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EU support to economic reform in Mauritius:

PROMOTING SOCIAL INCLUSION AND RENEWABLE ENERGY

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This paper examines the role of European Union (EU) and EU member states' actions and support measures in sustaining policy reforms for specific non-trade policy objectives (NTPOs) in Mauritius. It focuses on social inclusion and renewable energy, as part of the country's broader economic restructuring efforts in the mid-2000s, and in particular the Mauritius Multi-Annual Adaptation Strategy Action Plan (MAAS) 2006-2015. The paper also discusses success factors and obstacles to fully implementing the social inclusion and renewable energy objectives of the MAAS and concludes with lessons for EU support towards NTPOs.

Despite some challenges, EU support was relatively successful due to a number of factors. For instance, it built on pre-existing locally-owned plans and processes for which there was already political traction, and hence Mauritius considered EU support to be in line with its own policy objectives. In addition, there was a widely accepted need within Mauritius to cushion the negative impact of reforms on vulnerable segments of the population.

In designing EU support, the objectives, outcomes and performance indicators for these reforms were co-defined with local public and private stakeholders, ensuring buy-in and ownership. This multi-stakeholder engagement was effective because of constructive pre-existing public-private engagement processes in Mauritius. EU support was provided in a coherent way, including through different financial support instruments and tailored support to domestic reforms that were a priority for Mauritius. Also important was the fact that economic reform was needed for Mauritius to take advantage of a changing EU-Mauritius trade regime.

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Acknowledgements

This paper presents one of a number of case studies carried out under the Horizon 2020 project 'Realising Europe's Soft Power in External Cooperation and Trade' (RESPECT). The RESPECT project analyses the effects of EU external policies on 'non-trade policy objectives' (NTPOs) to determine the 'success factors' for effective external policies and to inform the design of a more coherent external policy mix for the EU and its member states. In doing so it aims to identify opportunities for better realising the EU's soft power to achieve its external policy goals. The authors would like to thank San Bilal and Raj Makoond for helpful feedback on an earlier draft of this paper, and Inna Perova for preparing the paper for publication.

Acronyms

ACP	African, Caribbean and Pacific
AMSP	Accompanying Measures for Sugar Protocol
CSP	Country Strategy Paper
EBA	Everything But Arms
EC	European Commission
ECDPM	European Centre for Development Policy Management
EDF	European Development Fund
EEC	European Economic Community
EPA	European Partnership Agreement
ERS	Early retirement scheme
ESA	Eastern and Southern Africa
EU	European Union
FORIP	Field Operations Regrouping and Irrigation Project
GBS	General budget support
IEP	Integrated Electricity Plan
IPP	Independent power plant
KPI	Key performance indicator
MAAS	Mauritius Multi-Annual Adaptation Strategy
MCIA	Mauritius Cane Industry Authority
MFN	Most-favoured nation
MID	Maurice Ile Durable
MIP	Multi-annual indicative programme
MSIRI	Mauritius Sugarcane Industry Research Institute
MSPA	Mauritius Sugar Producers Association
MTR	Mid-term review
NTPO	Non-trade policy objective
PPA	Power purchase agreement
RESPECT	Realising Europe's soft power in external cooperation and trade
SBS	Sector budget support
SEA	Strategic Environment Assessment
SIDS	Small island developing states
UNDP	United Nations Development Programme
VRS	Voluntary Retirement Scheme
WTO	World Trade Organization

1. Background

1.1. The RESPECT project

This study is part of the Horizon 2020 project 'Realising Europe's Soft Power in External Cooperation and Trade' (RESPECT). The overarching goal of RESPECT is to identify options and opportunities for better realising the soft power of the European Union (EU) in achieving its external policy objectives. The project analyses the effects of trade and trade policy on non-trade policy objectives (NTPOs) such as sustainable development, human rights (political and civil rights), labour standards, and environmental protection. It also develops conceptual frameworks to determine the 'success factors' for effective external policies and inform the design of a more coherent external policy mix for the EU and its member states.

Through a small number of case studies, one component of the project examines the role of EU and EU member states' actions and support measures in sustaining policy reforms for specific NTPOs in partner countries. This component, of which this study is part, focuses on how the EU and its member states' support and EU trade agreements align (or not) with specific reforms in partner countries, the role these actions and measures play in sustaining those reforms and how particular political and economic conditions within partner countries provide a conducive environment (or not) for effective EU support to local reforms.

1.2. Objective of this case study

In this context, this study analyses the role of EU support in sustaining Mauritian reforms in the areas of **social inclusion** and **renewable energy**, as part of the country's broader economic restructuring efforts in the mid-2000s, and in particular the Mauritius Multi-Annual Adaptation Strategy (MAAS) Action Plan 2006-2015 (GoM 2006). Through the review of relevant policy documents and semi-structured interviews with Mauritian and European policymakers and private sector representatives, the study analyses how EU actions and support measures influenced and sustained reforms towards these NTPOs and how political, economic and institutional conditions in Mauritius shaped the prospects for effective EU support to these reform processes. The paper places this analysis in the context of the reform of the EU preferential regime towards African, Caribbean and Pacific (ACP) countries, with the abolition of the Sugar Protocol and the establishment of the EU-Eastern and Southern Africa (ESA) Economic Partnership Agreement (EPA), and the role they played in sustaining Mauritian reforms.

This study also discusses 'success factors' and 'obstacles' to fully implementing the MAAS especially with regard to both social inclusion and renewable energy and concludes with lessons for EU support towards NTPOs.

2. Mauritian reforms in context

2.1. Reform of the EU sugar regime and accompanying measures for Sugar Protocol countries

The EU's Sugar Protocol to the 1975 Lomé Convention provided sugar producers from ACP countries with preferential access to the EU market, and to the guaranteed high prices in that heavily protected market (Hudson 2006). Under the Sugar Protocol, the EU - and the European Economic Community (EEC) before it - agreed to buy fixed annual quotas of sugar from ACP sugar producers at high guaranteed prices aligned to the EU's internal sugar price. By the mid-2000s, however, calls for the EU to reform its “inefficient, expensive and unsustainable” sugar regime had become impossible to ignore, particularly after the World Trade Organization ruled against the EU’s use of export subsidies (Hudson 2006, p.1). As a result, the EU undertook a major reform of its sugar regime, which included phasing out the Sugar Protocol and its preferential access for ACP sugar producers (Council of the EU 2007).

The EU recognised that reform of its sugar regime, and the price cuts this would entail, could have significant socioeconomic impacts in those ACP countries that had been relying on preferential access to the EU sugar market under the Sugar Protocol. Mauritius, for example, had benefited greatly from the stability and predictability provided by the Protocol, under which it had enjoyed about 38% of the quotas granted by the EU/EEC. (Sawkut et al. 2010). Revenues from Mauritius’ sugar exports to the EU had helped transform and develop the Mauritian economy, while sugar cane cultivation was a major source of livelihoods and a bulwark against poverty in the country. Indeed, the sugar sector played a crucial ‘multifunctional’ role in Mauritius, as a source of economic returns, incomes, foreign exchange and renewable energy, and as a means for promoting rural development and stability, environmental protection, soil and water conservation and landscape preservation.

