

# Country strategy for development cooperation

## Angola

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REGERINGSKANSLIET

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**ANGOLA**  
**COUNTRY STRATEGY 2003 – 2005**

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## Country Facts – Angola

### KEY INDICATORS

**Capital:** Luanda

**Population:** approx. 13.8 million (2001)

**Geographical area:** 1 250 000 km<sup>2</sup>

**Population growth:** 3% per annum

**Life expectancy:** 45 (1999)

**Infant mortality:** 172 per 1,000 live births

**Literacy:**

**Access to drinking water:** 56% in Luanda and 32% elsewhere

**Religion:** Traditional beliefs (47%), Roman Catholic (38%), Protestant (15%)

**Language:** Portuguese and local languages

**Constitution:** Republic

**Head of State:** President José Eduardo dos Santos

**Prime Minister:** Fernando da Piedade Dias dos Santos, "Nando"

**Distribution of parliamentary seats:** MPLA 59%, UNITA 32%, others 9%

**Next general elections:** 2004 at the earliest, but no date yet announced

**Swedish assistance:** SEK 138 million 2001

**Total assistance:** USD 359 million (yearly average 1997-99)

### ECONOMY AND TRADE

**Currency:** Kwanza

**Exchange rate:** USD 1 = 44.45 (official rate)

USD 1 = 45.40 (parallel rate) (July, 2002)

**Budget balance:** - 6.7% of GNP 2001

**Trade balance:** USD -908 million

**GNP/capita:** approx. USD 700

**GNP growth:** approx. 3.2% (2001)

**HDI:** 146

**Debt service quota:** 37% (2001)

**Inflation:** 116% (2001)

**Imports:** Consumer goods, investment capital, machinery, spare parts, motor vehicles

**Exports:** Oil, diamonds, fish

**Principal trading partners:** USA, EU, especially Portugal, Spain, France and Italy

**Principal industries:** Oil, diamonds, fisheries, forestry, agriculture

## **1. CONCLUSIONS OF THE COUNTRY ANALYSIS**

### 1.1 Political development and the reconciliation process

Thirty years have passed since Angola gained liberation from Portuguese colonialism. A distinguishing characteristic of the country's three decades of independence has been a protracted armed conflict, with a strong initial element of outside intervention.

Regular efforts have been made to bring about peace in Angola, and failures have been frequent. Following the death of UNITA leader Jonas Savimbi in February 2002, the government and UNITA agreed on a ceasefire on 4 April. This accord covered the military components of the Lusaka Agreement of 1994, and on 21 November the UN Secretary-General's special representative in Angola announced that a peace agreement had been successfully negotiated. The government has launched a peace plan in three stages, involving the demobilisation of UNITA's soldiers, the distribution of ministerial, gubernatorial and ambassadorial posts to UNITA, and finally the commencement of a political process aimed at the staging of general elections in 2004 or possibly later.

Both the UN Security Council and the EU Council of Ministers have now lifted all sanctions against UNITA. For its own part, UNITA has ceased to function as a military force and is in the process of reorganising itself into a political party.

On 15 August 2002, the Security Council adopted a resolution establishing the United Nations Mission in Angola (UNMA) mandate. This mandate expired on 15 February 2003, and it has not yet been decided how the UN will be represented in Angola in the future. The Secretary-General, however, would like to see all responsibility for UN activities in the country to be conferred on the UN's Resident Coordinator.

Angola lacks a democratic tradition. The two major parties – the ruling MPLA and UNITA – both represent an authoritarian political culture. The judicial system is wanting, as is respect for human rights. The control mechanisms that are in place are few in number and deficient in character. Public administration, too, is weak. Apart from a limited number of senior officials, few public employees have the requisite capacity and skills. In addition, morale in the public sector has been greatly eroded, largely due to low wages and delays in their payment. As a result, most state employees are either absent from their posts in order to seek a livelihood elsewhere or use their positions to acquire extra income. The level of corruption is substantial.

Institutional capacity, then, is weak. The constitutional situation is unclear. Proposals for a new constitution have been drawn up and have been a subject of parliamentary discussion since as far back as 1998. These discussions have now been given fresh impetus as a result of high-level talks between the MPLA and UNITA in Luanda in early December 2002 focusing on issues such as the decentralisation of power, which at present is strongly centred on Luanda.

The state's decline and its inability to supply social services has resulted in civil society taking over a number of key social functions as people have been obliged to take initiatives of their own in order to survive and to improve their social situations. In recent years, groups promoting human rights have become more active, but for safety reasons have been unable to extend their activities beyond Luanda. These organisations are weak in capacity and greatly dependent on external financing.

The legacy of the civil war is a country ravaged in every respect and a population living in dire distress and poverty. Reconstruction, greater access to basic social services, consensus and reconciliation must go hand in hand with democratic development if Angola is to enter a period of peace.

## 1.2 Economic development

Extensive natural assets combined with a favourable strategic location mean that Angola is in a good position to develop and grow.

