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**Pilot rehabilitation of neglected coffee  
plantations into small family production  
units in Angola**

**Project progress report as at July 2006**

## **Background**

The attached document contains extracts from the latest progress report for the project “Pilot rehabilitation of neglected coffee plantations into small family production units in Angola”, and covers the period from March to June 2006. A copy of the full progress report is available to Members on request.

## **Action**

The Council is requested to note this report.

## PROGRESS REPORT

### I. Project Summary:

Title: Pilot rehabilitation of neglected coffee plantations into small family production units in Angola

Number: CFC/ICO/15

PEA: Instituto Nacional do Café (INCA).

Participating countries: Angola

Starting date: March 2006

Completion date: February 2009

Financing:

Total Project Cost US\$8,531,477

of which,

CFC Grant Financing: US\$4,749,989  
(Loan:US\$2,760,016 and Grant: US\$1,989,973)

Counterpart contributions: US\$3,781,488

### II. Period covered by this report:

From March 2006 to June 2006

### **III Resource utilization (in US\$)**

After the Project Planning Workshop (Activity 7.1) the project embarked on meeting the Common Fund for Commodities (CFC) disbursement conditions. This included the opening of bank accounts (foreign and local currency) at Banco de Fomento de Angola (BFA), appointing signatories to the accounts, providing specimen signatures etc., details of which were sent to the CFC. Subsequently, and following the CFC Financial Procedures Manual, a request for US\$100,000 was made to the CFC in May and funds were transferred to the project account in June. These funds are part of the CFC Grant component of the project. About 30% of these funds were spent, especially in holding the planning workshop.

Funds from the CFC Loan component of the project were not received. This is because the Loan Agreement has not been finalised and signed between CFC and the Angolan Government. This led to delays in the undertaking of some season-specific activities (especially the purchase of agricultural equipment and materials) which will later affect the timely implementation of the project.

The Government also did not release the bulk of the counterpart funds.

The project Accountant was also not engaged during this reporting period. As a result of this and the above mentioned factors, the resource utilisation for the period could not be prepared. This will however be prepared as from the following reporting period.

### **IV PEA's Assessment of Project Progress and Prospects**

#### **Assessment of Technical Progress**

#### **Component I: Production (Rehabilitation of coffee)**

##### ***Activity 1.2 - Produce coffee seedlings:***

This activity is to ensure that sufficient numbers of coffee seedlings are available for activities to be conducted later in the project including planting, replanting as well as undertaking field trials. Coffee seeds take at least six months in the nursery before the seedlings are ready for transplanting into the field. It is therefore crucial that activity is accomplished in good time for the transplanted seedlings to benefit from the seasonal rains which start in March 2007. The nursery at the INCA station of Gabela has been totally rehabilitated complete with an overhead irrigation system. A further 35 sites in farmers' fields were identified for the location of nurseries. However, the production of coffee seedlings is to be financed by funds from the loan component of the project. Unforeseen delays in finalising and signing the Loan Agreement led to a delay in the release of these funds. However, alternative sources of funds were identified which enabled the acquisition

and use of less than sufficient numbers of coffee seeds, fertilisers and planting bags. Despite the difficulties, the project hopes to produce at least 1,000,000 seedlings in the next reporting period for use during the March 2007 rains.

***Activity 1.5 – Rehabilitate smallholder coffee farms:***

All farmers in the project area have been resettled. A total of 3,000 farms to be rehabilitated (in and out of settlement schemes) or renovated have been identified. Procurement of farm tools and other inputs to be used in the improvement of the coffee plantations has begun and will be finalised in the next reporting period, after the signing of the Loan Agreement.

**COMPONENT II: Commercialisation of Coffee**

***Activity 2.3: Improve coffee hulling facility:***

Requests for proforma invoices for the delivery of coffee processing machinery (pulper, mucilage remover, huller, etc) were sought and applications received from Brazil, Colombia, India and Kenya. However further arrangements for the identification of the successful supplier to deliver these machinery were suspended due to the delays in signing of the Loan Agreement. The procurement process will be resumed as soon as the said agreement is signed and funds released.

***Activity 2.5: Support internal marketing of coffee:***

INCA approached a number of banks (e.g. BFA, Banco Sol, Banco de Poupanca e Credito) to identify the best method of channelling the micro-credit finance to the farmers (including use of a fiduciary fund). These will be elaborated and supplemented by the support of the Technical Assistant to be engaged later.

**COMPONENT III: Settlement Schemes for Displaced Farming Families**

***Activity 3.2 – Select appropriate settlers:***

People with different skills were displaced by the civil war. To minimise the loss of the country's agricultural potential, the Government of Angola's undertook to identify suitable agricultural land on which to resettle its displaced citizens. Parts of the current project area constitute this agricultural land. Only those displaced people willing to continue with agricultural production were resettled here

***Activity 3.4 – Facilitate concession of title deeds to settlers/farmers:***

Not all farmers in the project areas are recently resettled. There are locals, especially in the areas of Assango and Boa Vista, who have already organised themselves into associations. Members of these associations have their individual parcels but the current title deeds are joint ones for the entire association. The project, together with the Ministry of Agriculture and Rural Development and local Sobas, is in the process of ensuring that farmers have their individual titles. This will however take some time due to the elaborate procedures required.

