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INFORMATION NOTE ON ANGOLA PROTRACTED RELIEF AND RECOVERY OPERATION 10054.2

Support for Return and Resettlement

Number of beneficiaries	1,417,000
Duration of project	1 April 2004–31 December 2005
Total tonnage (mt)	399,241
Cost (United States dollars)	
Total WFP cost	251,292,865

* In accordance with the Executive Board's decisions on governance, approved at the Annual and Third Regular Sessions, 2000, items for information should not be discussed unless a Board member specifically requests it, well in advance of the meeting, and the Chair accepts the request on the grounds that it is a proper use of the Board's time.

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NOTE TO THE EXECUTIVE BOARD

This document is submitted for information to the Executive Board.

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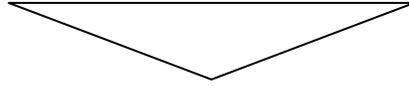
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DRAFT DECISION*



The Board takes note of the information contained in “Information Note on Angola Protracted Relief and Recovery Operation 10054.2” (WFP/EB.3/2004/10).

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.



INTRODUCTION

1. The Angola protracted relief and recovery operation (PRRO) 10054.2 was formulated in mid-2003, when the rate of transition through the immediate post-war period was uncertain. This Information Note is the response to the Board's request at the Third Regular Session in 2003 for a report in October 2004 on progress in implementation.

BACKGROUND

2. In April 2002, 27 years of civil war came to an end when the Government of Angola and the National Union for the Total Independence of Angola (UNITA) signed a peace agreement. During the remainder of 2002, WFP interventions continued to be of an emergency nature, driven by (i) increasing access to needy populations, (ii) the quartering of ex-UNITA soldiers and dependants and (iii) the influx of populations into provincial capitals from areas previously inaccessible to humanitarian assistance. By 2003, many of those in need of food assistance progressed from being relief beneficiaries to people requiring recovery support. Many others disappeared from beneficiary rolls altogether.
3. PRRO 10054.2 was approved as a 24-month intervention valued at US\$251 million that aimed to deliver 400,000 mt of food to 1.4 million beneficiaries. The main objective was to contribute to the consolidation of peace through (i) prevention of hunger and malnutrition and (ii) restoration of sustainable livelihoods among vulnerable rural people population during post-war recovery. The PRRO also paves the way for a substantial reduction in WFP's humanitarian interventions in Angola with a progressive shift of responsibilities to national authorities in accordance with the Poverty Reduction Strategy Paper (PRSP). This is accompanied by a shift toward support for the most vulnerable people through (i) nutritional, medical and social programmes, (ii) help for the education sector and (iii) food-for-work (FFW) and food-for-assets (FFA) activities in line with United Nations Development Assistance Framework (UNDAF) strategic priorities.
4. PRRO 10054.2 was scheduled to begin on 1 January 2004, but late delivery of 2003 shipments pledged under the previous PRRO delayed the start to 1 April; the plan is to retain the original end date of 31 December 2005.
5. The humanitarian effort in Angola, including WFP's activities, must be seen in the broader economic context. Angola continues to face daunting economic challenges following the return of 4 million refugees and internally displaced people (IDPs), destruction of infrastructure, ongoing mine clearance requirements and a precipitous decline in human capital.
6. On the positive side, a recent International Monetary Fund (IMF) mission concluded that significant progress has been made toward macro-economic stability over the last year. For example, the 12-month rate of inflation has declined to below 50 percent and the rate of depreciation of the kwanza against international currencies has slowed markedly. It was estimated that gross domestic product (GDP) grew by 3.5 percent in 2003 and could increase to 10 percent in 2004 with recent increases in oil production and prices. Less optimistically, there has been a continued rise in external debt levels, low international reserves and a reduction in the potential cost-competitiveness of Angolan goods. Recent improvements in transparency, however, particularly regarding oil revenues, external debt and transactions involving the state-owned oil company Sonangol have clarified the Government's fiscal position, though deficiencies remain.



7. In 2004, revenues from oil will continue to finance most of the Government's growing current expenditure. The underlying trend in the Government's share of gross oil revenue has been declining, however, and oil prices are some way above their expected long-term trend. The current state budget is estimated at NKz185 billion (US\$2.0 billion). In the 2004 state budget, the social sector was allocated 33 percent, the largest share and an increase of 9 percent compared with the previous year; the defence and public order sector followed with 32 percent, a reduction of 5 percent.