To mitigate the negative socioeconomic impacts of its sugar reforms on ACP countries, the EU committed to provide development assistance to help the Sugar Protocol countries adapt and adjust to new market realities. This was in response to calls from ACP countries for adjustment programmes to be established (European Parliament and Council 2006). This development assistance was also meant to be complemented through trade measures established through the negotiations on the Economic Partnership Agreements (EPAs), the reciprocal trade agreements meant to replace the trade regime of the Cotonou Agreement (European Parliament and Council 2006). Given the multifunctional role of the sugar sector in these countries, these ‘accompanying measures’ were intended to support broader social, economic, and environmental objectives relating to the impact of EU sugar reforms, and not just the upgrading of (or diversification away from) the sugar sector.

To benefit from development assistance under these accompanying measures, ACP Sugar Protocol countries had to develop comprehensive multiannual adaptation strategies in dialogue with the European Commission (EC) (European Parliament and Council 2006). These strategies, which were to be informed by consultation with all stakeholders affected by, and/or who could contribute to the adjustment process, needed to include a poverty reduction focus, give adequate consideration to environmental impacts and be consistent with the overall development strategy of the country (European Parliament and Council 2006). An indicative amount of €1.284 billion was allocated for accompanying measures for the period 2006-2013 (European Parliament and Council 2006). Budget support was identified as the preferred delivery mechanism, with provision made for programme support depending on the situation in a recipient country. This support was intended to be complementary to other development assistance instruments and to trade measures such as the EPAs (European Parliament and Council 2006).

2.2. Mauritian economic reforms and the Multi-Annual Adaptation Strategy (MAAS)

Around the time the EU was reforming its sugar regime, Mauritius itself was embarking on structural transformation of its economy as it transitioned from an economy based on low-wage, low-skill sugar and clothing exports to an innovative, knowledge- and skill-based services economy (GoM 2006). By the mid-2000s, Mauritius’ previously strong economic growth had started to slow, and its economy was facing a ‘triple shock’ resulting from the phase out of trade preferences for its sugar and clothing exports (the latter due to the dismantling of the Multi-Fiber Agreement), and from high oil prices. This triple shock gave significant impetus to economic reform objectives, and elections in 2005 brought to power a new government on a "strong reformist platform of enhancing competitiveness and broadening opportunities" (World Bank 2008).

This new government introduced an ambitious and comprehensive ten-year economic and social reform programme based on four pillars: (i) fiscal consolidation and improving public-sector efficiency; (ii) improving trade competitiveness; (iii) improving the investment climate; and (iv) democratising the economy through participation, social inclusion and sustainability (World Bank 2006). This reform programme aimed to improve the competitiveness of the Mauritian economy, facilitate economic diversification and make Mauritius a more attractive destination for foreign investment. It also sought to revitalise those sectors - including sugar and apparel - that had been vital to economic growth in Mauritius. In this context, and in order to secure development assistance under the EU's accompanying measures for Sugar Protocol countries, the Mauritian government developed and adopted the Mauritius Multi-Annual Adaptation Strategy (MAAS) Action Plan 2006-2015 as an integral part of its overall ten-year economic reform programme (GoM 2006).

The MAAS focused on ensuring the long-term competitiveness and sustainability of the sugar industry in Mauritius, and its transformation into a 'sugar cane cluster' producing several types of value-added sugars. In line with the emphasis in the EU's guidelines on accompanying measures to address broad socio-economic impacts of the EU's sugar regime reform, the MAAS also included non-trade policy objectives (NTPOs) relating to social, energy and environmental considerations. These included optimising the use of sugar by-products for renewable energy production (which would in turn help address Mauritius' dependency on imported fossil fuels) and securing the multifunctional role of sugar, particularly through supporting social inclusion objectives.

The MAAS was formulated by the Mauritian government, in consultation with local stakeholders to achieve consensus and the full ownership of the strategy by all stakeholders. Given limited funding available under the accompanying measures, the initiatives introduced by the MAAS were ranked in order of priority, with highest priority given to projects with economic and social dimensions and the second highest priority given to projects with (renewable) energy objectives (GoM 2006). In addition to support through the Accompanying Measures, funding for the various MAAS projects was sought from a variety of sources, including Mauritian banks, local producers, the ACP-EU Energy Fund and other funds and bilateral sources. Provision for a mid-term review (MTR) was included in the MAAS to take stock of the implementation of the reform process and identify areas that were on track or those that needed additional resources or complementary measures for implementation to be realised (BDO& Co 2010).

2.3. EU support to the MAAS and broader economic reforms

In line with its general objective of supporting the sustainable economic and social development of developing countries enshrined in its Treaty establishing the European Community, the ACP-EU Partnership Agreement (Cotonou Agreement), its Strategic Partnership for Africa and the European Consensus for Development, the EU supported the Mauritian Government's ten year economic reform programme, including the MAAS, through a combination of Accompanying Measures for Sugar Protocol (AMSP) and resources available under the 10th European Development Fund (EDF) national indicative programme, regional indicative programme, resources from all ACP instruments to complement support for the Mauritius' economic reform programme (see Box 1) (Government of Mauritius & EC 2008). EU support was based on three main principles: (i) alignment with the Mauritian Government's reform programme, (ii) flexibility, and (iii) harmonisation with other donors (EC & Government of Mauritius 2008).

Box 1: EU adjustment support to Mauritius' sugar sector

The EU supported the specific restructuring and adaptation of Mauritius' sugar sector through the EU Sugar Response Strategy 2006-2013 as a result of the changes to the sugar regime. This was done through the multi-annual indicative programme (MIP) for Mauritius: Accompanying Measures for Sugar Protocol Countries (MIP AMSP) from 2007- 2010 with €141475000 was committed for Mauritius, and a second one from 2011-2013 with an indicative amount of €139588000 (EU 2011). The EU's 2006 response strategy to the MAAS focussed on sustainable economic development while accompanying Mauritius during its transition period. Remnants of the 9th EDF were used to support phasing in of the initial support to the sugar sector restructuring through sector budget support (SBS) in 2006-2007. Following on, from 2007 support was given under the overall economic reform programme through general budget support (GBS). The sugar SBS programme amounted to €11 million (€6.5 million from the Sugar Accompanying Measures and €4.5 million from the remainder of the 9th EDF) (EU 2011). These funds supported the needed sector adaptation strategy by Mauritius during the transition following the reform of the EU sugar regime in 2005. For the AMSP 2006 a first allocation total of EUR 40 million was committed for the 18 Sugar Protocol countries, with Mauritius receiving about 18% of this amount (€6.5 million). The focus of the SBS was on the social dimensions and the small planters. Provision was also made for support to the energy component of the MAAS subject to the development of a coherent energy strategy.