**COMPONENT IV: Support Services**

***Activity 4.3 – Strengthen coffee related services for technical assistance (including procurement):***

An evaluation of the current extension system in the project area is needed. A Technical Assistant will be engaged in the following reporting period and for this purpose information gathered will help focus on addressing the requirement of the technical staff on the ground. Another will address how farmers can better access credit to enable them produce and market coffee more effectively.

**COMPONENT VI: International Technical Assistance**

***Activity 6.1 – Identify and contract long term Chief Technical Advisor (CTA):***

After lengthy discussions between the CFC, the International Coffee Organization (ICO), INCA and CAB International (CABI), Dr George Oduor of CABI was identified as the CTA. A detailed Project Management Agreement was developed and signed between CABI and INCA after approval from the CFC. Dr Oduor assisted in the organisation of the Inauguration Workshop in May 2006 and officially relocated to Luanda (Angola) from Nairobi (Kenya) in June 2006.

**COMPONENT VII: Project Management**

***Activity 7.1 – Organise and hold project planning workshop:***

The Project Planning Workshop was organised and hosted by INCA in Luanda, Angola on 5 May 2006. The workshop was opened and chaired by H.E. Mr. Gilberto Buta Lutucuta, Minister for Agriculture and Rural Development. The 75 participants included representatives from different sectors of the coffee industry in Angola as well as from the CFC (Mr Caleb Dengu), ICO (Dr Denis Seudieu), the InterAfrican Coffee Organization (IACO) (Dr Ronald Onzima), CABI (Morris Akiri), the Food and Agriculture Organization

of the United Nations (FAO) and the Governor of Kwanza Sul Province. Detailed activities to be financed by the CFC and the Angolan Government in 2006 were presented, discussed and agreed. INCA then incorporated these into “workplans and budgets” and submitted them to the ICO and CFC in June for approval. The workplans and budgets outlined the specific activities to be conducted together with the costs and were approved in June.

***Activity 7.2 – Establish Project Management Unit to coordinate and organise project implementation:***

The Project Management Unit (PMU) is to be constituted by the CTA, an accountant, a secretary, driver and a support staff. The CTA was identified and contracted (see Activity 6.1). The management of the project had been done by the CTA and Project Coordinator, as the engagement of the other members of the PMU was awaited. Advertisements for the posts of the remaining members of the PMU were published in the local Jornal de Angola daily newspaper in June. Interviews and recruitments are planned for the next reporting period.

***Activity 7.6 – Develop detailed workplans and budgets:***

Detailed workplans and budgets for 2006 were discussed at the Planning Workshop (Activity 7.1). These were subsequently finalised following detailed discussions between the CFC, ICO, INCA and CABI and were finally agreed upon and approved. The development of the 2007 workplans and budgets will be undertaken in the following reporting period.

***Activity 7.8 – Hold Project Steering Committee (PSC) meetings:***

The first PSC Meeting was held at the Ministry of Agriculture and Rural Development Office in Luanda on 27 June 2006. It was chaired by H.E. Mr. Gilberto Buta Lutucuta, Minister of Agriculture and Rural Development. Nineteen participants from different sectors of the coffee industry were in attendance. Issues on the agenda included the approval of the 2006 workplans and budgets, progress made on the project, the best method of channelling loans to beneficiaries (coffee farmers and traders), and specific requests to the Ministry of Agriculture and Rural Development. The 2006 workplans and budgets were approved and progress made to date appreciated. However delays in the procurement of project equipment and materials due to delays in the release of funds from the Loan and Government components were noted. The Loan Agreement, in Portuguese, should be sent to the Angola Government soon and the Government should also make available its financial contribution to the project. The Government promised to write a letter to CFC committing itself to a contribution of US\$3.7 million as well as exempting the purchase of project equipment from payment of custom duties and taxes.

**Forward Planning of Project Implementation:**

Farmers will initiate production of coffee seedlings to be used to rehabilitate coffee farms starting from the March 2007 rains. Several farm inputs will also be delivered to farmers to aid them in the management of their coffee as well as other food farms.

Several Technical Assistants will undertake specific consultancies and their findings will help the project to focus better on what is needed to be done. The Assistants will help in undertaking a baseline survey, training local extension and other INCA staff, setting up rural credit systems, etc.

Equipment for the coffee processing plant and social buildings (schools, houses, health posts) will be delivered and installed/used. This will be accompanied by training of farmers, extensionists and/or managers on how to operate and manage this coffee processing equipment.

Farmers Associations will be formed and existing ones strengthened.

An information Management System will be established and INCA staff trained.

Overall coordination of the project will continue including holding PSC meetings, organising ICO annual supervision visits and generally providing technical and administrative assistance. Progress made in the project in 2006 as well as the workplans and budgets for 2007 will be discussed and agreed upon.

**Conclusions and Recommendations:**

Although the project had a slow beginning, activities will be implemented faster with the acquisition of the project equipment.