautoka certainly favoured this task because of the vicinity to the Viti Levu's sugar belt areas, where most of the Programme's activities were implemented. Frequent travels to Vanua Levu were however required, to supervise the Partners' operations in that area, thus adding some logistical complexity to the supervision task.

Between late November and early December 2011 the four NGOs that won the Calls for Proposals to implement the three components were contracted. The TA team was not present at the time when the call for proposals for assigning Result 1 contracts were launched and evaluated. Therefore the TA team was not involved in the selection of the NGOs that implemented R1. Their coordinating role started on the already signed grant contracts.

The CU had to gain respect and credibility with the implementing partners, which apparently was mostly achieved, especially after the changes in Empower Pacific top staff, who had shown to be more reluctant to accept the CU's coordination role. The role of the CU is not limited to monitoring and coordination, however; it is also involved with supervising the management and implementation of the various implementing agencies' contracts and in capacity building, as needed and relevant, to the implementing NGOs.

---

<sup>17</sup> The PCU has pointed out that the financial controller was used extensively to support the various implementing agency partners in terms of monitoring the performance of the implementation of their contracts and also supporting their applications for their various addenda to their original contracts. Probably about 33% of his time was used for PCU financial matters, 33% for MIT duties and 33% for assistance to the implementing agencies with their various dealings; e.g. addenda, with the EUD.

<sup>18</sup> With this respect RKM points out that, being their NGOs implementing EU programs for the first time, it was felt that the financial management and control advise input provided by the CU was very useful to RKM. CU finance team regularly visited us, inspected our financial systems and helped us in implementing the rigorous EU procedures correctly. FRIEND management also feels that the FC was an important role - it assisted greatly in understanding financial reporting requirements, clarifications each month, tender and procurement- FC role ensured they were on track with our accountability procedures and for us played a bigger role than MIT which we understood much better!

The CU monitoring role was systematized with the adoption of the MIT, developed through an external consultancy carried out by CARDNO for an amount of 160,886 EUR in 2012. Two specialists were employed by CARDNO for a total of 176 man/days (Frank Kiel and Danny Wells). The MIT was handed over to CU by the M&E development TAs at the end of October 2012 on the completion of the MIS Development team's mission. The MIS provided a harmonized tool to register and compare achievements against targets, visualize the spatial distribution of partners' activities and provide detailed information about them. It is a useful and friendly tool that provides the basic functions to fulfil the above-mentioned objective. The MIT continues to be used at present by the CU for monitoring the AMSP 2011 and following contracts. Partners provided monthly reports to fill the MIS forms, and CU staff carried out regular field visits with the aim at verifying the quality of the reported activities. All the four AMSP 2010 partners apparently adapted quite well to the requirements of the MIT<sup>19</sup>.

The CU often highlighted, discussed and helped improving strategic aspects of IAs' interventions. Examples include the design of the poultry farming and farmer clusters of FRIEND, RKM's Hydroponic Unit, the sustainability and relevance of EP. In particular it was the PCU that advised HFHF to include a bathroom in the design of each house (initially the design of the houses did not include sanitation facilities). With an ex-post perspective, however, we could say that in the effort to achieve the expected targets, the CU and the IAs sometimes overlooked aspects of quality and cost effectiveness of some activities. Although the project is relevant and outputs were by and large achieved, the transaction costs are relatively high. Some of the issues detected during this evaluation in the implementation of the grant contracts could have been benefited through a more results-oriented monitoring.

It is unfortunate that, although linked to a well-conceived system of nested LFs, where all the contracts are converging into a unique overall objective, no quantified outcome indicators are defined in the respective LFs. A significant number of outcome indicators refer to vague targets (i.e. "increased income", "improved livelihood") and to *perception* of improvement in living conditions, e.g. "By the end of the project 80% of the loan recipients have (1) higher income and/or (2) improved assets and/or (3) express that their children can now better attend school and/or (4) that family members can better afford medical services and other needs and/or (5) that they have savings accounts and save regularly." If the implementing agencies are planning to conduct further assessments of their results, they will need to put a considerable level of effort in defining with clarity what they expected in terms of improved livelihoods and increased income, using quantitative targets. For example, does a 2% increase in income qualify as a significant outcome? Or should the threshold be set at a higher level (10-15%)? Which aspects of the livelihood of a family can be influenced by the project? Is it just income or is health also included? And education levels? How can we measure an improvement in health conditions? Perception indicators are also problematic because they can be influenced by a number of factors, i.e. gratitude towards the NGO, fear of reprisals, uncertainty regarding the motives of the survey, etc.

---

<sup>19</sup> The AMSP 2010 implementing agencies actually helped the PCU with the design and development of the MIT

Each contract has managed parallel systems for monitoring effects, more or less well developed, which haven't produced yet any substantial measurement of outcomes about beneficiaries' socio-economic improvements. Some of these studies are still ongoing and hopefully will provide useful information to be used for future programming. This information was unfortunately unavailable for the purposes of this evaluation. It will be especially relevant to the assessment of the effectiveness and impacts of the programme to be able to analyze the results of measurements of indicators like "By the end of the project 80% of the loan recipients have (1) higher income and/or (2) improved assets" (Empower Pacific), "People currently and/or previously depending on the sugar sector confirm 6 months after they started using the new structures that livelihoods have improved through housing and utilities" (HFHF), "80% of project beneficiaries have sustainable supplemental / alternative livelihood projects" (FRIEND). This is especially valid in the case of FRIEND where methodologically-sound baseline information was collected at the beginning of the project.

#### *3.3.7.4 Achievements of TA contract's R2 - Coordinating the subsequent EU Financing Decisions with regards to the MIP II (2011-2013)*

The second task of the TA was to coordinate the three pillars of the NAS, ensuring a proper programming, implementation and monitoring of the future allocations, as well as the dissemination of the information to relevant stakeholders.

In view of the above, during the period March - July 2012 two studies were conducted to produce action plans for Watershed Management, and Reforestation and Cane Access Roads refurbishment. Two study contracts were assigned under the FWC modality, outside the TA contract: Reforestation Action Plan (contract with Agrer for 186,632 EUR and Preparation of an action plan for upgrading rural roads (contract with Planet for 178,812 EUR).

During the same period AusAID and EUD cooperated in the identification of a livestock project. Stakeholder briefings were conducted on Reforestation and Roads refurbishment, apparently achieving a consensus on what could be done within the EU cooperation.