The most important natural resource is oil: approx. 80 per cent of state revenue and approx. 90 per cent of export income is derived from this sector. Further hitherto undiscovered oil resources may also become exploitable as techniques for drilling in very deep waters are refined. In the economic field, the government is almost totally dependent on oil revenue for the financing of public expenditure. Despite these considerable sources of income, government policies have resulted in a highly distorted domestic economy characterised by high rates of inflation, a large budget deficit and a substantial deficit in the balance of payments. Oil revenue could have been an extremely valuable source of financing for domestic investment in infrastructure and human capital. But that has not been the case.

Angola is the fourth largest diamond producer in the world. In 2000, it manufactured diamonds worth a total of USD 1,100 million. Despite this, the diamond sector has provided only 2 per cent of government revenue. This is because UNITA has controlled a number of the mines while ownership in practice is in the hands of some 50 Angolan companies, many of which are controlled by senior police or army officers.

Real growth in Angola has been moderate. The lack of infrastructure in the country and the inadequate supply of energy have created major problems for economic activity outside the oil sector. Due to the war, agricultural production is limited, and the agricultural sector's share of GNP fell dramatically from 18 per cent in 1990 to 8 per cent in 2001. Food requirements, therefore, are largely met by imports. The agricultural sector is, however, rich in potential. Angola has large, fertile areas of farmland, extensive hydroelectric power resources and plentiful fishing grounds. The continuing presence of countless landmines, however, is limiting access to cultivatable soil. As internal refugees (internally displaced persons) return to their home parts in the aftermath of the war, right of land ownership may become a difficult issue to resolve. Population growth is 3 per cent per annum.

Lack of transparency in the central government budget is a very serious problem. State revenue from sources such as oil is probably disappearing into the private pockets of the country's nomenclature. Much of the oil revenue has been spent on

interest and repayments on foreign debts and, previously, on the financially draining war.

Angola's foreign debt is said to amount to USD 8,900 million. The size of this sum should not represent a serious problem, bearing in mind the country's export income. The debt profile, however, is worrying, as no less than 95 per cent of the total debt comprises short-term commercial debts with high interest rates. These loans have often been raised against guarantees in future oil revenue. Angola's chief problem, therefore, is its extensive debt servicing requirements in the short and medium term and its considerable vulnerability to fluctuations in the price of oil. In 2000, debt servicing accounted for 39 per cent of central government revenue.

The World Bank has classed Angola as a heavily indebted poor country (HIPC), but in view of the country's income, a sustainable debt burden should be achievable without extensive debt cancellations. However, for reasons of liquidity Angola's national debt needs to be renegotiated. To gain admission to the Paris Club in order to renegotiate its debt, though, Angola must first reach an agreement with the International Monetary Fund.

A member of the IMF since 1989, Angola has never entered into any agreement with the Fund but has only concluded what are termed Staff Monitored Programs. The latest of these expired in June 2001. The bulk of these programmes have been aimed at reducing inflation, promoting transparency in the public sector and initiating much-needed structural reforms. The IMF has in particular criticised the lack of public insight into oil revenue and oil-guaranteed loans in foreign banks. The Fund estimates that in 2001 expenditure worth approx. USD 1,000 million, or 21 per cent of the national budget, was either not registered or not satisfactorily explained. According to the IMF, a discrepancy of this magnitude is without precedence. The government has not carried out its reform programme, and there is still no progress in the dialogue between the IMF and the Angolan government. As regards the national debt, the government is seeking to settle bilaterally with the donors instead of renegotiating via the Paris Club.

The process of developing an Interim Poverty Reduction Strategy Paper (IPRSP) has begun and various drafts have been presented. Some preparations have been made for the holding of a donor conference, but as yet no date has been fixed. The key to mobilising development financing on favourable terms is an agreement with the IMF, which could also lead to extensive World Bank involvement in Angola.

Over the years, the Angolan government has pursued policies that hamper development, with a strong element of control and regulation. Fiscal policy is lacking in discipline, which has given rise to large budget deficits financed via the note printing press. Funding to the social sectors has been totally inadequate and the distribution of income in the country has become increasingly distorted.

Measures in the fields of water supply, sanitation, health and education would stimulate growth in the country, as would economic diversification with the aim of gradually increasing employment opportunities in both the formal and informal sectors.

Agriculture could be developed by means of investment in infrastructure and access to credits and input goods. Sustainable development of rural areas would be feasible if returning internal refugees and the rural poor were given access to cultivatable land. Extensive landmine clearance is essential if agriculture is to recover its potential. The right to own land and property, in both rural and urban areas, is another prerequisite for development. An estimated 80-90 per cent of the Angolan population either have no access to land or cannot prove legal ownership. A national campaign to combat the growing threat of an HIV/AIDS epidemic will also be required if Angola wishes to avoid developing a prevalence level on a par with its neighbours within the next five years.