FACTORS AFFECTING PROJECT IMPLEMENTATION

Improved Estimates of the Number of Food-Insecure People

8. The movement and resettlement of populations to their areas of origin still mainly determine the food-security situation in rural Angola. Displaced populations continue to return with few productive assets, limited opportunities for income diversification and little access to basic services. In addition to this, many returnees have lost knowledge of local farming practices after decades of absence from their land.
9. The WFP vulnerability assessment in April/May 2004, on which the needs assessment portion of the joint Food and Agriculture Organization of the United Nations (FAO)/WFP crop and food supply assessment mission (CFSAM) report is largely based, indicates that the number of food-insecure and highly vulnerable people has significantly declined compared with the previous year, and that although there are signs of improvement, food insecurity varies considerably by location.
10. A number of areas with differing vulnerability profiles were identified in the vulnerability assessment. The most vulnerable are the provinces of Huambo, Bié and parts of Huila in the central highlands, where there is a high proportion of poor and food-insecure people. Moxico and Kuando Kubango in the southeast, where remoteness is the main obstacle to food security, are the next most vulnerable provinces. All other areas have pockets of vulnerable populations, consisting mainly of recent returnees, but are less vulnerable and less sensitive to shocks affecting livelihoods.
11. Using the vulnerability assessment as a basis for reviewing the caseload, about 1.1 million beneficiaries are targeted for WFP food assistance in the latter half of 2004. This is considerably less than the target of 1.49 million in the PRRO document and well below the average of 1.25 million actually reached during the first months of this year.
12. The slower-than-expected return of remaining refugees from neighbouring Democratic Republic of Congo, Namibia and Zambia is also noteworthy. The Office of the United Nations High Commissioner for Refugees (UNHCR) originally estimated that 150,000 refugees would return to Angola during 2004, but more recent estimates indicate fewer than 100,000 and a more protracted period of return. Poorer conditions in Angola, including questionable food security, contribute to this slower pace of return.

Increased Cereal Production

13. According to the CFSAM report of August 2004, cereal production in the 2003/04 crop year is estimated at 713,000 mt, 9 percent higher than the previous year and 27 percent higher than the previous five-year average. The improvement results mainly from increased areas brought under cultivation rather than better yields. Projected domestic utilization of cereals has increased by 9 percent, mainly because of increased consumption of imported wheat and rice.



14. Given higher production and increased demand, the cereal import requirement for 2004/05 is estimated at 820,000 mt, of which 642,000 mt is expected to be covered through commercial imports and 178,000 mt through emergency food aid. By comparison, the import requirement for 2003/04 was estimated at 709,000 mt, with 490,000 mt expected from commercial imports and 219,000 mt from food aid. Despite the improvement, future agricultural production is still expected to be hampered by limited access to productive assets such as animal traction, seeds and fertilizers, and inadequate agriculture extension services.
15. Despite the improved overall situation, there are important regional differences. In Huambo, Bié and northern Huila provinces, the recent agricultural season was characterized by abnormal rainfall: the first rains generally arrived late and from November onwards were very frequent, intense and often accompanied by strong winds and hail, which caused extensive crop damage; 75 percent of the communities in the central part of the country reported smaller harvests than the previous year; no harvest at all was reported by 40 percent of households in Huambo, 6 percent in Bié and 18 percent in Huila.

Physical Access

16. Limited access to large parts of Angola remains a major constraint to recovery efforts and delivery of humanitarian assistance. The difficulty and cost of transport are among the greatest of any WFP operation worldwide.
17. Despite the enormous obstacles, however, significant advances are being made. For example, gradual improvements to the road system, including de-mining and road and bridge repair, the latter partly accomplished through a WFP special operation (SO), enabled a reduction in the percentage of food delivered by air from 15 percent at the start of 2004 to 10 percent by the end of August. Access becomes considerably more difficult during the rainy season, however, which corresponds to the “hunger” period in Angola; this is illustrated by the fact that 110,000 people — 65 percent of them food-insecure — were totally inaccessible to the humanitarian community during most of the 2004 wet season.

Diminishing Contributions

18. A marked drop in the amount of food contributed through the WFP Angola operation has been the single most important factor affecting implementation of the PRRO, despite a reduction in the estimated number of food-insecure people and an improved harvest. There have been significant reductions in contributions from all traditional large donors to Angola operations.



PRRO Beneficiary and Distribution Targets			
	2004	2005	Total
Original PRRO estimate			
Beneficiaries targeted (million)	1.49	1.34	1.42
Volume of food needed (mt)	228 000	171 000	399 000
Adjusted PRRO estimate¹			
Beneficiaries targeted (million)	1.49	1.34	1.42
Volume of food needed (mt)	171 000	171 000	342 000
Revised PRRO estimate²			
Beneficiaries targeted (million)	1.13	1.05	1.09
Volume of food needed (mt)	121 000	125 000	246 000

¹ Based on the original PRRO formulation, but applying the reduced project duration of 21 months from April 2004–December 2005.

² Estimate as of 1 September 2004.