In the meanwhile the CU was engaged in assisting the DUE in the preparation and follow up of the new the commitments under MIP II: in June 2012 a Contribution Agreement with SPC, as part of the SPC Action, 'Improvement of Key Services to Agriculture' within the AAP 2011 programme; in August 2012 Grant with SRIF to implement its Action 'Cane Variety Research is strengthened and good quality seed cane is available to growers'; and in June 2013 a Contribution Agreement with ITC to implement the Livestock Project under AAP 2012.

At the same time a Strategic Planning TA was carried out to facilitate the development of the Strategic Action Plan (SAP) by the SAG. The final version was delivered on December 2012, and, related to that, on October 2014 Mr Michael Parker, Strategic Management and Planning TA, started a mission to monitor the progress of the implementation of the sugarcane industry Strategic Action Plan.

The above processes don't form the object of this evaluation because they (SPC, ITC and SRIF) are being covered by a specific parallel evaluation. It is however recognized, according to the testimonials collected by the evaluators that the CU contribution to all the above processes has been substantial.

*3.3.7.5 Overall conclusion about achievements under R2 of the financing agreement (TA and studies)*

Based on the above analysis the evaluators can conclude that the CU has fulfilled satisfactorily, during the period covered by this evaluation (2011-2014), almost all its tasks as it is resumed in the following table.

On the other hand, although it is recognized that several exercises have been undertaken with both the IAs from AAP 2010 and AAP 2011 in view to facilitate lessons learning<sup>20</sup>, the observed outcome at the time of the evaluation was considered partially satisfactory and it is felt that there is a need to intensify it in view of future actions planning.

Select SMSP projects and finalize contractual implementation agreements with local NGOs/NSAs.	officially not involved
Implement a sound internal control system of the contracts and financial claims by the SMSP implementing agencies.	
Develop and implement an overall monitoring system for the pilot local development programme (SMSP).	
Provide ad-hoc procedural capacity building to the SMSP's implementing agencies.	
Facilitate yearly lessons learning exercises of the SMSP projects.	
Provide regular facilitation and support services to the sugar industry stakeholders in developing future policies.	
Assist in planning, co-ordination and implementation of the various results/actions that will be funded through the MIP II (2011-2013).	
Mobilise ad-hoc short-term technical backstopping activities to the various projects.	
Implement an effective control system for the various implementing agency contracts under AAP2011 to AAP2013.	
Develop and implement a monitoring system for the implementation of the MIP II (2011-2013) and to assess its overall impact at national / industry / grower level.	
Facilitate yearly lesson learning exercises of the projects under the AAPs.	
Facilitate close collaborations with other donors.	
Collate, check and aggregate into overall programme reports, work plans & budgets the regular reporting, work plans and budgets received from the MIP II implementing agencies.	
Disseminate information relating to the MIP programmes to the wider public as agreed with the EUD.	
satisfactory	partially satisfactory
	unsatisfactory

<sup>20</sup> Lessons learning capitalization exercises were conducted with each individual organisation and called a 'Stocktake' exercise and, in the final stages of the AAP 2010 implementation, a workshop was held with all the implementing agencies.



Finally, with respect to the mobilization of ad-hoc short-term technical backstopping activities to the various projects, it is recognized that few relevant short term inputs were mobilised by the PCU/EUD to provide specific capacity building expertise where required, (e.g. the 2 micro credit experts provided to Empower Pacific). Moreover, each of the IAs had a budget for TA and the PCU encouraged them to use this as relevant (an example here is the beekeeping expert who provided support to FRIEND). The demand for short-term expertise was however globally low and most of the short-term budget was utilised to develop studies that were relevant to the rest of the AMSP programme.

### 3.4 Achievement of Purpose (Effectiveness)

The effectiveness of the AAP2010 has been moderately good thanks to the substantial adoption of the outputs of the project by the different target groups. All grant contracts saw a significant participation of beneficiaries who, by and large, made good use of the goods and services provided. In the case of productive activities it is still too early to assess the increase in income experienced by beneficiaries because a high percentage of farmers started producing only in 2014. However, according to the records available and field interviews, bee keeping, cash crop cultivation with irrigation and milk production provide the best returns. Traditional poultry is viable, but produces only modest revenues. Food processing still has to offer significant returns to participating farmers. Better information will be available when the results of the end-of-project surveys conducted by IAs will be analyzed in the coming months.

#### 3.4.1 Empower Pacific

Empower Pacific disbursed 876 loans to 829 beneficiaries (47 beneficiaries received second loans) who used the money to fund more than 70 different kinds of productive activities that range from bread making to hair dressing to prawn farming. The most common types of business were chicken farming, vegetable farming and cattle farming. Table I below presents the number of loans and relative percentage disbursed to the eight most common types of businesses. Altogether they represent 505 loans equivalent to 70% of the entire portfolio. It is interesting to notice that:

- Out of the four top choices that micro credit clients made, three were small productive activities that can be conducted around the house (chicken, vegetable, goats). This is consistent with the common understanding that women are micro credit's main beneficiaries, but it clashes with EP's gender assessment of 25% of female clients.
- Four of the top six most common activities have to do with livestock (54% of the total)
- Commerce is the second most common sector (27%)
- Agriculture is the third sector, but it has only one entry among the top 8 most common types of business: vegetable farming. Other kind of agricultural activities are far less common among EP's clients: cassava, watermelon and pineapple farming altogether total 30 customers (3% of the entire portfolio).

*Table I – Micro Credit: Eight Most Common Types of Business*

type of business	N. of loans	percentage
chicken farming (incl. layer birds)	116	23%
vegetable farming	99	20%
cattle farming (incl. dairy)	56	11%
goat farming	56	11%
Yaqona middle men and retailers	48	10%
piggery	46	9%
community shop	46	9%
market vendor	38	8%
<b>sutot</b>	<b>505</b>	<b>100%</b>

According to the interviews with beneficiaries conducted during the evaluation mission, most EP's clients used the loans to fund pre-existing businesses (11 out of 19 beneficiaries). The revenues are reinvested in the business by the near totality of the sample, while 50% of the interviewees report using the money also to pay for the needs of the children in the household, mostly to cover education costs.