The Multi-annual indicative programme (MIP) for Mauritius: Accompanying Measures for Sugar Protocol Countries (MIP AMSP) was given in direct support to the MAAS and ran alongside the 10th EDF which supported the Mauritian government's broader 10-year economic reform programme (EU 2011). From 2008, the EU's support under the 10th (EDF) Country Strategy Paper (CSP) 2008-2013, focussed on two pillars of the broader economic reform process: improving trade competitiveness and democratising the economy through social inclusion and sustainability. For the former, support was given to widening of economic opportunities for all actors in the economy and furthering the regional integration process, particularly in the context of EPA negotiations. In addition, EU support encouraged the emergence of new and sustainable cost-effective energy producers and suppliers, which supported NTPOs related to renewable energy.

Under pillar 4 of the Mauritius' reform programme, on democratising the economy through participation, social inclusion and sustainability, EU support focussed on improvement of the effectiveness of social assistance in reaching the needy, and the economic and social inclusion of vulnerable groups of the population (EC & Government of Mauritius 2008). This included supporting the implementation of the Empowerment Programme, an initiative proposed as part of the overall reform process, via job creation for the unemployed, redeployment of retrenched workers (in particular from the sugar industry), financing the social packages and enhanced economic opportunities for the lower-income groups and self-employment (EC & GoM 2008). Support also assisted in the reform of the education sector with an emphasis on increasing efficiency.

In summary, emphasis by the EU was placed on sugar and the social strands of the reform programme. This complementarity ensured full coherence of the ACP-EC Response Strategy for Accompanying measures and the 10th EDF CSP during the period 2008-2013. The MAAS was therefore accepted by the European Commission, EU Member States and the European Parliament, and was hailed as a model strategy "envisioning deep and comprehensive reform with due regard to the pro poor dimension" and catering for the "optimal use of biomass" (BDO & Co 2010, para. 4).

General budget support (GBS) was agreed upon by the EC and the Mauritian Government as the main aid delivery instrument and as the most appropriate financing mechanism to underpin the overall reform process. Both the 10th EDF and the funds for the MIP AMSP were channelled through GBS. The EU shifted its adjustment support to the sugar sector from sectoral to general budget support. Indeed, as mentioned above, initially, the EU with a view to supporting a clear sector policy for the sugar sector, focussed on accompanying the sector adaptation strategy through SBS for the financial year 2006/07. However, after the MAAS implementation started, in 2007/08, the response strategy in EC's 10th EDF CSP focussed on the wider economic restructuring needs of the country, through GBS.[1] Under the 2011 *Communication on the future approach to EU budget* (EC 2011), GBS is seen as an implicit recognition that the partner country's overall policy stance and political governance is on track and is provided where there is trust and confidence that aid will be spent pursuing the values and objectives to which the EU subscribes. Through GBS the EU aimed at "fostering domestic accountability and strengthening national control mechanisms as a basis for improving governance and adherence to fundamental values" (EC 2011, p. 4), conditions which Mauritius met in its overall reform process.

The choice for GBS had benefits for both the EU and Mauritius, in that disbursement was linked to outcome-based performance tranches. The definition of priorities and outcomes was carried by the Mauritian Government and the EU, with agreed upon key performance indicators (KPIs).[2] This was intended to encourage a focus on results and to protect the space for governments to determine policies. On the EU side, the outcome-based performance tranches allowed for a graduated response to partial performance, and thus reduce volatility. However, the GBS approach also posed potential risks for the EU, in that it required careful preparation and constant monitoring. The EU was able to mitigate some of this risk by applying rigorous eligibility conditions and by linking disbursement of funds to performance. The EU through the European Court of Auditors, the European Parliament and the EU Member States regularly scrutinised the Commission's budget support operations.[3] This acted as oversight on how the EU budget was/is spent.

2.4. The Eastern and Southern Africa Economic Partnership Agreement

The EU's accompanying measures for Sugar Protocol countries were meant to be complemented with trade measures, particularly those provided under the EPAs. Mauritius, along with 15 other countries in Eastern and Southern Africa (ESA), commenced negotiations on an EPA with the EU in 2004. At the end of 2007, six ESA states (Comoros, Madagascar, Mauritius, Seychelles, Zambia and Zimbabwe) concluded an interim EPA with the EU. Four of these countries (Madagascar, Mauritius, Seychelles and Zimbabwe) signed the EPA in 2009, and the agreement has been provisionally applied since 2012.[4] Concluding the ESA EPA was particularly important for Mauritius because, as a middle-income country, Mauritius does not benefit from preferential access to the EU market under the EU's Everything But Arms (EBA) initiative.

As noted in the MAAS, the ESA EPA provided a potential opportunity to boost emerging sectors prioritised by the MAAS and the broader economic reform strategy being implemented in Mauritius at the time (GoM 2006). It also offered an opportunity for Mauritius to secure EPA-related assistance for economic diversification, private sector development among other objectives (EC & Government of Mauritius 2008). For sugar specifically, the ESA EPA was crucial for replacing preferential access under the Sugar Protocol. Following the phase out of the Sugar Protocol preferences in 2009, Mauritian sugar could be exported duty-free to the EU under the interim ESA EPA. Although this did not guarantee the high prices achieved under the Sugar Protocol, it meant that Mauritian sugar was not subject to the high most-favoured nation (MFN) tariff rates levied by the EU on sugar imports, an important consideration given the aim of securing the viability of the sugar sector in Mauritius.

[1] Interview with EU Delegation in Mauritius, September 2020.
[2] Interview with Mauritius Cane Industry Authority (MCIA), September 2020.
[3] Interview with European Commission, Unit E-2 Development Coordination Southern Africa and Indian Ocean.
[4] For more information, see https://ec.europa.eu/trade/policy/countries-and-regions/regions/esa/ .

A 2021 study evaluating the sustainability impact assessment in support of the negotiations to deepen the ESA EPA noted that the ESA5 countries have made some policy and institutional reforms, with some (uneven) improvements in governance. However, positive examples include EU support for restructuring and innovation in the sugar sector in Mauritius (LSE Consulting 2021), thereby supporting domestic reforms aimed at social inclusion. On the other hand, in Madagascar and Zimbabwe, it appears that political and economic instability has been a major factor shaping social and human rights conditions (LSE Consulting 2021).

3. Sustaining social inclusion reforms under the MAAS

3.1. Social inclusion NTPOs under the MAAS

At the time the MAAS was formulated in 2006, unemployment in Mauritius was at 9% having risen from 8.3% in 2004,[5] highlighting the need for the reforms to take special consideration for the people who would lose their jobs due to the restructuring to improve Mauritius' trade competitiveness by centralizing operations and consolidating less productive sugar mills (World Bank 2006). The transition envisaged in the MAAS involved making better use of human resources, while at the same time providing adequate social safety nets for the vulnerable. Since sugar production involved the full participation of the industry at large, it was vital that the Government as regulator of the relationship between various industry partners, ensured that the benefits derived under the Sugar Protocol trickled down to the millers, planters, workers and population at large.