### 1.3 Poverty spread

Several poverty studies have been conducted in Angola in the 1990s and early 21<sup>st</sup> century. They show that the number of households living in extreme poverty in the country's towns and cities has more than doubled since 1995, due to the influx of internal refugees fleeing rural areas because of the conflict. The most serious environmental problems in Angola are a product of rapid urban growth. Many people die as a result of diseases caused by the unhealthy environment (especially the lack of clean water and sanitation) in the slum areas of Luanda in particular. In the countryside, poverty is more dramatic. There, because of the conflict, people have been cut off from cultivatable soil and have often lost or been robbed of cattle, tools and seed. Food production has declined sharply as a result. An estimated 60 per cent or more of the Angolan population live below the poverty line and some 25 per cent in extreme poverty. In addition, distribution of income has become increasingly distorted. A third of the country's population – around 4.3 million people – are internal refugees.

No participatory poverty study has been carried out, and consequently poor people's own accounts and views of the situation cannot be reported. Similarly, gender specific poverty assessments are only available to a very limited extent. Given the social, cultural, economic and political situation in Angola, poverty strikes particularly hard at women and children. Poverty is greater in households with female providers, a situation that is particularly evident in rural areas. Increasing economic activity among women outside the home has not reduced the amount of unpaid work they are required to perform in the home, which has led to an increase in their total workload. This also means that children have to be left without any supervision whatsoever from an early age. In addition, many cultural attitudes help keep women in a subordinate position both in the family and in the community at large. In practice, there is no equality between women and men in Angola, despite some progress concerning the legal rights of women. To ensure family survival, many children are forced to take paid work, often for long hours. A frighteningly large number of children are failing to attend school and those who lack identity documents have no access to education. The country's children are in every sense at risk.

With the government in the process of developing new land laws, vital questions of principles are being discussed. In the countryside, returning internal refugees need access to cultivatable land. In the towns and cities, it is a matter of ensuring poor people's security of tenure on the land on which they have built their homes, a course that is being contested by powerful economic stakeholders. The outcome of this



process will be a measure of the government's willingness to pursue a policy of fair distribution.

Along with the protracted political and military conflict that the country has endured, poverty in Angola has to do with misguided economic policies and a lack of resource provision to the social sectors. Government policy has focused on winning the war rather than on development, growth and the reduction of poverty.

## 2. CONCLUSIONS OF THE EVALUATION REPORT

The results and effects of Swedish assistance described in the following refer exclusively to the first three years of the country strategy, 1999-2001.

### 2.1 General analysis

Due to the war, Swedish assistance to Angola during the strategy period largely involved humanitarian undertakings, as can be seen from the table below. In accordance with the strategy, this assistance has principally been channelled via consolidated UN appeals. Humanitarian programmes during the period accounted for 64 per cent of total Swedish assistance. If health initiatives of a humanitarian nature are included, the figure was 87 per cent.

#### *Swedish development assistance to Angola.*

<b>Branches of operation (SEK th.)</b>	<b>1999</b>	<b>%</b>	<b>2000</b>	<b>%</b>	<b>2001</b>	<b>%</b>	<b>Total</b>	<b>%</b>
Democratic governance & human rights	4 649	3	3 756	2	3 466	3	11 871	3
Social sectors	34 090	25	35 216	23	28 508	21	97 814	23
Infrastructure, trade and industry, urban development	1 462	1	569	0	94	0	2 125	1
Natural resources management	4 803	4	500	0	499	0	5 802	1
Economic reforms	0	0	0	0	0	0	0	0
Research assistance	0	0	0	0	0	0	0	0
Humanitarian assistance and conflict prevention	73 297	54	100 430	64	102 162	74	275 889	64
NGOs	6 150	5	7 300	5	5 893	4	19 343	4
Information, recruitment and training	74	0	0	0	0	0	74	0
Other purposes	11 163	8	8 889	6	-2 639	-2	17 413	4
<b>Total</b>	<b>135 688</b>	<b>100</b>	<b>156 660</b>	<b>100</b>	<b>137 983</b>	<b>100</b>	<b>430 331</b>	<b>100</b>

During the 1999-2001 period, disbursements totalled SEK 430 million, which means that Sweden continues to be one of Angola's principal bilateral donors. During the

1997-2000 period, the country received an average of USD 346 million per annum from the international community.

In recent years, neither Sweden nor any of the other donors has produced any detailed evaluation of development cooperation with Angola, nor of humanitarian assistance in general. Thus it is difficult to draw any firm conclusions about the impact of these efforts. In the humanitarian field, good short-term results have been achieved as regards meeting acute food, clothing, medical care, water and sanitation requirements. Angolan NGOs have been given help in developing their expertise and capacity, which has gradually improved their prospects of playing a more effective part in the humanitarian work under way in the country.

In light of the fact that there are 100 international organisations, 300 national NGOs and ten UN bodies involved in this work, coordination of the humanitarian players is essential if the aid is to effectively reach those in the community who are at risk. Within the UN system, OCHA is responsible for humanitarian coordination in Angola. Humanitarian coordination between the donor community and the Angolan authorities responsible for social affairs has improved at both central and local level in recent years. Greater Angolan participation and responsibility has also been noted as regards the development and implementation of UN appeals. Sweden's overall assessment, however, is that active Angolan participation in the humanitarian field remains weak.