19. The original PRRO called for 228,000 mt of food for distribution in 2004, with a further 171,000 mt in 2005. After adjusting for the late start on from 1 April, the 2004 programme target, based on the original PRRO formulation, was reduced from 228,000 mt to 171,000 mt.
20. By the end of August, however, only 75,000 mt of new contributions had been confirmed; a further 35,000 mt carried over from the previous PRRO was also available for distribution. Thus a maximum of 121,000 mt could be distributed in 2004, even if the Project were fully resourced to the end of the year. There is a current shortfall of 11,000 mt of cereals for the last four months of the year.
21. It is difficult to evaluate the impact of the reductions on intended beneficiaries in the short time-frame, but the following observations have been made:
 - It now appears that there will be far fewer refugees returning to Angola in 2004 than originally projected. Interviews with those who have returned indicate that rumours of cutbacks in food assistance in Angola contribute to the decision to stay or return.
 - In view of the 50 percent rations for those who have resettled but have not completed at least one agricultural cycle, families must dedicate an important portion of their time to the immediate search for food rather than concentrating on preparing for the coming year's harvest.
 - Improved school attendance and enrolment have not been achieved because WFP's ability to increase the scope of school feeding activities is significantly impaired.
22. Needs for 2005 have also been dramatically revised downward, largely because of the estimated reduction in the number of beneficiaries and an anticipated shortage of contributions. School feeding is most affected: its beneficiaries have been reduced from a planned 400,000 for 2005 to fewer than 200,000.
23. Another factor that has contributed to the resourcing difficulties is the decision by the Government to restrict distribution of genetically modified (GM) whole grain from early 2004. As a result, there were delays while WFP and the Government assessed actual capacity to mill GM grain in-country before distribution. The milling capacities were eventually found to be inadequate for large consignments. Time was also lost while WFP



sought to determine whether substitute commodities were available from donors. The new legislation makes it difficult for WFP to receive donations from some of its important in-kind donors, including the United States.

24. At the October 2003 Board meeting, the Government of Angola made a commitment to provide US\$7.5 million as a direct contribution to the PRRO in addition to its ongoing contributions of fuel subsidies and waivers of aircraft parking, landing and navigation fees and of customs duties and port charges. To date, this cash contribution has yet to be made, despite numerous assurances that it was imminent. The delay is particularly unfortunate, as WFP had planned to use much of it to purchase grain in Angola following the 2004 harvest. Given current resourcing constraints, this would have been most opportune, helping to avert at least some of the ration reductions that have been necessary.
25. On the positive side, resourcing has been better for the two special operations (SOs) being implemented in support of the PRRO:
 - SO 10146.1 – Passenger Air Services for the Humanitarian Community; and
 - SO 10149.1 – Logistics Services for the Humanitarian Community.
26. At the end of August 2004, SO 10149.1 was nearly fully funded. SO 10146.1 was short by US\$1 million, and even after further reductions in the frequency of services requires US\$240,000 per month to operate; services could be suspended as early as October unless additional contributions are made.

MEASURES TAKEN TO ADJUST PROJECT IMPLEMENTATION

27. Reduced contributions meant that by the second quarter of 2004 WFP was obliged to make several adjustments to keep operations running and maintain deliveries of food assistance to most beneficiary categories.

Limitations to Case Loads and Reductions in Rations

28. Pipeline shortfalls have necessitated a reduction in cereal rations for important beneficiary categories. Full rations have continued for the small numbers of beneficiaries in nutritional, medical and social programmes, but since April the cereal component has been reduced to 50 percent for returnees to allow distributions to go on beyond the middle of the year. Newly returned refugees have continued to receive an initial two-month full ration as they leave transit centres, however, moving to the reduced ration from the third month. WFP has had to suspend distributions to returnees who have been back for one full agricultural season, rather than two seasons as originally planned. Beneficiaries in FFW and FFA activities have also been receiving 50 percent of the cereals ration since April. There is already concern that this is hampering participation, and hence the rebuilding of community and household assets.
29. WFP believes that school feeding (SF) activities have an important role in starting to redress the many years of basic education lost during the years of fighting. The current PRRO embodies this: the original plan was to reach 220,000 students in 2004 and 400,000 in 2005. A start has been made in Benguela province, where 35,000 students are benefiting from WFP school rations; a further 7,000 students in Huambo province will start to receive WFP food in September. Poor pipeline conditions have prevented this activity from growing to the levels envisaged.



30. Raising awareness of the HIV/AIDS pandemic is critical while the window of opportunity to limit its spread in Angola is open, even though estimated levels of infection, which average 3.9 percent and peak at 9.4 percent, are low compared with neighbouring countries. Guidelines for food assistance to HIV/AIDS programmes have already been developed and WFP is planning to address this need through the SF programme. Poor pipeline conditions have prevented the activity from developing according to plan.

