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REPORTS OF THE EXECUTIVE DIRECTOR ON OPERATIONAL MATTERS

Agenda item 8

PROGRESS REPORT ON DEVELOPMENT PROJECT SAO TOME AND PRINCIPE 5392.00

Support to agrarian reform and agricultural development

Total food cost	2 958 000 dollars
Total cost to WFP	4 488 152 dollars
Date approved	20 March 1995
Date plan of operation signed	11 December 1995
Date notification of readiness accepted	13 December 1996
Date of first distribution	1 January 1996
Duration of WFP assistance	Four years
Duration of project as at 30 November 1997	One year and 11 months

All monetary values are expressed in United States dollars, unless otherwise stated.



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This document is submitted for information to the Executive Board.

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The Secretariat therefore invites members of the Board who may have questions of a technical nature with regard to this document, to contact the WFP staff member(s) listed below, preferably well in advance of the Board's meeting. This procedure is designed to facilitate the Board's consideration of the document in the plenary.

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PURPOSE OF THE PROJECT AND OF WFP ASSISTANCE

Background

1. The project is part of an agrarian reform programme begun in 1992-93 by the Government of Sao Tome and Principe in collaboration with the World Bank and a number of bilateral and multilateral donors in the framework of a structural adjustment plan. The programme aims at strengthening the agricultural sector by privatizing 20,000 hectares of land.

Long-term objective

2. The long-term objective is to achieve the complete privatization of the agricultural sector together with its diversification.

Immediate objectives

3. The project's immediate objectives are to provide:
 - a) support to new settlers during their first year on the land; and
 - b) a wage supplement to farm workers on state plantations (*roças*) in order to encourage them to stay and maintain the *roças*' productive capital. This support is temporary, limited in scale, and will be phased out completely over the four years.

Role of food aid

4. Food aid is aimed at:
 - a) enabling settlers to devote themselves to improving their land;
 - b) providing temporary support intended to facilitate the process of the *roças*' privatization.

IMPLEMENTATION

5. The Ministry of Agriculture and Fisheries is responsible for executing the project. The project is managed by a national directorate staffed by a team of 16, including the Director.

Targeting

6. Two beneficiary groups are targeted: new settlers (smallholders), and salaried labourers of the nine *roças* being privatized. The targeting is closely linked to the process of agrarian reform.
7. WFP assistance will focus on sub-farms (a subdivision of the *roças*). These are generally backward and isolated areas where government labourers live. Eighty three sub-farms in the country have been benefiting from WFP assistance.



Women's role

8. The country has a large number of women as household heads, and they are often classified as among the most food-insecure groups, given the precarious conditions in which they live. Among the objectives of the project is that at least 30 percent of the new settlers benefiting from WFP assistance should be women. That target was in fact exceeded (35 percent) in the smallholders' group, while 36 percent of the farm labourers are women.

Distribution

9. Commodities will be shipped to the port of Sao Tome and stored in central warehouses prior to onforwarding every month by truck or barges to beneficiary *roças*. The *roças* will in turn forward the commodities to the sub-farms for distribution to beneficiaries.

FOOD MANAGEMENT

10. In accordance with the plan of operations, WFP has committed 6,363 tons of commodities as follows: 5,115 tons of rice, 585 of beans, 221 of vegetable oil and 442 of canned fish. Local purchases of 100 tons of dried fish and 100 of vegetable oil, which had initially been envisaged, did not take place given the unfavourable conditions on the domestic market.
11. As at 30 November 1997, 2,638 tons of food had been received, i.e., 41.4 percent of the total committed. They were broken down as follows: 2,070 tons of rice, 270 of beans, 103 of vegetable oil and 195 of canned fish.
12. As at the same date, 1,838 tons of food had been distributed, representing 29 percent of the total and 49 percent of the target for the period under consideration.
13. Supplementary assistance to settlers on marginal lands (20 percent) envisaged under the plan of operations did not take place because the very small quantity of products involved (4.6 tons) and the dispersion of beneficiaries over a wide area made it uneconomic.

Post-delivery losses

14. Over the period under consideration, post-c.i.f. losses amounted to 297.1 tons, or 11.2 percent of the 2,638 tons received. There are four main reasons for these excessively high losses: dockside losses, 216.5 tons; infestation, 25.7 tons; products soaked during unloading, 49.9 tons; damaged containers, five tons.
15. Despite repeated appeals to project authorities, losses have not diminished. Accordingly, legal proceedings have been initiated to obtain compensation for the damage and to serve as an example. A verdict is expected in the near future. At the same time, WFP has despatched a logistics expert to Sao Tome to determine what measures should be taken to reduce the losses. In addition, a senior WFP official should be visiting the country soon to study together with the authorities what concrete measures they intend taking to remedy the situation decisively and immediately. Failing a substantial improvement in food management, deliveries will be suspended.

