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6320031

TO: Mr. Willem Brakel

FROM: A.R. Whyte and G.R. Henderson

SUBJECT: LESOTHO - Thaba Bosiu Rural Development Project - Credit 361-LSO  
Full Supervision Report

We spent from July 25 to 29 in Lesotho on the first supervision mission of the Thaba Bosiu Rural Development Project. We visited the first sub-area of the project, including the Farmers' Training Center at Matelas, and met the Government, USAID and Project officials listed at Annex 1.

Project Data

1.01	Amount of Credit	: US\$5.6 million
	Amount Disbursed	: Nil
	Amount Committed	: US\$14,000
	Estimated Disbursement at Appraisal	: Nil
	Date of Credit Agreement	: March 23, 1973
	Date of Effectiveness	: Not yet effective. Terminal date extended to August 31, 1973
	Closing Date	: December 31, 1979
	Date of Last Supervision	: Nil
	Project Authority	: Thaba Bosiu Rural Development Project Authority
	Rate of Exchange	: US\$1 = R 0.65

1.02 The project is designed to increase productivity of agriculture and farmer income and to arrest soil erosion. It consists of the following parts:

- A. Credit Services for farm inputs including improved seeds, fertilizer, tractors and machinery, draft animal and dairy stock, and to enable selected farmers to participate in integrated farming (Part F).

- B. Extension Services including advisory services on use of inputs, cultivation techniques, crop timing and control and production of livestock.
- C. Marketing Services including the construction and operation of markets and stores for distribution of inputs, purchase of farm output, provision and repayment of credit and provision of extension services.
- D. Training including (1) additional staff, buildings and equipment for the Matelas Farm Training Center, training farmers in crop and livestock production and budgeting, training managers of farmers associations, conducting seminars; and (2) additional staff and equipment for the Maseru tractor training school.
- E. Research including the provision of staff, vehicles and equipment, farm buildings, staff housing, laboratories, etc, for research on rain-fed crops and integrated farming.
- F. Integrated Farming in the development and implementation of integrated crop and livestock farming in about 5,000 acres of the project. This necessitates some form of more permanent tenure and the exclusion of communal grazing. It would include mapping and measuring of holdings; land registration; fencing and sheds for livestock; intensified use of inputs; controlled grazing; and implementation of a cropping plan including fodder, grassland and crop rotations.
- G. Roads in the construction of about 90 km of all-weather main roads and about 100 km of dry weather access roads, and maintenance equipment for these roads.

H. Soil Conservation including farmer access roads with protective fencing and planting; terracing; drainage; earth dams; improvement of waterways; fencing for installations; tree planting; and aerial photography and mapping; soil analysis and planning for the project area.

1.03 USAID has agreed to grant US\$2.6 million over six years to finance the soil conservation component of which \$1.056 million has been committed for the first two years.

#### Summary

2.01 A good start has been made under the Project Manager's leadership and with full cooperation from Government and USAID. Extension work has begun and the soil conservation staff and equipment are being obtained (paras 4.01-4.04).

2.02 The existing maps are of limited use only, especially for the integrated farming pilot program, and it is recommended that the area be re-flown and re-mapped if USAID is willing to finance the cost (para 4.05).

2.03 The project headquarters have been established and offices and housing obtained (para 4.06).

2.04 The dollar devaluation will substantially reduce IDA's contribution in Rand terms and sympathetic consideration should be given to the effect on Lesotho (para 6.01).

2.05 The authorized signatories for disbursement applications have not yet been submitted to IDA (para 6.02). Procurement, accounts, audit and insurance arrangements are satisfactory (paras 6.03 - 7.03).

2.06 Project staffing is proceeding well and the local staff already recruited are impressive (para 8.01).

### Action Recommended

3.01 No special matters call for follow-up action with Government at present (other than the submission of withdrawal signatories). The attached letter at Annex 2 has been sent to the Chairman of the Authority, copied to the Ministry of Finance, acknowledging courtesies received and expressing satisfaction with progress so far.

3.02 The possibilities of obtaining additional USAID finances for new mapping should be explored with USAID headquarters.

3.03 The next mission should take place in early 1974.

### Physical Execution

4.01 Although the Credit is not yet effective, the project has got off to a good start and many activities have been initiated under the energetic management of Mr. V.M. Burke (ADS) and the staff already recruited, and with the full cooperation of Government and USAID.

4.02 Project Area. The project area has been delineated (it differs only marginally from that agreed at appraisal) and the first sub-area of extension activities has been selected. This comprises some 43,000 acres round Matelas and was chosen because of the existence of the Farmer Training Center, good communications and because it seems to present fewest problems. Preliminary data on the area is given in Annex 3. The program for the coming season is concentrated on this area and will consist of selling seed and fertilizer for beans, maize and some potatoes. These inputs will be provided through two existing traders and also by project staff at six other more remote points. A Credit program for these items will be initiated on a small scale to obtain experience.