Unfortunately, there is no data available to assess the amount of revenues generated by the different types of businesses, nor is it possible to perform an analysis on the quality of the portfolio according to the type of business because EP's database doesn't allow queries of this sort. The inadequate Management Information System (MIS) has severely limited the ability of EP to monitor its own portfolio. Although this deficiency was already highlighted by the short-term micro credit expert in its 2014 report, the corrective measures undertaken were not sufficient to create a functioning system at the time of the evaluators' visit. All evidence is anecdotal and based on a small number of interviews. Beneficiaries report that:

- Livestock activities are profitable, more so when not depending on external inputs, like feed.
- Cattle farming is an especially appealing activity because of the recent expansion to the Western Division of Fiji Dairy Limited, a company that purchases milk from farm gate for 0.8 FJ\$ per litre. Households who have enough land for grazing are scrambling to acquire cows to access this opportunity.
- Vegetable farming can produce good revenues in the dry season, but the plots must be relatively close to the market
- Retailing is profitable when pursued aggressively in the main markets aiming at generating enough turn over to make up for the low margins. It is barely profitable (if at all) when operating a small grocery store in villages, where the mark up on products is substantial, but volume is small.

**Lesson Learnt #5**

When offered a choice through micro credit, Fijian farmers express a clear preference for livestock as a diversification strategy, although other projects, like IKSA, detected a lot of enthusiasm also for establishing complementary crops.

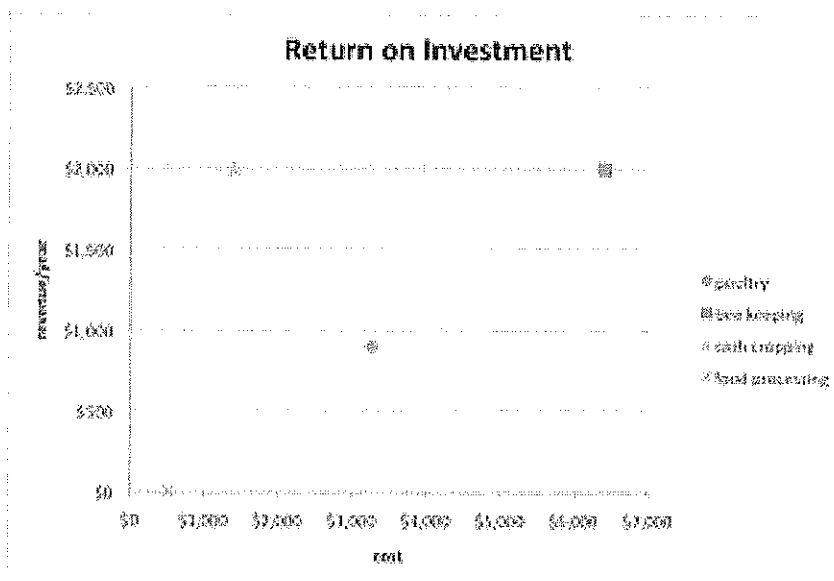
### 3.4.2 FRIEND

FRIEND worked with a population of 300 poultry farmers, 80 bee keepers, 510 cash crop farmers and 920 food processing community members. In many cases, households received two or three types of assistance from the project. FRIEND also benefited directly from the grant contract with the construction and equipment of a building that contains a warehouse and a laboratory for the processing of different kind of produce into chutneys, pickles, teas and a variety of other products. At the time of the evaluation visit only the chicken farmers and cash crop farmers were well established. In most cases, beekeepers and food processors are only starting to produce honey, teas and flours. The food-processing laboratory at FRIEND's headquarters is also still operating at a slow pace.

The current revenues from the productive activities set up by the project can only be estimated according to field interviews with beneficiaries and production records of poultry farmers collected by FRIEND in Vanua Levu (unfortunately, the records track only two months, September and October 2014). According to the available information, poultry farmers, beekeepers and cash croppers are generally obtaining significant revenues from the new productive activities, while people involved in food processing have only received minimal benefits. Table J shows in the x-axis the cost of the direct assistance to the farmer and in the y-axis the expected revenues; the best cost-effectiveness is found in the upper left corner of the table. By observing the table it is possible to notice that:

- Beekeeping and cash cropping are the most profitable activities. However, beekeeping is considerably more expensive to set up than cash cropping.
- Beekeepers can expect to collect up to 20 kg/bee hive/year of honey, which is sold for a price fluctuating between 8 and 20 FJ\$/kg. In an average year, beekeeping could provide additional revenues for roughly 2,000 FJ\$ to each of the 80 households involved.
- Cash croppers can also expect to obtain a similar amount of money through the cultivation of cassava, corn and different kind of fruits and vegetables.
- However, cash croppers who received an irrigation system through the project (not shown in table L) can see their revenues increase by roughly 20,000 FJ\$ per growing season. Five farmers received irrigation systems through AAP2010 at a cost for the project of approximately 10,000 FJ\$.
- Poultry farmers' revenues can be estimated in roughly 900 FJ\$/year (successful poultry holders make up to \$200 a month). This amount corresponds to 20% of the average yearly income of a rural family living in the sugar belt, as reported in FRIEND baseline survey.
- Food processors, up to this point, only received a few dollars in income originating from productive activities set up by the project

Table J – FRIEND’s Return on Investment



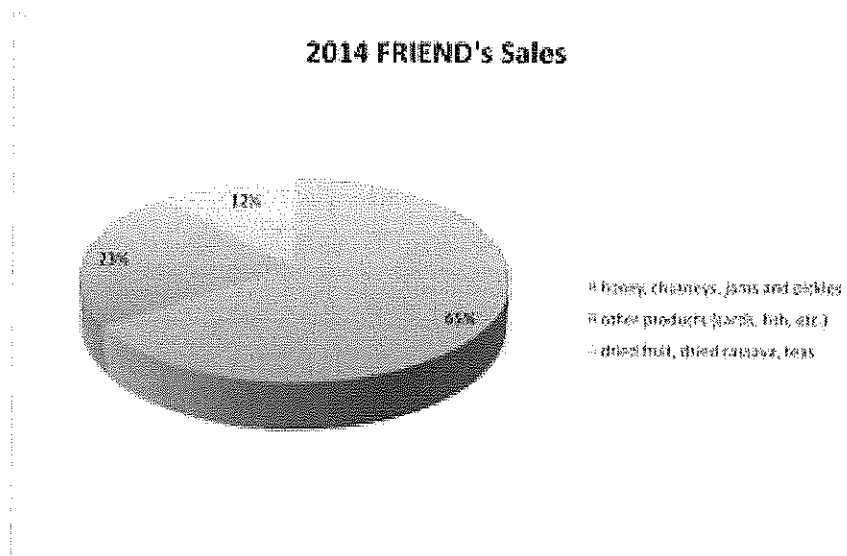
**Lesson Learnt #6**  
 Poultry and beekeeping offer similar returns on investments (30%), while cash cropping shows a whopping 143% Return on Investment, which can reach 200% with the adoption of irrigation.