In the mid-2000s, the Mauritius sugar industry comprised three main categories of stakeholders: the corporate sector (millers), the planters (mostly small scale) and employees (at the factories and mills). As such, the government had to ensure that the MAAS reforms incorporated the concerns of all these categories and paid sufficient attention to a socially acceptable and "pro poor" dimension, to cater for the small planters and employees who were disadvantaged through the restructuring of the sugar sector. This was achieved through the provision of an attractive retirement package to employees who voluntarily terminated their contract of employment due to the rightsizing of sugar production entities and factory closures (GoM 2006). In addition, reskilling and loan opportunities were provided to facilitate adaptation. The employees also participated in empowerment and welfare schemes being set up by the Government under its Empowerment Programme, which included specific schemes focused on women who lost their jobs. The small planters also benefited from incentives and assistance to enable them to regroup into larger units and thereby increase their yields and lower their cost of production.

Two examples discussed below are the provision of retirement packages through the Voluntary Retirement Schemes (VRS) and the regrouping of small planters (FORIP).

a) Voluntary Retirement Scheme 2 (VRS 2)

The MAAS minimised the social impact of the sugar sector restructuring, through the provision of a generous retirement package, training and reskilling of employees who opted for the VRS and ensuring their re-integration into revenue-generating activities (Government of Mauritius, 2006). The idea of a VRS was not new and originated from the *1997 Blue Print on Centralisation of Sugar Milling Operations in Mauritius* which offered compensation for factory employees who lost their jobs due to the centralisation of mills. In 2001, compensation was extended to sugarcane planters often referred to as 'VRS 1'. This scheme was applicable to women aged 50 years and men aged

[5] See https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=MU

55 years. Priority was given planters 50 years and above. An option was also introduced for those below 50 years who wanted to retire early.

Under the MAAS, the VRS 2 built on the Blue Print and VRS 1 giving effect to the objectives of right sizing of the labour force and the reduction in the labour costs. The focus was to encourage the younger employees to accept the VRS offer and reduce the eligibility age to 45 years for women and 50 years for men. The VRS 2 also increased the compensation package to younger workers and was targeted at approximately 6000 employees (Sawkut et al. 2009). Similar to the earlier schemes, VRS 2 not only contained cash compensation but also grant of plots of land on sites fully provided with services and amenities (a residential plot of land with all on site infrastructural works). The provision of land was highly valuable and provided a means to grow subsistence crops, build housing and was an inheritance asset. By the mid-term review (MTR) of the MAAS in 2010, 78 sites covering some 350 hectares had been allocated to employees having accepted the VRS 2, the early retirement scheme (ERS) and the Blue Print for factory closure (BDO & Co, 2010). The process for allocation of land to employees required coordination between the millers/ developers and the government as the former had to undertake costs for land conversion rights, legal processes and registration, which they were able to recoup from the government.[6] This was one of the earlier lessons realised after the earlier Blue Print and VRS 1, that indebtedness if unaddressed would act as a major impediment to the implementation of the social plans of the Action Plan.

An additional aspect that made the MAAS socially beneficial was the introduction of a reskilling scheme which offered training and recycling of employees who had accepted the VRS 2. Furthermore, through the retirement and compensation schemes, the children of the employees were entitled to scholarships in specified areas of study, which ensured their continuity in education and forwarded Mauritius' goal towards an education and skilled nation. The MAAS also included specific provisions to support women who were affected by the VRS, since they retired younger as opposed to men, and their basic salary was lower than for men on account of the wage packages and remuneration orders prevailing in the sugar industry (Tandrayen-Ragoobur 2012). An amount of Rs 800 million was therefore included in the MAAS for their adaptation and empowerment (GoM 2006). These funds were allocated to safety nets under the revamped Social Aid program (as part of broader welfare reform), to augment the resources of the Empowerment Fund.

The government together with the EU agreed on key performance indicators (KPIs) for the variable tranche of on the implementation of the VRS, ERS and closure & centralisation of milling operations.[7] The Government and the corporate sector agreed on the roll out of the VRS 2 in 2007, building on what had already been achieved in the VRS 1 and earlier Blue Print schemes. At the time of the MAAS' drafting, it was anticipated that some 6000 workers would benefit from the VRS 2, a number which increased to 8,493 between 20017-2014.[8] The beneficiaries were eligible for cash compensation and land compensation in the form of a residential plot of land with all on site infrastructural works. By November 2019, the total number of beneficiaries under the Blue Print, VRS 1, ERS and VRS 2 amounted to 18,012 people of which 17,114 had received their title deeds.[9] This successful implementation of the VRS enabled Mauritius to secure disbursements from the EU.

b) Field Operations Regrouping and Irrigation Project (FORIP)

Mauritius' sugar industry operates in a complex politico-socio-economic system in which the sugar industry is economically dominated by the corporate/ private sector, who provide jobs to planters and employees, as well as revenue and foreign exchange to the government. However, the small planters are a key minority stakeholder, playing a crucial role in traditionally continuing to produce sugarcane on a small scale. The government, as the

[6] Interviews with MCIA, September 2020.
[7] Ibid.
[8] Ibid.
[9] Ibid.

regulator, has the key role in ensuring that the benefits of its future developments in the sugarcane cluster are equitably shared amongst all the industry stakeholders (CABRI 2019). Support to the small planters group was therefore vital for the reform for the future viability of the sugar cane cluster as envisaged in the MAAS.

Under the MAAS action plan, incentives and support was provided to the small planters to enable them to gather into larger units, via the Field Operations Regrouping and Irrigation Project (FORIP), thereby enhancing production coupled with economies of scale, increasing their cane yields and lowering their production costs. The FORIP was important to ensure the future viability of small and medium planters in line with the pro-poor objectives of the MAAS.

Production from the small and medium planter sector is essential for the continuity of the sugar production agreed upon under the ESA level in order to meet the tonnage agreed upon under the EU-ESA EPA. In addition, economies of scale and enhanced cane supply would impact positively on the milling sector. An added benefit of FORIP was that the land under cane as opposed to abandoned land, affords better protection and preservation of the environment and fit in well with Mauritius' vision in the *Maurice Ile Durable* project and complied with the environmental concerns of the EU (discussed below). In addition, the FORIP allowed the optimisation of the synergies between sugar institutions such as the then Mauritius Sugar Authority (MSA, now the Mauritius Cane Industry Association - MCIA), Mauritius Sugarcane Industry Research Institute (MSIRI) and sugar producers both small and large. These aspects incorporating sustainability of small planters were fully compliant with the requirements of the EU for the funds to be disbursed.