Increased Resource-Mobilization Efforts

31. WFP has regularly reported on the severity and consequences of pipeline problems and sought additional funding from its largest traditional Angola donors. In a number of cases, unspent cash balances from the previous PRRO have been identified and allowed by the original donor to be reprogrammed to the current PRRO. This has already generated US\$5 million. Without new contributions from larger traditional donors, however, there is little possibility of reaching even the reduced programming targets for the remainder of the PRRO.
32. In view of the resourcing situation, in July the Government held a consultation in Luanda to appeal to resident donors to fund WFP activities to mid-2005, at which it described the measures it was taking to improve physical access throughout the country and to advance the agricultural sector. The appeal has not led to significant additional contributions, however, and as noted above the Government itself has yet to make good its own commitment to provide a US\$7.5 million cash contribution to the current PRRO.

Operation Downsizing and Cost Containment

33. In anticipation of the resettlement and reintegration of displaced people and the consequent decline in the need for food assistance following the main harvest in 2005, the original PRRO formulation envisaged a gradual reduction in the size of the Angola operation during 2004 and 2005; the direct support cost (DSC) budget, for example, was expected to decline by 13 percent. The abrupt reduction in contributions, however, has necessitated earlier and more severe downsizing.
34. Average monthly DSC expenditure was reduced by 30 percent between May and September, largely in response to diminishing funds; important savings were also made in landside transport, storage and handling (LTSH) costs. To do this it was necessary to: (i) reduce the number of sub-offices from 13 to 9; WFP is now represented in 9 of 18 provinces; (ii) reduce the number of national staff on contract by 25 percent from 780 to 600; and (iii) reduce the number of international staff by 33 percent from 45 to 30. This is the first phase of operational downsizing; additional reductions are expected by the fourth quarter of 2004.
35. The LTSH rate is being re-estimated in September to reflect the recent cost reductions and the continued decline in transport costs as road access is increased. Despite these important savings, the rate is not expected to decline significantly, mainly because of the diminished distributions, which require fixed costs to be spread over smaller tonnages.



LOOKING FORWARDS THROUGH 2005

36. At the time of writing, 16 months of PRRO implementation remain. The following factors are seen as most likely to shape the PRRO and WFP's activities up to the end of 2005:
37. **Estimates of the number of food-insecure people.** The WFP vulnerability analysis was completed as the 2004 crop was being harvested. Large variations from current estimates of the number of newly resettled people are not expected, so the food-insecurity situation is unlikely to change much between now and the next harvest in the second quarter of 2005. At that time a new vulnerability analysis will be undertaken to assess needs for the rest of 2005 and immediately afterwards.
38. **Ability to reach designated beneficiaries.** Recent adjustments in the beneficiary caseload provide more manageable numbers for WFP to reach in the coming months. Even with these reduced figures, however, the food pipeline needs to be substantially strengthened. Failing this, continued ration reductions may be necessary, and even elimination of currently eligible beneficiaries amongst the most vulnerable people.
39. **Positioning for post-2005 activities.** Unless major unforeseen events occur, WFP activities in Angola beyond 2005 will be on a much smaller scale than at present. During the remaining months of the current PRRO, WFP must begin to position itself for 2006 and beyond. The scale of future activities cannot yet be determined, but the current PRRO allows for further development of SF, social safety-net interventions and HIV/AIDS-awareness programmes. The opportunity to grow into these areas should not be jeopardised, as they will probably be central in the future. WFP programmes have been delivered exclusively in rural areas, so analysis of the urban situation should be conducted, particularly regarding the food security of children.
40. **Formal evaluation of the PRRO.** WFP will undertake a full evaluation of the PRRO during the first quarter of 2005, which will be the basis for planning activities from the beginning of 2006. The vulnerability assessment planned for the second quarter 2005 will contribute to this process.
41. **Government commitment.** WFP will continue to engage the Government to ensure that current commitments are met. Joint planning for post-2005 activities should proceed, including shared development of social safety nets for various groups in which food would have a role.



ACRONYMS USED IN THE DOCUMENT

CFSAM	crop and food supply assessment mission
DSC	direct support cost
FAO	Food and Agriculture Organization of the United Nations
FFA	food for assets
FFW	food for work
GDP	gross domestic product
GM	genetically modified
IDPs	internally displaced people
IMF	International Monetary Fund
LTSH	landside transport, storage and handling
PRRO	protracted relief and recovery operation
PRSP	Poverty Reduction Strategy Paper
SF	school feeding
SO	special operation
UNDAF	United Nations Development Assistance Framework
UNHCR	Office of the United Nations High Commissioner for Refugees
UNITA	National Union for the Total Independence of Angola