Cash cropping has been very well received by farmers who, by and large, are interested in receiving improved varieties of seeds and seedlings, hardly available on the market. Complementing sugar cane production with a variety of other crops has always been part of the agricultural strategy of Fijian farmers who used to grow most of their own food, selling any eventual surplus. FRIEND has strengthened this tradition by providing access to quality plant material, soil amelioration trials and improved crop calendars. The increased production serves both to improve families’ diets and to supplement the income from other on-farm and off-farm activities. The introduction of organic production has not been completed in the timeframe of the AAP2010. Some farmers received basic training on organic farming, but the courses have not covered all aspects of organic agriculture<sup>21</sup>. Many farmers use poultry/ compost manure. The evaluation team has detected a certain level of scepticism among beneficiaries, who report that creating proxy areas surrounding organic plots would create added costs. In addition to that, it is not clear if there is a local market willing to pay a premium for organic products.

<sup>21</sup> On this aspect FRIEND recalls that they have written materials that have been distributed during trainings conducted by Gerard Faber, Tetei Tavueni and Poet Com organic training that shows full cycle of land preparation organic manure and pesticide preparation.

Community members who were involved in the food-processing programme have benefited in a very limited way from the outputs of the project. This is partly due to the fact that FRIEND itself is still only slowly identifying markets and developing a supply chain. Most of the more than 20 products currently being offered are still in a testing phase. Only chutneys, jams, teas and pickles have clearly shown their viability. FRIEND is exploring different marketing channels and testing products in order to assess their potential to be commercialized in high volumes. So far, beneficiaries have been learning about sun-drying techniques and have produced small quantities of different products. In 2014, FRIEND sales topped 259,000 FJ\$, with the lion share of the revenues coming from honey, chutneys, jams and pickles (65%). Products that can be ascribed to food processors constituted a mere 12% of revenues, which translates to 3 FJ\$ per capita to final beneficiaries (Table K). These results are clearly insufficient to provide an economic incentive to the groups who have been working on this component of the project. Furthermore, it is not clear how the products of the food drying activities will be incorporated in FRIEND's supply chain. Only some products seem to have market potential (lemongrass), which has yet to be tested though. Quality control is still an open issue, given that the hygiene conditions in villages are far from those in the controlled environment at FRIEND's processing facility. Overall it appears that the food-processing component will produce only modest results.

Table K – 2014 Breakdown of FRIEND's Sales



The AAP2010 established a state-of-the-art food-processing centre at FRIEND's headquarters in Tuvu. The centre is the centrepiece of the food processing strategy of the project. So far FRIEND has managed to develop a market for three key products: chutneys, jams and pickles. Herbal teas, spices and flour are also being distributed through supermarkets. Other products are being produced in small quantities in order to test the market.

### 3.4.3 Habitat for Humanity

The outputs produced by HFHF in the housing and WATSAN sector have been fully embraced by beneficiaries, notwithstanding the issue with the houses that are not being inhabited yet. There is little doubt that the new houses, both Rotahomes and the HFHF model, will be used in the future. In Koroipta the 14 units will be assigned to disadvantaged families as soon as the sewage system is in place, which, according to Model Town Charitable Trust, should happen in the second semester of 2015.

75% of HFHF's new houses are currently being occupied. A further 10% is in the process of being occupied by waiting families, while 15% is likely to stay empty for the foreseeable future. HFHF is conducting a survey of all homes constructed, which will be completed throughout 2015, as part of its standard monitoring exercise. Upgraded and retrofitted units are fully utilized by beneficiaries. Some of the earlier retrofits already withstood Hurricane Evan when it struck Fiji in late 2012.

Water systems are being used at full capacity by beneficiary communities who already report anecdotal evidence of reduction in the number of cases of water-borne diseases. All the communities visited are providing regular maintenance to the systems, including a clean up of

the bottom of the water tank every two weeks. Unfortunately, the project was not able to link water systems and housing in the same communities. A coordinated approach would have significantly increased the outcomes for the potential beneficiaries.

Outcomes in the life of HFHF's beneficiaries are likely, but not observable yet. HFHF is planning to conduct a follow-up study of the results of the housing programme one year after the conclusion of the project. It appears that since a significant number of houses were completed later in 2014, it would be advisable to wait until 2017 to launch the impact assessment so that outcomes would become more clearly measurable.

#### 3.4.4 Ramakrishna

Ramakrishna's project has led to important outcomes in the off-farm vocational training component, while the results of the on-farm trainings are modest. Ramakrishna has strengthened its capacity to deliver good quality trainings through the equipment of its centre, the re-organization of the curriculum, hiring of new training staff with a strong technical background and partnership with the Australia-Pacific Technical College.

Currently, the students enrolling in the Vivekananda Technical Centre get access to state-of-the-art facilities to study Automotive and Cookery, receiving upon graduation a Level IV Fiji National Qualification. However, when the grant contract was awarded, Ramakrishna was delivering a basic running programme of the Ministry of Education. Since it wasn't attached to any school, in 2011 it became evident that the Vivekananda Technical Centre had to register as an independent institution, adapting its curriculum to the requirements of the Fiji Higher Education Commission, which is based on the needs of the industry. The new curriculum requires institutions to offer competency-based trainings through teaching methods that are based on the transfer of technical expertise by teachers with solid industry experience. The EU funding was instrumental in engineering the upgrade to the Higher Education Programme with the procurement of equipment for the Cookery and Automotive Department. RKM also leveraged the EU funds to obtain the support of the Australia-Pacific Technical College, which provided extra funding to pay for the salaries of the new teachers coming from the automotive and tourism industry, the training to the entire teaching staff and the purchasing of additional equipment.