The government and the EU set a KPI for the successful implementation of the FORIP with set targets. Interviews with MCIA noted that the pilot Phase 1 (August 2006-April 2007), covered 340 hectares and had encouraging results which pivoted the subsequent efforts through fifteen phases to a total of 11,568 hectares by June 2020, representing implementation of 96.40% of the project. The successful implementation of this target by the Government of Mauritius enabled Mauritius to secure financing from the EU under the Accompanying Measures. Since 2015, the FORIP has been replaced by the Sugar Planters Regrouping Project which continues the regrouping, derocking and land preparation[10]. According to the MCIA, in the 2020/21 Budget, the Government of Mauritius has discontinued the funding of the FORIP project given that the objective set has been attained.[11]

3.2. EU support to social inclusion NTPOs under the MAAS

The EU prioritised the social reforms as evidenced in the support of social aspects through the Accompanying Measures funds and the 10th EDF. Interviews conducted with Mauritian domestic stakeholders revealed that the initial amount envisaged by domestic stakeholders for support to the MAAS implementation was estimated at €700 million, however the actual amount disbursed by the EU was less.[12] As such, under the MAAS, a prioritisation/ranking exercise was conducted in respect of the funding of the projects into four categories. The first one related to projects that have both the economic and social dimensions namely VRS, social costs of factory closure, enhancement of the competitiveness of planters; revenue support in difficult areas, cess reduction and the provisions for the social safety net under a revamped Social Aid program and contributions to the Empowerment Fund. The second one referred to the energy dimension of sugar cane namely: research in cane biomass, ethanol production and electricity generation. Funding for this included the possibility of obtaining funds from banks, the local stock exchange and strategic foreign investors. The third category related to debt alleviation and attracting equity financing. The fourth

[10] See MCIA, Agricultural and Mechanical Unit https://mcia.mu/agricultural-mechanisation-unit/
[11] Interview with MCIA, September 2020.
[12] Interview with Mauritius Chamber of Agriculture, September 2020.

category comprised projects that would have to be funded by the corporate sector in respect of factory modernization, land preparation, mechanization and irrigation.

Prioritisation was given to the social inclusion reforms, such as, VRS, FORIP and the provisions for the social safety net under a revamped Social Aid program and contributions to the Empowerment Fund which were the focus on EU support.[13] The MTR, for example, notes that "planters would never have been able to prepare their plantations had it not been for the support afforded by Government from under Accompanying Measures" (BDO & Co 2010, para. 221).

During the implementation, some of the amounts originally envisaged in the MAAS for the social inclusion reforms had to be increased and required additional disbursements from the EU to meet the targets set. The flexibility principle guiding EU support was instrumental in the MAAS implementation as it allowed for the review and adaptation of KPIs during the course of programme implementation to ensure realism of expected results. For example, the cost of the VRS originally envisaged an initial amount of €47million was later revised to €97million to support the increasing number of employees who opted for the VRS and the rising cost of the infrastructure in respect of land to be given to employees (GoM 2006).

Alongside the MAAS, the EU under the 10th EDF also supported the Mauritian Government's Empowerment programme, as part of the overall reform programme under pillar 4 which focused on democratising the economy through participation, social inclusion and sustainability. The Empowerment Programme aimed at easing the burden of unemployment, securing viable employment, encouraging entrepreneurship and improving competitiveness. It also contained specific provisions to support women. In the 2006/07 Budget speech by Minister of Finance and Deputy Prime Minister Dr. Rama Sithanen, this programme was set out for 5 years at a financial cost of Rs 5 billion with expectation of support from the international community (Sithanen 2006). The Empowerment Programme complemented the empowerment and adaptation component of the MAAS, through which training and reskilling of employees was done under the VRS 2. Furthermore, the programme supported the overall welfare reforms in Mauritius by providing wage subsidies for on-the-job training and retraining of unemployed and recycled workers including from the sugar (and textile sectors) (EC & GoM 2008).[14] It also provided social safety nets such as social housing and financial and technical support for small and medium enterprises. The National Empowerment Foundation created in 2008 continues the initiatives of the Empowerment Programme.[15]

3.3. Local success factors and challenges

Under the MAAS implementation, prioritisation was given to projects that had both the economic and social dimensions namely the VRS, social costs of factory closure, enhancement of the competitiveness of planters; the provisions for the social safety net under a revamped Social Aid program and contributions to the Empowerment Fund (GoM 2006).

Successful implementation of the social reforms in the MAAS is also attributed to the 2007 amendments to the Sugar Industry Efficiency (SIE) Act of 2001, which translated the social reforms into legislation spelling out clear provisions regulating the use of the VRS and ERS.[16] For example, the 2001 SIE Act was amended to provide for the recouping of costs for land conversion (GoM 2007). In addition, the 1974 Sugar Insurance Fund Act was also amended in 2012

[13] Interview with EU Delegation in Mauritius, September 2020.
[14] Interview with Dr. Rama Sithanen.
[15] More information on the National Empowerment Foundation at http://www.nef.mu/historique.php.
[16] Sugar Industry Efficiency (Amendment) Act 2007, 1 March 2007.

to provide incentives to planters joining the FORIP, in terms of lower premia and higher compensation in case of adverse climatic events, and to enable the insurance of refineries (BDO & Co 2010; GoM 2012).

Government's role as an arbiter between conflicting interests and as the facilitator of the coordination between various stakeholders in the MAAS implementation was also an important factor. Close collaboration between Government, MSA as executing agency for the implementation of sugar reform and the Mauritius Sugar Producers Association (MSPA) representing sugar producers was instrumental "in effecting investments in a timely manner and in fully participating in the implementation of pro poor projects'' (BDO & Co 2010, para. 237). They included investments used in the FORIP for land preparation and the acquisition of equipment; preparation of land to be granted to employees having accepted the VRS schemes, for cash compensation and minor cost purposes; and for training schemes (BDO & Co 2010). In agreement with the Government, the MSA and MSPA, the Sugar Reform Trust was established to manage the disbursement of funds for the social costs incurred for the VRS 2, ERS and the Blue Print (BDO & Co 2010), which ensured transparency, efficiency and ownership in the social reforms. This domestic coordination was instrumental in the implementation of the retirement packages in the MAAS.

The role of the sugar companies (private sector) was an important factor in the MAAS implementation. For example, millers were engaged in the FORIP and provided managerial and supervisory services and shared their longstanding experience in the preparation and cultivation of large extents of land. Sugar companies also undertook land and topographical surveys to the benefit of small planters. The MTR noted that until 2009 some of these services were offered for free by sugar companies. Where costs were incurred, for example, in land preparation, acquisition of title deeds and registration of property, the private sector was also able to recoup costs incurred from the Government through support made available in the AMSP.[17] Indebtedness of the corporate sector due to the closing of the factories and the high costs of the VRS were some of the challenges highlighted in the MAAS as preventing them from participating in the reforms. The reimbursement from the Government therefore enabled the private sector to be able to effectively carry out the required investments of the pro-poor reforms.