In 1999, Angola introduced a national programme for humanitarian disaster aid, and in 2001 established a fund for peace and national reconciliation. In May 2002, the government announced a two-year programme for facilitating the return of former UNITA soldiers to civilian life. Unfortunately, these two forms of assistance often lack a clear link and a specific hierarchy, and coordination between the social line ministries and the finance ministry is inadequate. There is also a tendency to neglect budget follow-up.

The general situation with regard to human rights in Angola remains very serious and the population are little aware of their rights in this area. Several donors (Sweden, Norway, the US, Italy, Portugal, the Netherlands, Spain and the UK) have supported projects in the HR field. During the period, this assistance has to some extent strengthened what continues to be a very weak civil society, and has also given independent media slightly greater scope of action.

## 2.2 The experience of other donors

The donor community in Angola has not adopted a cohesive approach to development in the country. Of EU member states, Italy is the largest donor, followed by Sweden, Portugal and the Netherlands. Humanitarian assistance is intermixed here with commercial and geopolitical interests. The US and Norway, for instance, are major humanitarian donors but also have considerable commercial interests in the country. Portugal has substantial commercial interests and is a major donor overall but a small one in humanitarian terms. Taken as a whole, therefore, aid coordination is problematical, especially outside the humanitarian field. However, there are signs of improvement in certain areas. The task of developing a new strategy for the UN Commission's aid to Angola has involved extensive cooperation

between the Commission and the member states. The UNDP recently took the initiative to bring donors together for discussions on strategic development issues. Greater cooperation between donors has also been established in connection with the dialogue being conducted with the Angolan authorities on humanitarian issues in particular.

Like Sweden, many donor countries take the view that Angola lacks the necessary political framework to develop strategies, priorities and plans, and the tools to carry them through. In recent years, therefore, a number of donors have scaled down their assistance to Angola. In view of this situation, Sweden and other donors, particularly the Netherlands and the UK, have chosen to largely terminate their long-term development cooperation with the country. A number of other donors, especially the US and Norway, but also the EU, have continued with their long-term assistance in parallel with their humanitarian programmes. Since the end of 2001, Sweden and Norway have been cooperating on the ground in Angola and coordinating their planning and follow-up work.

**The European Commission**, in cooperation with Angola, has drawn up a country strategy for the 2002-2007 period. Its analysis of the political, economic and social situation in Angola corresponds with the Swedish evaluation. It notes that cooperation has been delayed across the board, mainly as a result of the conflict. According to the Commission, an important lesson to be learned is that Angola has very weak institutions, which by extension also means a very limited capacity for coordinating and receiving assistance. The Commission therefore views support for institutional development as crucial to the achievement of results in development cooperation as a whole. Major infrastructural projects have not proved sustainable in the long term due to deficiencies in their operation and maintenance. In the future, too, programmes will include humanitarian aid, reconstruction projects and development assistance, but will focus more closely on the latter. The Commission emphasises the importance of improving contact with, and between, the various regions as far as possible, and also, not least, the advantages of maintaining an ongoing political dialogue. However, it adds, assessing political willingness in the country vis-à-vis the reform process is difficult. It also emphasises the reallocation of resources to the social sector as well as Angola's own responsibility for managing available resources.

### 2.3 Outcome evaluations by subject areas

As noted above, Sweden's contribution to the UN's humanitarian appeals accounted for the bulk of Swedish **humanitarian assistance** to Angola. Most of the funding within this framework went to UNICEF, followed by OCHA, the WFP and the UNDP.

In its Mid-Term Review in the autumn of 2001, **UNICEF** called for a greater focus on certain priority areas such as child protection, HIV/AIDS and malaria. It also drew attention both to Angola's limited disbursements to the social sectors and to the low wages of public employees, which together had forced UN bodies and NGOs to take over key functions normally performed by government authorities. Finally, the review emphasised the need for greater popular participation in the planning and implementation process.

The general view is that **OCHA** has played a vital part as a humanitarian coordinator during the period and has managed to build up its capacity at both central and local level. OCHA has sought to identify viable forms of cooperation with the Angolan government. Via capacity-enhancing measures, it has also strengthened the social ministry's prospects of leading humanitarian work in the country, as required. Angolan institutional involvement in the humanitarian endeavour, however, remains weak. Consequently, OCHA will need to remain in the country for several years to come.

The **WFP** has mainly supplied food. In order to distribute food and other necessities, the WFP has developed an extensive transportation system. Sweden is one of the leading financiers of this system, which includes the transportation of humanitarian personnel by air. An independent evaluation study of the WFP's Angolan programme shows that these transport projects have been crucial to the humanitarian effort in their ability to deliver assistance to remote areas.

The UNDP has focused principally on poverty-related reconstruction and on smaller projects relating both to economic reform and to institutional and administrative modernisation. An evaluation of the UNDP's programme for Angola showed that few results of an enduring nature had been achieved in 1997-2000. Besides the return to war in 1998, the reasons given included poor project design, poor communication between the UNDP and relevant Angolan institutions, lack of client ownership and management of programmes, and inadequate follow-up and support by the UNDP.