Currently, RKM is the only institution offering Level IV certificates in the Western Division and it is solidly embedded in the national vocational system. Ramakrishna has recently signed a Memorandum of Understanding with the Ministry of Education to train their teachers in exchange for the government financial support in paying the salaries of the entire teaching staff of the vocational centre. Also, although the GoF has recently decided to streamline its support for vocational education institutions, funding only the training centres of Fiji National University, in Nadi in light of the high level of capacity of Ramakrishna, both RKM and FNU will be funded. While FNU will provide training up to Level II of Fiji National Qualification, RKM will take the students all the way to level IV.

**Lesson Learnt #7**

Employers of automotive graduates expressed a high level of satisfaction with their practical skill set that is precisely tailored to the needs of the labour market.

### 3.5 Achievement of Wider Effects (Impact)

AAP2010 was a pilot project, whose primary goal was to test different methodologies for mitigating the impact of the reduction of European subsidies to the sugar sector. The impact of the programme is in its capacity to assess the viability of approaches to be extended to the entire population at risk in the sugar belt area.

The project has successfully tested methods to increase family income, diversify agricultural production, develop a micro credit programme and provide water and sanitation facilities. Several of these methods, however, have shown to be successful under certain conditions (specific groups or activities). In order to be taken to scale, these approaches need to be fine-tuned:

- There is a strong demand for micro credit and Empower Pacific has shown that it is possible to set up a lending business in rural areas. Beneficiaries have a strong sense of which micro businesses can be profitable. However, high costs and insufficient repayment rates were a cause for concern. Hundreds of farmers may potentially benefit from the revolving fund in the future, but only if Empower Pacific finds a way to drastically reduce cost. Otherwise, the fund will quickly be depleted. Financial self-sustainability in the micro finance sector is a very rare occurrence, especially in the case of NGOs who are concerned with the social performance of their work as much as they are about the financial performance. Most MFIs in developing countries depend on grants to fund their operations. It is unlikely that Fiji, with its limited track record in the micro credit sector, could become an exception to this general trend. However, the reduction of costs must be a priority if and when the micro credit programme will be taken to scale. Mobile money transfer systems like M-PAiSA could be an option to reduce the cost of transactions.
- Agricultural diversification with the introduction of improved techniques and varieties and different livestock has also proved to be successful in increasing household income. It appears that access to land is not an issue for the majority of farmers. Inputs, equipment and technical knowledge are the real bottlenecks for the potential expansion of the programme. The AAP2010 has proved that providing farmers with the right inputs and, to a certain extent, with training opportunities can substantially increase their capacity to secure sustainable livelihoods for their household. However, the programme has not tested mechanisms to provide access to goods and services in the long run to an expanding population of beneficiaries. AAP2011 has tried to address some of these issues, but it is still too early to assess whether the mechanisms put in place are adequate to fill the gap in inputs and technical assistance.



- The results of the construction of water systems by AAP2010 are already evident among beneficiaries. HFHF's project had a massive impact on the life of more than 400 families that don't have to go and fetch contaminated water from unsecured sources. In the long run, clean water will not only reduce the number of gastrointestinal diseases, but also save infants' lives from methemoglobinemia, or "blue baby syndrome", that claims victims among populations that drink water high in nitrates. HFHF's water systems utilize a gravity design that has the added advantage of being easy and cheap to maintain. The catchment area is located high above all human economic activities (grazing and agriculture) to reduce the risk of contamination. The water source is protected with a grid to avoid clogging of the pipes and is then collected in a water tank, from which it is distributed using gravity to the different houses. The technique is replicable where similar conditions exist.

AAP2010 also tested some approaches that were not successful, like the promotion of group activities and addressing the housing deficits of the most disadvantaged families, and did not fully explore the potential of some components that could have a significant impact in the future, as in the case of the collaborations with the private sector. Collaboration with large poultry industries has proven difficult while medium scale cooperation between cash crop farmers and exporters of fresh products seem promising. Dairy production to meet the national industry deficit is another area where Empower pacific has shown promising results.

Farmers' clusters were assembled with the goal of facilitating the distribution of assistance and the access to markets. However, most groups dissolved after receiving the assistance packaged offered by the project, showing the opportunistic character of their internal organization. Group work requires a more structured approach that helps to develop group dynamics that ensure participation and ownership by beneficiaries. Ad-hoc clusters can be useful to organize the distribution of items, but are rarely viable counterparts in projects that target the sustainable development of a community. The more structured the nature of the programme, the strongest is the need for internal rules that govern relationships among members and sanction negative behaviour. Development programmes that aspire to creating marketing opportunities for farmers' groups require solid organizations regulated by byelaws, well-trained leaders and members who trust each other.

Due to the beneficiary contributions required by the funding, HFHF's housing programme could not target effectively the most disadvantaged sector of the population. The upfront payment of 2,500 FJ\$ created an entry barrier that discouraged the poor from applying. Rotahomes in the Koroipita village were a valid alternative to provide housing opportunities to the poorest segments of Fijian society. However, Koroipita is a social engineering experiment in itself, whose real impact will become apparent only in the years to come. Koroipita has thrived for more than 10 years with a relatively small population (60 households) who live according to byelaws set by Model Towns Charitable Trust that runs the programme with a centralized approach. The exceptional results achieved so far could be replicated in the future, but the significant increase in size of the settlement will pose new challenges to its harmonious development. Koroipita is designed to be permanently managed by the Trust, without appropriation by residents. The population participates in running community activities, but they have limited access to the formulation of policies that regulate everyday life, which is handled directly by the Trust. How these dynamics will play out when the village expands to 180 households is uncertain.

All of Koroipita's residents belong to the poorest segments of society and there is a concrete risk of creating a ghetto for low income citizens. Although Koroipita was designed to be a temporary solution for families going through hard times, it appears that people are becoming permanent residents of the village.

In the current scenario, replicating the Koroipita experience is hardly a viable option, in the first place because there aren't enough Charitable Trusts completely dedicated to managing the villages. Experiments like Koroipita prove that it is possible to build affordable housing units, but are also a reminder of the complexity of creating a thriving, independent community around them.