4. Sustaining renewable energy reforms

4.1. Renewable energy NTPOs under the MAAS

One of the objectives of the MAAS was for the optimal use of byproducts from sugarcane for energy production. This was to be achieved from the transition into a sugarcane cluster with potential to become a bio-factory in the long term through the production of high value-added products including proteins, pharmaceuticals, vaccines, polymers and textiles (GoM 2006). In relation to sustainability, the MAAS sought to increase renewable energy production in Mauritius. In particular, it sought to expand the contribution of bagasse -a by-product of the sugar industry- in electricity production. The expansion of renewable and cost-effective energy would have the benefit of reducing local dependence on imported fossil fuels and would potentially lead to reduced greenhouse gas emission. It would also help ensure the sustainability of the sugarcane cluster. The expansion of energy-related activities (electricity from bagasse and bioethanol production) of the sugar industry alongside sugar production complements the competitiveness of the industry thereby ensuring its viability (CABRI 2019).

[17] Interview with MCIA.

i) Bagasse energy production

The MAAS estimated there would be increased electricity production from bagasse “from 300 to 600 GWh and total electricity production from bagasse/coal from 750 GWh to 1700 GWh” (GoM 2006, para. 88). The objective was to increase the contribution of the sugarcane cluster to the national energy production. In the MAAS, it was anticipated that the development of bagasse/coal plants would impact positively on technology through development of cane varieties, as part of the key components outlined in the MAAS. Through the development of modern cogeneration plants using bagasse and coal, Mauritius was able to not only reduce its dependence on fossil fuel, but also generate positive environmental impacts such as lower air pollution. In addition, in the MAAS the possibility was foreseen for “net positive global benefits from coal/bagasse co-generation plants if sufficient carbon-neutral bagasse is burnt to offset higher CO_2 emissions of coal relative to fuel oil” (GoM 2006, para. 164). This would enable Mauritius to be able to use specific projects to generate emissions reduction credits under the Kyoto Protocol (EC & GoM 2008). In the MAAS, the cost of the power plants was initially set at €231 million but was revised up to €278 million to accommodate more plants that were considered as a result of the closure of seven factories.

ii) Ethanol production

Apart from energy production using bagasse, molasses as a biomass also presented an opportunity for forwarding the production of renewable energy and to increase the contribution of sugarcane to the national energy production. Conversion of molasses to ethanol is an integral part of Mauritius’ energy security strategy and in November 2006 the Mauritian Government approved an Ethanol Development Strategy. Within the MAAS, the envisaged amount was for the production of 300 million litres of ethanol annually from molasses, for use as fuel for the new power plants and also as vehicle fuel and the costs estimated for ethanol production were €16 million for the establishment of 2 distilleries (GoM 2006).

Ethanol production served the double benefit of both fuel for new power plants and as vehicle fuel. In addition, from an environmental perspective, ethanol production is accompanied by the production of concentrated molasses stillage, which is used as a potassic fertiliser (GoM 2006).

The MAAS embraced the concept of flexi-factories to allow the possibility to produce any type of sugar and to shift from sugar to ethanol production whenever required. However, the attractiveness of ethanol production depended on the price of molasses which would only be “feasible if the oil prices are significantly and sustainability higher than 80 $ per barrel” (GoM 2006, para. 86). This pricing factor has shaped the progress of ethanol production in Mauritius.

In summary, the MAAS thus provided an opportunity for Mauritius to optimise the use of biomass (bagasse and molasses) in order to substitute the use of fossil fuels, to produce renewable energy and to facilitate earnings in carbon credits. In addition, environment protection and preservation were pursued through the optimal use of bagasse through the installation of bagasse/coal plants and the establishment of distilleries for molasses, thus arguably reducing the need for fuel oil plants.

4.2. EU support to renewable energy NTPOs under the MAAS

In the MAAS, renewable energy projects for both bagasse and ethanol production were earmarked for funding as part of the EU’s accompanying measures (€278 million and €16 million respectively.) The remainder of the funding was to be sourced from other sources like the private sector or from other agencies in order to maintain the viability and sustainability of the industry (CABRI 2019).

As mentioned above in section 2.3, the 2006 EU sugar SBS programme included the provision to support the energy reforms in the MAAS. The EU set a pre-condition pertaining to the definition of a coherent energy policy fully integrating the sugarcane cluster, including a fully-costed framework, incorporating sources of supply, demand management and use of other forms of renewable energy. This required international technical assistance, some of it provided by the EU (and the rest by other donors). The development of a coherent energy policy by Mauritius was therefore a precondition for the EU disbursement of the 1st tranche of the SBS programme (EU & GoM 2006). Following the transition to GBS, the EU did not have specific sector support to the energy sector, nor to the private sector who is mainly involved in the production of renewable energy through bagasse energy production and ethanol production. This raises the question of whether this lack of targeted private sector support did not negatively affect the effective implementation of the energy reforms, thus resulting in a 'missed opportunity' to fully realise these reforms as expressed in some of the interviews conducted. Successful examples of EU support to the private sector were seen in the support to the rum sector in the Caribbean for instance (Braun-Munzinger & Goodison 2010; and Dunlop 2004).

It was also envisaged in the MAAS that funds for ethanol and bagasse electricity would in principle be sought from other sources such as the EU-ACP Energy Facility (GoM 2006). The Energy Facility is an EU funding mechanism aimed at promoting energy initiatives and projects in ACP countries. It is based on the idea that access to modern energy services is a prerequisite for social and economic development. Grants are made for projects in combination with other financial sources, such as private investments.[18]

Following the MAAS MTR in 2010, EU support under the AMSP (2011-2013) included the *Maurice Ile Durable* (MID) initiative, encompassing sustainable development and renewable energy. The MID concept was initiated in 2008 in response to the global energy crisis in 2007 and aimed to minimize Mauritius' dependency on fossil fuels through increased utilisation of renewable energy and a more efficient use of energy in general.[19] It therefore served as a useful framework to bolster the MAAS focus on renewable energy reforms. In addition, the EU, through the Global Climate Change Alliance for Mauritius, provided funds to the amount of €3 million (2010-2013) to complement the ongoing general budget support programme in support of the government's ten-year economic reform of the Government of Mauritius, which included the *Maurice Ile Durable* strategy.[20]

Within the framework of the MAAS, the European Investment Bank (EIB) supported through loans, the upgrading of cogeneration plants and the use of modern combustion technologies. For example, the EIB funded the bagasse/coal plant at Belle Vue, which had multiple benefits, such as environmental safety, security of supply/reduced reliance on oil, and enhanced sugar industry performance (EC & GoM 2008). In addition, the EIB approved an €8m ($10.7m) loan to the Omnicane ethanol distillery at La Baraque in the south of the island (Africa Energy 2015). Such projects fit within the criteria for sustainability to which EU and EU-related support was focussed.