4.03 Extension Services. A Senior Extension Officer (Mr. B. Woods) has been selected and is working full-time, although contractual arrangements with ADS have not yet been finalized, and local extension staff, including area supervision

and extension agents have been recruited. Farmers in the area have been contacted and plans are being drawn up for distribution of inputs for the summer crops. It appears that farmer interest is high but in view of the poor record of ~~credit~~ recoveries, the provision of credit will be handled cautiously. Details of previous debt repayment performance by farmers associations in the sub-area are shown in Annex 4.

4.04 Soil Conservation. USAID is moving fast to mobilise staff and equipment for the soil conservation component and the Project Authority is receiving full cooperation from local US Embassy and AID officials. The Senior Planning Officer and the Conservation Engineer are due on September 15 and the Mechanical Superintendent on November 15, while from local staff are under training in Nigeria. Meanwhile the Senior Soil Scientist in the Ministry of Agriculture is working full time for the Authority and the Chief of the Soil Conservation Division is giving valuable help - both are USAID officials. Bids have been invited for the equipment and tenders will be evaluated shortly.

4.05 We discussed the adequacy of available maps for both conservation and wider purposes with the Authority and USAID. Existing aerial photographs were taken at a 1:40,000 and while these would serve, blown up to 1:10,000, much of the conservation requirements, they would not be adequate for likely future needs such as land registration and boundary adjustment. Furthermore if color photographs were taken they would save considerable time and be more accurate for soil analysis. We therefore recommend that if USAID is willing to provide additional funds (of the order of US\$ 300,000 of which perhaps US\$ 75,000 would be in the first year), the project area should be re-flown to produce photographs, preferably in color, at 1:15,000 and at 1:5,000 using orthophotographic techniques. These would be of immense long-term benefit. The matter was favorably received by 5

4.06 Project Administration. The Authority has rented suitable offices in Maseru and has rented houses pending construction of permanent housing for which sites and designs have already been selected and approved by IDA.

Operating Results and Forecasts

5.01 No results are yet available and it is too early to forecast any. Future missions should pay particular attention to Government pricing and marketing policies which under Section 4.02 of the Credit Agreement are subject to IDA consultation. In reviewing the policies, the views of the recently appointed TV marketing advisor should be sought.

Project Costs, Disbursements and Procurement

6.01 No reestimation of project costs is yet necessary in Rand terms but they have increased sharply in dollar terms as a result of the dollar devaluation from US\$1:R0.79 at appraisal to US\$ 1: R0.665 at present, as all project costs except for expatriate salaries and the soil conservation component will probably be incurred in Rand. The consequent shortfall in the Credit is likely to be about US\$ 1 million and we suggest that sympathetic consideration be given to this problem taking into account the proportion of IDA financing originally anticipated, Lesotho's budgetary resources, and its lack of influence over the valuation of the Rand.

6.02 Disbursements. We discussed disbursement procedures with Authority staff and they are preparing the first applications. Meanwhile we advised Government to submit without delay the authorized signatures for applications.

6.03 Procurement. The Authority has prepared and given to the mission, standard tender documents for which are being reviewed in PCEA. Specification for the first year's requirements and subsequent evaluation will be sent to PCEA for approval.

6.04 Funding. The project has opened a bank account, into which the Government

has paid in sufficient funds for several months operations, and funds are being provided in a one-line vote basis.

#### Accounts, Audit and Insurance

7.01 Pending the appointment of a project financial controller (a candidate Mr. Falconer, has been approved by Government and contractual arrangements with ADS are being processed), the Administrative Officer and Accounts Assistant are keeping simple but adequate cash expenditure records.

7.02 In discussions with the Auditor General, it was agreed that the audit would initially cover full expenditure checks and asset verification.

7.03 The Authority has appointed insurance agents and will arrange cover for its assets, cash in transit etc.

#### Organization and Staff

8.01 In addition to the staff mentioned earlier, the Authority has engaged a head of the Evaluation Unit (Mr. Helman) and has retained the services of a sociologist Dr. Alexander till the end of the year; it has engaged a legal adviser, and office staff. It is actively recruiting for the remaining posts and there seems to be little difficulty in obtaining suitable local staff - those in post have an impressive degree of enthusiasm and competence.