Besides supporting the UN appeals, Sweden has provided **humanitarian assistance via NGOs**. The Swedish organisation **Praktisk Solidaritet** (Practical Solidarity) has been given funding for the transport of clothing and other materials collected for delivery to Angola. No independent evaluation has yet been made of this project, which means that its impact on the target group is difficult to judge. Such a study is to be carried out in 2003.

Local administrations lack the capacity and/or the will to solve the problems of the local population. Since 1999, the **Africa Groups of Sweden** have been working with an Angolan NGO, ADRA, on a development project in the province of Malanje. The principal outcome has been better conditions in terms of housing, food supply, health and children's education. Some project components have been delayed as a result of the security situation. In the case of this project, too, firm conclusions as to its impact and the fulfilment of aims and objectives cannot be drawn as no evaluation has yet been carried out. Prior to a decision on whether to provide further support for this project, an evaluation study will be carried out in 2003.

**Doctors Without Borders** (MSF) have received funding during the period for health projects at a provincial hospital in the city of Luena and at another in the city of Kuito. In general, healthcare in Luena appears to have improved during the project period. MSF point out, however, that long-term sustainability is lacking as Angolan budget allocations are insufficient and there is a shortage of Angolan doctors.

Sida has been supporting the **International Red Cross Committee** (ICRC) appeals on behalf of Angola for many years. In recent years, the focal point has been humanitarian assistance to the city of Huambo, where 140,000 people have been

issued with survival packages and over 300,000 have been given food aid and support to enable them to resume agricultural production. Evaluations have shown that the situation as regards malnutrition has improved. Like the WFP and the FAO, the ICRC has gradually reduced its food distribution and shifted to the distribution of agricultural equipment and seed.

In many places, reconstruction is only possible following **mine clearance**. With funding from Sweden and other donors, the Norwegian NPA (Norwegian People's Aid) has built up an efficient demining organisation that has achieved good results. Over time, a large proportion of the internationally recruited personnel have been replaced by Angolan personnel. Government capacity for planning and coordinating mine clearance in Angola, however, remains very weak. The Angolan government and the UNDP are trying to develop a more efficient national system for the coordination of demining operations.

In general, programmes focusing on **maternity and child health care** have made some progress towards the goals specified for this area. The number of pregnant women availing themselves of public maternity care has increased significantly over the past three years. Quality in maternity care, however, remains a problem.

The number of patients entering the country's child health care programme increased sharply during the period. Almost the entire increase was at the primary care level, which means that the programme has managed to relieve the central paediatric hospital of some of its workload, as planned. Child health care services, too, are deficient in many respects. This applies across the board, from the way young patients are received to the quality of the actual examination and diagnosis. The breakdown in social networks and the lack of empathy this resulted in, along with a neglected public sector and the very low wages paid to public employees, probably help explain the lack of quality.

Several donors including Sweden are supporting a vaccination programme via UNICEF. The prospects for providing nationwide protection via the regular vaccination programme have hinged upon the security situation in the country. This does not, however, explain the continuing lack of protection in Luanda. During the period, there has been a perceptible increase in the number of local areas with access to permanent vaccination clinics. The number of vaccinated children also increased in 2001. Vaccination levels in the country as a whole, however, remain very low.

### **3. ANGOLA'S DEVELOPMENT POLICY**

The government establishes its policy priorities during the budget process, in the form of annual economic and social programmes (Programa Económico e Social). The programme for 2002 was described as a provisional one, as the government aimed to wind up its work on the Interim Poverty Reduction Strategy Paper (IPSRP) and negotiate an agreement with the IMF. So far, however, the PRSP process has manifested a number of weaknesses, not least a lack of consultation with Angolan civil society. Nor has the planning ministry, which is responsible for the process, involved other relevant ministries to any great extent. The embryo of a dialogue between the government and aid donors is evident in the PRSP process. While it is

deficient in many respects, it has given donors the opportunity to exchange views with the planning ministry in particular.

Although new drafts have been formulated, the work is going very slowly and a final set of proposals has yet to be presented. The current version identifies four main objectives: macroeconomic stability, sustainable growth, a competitive economy integrated into the regional and global market, and a fairer distribution of resources. In its present form, the document identifies issues of pressing concern and expresses some laudable aims, but offers few suggestions as to solutions and also fails to set priorities.

There are few countries in which the need for a national poverty strategy is as great as in Angola, particularly in view of the historic prospect of a lasting peace in future years. Such a strategy could be of crucial importance for the design and implementation of a credible policy for economic and social reconstruction. It could also constitute an important background document at the donor conference planned for 2003.

The PRSP draft emphasises the importance of an IMF agreement, which would pave the way for debt renegotiation at the Paris and London Club. There is still no progress in the dialogue between the IMF and the Angolan government. The national economic objectives are specified as macroeconomic stability, deregulation of the economy, a reduction in the number of state-owned companies, rehabilitation of the productive and social infrastructure, better healthcare and education, development of human capacity, and greater capacity in the public sector. The link between objectives and implementation, however, is a weak one.