AAP2010 planned to test the viability of a business model centred on FRIEND and other private sector companies, involving groups of farmers in their value chain. However, changes in the implementation strategy and delays in the calendar of the intervention didn't leave enough time to fully articulate this vision and test it. The integration of farmers with the private sector did not happen at the scale envisioned in the original design of the programme. Interactions were limited to some trainings in beekeeping and chicken farming, while most ambitious plans to integrate small-holders production in the supply-chain of big national companies were revisited early in the implementation of the programme. Even FRIEND's business model has not been fully developed yet. It is not clear how farmers will benefit from participating in FRIEND's value chain. Thanks to the grant contract, FRIEND was able to build and equip a state-of-the-art production centre. This infrastructure, together with the equipment and vehicles constitute a huge opportunity to process agricultural produce for sophisticated markets (especially resorts, high-end shops and export). FRIEND is now well positioned to take advantage of this opportunity supplying those markets with high quality products, reliably available year-round. Farmers also are in the position to benefit from this situation by selling their produce to FRIEND, either raw or after processing it. So far though, the part of the production sold through FRIEND is very small. Further testing is needed to determine how much of the benefit will accrue to small holders, both in terms of guaranteed market and in value added to the product.

### 3.6 Likely Continuation of Achieved Results (Sustainability)

The projects funded through the AAP2010 have a good sustainability perspective thanks to the considerable resources that were invested in strengthening the capacity and building up the assets of the implementing agencies. However, both Empower Pacific and FRIEND face considerable challenges in the near future, having to manage the delicate transition from NGO to private entity. EP has also to identify an operation modality to drastically cut costs, while FRIEND needs to quickly increase its own revenues, without depending from further donor assistance.

After conducting an internal review of the micro credit programme, Empower Pacific decided to temporarily suspend lending at the end of the grant contract while establishing a micro finance arm of the organization, officially registered as a financial institution. The move carries considerable risks. First, idle capital doesn't produce interests. Second, the organization still has an outstanding portfolio of 729,000 FJ\$ that will have to be collected throughout 2015 and 2016, with considerable costs for the organization. Also, as highlighted by Jean Pierre Lalonde (the technical assistant who conducted a review of the rural credit scheme), the creation of an

external entity to carry out micro finance is the most complex option available to ensure sustainability of the revolving fund. The regulatory requirements to operate as a non-bank financial institution are likely to considerably increase the administrative burden. Finally, EP is aware of the importance of reducing costs, but hasn't come up with any concrete proposal yet.

The issue of cost is crucial to the viability of the new financial institution. During the implementation of AAP2010, Empower Pacific earned a 15% flat fee on all loans, while spending almost seven times as much to disburse the loan and collect payments. For every Euro lent, EP earned 15 cents and spent one Euro to manage the transaction. In the future, without the EU grant to cover expenses, the gap between interest earned and managing cost needs to be reduced to zero in order to become self-sustainable.

FRIEND is also planning to register as a limited liability company in order to be better able to manage the business transactions of the food processing centre. In this case the transition is not as complicated, although can still be a time-consuming distraction for the management. The most pressing issue in the case of FRIEND is the need to increase sales by 300% in order to guarantee the sustainability of the new structure. In 2014, sales reached 259,000 FJ\$. However, with the end of EU support in 2015, FRIEND needs to cover its running costs, which are substantially higher than in the past because of the new infrastructure and vehicles, through direct revenues from its business activities.

By and large, the programme introduced appropriate technologies in all its grant contracts, although with a process of trial and error. The only notable exception is the hydroponic greenhouse installed by RKM, which proved to be inadequate to the context only after being fully equipped. Initially, FRIEND tried to install semi-industrial poultry farming systems, but it quickly realized that revenues did not justify the level of expenses required to run a poultry farm with external inputs. Other instances of poultry farming conducted with intensive methods by EP's clients also failed, highlighting the risks involved in the adoption of semi-industrial production schemes based on small margins and very sensitive to the costs of inputs. Mechanical ploughing also gave modest results. After the first season in which FRIEND subsidized entirely the cost of renting a tractor, farmers abandoned mechanical ploughing deemed to be expensive in favour of draught animals, and only used mechanization for large, market guaranteed, crops.

The water systems built by HFHF are cheap and easy to maintain. Since they operate by gravity, there is no expensive water pump that requires constant care. HFHF trained community members in performing the most common maintenance operations, which are still time consuming, but do not involve technically difficult interventions nor expensive spare parts. The AAP2010 contributed to strengthen the four implementing agencies with assets and equipment that will be used in the future to ensure the continued availability of services. EP will maintain control of the revolving fund that originally amounted to 400,000 EUR; FRIEND counts with a warehouse, a laboratory for food processing and a training centre; RKM is now equipped with a full kitchen and an automotive departments.

### 3.7 Mutual Reinforcement (Coherence)

The Annual Action Plans 2010, 2011 and 2012 have been designed with a common vision that is inspired by the 2006 National Adaptation Strategy for the Fiji Sugar Industry. The three plans show a precise blueprint for supporting the sugar sector by pursuing simultaneously the modernization of the sugar cane sector, poverty reduction and economic diversification. With this type of planning exercise, the EU made a commendable effort to develop a coherent support to the Fijian economy. Overall they also ensure continuity in the provision of assistance to the population of the sugar belt, although the modality for the delivery changed between the 2010 and 2011 Action Plans, the NGOs being substituted by international organizations like SPC and ITC.

Coordination with other government programmes was not formally possible because the Government of Fiji was still suspended under the conditions of the article 96 of the Cotonou Agreement. However, the European Union made a consistent effort to keep public institutions updated on the results of the programme by including them in the Steering Committee meetings as observers.

The Coordination Unit of the AAP2010 also performed an important role in liaising with the different public and private institutions that operate in the sugar sector thanks to its mandate that extended over the 2011 and 2012 action plans, helping to ensure a close collaboration within the sector and between the EU and the main stakeholders. In particular, the Strategic Action Plan for the sugar industry has been a very valuable and significant part of the CU contribution to the overall sugar restructuring. The plan was endorsed by the GoF which has the full ownership.

### 3.8 EC Value Added

The AAP2010 took place at a critical juncture of the relationship between the European Union and the Government of Fiji. Following the 2006 coup, the collaboration with the GoF was suspended according to article 96 of the Cotonou Agreement. Although direct coordination with the government was not possible, the European Union managed to salvage part of the funding originally earmarked, setting up an 8 million EUR programme to work with non state actors. The AAP2010 offered an opportunity to deliver assistance to a critical sector of the Fijian economy in spite of the political difficulties. The programme's delivery modality through grant contracts created also an opportunity to test and strengthen local NGOs.