ARWhyte/dbg/ud

LESOTHOTHABA BOSIU RURAL DEVELOPMENT PROJECT - CREDIT 361-LSOSupervision Mission, July 24-29, 1973Persons MetGovernment

Mr. J. T. Mapetla	- Senior Permanent Secretary and Chairman of the Authority
Dr. N.N. Reditapole	- Ag. Permanent Secretary, Ministry of Agriculture
Mr. H.M. Nt'saba	- Permanent Secretary, Ministry of Works
Mr. R.M.P. Pollard	- Ag. Permanent Secretary, Ministry of Finance
Mr. D. H. Tan	- Auditor General
Dr. Von de Goltz	- Economist in charge of Ministry of Agriculture Planning Unit
Mr. T. Thabane	- Central Planning Office
Mr. D. Mokhasi	- Central Planning Office
Mr. Helsath (USAID)	- Chief Soil Conservation Division
Mr. P. Carol (USAID)	- Soil Scientist - Soil Conservation Division
Dr. Doyle (FAO)	- Research Division

U.S. Embassy

H.E. Charles J. Nelson	- Ambassador
Mr. N. H. Frisbie	- Charge d'Affairs
Mr. H. Johnson	- USAID Administrator

UNDP

Mr. B. W. Taylor	- Resident Representative
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Project Authority

Mr. V. M. Burke	- Project Manager
Mr. B. Woods	- Senior Extension Officer

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| Mr. Helman    | - Senior Evaluation Officer  |
| Dr. Lenzander | - Sociologist, FAO temporarily detached from<br>Laribe Project FAO |
| Mr. Monateng  | - Administrative Officer   |
| Mr. Petlame   | - Area Supervisor  |
| Miss Makleta  | - Legal Adviser  |

LESOTHOTHABA BOSIU RURAL DEVELOPMENT PROJECT - CREDIT 361-LSOSupervision Mission, July 25- 29, 1973

Mr. J.T. Mapetla  
Chairman  
Thaba Bosiu Rural Development Project  
Cabinet Office  
Maseru  
Lesotho

Dear Mr. Mapetla,

It was a pleasure for Mr. Henderson and me to visit Lesotho on the first supervision mission of the Thaba Bosiu Project and we appreciated having the opportunity to meet you and other officials concerned in the project. We would like to express our gratitude for the cooperation and hospitality we received.

We were pleased to see the enthusiastic and rapid start that has been made on the Project and we look forward to following progress in the future through visits and from the project reports. We have no particular matters to comment on at this time, other than to mention the submission to Washington of authorized signatories on withdrawal applications, and we would like to wish you and those concerned in the Project much success in its implementation. I might add that we will take up with USAID officials in Washington the question of re-mapping of the project area.

With kind regards,

Yours sincerely,

A. Robert Whyte  
Chief  
Agriculture Supervision Unit

copied to:  
(see next page)

**cc: Mr. E. Maddingto**  
Permanent Secretary  
Ministry of Finance  
P.O. Box 395  
Maseru

**cc: Mr. K. Rakhetla**  
Permanent Secretary  
Ministry of Agriculture  
P.O. Box 24  
Maseru

**cc: Mr. V.H. Burke**  
Project Manager  
Thaba Bosiu Project Authority  
P.O. Box 24  
Maseru

Sub-Area I - Matela's

Basic data:

1. The Area

Total area:	acres	42,604
	hectares	17,248

Number of fields distributed for cultivation		5,341
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Average size of fields,	acres	1.9
	hectares	0.8

Area of land distributed for cultivation	acres	10,148
	hectares	4,273

Percentage of total area distributed for cultivation		24%
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2. Population

Number of households	2,620
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Number of farm households	2,369
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Number of non-farm households	251
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Percentage of households without any land	9.6%
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Average size of household	4.3
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Total population	11,317
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Number of males	5,260
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Number of females	6,057
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Percentage of males	46.5%
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Percentage of females	53.5%
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Sex ratio (males per 100 females)	87
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2.1 Literacy among household heads

Percentage distribution:

Illiterate	43.6%
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Few years in school	15.4%
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Primary school	41.0%
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Secondary school	0%
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2.2 Absentees

Percentage of household members absent from farms	15.6%
Absent but in Lesotho	5.6%
Absent outside Lesotho	10.0%
Percentage of households having absentees	46.1%

2.3 Labour force  
(average)

Persons per farm household	4.3
Absent members	0.6
Main workers	1.8
Helpers	0.7
Paid worker living on farm	0.1
- Others	1.1

3. Livestock

Number of cattle	4,841
Number of sheep	5,144
Number of goats	6,508
Number of livestock units <sup>1)</sup>	<u>7,171</u>

Available grazing (winter) cultivated  
land excluded but rock, eroded land,  
etc. included:

acres per livestock unit	5.4
Hectares per livestock unit	2.2

Area per livestock unit as recommended  
by The Livestock Division, Ministry of  
Agriculture:

acres	10.0
hectares	4.0

Number of cattle owners	985
Number of sheep owners	383
Number of goat owners	494

1) 1 Livestock unit equals 1 cow or 5 sheep or goats.