In line with its focus on sustainable development, the EU funded the Strategic Environment Assessment (SEA) of the MAAS Action Plan, jointly undertaken by the EU and Government of Mauritius. The key findings of the SEA related to factory closure; mechanisation of field operations and regrouping of small planters; the installation of coal/bagasse power plants; the annual production of 30 million litres of ethanol; the management of difficult areas under cane and the conduct of a study on the phosphate and nitrogen balance in Mauritius (AGRECO Consortium 2007). Accordingly, the Government was to undertake constant dialogue with its development partners on the mainstreaming of environmental considerations in all policies and ensuring the conduct of SEAs in key economic sectors, including energy (EC & GoM 2008). Findings from the SEA recommended that EU support to the MAAS

[18]For more on the EU-ACP Energy Facility, see http://www.inforse.org/europe/eu_acpfacility.htm
[19] For more on Maurice Ile Durable see http://mid.govmu.org/portal/sites/mid/aboutMID.htm
[20] See https://www.gcca.eu/programmes/global-climate-change-alliance-mauritius

should promote the upgrading of cogeneration plants and should also stimulate potential use of modern combustion technologies, which were vital for renewable energy production.

The EU in its internal 2006 *EU Strategy for Biofuels* made provision to support developing countries including by ensuring that accompanying measures for Sugar Protocol countries affected by the EU sugar reform could be used to support the development of bioethanol production (ECC 2006).

4.3. Local success factors and challenges

The ambitious renewable energy reforms in the MAAS required the re-engineering of the energy sector's legal and institutional framework to enhance the involvement of the private sector and encourage sustainable investment in bagasse energy production and ethanol production (Seng To et al. 2018). Fossil fuels have and still are the dominant energy source in Mauritius and create a high import dependency on fuel to meet the country's electricity demands. A fossil-fuel based economy has been associated with problems including economic instability, energy insecurity, social inequity, environmental pollution, and global warming, especially for small island developing states (SIDS) such as Mauritius.

Initiatives supporting renewable energy started relatively early and put the focus on biomass/bagasse. Through the years, Mauritius has developed a comprehensive policy framework that combines direct policies with integrative and enabling ones (Müller et al. 2020). Developments on bagasse production predate the MAAS. The Bagasse Energy Development Programme was formulated in 1991 to consider bagasse electricity and the reduction of oil dependency (Sawkut et al. 2009). Power purchase agreements (PPAs) with independent power plants (IPPs) were made for the supply of electricity in the crop season using bagasse and supply of electricity using bagasse and coal (Sawkut et al. 2009). Restructuring of the sugar industry in the MAAS included plans for the expansion of bagasse's contribution in electricity production.

The country through its national Integrated Electricity Plan (IEP), for 2003-2012 and subsequent IEP for 2013-2022, has sought to create a sufficiently broad energy portfolio to safeguard the country's energy security and protect it from price instability, while also being sensitive to environmental imperatives. The MAAS fit into these already ongoing energy discussions, a basis on which the renewable energy reforms could follow and build upon. The MAAS therefore reinforced Mauritius' move to optimise the use of biomass (bagasse and molasses) in order to substitute the use of fossil fuels, to produce renewable energy and to facilitate earnings in carbon credits. The main drivers pushing the move towards bagasse/coal cogeneration in Mauritius were concerns over dependence on fossil fuels in the electricity sector, downward price pressure from the reform of the EU sugar regime in the sugar sector, as well as rising demands for (clean) electricity (Seng To et al. 2020).

Under the MAAS, support for renewable energy reforms was subject to the fulfillment of certain conditions. The MTR noted that a "national transparent dialogue on a long term strategy" was a condition for the disbursement of the fixed tranche of the 2009/9 AMSP (BDO & Co 2010). Subsequently, Mauritius adopted its Long-Term Energy Strategy (2009-2025), and its Renewable Energy Roadmap 2030 (in 2019), through which it has embarked on the development of renewable energy technologies, diversifying the electricity mix of the country and adopting cleaner sources of energy. (GoM 2019).

The private sector has been and is a major investor in the renewable energy sector. As such, the government adopted a series of policy reforms to boost technical innovation and investment in the energy sector. They included the development of PPAs; bagasse storage to ensure availability of raw material for the power plants, and the complementary use bagasse-cum-coal cogeneration; factory rehabilitation and modernisation for improving energy efficiency; and fiscal incentives for investment in modern and state-of-the-art power plants (CABRI 2019). Post MAAS, the Mauritius government through the 2018 Renewable Sugar Cane Industry Based Biomass Framework, aims to "promote production of energy from biomass, including sugar cane, cane trash, high fibre cane, fuel canes, gramineae and other related biomass, generated by the sugar cane industry" (GoM 2016). Similarly, the government through the 2018 Ethanol and Molasses Framework aims to provide value addition from ethanol obtained from molasses or from any other raw material obtained from sugar cane (CABRI 2019). This expansion of energy-related activities through electricity and bioethanol production of the sugar industry is complementing the competitiveness of the industry and ensuring its viability (CABRI 2019).

However, various factors hampered the implementation of the renewable energy elements of the MAAS, and this remains an important area for development of the Mauritian sugar cane cluster.

Despite efforts made towards renewable energy in Mauritius, challenges arose in translation of these reforms into practice. Energy production as envisioned in MAAS has not been fully implemented due to on-going negotiations between the IPPs and the government on bagasse energy. In addition, energy pricing for bagasse was lower compared to fuel oil which may be seen as a disincentive to invest given the lower pricing of the former. Energy pricing is an important factor which required government intervention to reach an agreement, yet this was not resolved before the start of the MAAS implementation.[21] There were also concerns that the small planters were not benefiting enough from the opportunities presented by the energy reforms (Ackbarally 2014).

Similarly, the implementation of ethanol projects has been slowed due to the absence of an operational framework regarding the substitution of gasoline by ethanol in Mauritius (BDO & Co 2010). For example, the MTR noted that the absence of an operational framework regarding the substitution of gasoline by ethanol in Mauritius was a major shortcoming. Discussions on the production and use of ethanol are ongoing including in Mauritius around the pricing of molasses.[22]

5. Lessons from EU support to NTPOs in Mauritius

5.1. Alignment with domestic reform processes and objectives

The 'success' of EU support was contingent upon alignment with Mauritius domestic reform process. In Mauritius, the government was already undertaking domestic reforms following the 'triple shocks' which necessitated the overall reform process announced in Dr. Rama Sithanen's 2006-2007 budget speech outlining the 4 pillars of the economic reforms. It was relatively easier for the EU support to be tailored to support these ongoing domestic reform processes including the social inclusion and renewable energy NTPOs. The 'success' of EU support in the MAAS was due to a number of factors including:

> i) the fact that it built on pre-existing locally-owned and developed plans and processes, for example the VRS was built on the earlier Blue Print to offer compensation to workers due to factory closure, as such, there was already political 'traction' and hence EU support to these NTPOs in the MAAS, as it was seen by Mauritius as support for its own policy objectives; and

[21] Interviews with MCIA and Mauritius Chamber of Agriculture, September 2020.