The temporary suspension of democratic life in Fiji has led to a series of diplomatic measures taken by the international community to pressure the government to establish a clear path for the return to normality. Regional and global players (Australia, EU, New Zealand and the US) imposed sanctions including the suspension of financial assistance, a ban on the sales of arms and a travel ban. The European Union suspended a development assistance package worth 60 million EUR to Fiji that was part of the 1.2 billion EUR Accompanying Measures to Sugar Protocol Countries programme, set up to help developing countries affected by the phasing out of sugar subsidies. However, standing the ban on coordinating with the government, the

Delegation of the European Union for the Pacific opted for allocating 8 million EUR to social mitigation measures through NGOs. With this implementation modality, the EU aimed at delivering assistance to the sugar sector at a critical time, strengthen Fiji's non state actors and keep open a channel of communication with representatives of the government at a time of international isolation.

So far a combination of increased state assistance and slow phasing out of EU subsidies averted the feared collapse of the sugar industry. However, a big portion of sugar cane farmers have already been suffering from the progressive decline of the sector. Small-scale farmers barely make any income from sugar cane. In most cases they report cultivating cane only to maintain their right to the land. They have pressing need for assistance in diversifying production and finding alternative sources of income. Reaching them in this phase, before the worsening of the situation is critical to ensure their ability to bounce back in case of a deepening of the crisis.

The four implementing agencies selected to implement AAP2010 are among the best expressions of Fijian civil society. They have a long history of collaboration with international donors (Ramakrishna worked with an EU grant in the early 1980s) and are well respected in the country for their charitable work. However, their administrative and technical expertise is relatively limited, as it is often the case with non state actors in the Pacific. The AAP2010 gave them an opportunity to increase their asset capital while also testing their capacity to manage projects of substantial magnitude.

Finally, although the EU didn't coordinate directly with the GoF for the implementation of AAP2010, the programme is highly consistent with the National Adaptation Strategy for the Sugar Sector, approved by the GoF in 2006. Through the AAP2010, funds were mobilized to contract a technical assistant supporting the development of the Sugar Cane Industry Action Plan 2013-2022, a key strategic document for a sector in which the state has a strong involvement. Furthermore, representatives of public institutions sat in the Steering Committee with an observer role ensuring consistency with national policies. They were fully briefed on the developments of the programme and cultivated a personal relationship with the CU, thus maintaining a channel of communication with the European Union at a difficult time.

## 4 Visibility

The visibility of the European Union was handled correctly by the different implementing agencies. The outputs of the programme have been clearly marked with EU flags and indication of the financial support received. The implementing agencies were careful in acknowledging the EU contribution in all communications material. The CU has, on its side, contributed extensively to the programme's visibility. High-level officials of the EUDEL and MS ambassadors have frequently visited the programme and assisted to official events with all consequent press publicity.

## 5 Overall Assessment

The tests carried out by the AMSP 2010 have proven that several options exist to generate alternative sources of income in the marginal sugar cane producing areas. The tested solutions could be generalized after correcting the some of the defects observed during the pilot phase. Future assistance from the EU to economic diversification in Fijis rural areas needs to be coordinated in the framework of the respective government policies and in coordination with government institutions. There is room for public/private cooperation in the implementation of the respective policies, especially in all the initiatives which aim at establishing a higher food self-sufficiency for the country and substituting food imports both for general consumption and the tourism industry.

Although there is no direct continuity in the type of actors that implemented AAP2010 and the following action plans there is the will to replicate some of the interventions in the 11<sup>th</sup> EDF programme. Non state actors demonstrated their capacity to take up big challenges and respond adequately in the course of the 2010 programme. Their institutional capacity and asset capital were greatly improved by the programme. However, they have been involved only marginally in the implementation of AAP2011 and AAP2012.

## 6 Conclusions and Recommendations

### 6.1 Conclusions

AAP2010 was a largely successful programme that tested different approaches to social mitigation with non state actors. Not all tests were positive, but even the negative ones offered important lessons to be learnt for future interventions.

The programme has highlighted once more the importance of providing assistance to Fijian farmers. It is now clear that they need to diversify their livelihoods, no matter what the effects of the reduction of sugar subsidies. Among the different options available, AAP2010 has verified that raising livestock and farming cash crops are both viable alternatives, well received by the population and economically profitable. There is no clear preference for one delivery modality. Although beneficiaries clearly appreciate donations, they are also willing to pay back a loan with an interest rate accounting for 15% of the value of the credit.

However, when micro credit is the preferred delivery modality, it is advisable to clearly separate lending operations from other charitable activities conducted under the same name because beneficiaries understandably expect more leniency from a charity. Also, the cost structure of the micro credit operations must be carefully studied. Keeping the cost of transactions to a minimum is key to ensure the self-sustainability of micro credit. Self-sustainability of lending programmes run by NGOs is considered a rarity in the sector. In most cases it is assumed that grants will help in paying for the overhead and replenish the capital at more or less regular intervals. However, the availability of funding is far from assured and micro credit institutions should strive to improve financial performance.

Gender mainstreaming has proved to be successful when pursued through the inclusion of the entire household in project activities. In Fiji the whole family contributes to the domestic economy in different ways and forms. This is true for both Indo-Fijian and native Fijian. An integral participation should be promoted by development interventions in order to deliver benefits to both sexes and different age groups. Approaches that target only one gender group risk either reinforcing current inequalities or creating frictions within the families.