The IMF programme aims to reduce inflation, enhance transparency in the public sector and introduce vital structural reforms. The measures proposed by the IMF must be deemed essential and should not be felt to lie beyond what Angola needs to do in order to deal with the problems in hand.

As regards regional cooperation, Angola has kept a low profile. Within the SADC, it is the country that has signed the fewest number of protocols governing regional cooperation (not counting those countries that have joined the SADC more recently). With the coming of peace and Angola's presidency of the SADC, the government has shown signs of a more active commitment to regional cooperation in southern Africa. Angola shares important water resources with its neighbours, including the rivers Okavango and Zambezi. The volume and quality of water in the Okavango, which runs through Namibia and into Botswana, is totally contingent on developments in Angola. To reduce poverty and avert future conflicts, the countries concerned must agree on the protection and distribution of this water resource.

As regards trade-based cooperation with regions outside Africa, Angola is one of the 47 African ACP countries with which the European Commission is negotiating partnership agreements.

## 4. FUTURE DIRECTION OF DEVELOPMENT ASSISTANCE

### 4.1 General guidelines

Sweden has maintained a **long-term commitment** to Angola. The overall goal of Swedish assistance to the country has been to help reduce poverty and to strengthen efforts to bring about lasting peace and reconciliation.

As a result of our broad range of commitments to the country over many years, the Angolan leadership views Sweden as a trustworthy dialogue partner. We should take advantage of this situation to support and strengthen those elements in Angola that are striving for poverty reduction, social levelling and democratic pluralism.

Sweden should support programmes designed to further the peace process, such as demobilisation and demining. Limited support should be made available to institutions, organisations and activities of importance for peace and reconciliation. Assistance should also be given to research institutions in order to further understanding about Angola in a post-conflict situation. In addition, funding should be granted for measures involving the transfer of expertise in support of good governance.

Sweden should actively seek to ensure that the **UN** is given a prominent role in future efforts to consolidate peace in Angola. These commitments should extend to human rights, social and economic development and good governance. Sweden should be an active dialogue partner both vis-à-vis the UN and in our support for the UN vis-à-vis the Angolan government. The UN must also cooperate with other multilateral players, such as the IMF and the World Bank, if and when they move into Angola.

Sweden should stress the importance both of coordinated measures and of the assessments and proposals formulated by the UN. In general, there is a good level of humanitarian coordination among donors in Angola, given the difficult conditions under which implementing organisations and donors work. Since 2001, donors have increasingly engaged in coordinated dialogue with the Angolan authorities on humanitarian programmes. Sweden should actively encourage closer donor coordination and should design its humanitarian programmes accordingly. The UN should play a key role in this endeavour. It should combine its efforts with a dialogue in which its expectations that the Angolan government will take over a greater share of the financing and responsibility should be clearly expressed. Sweden should urge the UN to accept this role, and, assuming that it does, should continue to provide substantial assistance to OCHA.

A successful bilateral development cooperation programme presupposes that the **partner country takes responsibility** and feels a sense of ownership for the various measures, and also contributes financial or other resources of its own. Sweden's future development assistance, therefore, is largely contingent on what kinds of policies the Angola government intends to pursue now that the war is over. There is a great deal of uncertainty surrounding the government's aims and its ability to pursue a development policy focusing on poverty reduction. Important question marks

remain as to domestic resource mobilisation, economic policy and distribution policy. To date, the Angolan government has displayed only a limited inclination to continue working with the PRSP and to reach agreement with the IMF. Assistance from the donor community will be affected by the way in which Angola formulates its own development policy. For the future of Swedish development cooperation with Angola, the government's policy choices will be a decisive factor.

Thus Sweden should take special note of what areas the Angolan government focuses on when seeking assistance from the international community. Angola is expected to make its priorities clear at the donor conference planned for the second half of 2003.

Oil production is expected to double within five years, and if peace lasts the Angolan economy is expected to pick up in many other areas as well. This means that Angola should eventually be able to finance its development with its own funds and via credits. The sum total of financial donor assistance to the country should then become of marginal importance. This suggests that Sweden should avoid entering into long-term bilateral development cooperation with Angola.

General elections are planned for 2004, both for presidential office and for seats in the national assembly. The political process currently under way remains fragile. Will political life in Angola be totally dominated by the MPLA and UNITA? To what extent will alternative groupings and independent media be able to make their voices heard? In this connection, the government's willingness to respect human rights will be an important concern.

#### 4.2 Humanitarian assistance

The ravages of war have devastated much of the country's infrastructure and left many Angolans in miserable circumstances. There is a considerable need for further humanitarian assistance. The return of refugees, reintegration and rehabilitation will be important factors in Angola's development over the next few years. It is vitally important that demobilised soldiers and their families be integrated into the community and be given the opportunity to earn their keep in agriculture or in some other field. Internal refugees number several million, and the country faces severe problems as regards employment and family income. The oppressive humanitarian situation in Angola is expected to persist in 2003. Distress is widespread and so, in places, is starvation. There is hope in many quarters, however, that the situation will change in early 2004 and that internal refugees and demobilised soldiers will by that time have left their camps and clearance centres and will have the opportunity to resume a more normal existence and contribute to their own livelihoods. The UN has expressed the hope that the humanitarian appeal for 2003 will be the last of its kind.