Internal transport, storage and handling (ITSH)

16. ITSH subsidy funds are derived from residual funds generated by project Sao Tome and Principe 2257.02. As at 23 January 1996, total funds available amounted to 229,200,000



dobras, or the equivalent of 190,890 dollars at 30 dollars a ton. As at 30 November 1997, total expenditures had reached 70,642,460 dobbras, or 31 percent of the initial budget, leaving a balance of 158,557,540 dobbras. The vertiginous depreciation of the local currency against the dollar,¹ together with resulting inflation, have dangerously eroded the value of the generated funds and effectively jeopardized the entire operation. If the funds run out, the project's budget will need to be increased in order to cover additional expenses.

GOVERNMENT'S CONTRIBUTION

17. Although the Government has supplied sufficient manpower to the project, the low level of wages paid remains a worrying source of demotivation and risks endangering the project's progress. The Ministry of Agriculture has sometimes had problems meeting port fees on receipt of the commodities and this resulted in considerable delays in clearance from port.

EXTERNAL ASSISTANCE

18. The agrarian reform project is an integrated programme executed in a multi-donor environment. Apart from the World Bank, which is contributing 10 million dollars, other multilateral and bilateral donors are involved in various components.
19. A mechanism enabling WFP to exchange information with a number of its partners is in place. For instance, World Bank projects and the National Programme for the Promotion of Family Agriculture (PNAPAF) supply, among other things, data required for the selection of target groups.

EVALUATION

20. A summary table of the project's quantitative objectives and achievements is annexed to this report. WFP assistance has successfully contributed to the process of land settlement. For example, the average number of settlers exceeded the target set for the first year of the project. As at 30 November 1997, they totalled 3,690 as compared with the 2,375 anticipated, equivalent to an achievement rate of 155 percent. Within that figure, the proportion of women beneficiaries was 35 percent as against the 30 percent planned. This high rate of participation by women reflects their increased access to land ownership and thus to means of production. It is all the more significant since women are one of the country's most vulnerable groups.
21. According to the Ministry of Agriculture, more than 80-90 percent of the land made over to smallholders is farmed. There is, however, a lack of reliable information regarding its level of productivity.

¹ The rate of exchange against the dollar at the time of establishing the ITSH budget was one dollar to 1,200 dobbras; the current exchange rate being one dollar to 6,992 dobbras, the ITSH budget balance mentioned above (which should have been worth 132,131 dollars at the initial budgeting rate) is equivalent to only 22,677 dollars, or six times less.



22. According to reports from beneficiary *roças*, the wage supplement paid to workers has successfully reduced absenteeism. However, the number of beneficiary workers is much lower than planned for the period. This may be explained by the fact that more workers than expected have opted to participate in the land settlement programme. However, it appears that the number of workers was over-estimated because of a lack of reliable data at the time of project design.
23. Given these various factors, as at 30 November 1997, the number of beneficiaries was lower than planned (5,662 instead of 10,000), i.e., an average achievement rate of 57 percent.
24. Total land distributed was 16,717 hectares, or 83.6 percent of the 20,000 hectares initially planned and 102 percent of the cumulative objectives at the time of this report.
25. In order to improve the quality of project monitoring and evaluation, the WFP office in Sao Tome organized a training seminar for counterpart staff in October 1997.

CONCLUSIONS AND RECOMMENDATIONS

26. The positive role played by food aid in the process of agrarian reform is unanimously recognized by the ministry in charge of project execution as well as by other partners and the beneficiary community.
27. If the Government decides to include other enterprises in the land settlement programme, it is recommended that WFP maintain the flexibility required to assist the new settlers.
28. It is vital to keep up efforts to reduce post-c.i.f. losses in collaboration with the authorities. The alarming level of losses requires decisive measures up to and including the suspension of food shipments while awaiting the creation of logistic and administrative structures permitting losses to be kept within acceptable limits.
29. The project's national directorate lacks adequate institutional support. Only a major investment on the part of the Government will give the project the efficient monitoring and evaluation system on which its success depends.
30. The assistance given by the project to new settlers enables them to become independent farmers and thus contributes to food security. However, a consequence of the dismantling of the social services set up under the *roças* is that the settlers have reduced access to essential services such as health. As a result, WFP should examine the possibility of extending assistance to the social sector, through mother and child health projects for example, in order to make the project's positive effects more durable.



ANNEX

COMPARATIVE TABLE OF TARGETS AND ACHIEVEMENTS AS AT 30 NOVEMBER 1997

Budget line	Unit	Target under plan of operations (4 years)	Prorata target as at 30/11/97	Achieved as at 30/11/97	Achievement rate as at 30/11/97 (%)
Beneficiary category					
Settlers-farmers	Number	5 500	2 375	3 690	155
Men	%	70	70	65	93
Women	%	30	30	35	117
Farm labourers	Number	10 600	7 625	1 972	26
Men	%	–	–	64	–
Women	%	–	–	36	–
Total beneficiaries		16 100	10 000	5 662	57
Food distributed	Tons	6 363	3 749	1 838	49
Settlers-farmers	Tons	2 877	1 242	1 324	107
Farm labourers	Tons	3 486	2 508	514	21
Land privatized	Hectares	20 000	16 389	16 717	102