The modalities of providing technical assistance adopted by the project did not work as expected. More testing is recommended using modalities that have already shown good results in Fiji like model farmers or that have proved successful in other parts of the world, like farmers' field schools. Similarly, the work with groups of farmers had limited effectiveness because the group were just *ad-hoc* aggregations of beneficiaries expecting to receive handouts from the project. Groups should instead be seen as instrumental to the integration of value-chains. Strong farmers' associations are a crucial step in the process of adding value to the production and keeping that value with the producers rather than to pass it on to other actors. In order to do so it would be advisable to look at the experiences with cooperatives, farmers' associations and grassroots organizations in other regions of the world. Strong organizations are not created in the short lifespan of a project. Several factors influence how long and complicated the process can be. The presence of leaders with a vision and commitment to the development of the community is certainly one of the main criteria. The AAP2010 has had the opportunity of working with a large number of clusters and to appraise their potential. There is

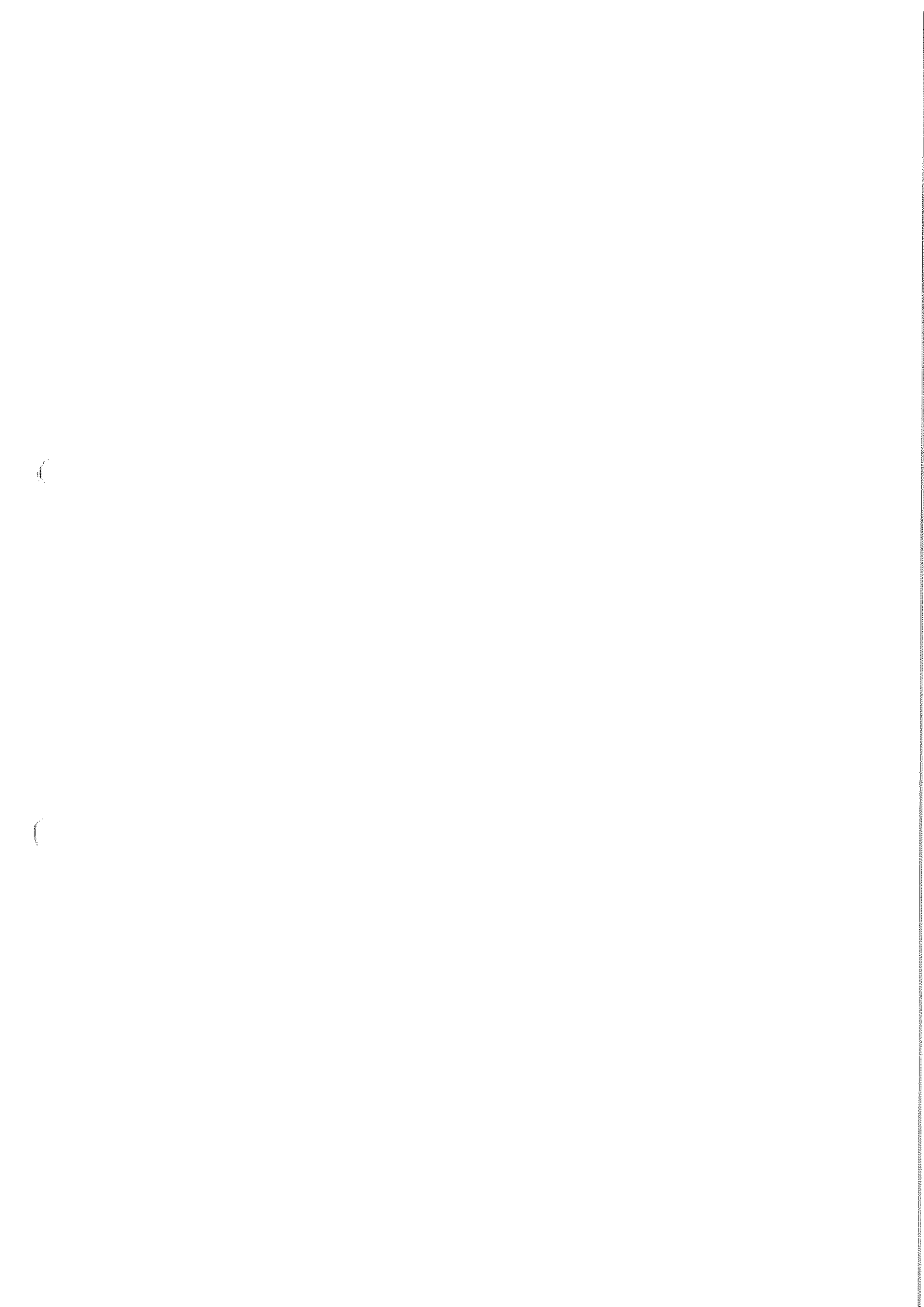


now enough information to identify the most promising groups and invest in their future development.

Both new houses and affordable units constitute valid options to reduce the housing gap in Fiji. New houses are more expensive, but offer good quality. Affordable units are cheaper, but have not been tested outside the village of Koroipita, which is a peculiar setting, hardly replicable in other parts of the country. However, no matter which building option is chosen, it is important that beneficiaries clearly understand the conditions of their participation in the programme and develop full ownership of the house. The AAP2010 has highlighted the difficulties of achieving those goals. Houses are highly desirable assets that inevitably tend to attract a lot of interest in the communities of potential beneficiaries. Finding an equitable and transparent way of distributing the houses is probably as important as building them.

## 6.2 Recommendations

- I. Support the design and implementation of a framework policy about food self-sufficiency and socio-economic development in the sugar belt, which harmonizes the aspirations of the sugar industry together with the need to maintain sustainable human settlements
- II. The Budget Support modality could be effectively used in the case of Fiji to involve adequately the Government in leading the implementation of the above mentioned policy, but involving NGOs because they now have an important capital of assets, knowledge and experience that should not be dispersed
- III. The costs of this assistance need to remain within acceptable limits. Through more government ownership and valorisation of the government's institutional capacity, the purpose should also be to keep transaction costs contained.
- IV. There is a market opportunity for local and niche products, but marketing channels are not organized and there is a specific constraint to meet quantity and quality requirements. AAP2011 and AAP2012 are supporting the creation of value-chains that link farmers to markets. These efforts should be further sustained focusing on the different links of the chain.
- V. AMSP 2010 didn't explore potential links with agro-industry. Large companies handle technology, processing and markets and are natural partners for the smallholders. Both small-holders and medium-large farmers need to be involved. Lead farmers can catalyze the efforts of the sector.
- VI. Empower Pacific has committed itself to establishing a micro finance institution for managing the revolving fund set up by AAP2010. It is a complex endeavour that requires specific know-how to set-up an efficient system for disbursing loans to rural farmers. Although EP is fully committed to it, it is not clear whether they have access to the adequate level of expertise. The European Union should identify opportunities to support EP with adequate technical assistance.



## 7 Annexes

Annex I – Map of Field Visits

Annex II – Example of mobile survey

Annex III – list of stakeholders interviewed

# Annexes

## Annex I – Map of Field Visits