In light of these developments, Sweden should continue to supply a substantial amount of development assistance during the initial strategy period. Angola, however, still has only a limited capacity for managing humanitarian assistance. Consequently, Swedish assistance in 2003 should again be largely channelled via the UN system. Programmes run by UNICEF, OCHA, the WFP and the FAO should be given precedence. Financing is to be distributed to the same areas as before, e.g. healthcare, education and functioning schools, water and sanitation, infrastructure,



mine clearance, rehabilitation of the agricultural sector, air transport and programme coordination. Support for the efforts of multilateral bodies to prevent and combat the HIV/AIDS epidemic is to be given special priority. Sweden's direct assistance in this area should be channelled via UNICEF.

In addition, support is to be provided for the reintegration of ex-soldiers. Programmes should seek to meet the emergency needs of internal refugees and those who return to their home parts after moving elsewhere but who lack the resources to support themselves. Among these groups, Swedish assistance is to focus in particular on children, the disabled, widows and old people lacking a social network. Sweden has provided or is providing support in a number of these areas and the lessons learned there should govern the choice of Swedish initiatives. Further emergency aid is needed as a first step, as immediate distress and starvation are still widespread.

Swedish development assistance should also include a more development-oriented component such as the social reintegration of ex-soldiers, demining operations and the disarmament of civilians. The effectiveness and sustainability of humanitarian programmes depend to a great extent on the willingness of local organisations and authorities to participate and assume responsibility. This assistance, too, should be supplied via the UN and NGOs. The growing cooperation that has been seen recently between bodies like OCHA and local Angolan authorities in planning, implementing and following up humanitarian efforts and the return of internal refugees should be actively supported. The work being done on behalf of internal refugees, specifically based on their rights under the UN's Guidelines for Internal Displacement, should also receive Swedish support.

In dialogue with Angolan government representatives, Sweden should seek to persuade Angola to assume greater responsibility for the humanitarian crisis in the country.

Where possible, Swedish assistance has been provided to programmes adopting a development perspective, such as the social reintegration of ex-soldiers, mine clearance and the disarmament of civilians. In peacetime, humanitarian assistance can focus to a greater extent than before on programmes for the stabilisation and restoration of supply systems and social infrastructure in the Angolan countryside.

Reconstruction is an important part of the effort to consolidate peace and to promote peace and prosperity. A limited amount of reconstruction support is therefore justified, and Sida must be prepared to draft proposals concerning further initiatives in this field. It should continue to direct efforts at the reconstruction of bridges and the repair of roads, as a proper infrastructure is essential to economic growth, even in a country with extensive natural resources.

#### 4.3 Civil society, democracy and human rights

Democratic progress and greater respect for human rights would be an important contribution to long-term poverty reduction and sustainable development in Angola.

Sida must be prepared to support initiatives that are of strategic importance for promoting democracy and respect for human rights (including children's and

women's rights) and which consolidate the peace effort. Swedish assistance may relate to capacity development in these fields, in cooperation with both domestic and Swedish NGOs. Besides capacity-enhancing measures, Sida may also consider providing direct support to a number of NGOs that are working efficiently in Angola.

Support should also be directed at capacity-building efforts in respect of legislative assemblies, the police and prosecutors, law courts and the training of judges, etc. Initial measures should be part of coordinated programmes, preferably with the UN as an important player. Sweden should provide further support to the programmes planned by the UN on behalf of human rights in Angola (*cf* funding to the UN Human Rights Division). If circumstances permit, Sweden should also support the holding of free and fair elections as well as broad citizen participation and insight into political processes at the national, regional and local level.

Despite its frailty and its shortcomings, civil society has an important role to play in future development in Angola. Support for the advancement of civil society may therefore be warranted, along with a limited number of capacity-building initiatives in the public sector, such as support for good governance. Assistance should focus on the work of the civil society and independent media in promoting democracy and human rights.

#### 4.4 Broader cooperation

A well-developed and dialogue-based programme of contract-financed technical cooperation, for instance in the communications field, should have a valuable, catalytic effect on Angolan society.

It should be possible to invoke Swedish resources and use them to support Angola in its reconstruction work. We have had broad experience of working in Angola for many years. People and enterprises in the Swedish resource base have considerable experience of working in Portuguese (e.g. the many Swedish companies active in Brazil). This kind of know-how could serve as a basis for new and possibly more innovative undertakings. In the telecom field, support for capacity-building has been provided to the Angolan equivalent of the Swedish postal and telecommunications authority to enable it to act more independently. It should be possible to continue providing support in this area, and a decision to that effect is foreseen in a recently issued joint statement by Angola and Sweden.

Sida's international training courses may be a useful instrument if the Angolan side can show that it is genuinely interested in such cooperation, for instance by sharing the costs.

The development cooperation programme outlined above may also provide a basis for a broader, more long-term partnership for dialogue and communication. Such a programme could thus serve as a catalyst for long-term development by strengthening the build-up of relevant institutions and helping to encourage the development of trade and industry.