[22] Interviews with MCIA, September 2020. For ongoing consultations see the [Joint communique by Ministry of Agro-Industry and Food Security and the World Bank.]

ii) there was a widely accepted need within Mauritius to cushion the negative impact of reforms on vulnerable segments of the population such as the employees, workers and small planters who would be adversely affected due to the structural transformation of the sugar sector into a sugar cane cluster. The EU played a key role in providing technical assistance and in 'evangelising' various domestic stakeholders on the NTPO reforms of the MAAS, such as through supporting sensitization seminars and fact-finding missions.[23]

5.2. Monitoring and evaluation to sustain reform progress

One clear lesson for proper monitoring of the EU support was for the need for clear KPIs to track progress and implementation of the reforms, with performance linked to disbursement.[24] In Mauritius, EU support was successful in this aspect because the objectives, outcomes and performance indicators for the reforms were co-defined with local public and private stakeholders, ensuring buy-in and ownership. In addition, in Mauritius, multi-stakeholder engagement was effective because of pre-existing constructive public-private engagement processes. As noted in the MTR, a national transparent dialogue on a long-term energy strategy was a condition for the fixed tranche of the 2008/9 Accompanying Measures to be disbursed, highlighting the importance of dialogue within the reform process. The social reforms in Mauritius are a good example of the use of KPIs as both the VRS and FORIP have had a steady progress of implementation since the MAAS implementation began in 2006. The FORIP was implemented in 15 phases (August 2006- June 2020) linked to disbursement which has been successfully implemented.[25] As at the end of June 2020, the FORIP has achieved a success rate of 96.40% of implementation and the government has discontinued the funding of this project given that the objective set has been attained.[26]

5.3. Domestic political, economic, social and institutional factors

Domestic actors played a crucial role in the implementation of the MAAS and understanding the interest of actors and the local factors that shape implementation. The 'reformist' Mauritian Government, the tradition of constructive public-private engagement, general recognition of the 'multifunctional' role of the sugar sector and the structure of the sugar sector with multiple players (corporate sector, workers, small planters) were relevant factors that shaped prospects for reform and support to sustaining reforms in Mauritius including NTPOs.

Institutionally, coordination among the Mauritius institutions and the private sector led to the success of the reforms in the MAAS, including the gradual modernisation of operations, upscaling of sugar factories, reinforcement of organisational structures, consolidation of the small-planter community, and investment in the generation of value-added products in the industry including the optimal use of by-products. Government as regulator had to ensure that the necessary legal framework allowed for this cooperation, for instance, in 2007, legislative amendments to the SIE Act had to be made to ensure the effective implementation of the MAAS reforms. These domestic factors were important to sustain the momentums of the reforms, which in turn reinforced EU support to the ongoing reform process.

[23] Interview, September 2020.
[24] Interview with MCIA, September 2020.
[25] Ibid.
[26] Ibid.

5.4. Policy coherence

Policy coherence is important when tailoring EU support for NTPOs in partner countries. The case of Mauritius is a good example of such policy coherence, both from the side of Mauritius and from the EU side in support of the social inclusion and renewable energy reforms in the MAAS and also present in the overall Government reforms process. The EU used its various financing mechanisms, such as the 9th and 10th EDF and the Accompanying Measures to provide support to these NTPOs. The availability of these multiple funding options enabled Mauritius to tap into various EU programmes to support the reform process and also highlights the importance of EU support being tailored to support domestic reforms that were a priority for Mauritius.

Apart from policy coherence, coordination among donors is also important when providing support to NTPOs to avoid duplication and fragmentation. In Mauritius, one of the EU's principles guiding its support was harmonisation with other donors (EC & GoM 2008). This coordination was in line with the harmonisation of aid delivery. For example, the 10th EDF CSP was prepared in close consultation with the World Bank as part of the harmonisation agenda and included a shared diagnosis and common results matrix (EC & GoM 2008). The two institutions also agreed to joint implementation, through coordinated budget support operations, as well as to close coordination of supporting analytical work, including joint evaluations and a mid-term review of their support to Mauritius (EC & GoM 2008). Other donors included the United Nations Development Programme (UNDP), the African Development Bank and the French Development Agency (AFD).

5.5. Trade measures and agreements

The EU-ESA EPA, while not directly relevant for the NTPOs, did provide some benefits for Mauritius sugar exports and therefore safeguarded to some degree the viability of some sort of sugar industry/cluster in Mauritius through the sugar export tonnage to the EU under the EPA. Without it the impact of the Sugar Protocol reform may have been even more severe for Mauritius and its ability to further the NTPOs discussed here. Perhaps even more importantly, the loss of unilateral EU trade preferences for ACP from 2008 to be replaced by an EPA was one of the drivers and internal political scapegoats for Mauritius to engage in a diversification of its economy and ambitious adjustment process away from the dominance of the sugar sector. To the extent that one of the main objectives of the EPA proposed by the EU was to help ACP countries diversify and reform their economies, the case of Mauritius is illustrative of how EU trade policy and a domestic reform agenda can reinforce one another and contribute to achieve non-trade policy objectives. But for such NTPOs to be achieved, significant accompanying measures and policies were necessary.

5.6. Concluding remarks

The EU's financial and technical support to the social inclusion element (reskilling, social safety nets, organising small planters, etc.) of Mauritius' economic reform process of the mid-2000s - itself partly inspired and necessitated by an adjustment of the EU's sugar import regime (Sugar Protocol) and shift in EU-Mauritius trade relations (eventually to a reciprocal trade agreement - the EU-ESA EPA) - was effective in sustaining these reforms. The 'success' of EU support was due to a number of factors including:

> i) the fact that it built on pre-existing locally-owned and developed plans and processes (e.g. a voluntary retirement scheme) for which there was already political 'traction' and hence support was seen by Mauritius as support for its own policy objectives;

ii) there was a widely accepted need within Mauritius to cushion the negative impact of reforms on vulnerable segments of the population;

iii) the objectives, outcomes and performance indicators for EU support to these reforms were co-defined with local public and private stakeholders, ensuring buy-in and ownership;

iv) this multi-stakeholder engagement was effective because of pre-existing constructive public-private engagement processes in Mauritius;

v) EU support was provided in a coherent way, including through using different financial support instruments; and

vi) and the fact that economic reform was needed for Mauritius to better take advantage of a changing EU-Mauritius trade regime.

Perhaps more general tentative lessons can be derived from the case of Mauritius. European efforts to promote its NTPOs in partner countries are more effective when they build on, are aligned with and/or are embedded in locally-owned reform processes around which there is broad consensus among influential local stakeholders. Coherence between different actors (EU institutions, EU member states, partner country governments and other development partners) and between different policy instruments (trade agreement, development cooperation instruments, policy reform agenda) can also be helpful in promoting EU NTPOs. In this respect, co-defining priorities, objectives, outcomes and indicators with partner country governments and other important local stakeholders can help ensure a buy-in to reform processes targeting NTPOs and can facilitate more effective implementation and monitoring. Trade policy and instruments, and adjustment support measures seem most effective when they are tailored to accompany a strongly owned domestic reform agenda.

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