#### 4.5 Regional cooperation

Angola should be brought into Sweden's programme of support for regional cooperation, based on the assumption that there is a considerable need for exchanges of experience with other countries in the region. Opportunities in this area include the provision of long-term assistance for the management of the Okavango River. During the strategy period, efforts may be required in the Angolan part of the catchment area.

#### 4.6 Long-term cooperation

For the present, Sweden should not introduce any new long-term commitments into its development cooperation with Angola. There are a number of reasons for this. They include the considerable uncertainty that surrounds Angola's development policy, insufficient transparency in government finance dealings, the absence of agreements with the Bretton Woods institutions and the fact that the Angolan government can accumulate considerable revenue from oil drilling and diamond mining.

For many years now, Sweden has been engaged in a long-term development programme in the health sector together with the Angolan government. Project-linked agreements for this area are in place. There are a number of reasons, however, why this area of cooperation should be discontinued. Sweden provides, and should continue to provide, substantial assistance to UNICEF for healthcare undertakings in Angola. The UN Commission provides considerable assistance in this area. Evaluation of Sweden's bilateral programmes shows that results have been mixed. Taken as a whole, and bearing in mind the uncertainty that surrounds Angola's development policy, this suggests that continuation of bilateral long-term assistance in the health field alone is not justified.

Sida is instructed to terminate bilateral Swedish healthcare assistance during the strategy period and, where justified, to find ways of financing sustainable programmes by other means.

The present agreement on health assistance expires on 31 December 2003, after which a terminating agreement can be drawn up phasing out this form of support during the present strategy period.

Whether or not and if so to what extent Sweden may enter into long-term bilateral development cooperation in the future will depend on the Angolan government's own development policy and financial requirements. Only if the necessary conditions are met can long-term development assistance be considered. Among the vital concerns that the Angolan government needs to deal with are economic reform, greater democratisation, general elections to presidential office and the national assembly, and an agreement with the IMF. Should the government move in this direction, Sida may present proposals during the strategy period on a fresh review of Angolan

development policy to determine whether it is conducive to bilateral cooperation with Sweden.

## **5. Administrative resources**

The following Sida departments were engaged in cooperation with Angola during the previous strategy period: AFRA, DESO/Health and SEKA/Hum. For the strategy period as a whole, Sida's home resources will be utilised to the same extent as before.

At the Swedish Embassy, responsibility for development cooperation lies with the Ambassador. Following some structural reorganisation the embassy now has two home-based officers from the Ministry for Foreign Affairs (the Ambassador and a Third Secretary) and two from Sida (a Counsellor for Development Cooperation and a Counsellor/Head of Administration). In addition, it has a grant-financed staff post (Financial Officer/Administrative Officer with special responsibility for the health programme). The number of home-based staff is expected to remain unchanged during the strategy period. A National Programme Officer is to reinforce the staff, however. The embassy's administrative resources should also be given extra resources at regular intervals to finance lengthy business trips and/or temporary employment.

## **6. IMPLEMENTATION AND FOLLOW-UP**

This country strategy is to be implemented in continuous dialogue with the Angolan government. Angolan ownership in the cooperation process is to be welcomed and Swedish practices and procedures must be adjusted accordingly.

The UN has its own follow-up and evaluation system, developed in consultation with the donors. Sida is to follow up Swedish activities by means of final reports and field visits via the embassy in Luanda and/or SEKA/Hum. Also, Swedish development assistance programmes under the country strategy will largely be followed up via the annual country plans in accordance with the guidelines for the country plan process. The country plans will also give specific initiatives concrete form based on the general guidelines set out in the country strategy. Health assistance is the only area governed by agreements with the Angolan government including the forms and extent of reporting and follow-up. Sweden has not had a development cooperation agreement with Angola since 1 July 1999.

Sweden must continue to be proactive in enhancing donor coordination and harmonisation, and the work of the local donor coordination groups should be given high priority.

Cooperation with the business sector and measures to promote Swedish exports to and imports from Angola should be given due consideration.

Follow-up and evaluation must be central to the country strategy's implementation. Special emphasis should be placed on developing methods for gathering information on the outcome of projects and programmes and on their long-term effects.

The country strategy for Angola extends over three years and its successful execution will hinge on developments in the country, not least in the political sphere. Sida is required to provide the Swedish Ministry for Foreign Affairs with advance information on projected annual volumes of assistance and major programmes and projects, and to consult with the ministry before taking decisions involving important matters of principle.

Action taken under this country strategy will be financed via both the Humanitarian Assistance and the Africa budget items. To begin with, most of the funding will be appropriated from the former. As the humanitarian crisis eases, however, the proportion of funding from this budget will decline. The preliminary sums for 2003 are SEK 100 million from the Humanitarian Assistance budget and SEK 50 million from the Africa budget.

The total volume of Swedish assistance in recent years has been around SEK 150 million per annum. A similar amount of assistance should be provided in the future as well, at least for 2003 and 2004 when needs will be greatest, after which it can be reduced to SEK 100 million for 2005.



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