

Angola 2001/2002

Key Development Issues and Aid in a Context of Peace

Inge Tvedten

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1. Introduction

This is the third report on Angola under the Country Advisor Agreement between the Norwegian Agency for Development Cooperation (NORAD), and Chr. Michelsen Institute (CMI). In line with the original Contract and Terms of Reference (Appendix 1) the report consists of a Part I synthesising and assessing recent information regarding political, economic and social developments in Angola, and a Part II focussing on topics of relevance for Norwegian development aid to be specified by NORAD.¹ The primary purpose of the reports is to be a point of reference for internal discussions in MFA/NORAD, but they are also made available to other institutions and individuals working with Angola through the CMI Report Series.

Part I has, in accordance with the Terms of Reference, been kept relatively brief. Chapter 2 (“Politics after Savimbi”) assesses the political situation in Angola after the death of Unita’s leader Jonas Savimbi in February 2002. Chapter 3 (“Economic Imperfection”) traces the recent development in state finance and public expenditure, including the continued problems of transparency. Chapter 4 (“Poverty and Despair”) discusses socio-economic conditions with a particular focus on population and migration. And in Chapter 5 (“Development Aid”) recent trends in international and Norwegian aid are assessed.

The most important event in the year that has passed is undoubtedly the death of Jonas Savimbi, and the ensuing peace agreement between the MPLA government and Unita. This has created a situation of near-peace for the first time in close to 30 years, opening up new prospects for reconstruction and development. In Part II of this report, we will focus on the possible implications of a situation of peace for development aid. This will be done through five topical papers by leading social scientists and practitioners in Angola presented at the seminar “*Preparing for Peace. Workshop on Future Swedish and Norwegian Development Cooperation with Angola*”, hosted by Chr. Michelsen Institute in Bergen on 8-9 April 2002 (Appendix 2). The papers are “Options for Peace and Reconciliation” by Steve Kibble, “Angola’s Economy – Perspectives for Aid Partners” by Tony Hodges, “Public Institutional Capacity” by Mário Adauta, “The Role of Civil Society in Social Reconstruction” by Fernando Pacheco and “Civil Society and Urban Poverty” by Allan Cain.²

¹ The topic of focus for the first report was Angolan higher education and research capacity in Angola (Tvedten 2000), and of the second the role of national and international NGOs in development (Tvedten 2001).

² Fernando Pacheco is director of the Angolan NGO *Action for Rural and Environmental Development*, ADRA; Mário Adauta is director of the Angolan research institution *Institute for Social and Economic Research*, AIP; Steve Kibble is Africa Advocacy Officer at the *Catholic Institute of International Relations*; Allan Cain is director for the Angolan NGO *Development Workshop*, DW; and Tony Hodges is an independent consultant and former special advisor to UNDP in Angola.

CMI is also increasingly involved in Angola beyond our advisory function, and we intend to enhance our involvement in the years to come. To facilitate this, Chr. Michelsen Institute has entered into an Agreement of Cooperation with the *Angola-Instituto de Pesquisa Social e Económica* (AIP). The cooperation involves research around the topics “good governance” and “civil society and social relations”, as well as capacity building. CMI researchers have also taken an active part in several consultancy projects involving Angola on issues such as the multilateral aid system, corruption, macroeconomic coordination and energy, as well as in the public debate on Angola in Norway. Our perception is that there is an increasing interest in and focus on the country, particularly related to Norway’s petroleum interests.

As part of our responsibility as country advisor on Angola, CMI has developed and maintain an Angola web page (www.cmi.no). The page includes i) a presentation of CMI as a resource institution on Angola; ii) a list of institutions and individuals working with Angola in Norway; iii) internet links to relevant web pages dealing with Angola; and iv) a selected and updated list of literature on Angola. The most recent acquisitions are reprinted at the end of this report.

Of particular relevance are the “*UN Common Country Assessment and Strategy*” (UN 2002), Nicholas Howen’s “*Peace Building and Civil Society in Angola. A Role for the International Community*” (Howen 2001), and the Economist Intelligence Unit’s *Country Profile* (EIU 2002a) and *Country Reports* (EIU 2002b). In addition, a few notable research reports have emerged, making it possible to go behind the (often recirculated) information normally presented on Angola. On socio-economic issues these include “*Communities and Reconstruction in Angola*” edited by Paul Robson (Development Workshop 2001), and Paul Robson and Sandra Roque’s “*Here in the City There is Nothing Left over for Lending a Hand*” (Development Workshop 2001). “*All the Presidents’ Men*” published by Global Witness goes behind the scenes in the oil industry (Global Witness 2002). And the study “*Contested Power in Angola. 1840s to the Present*” by Linda Heywood (Heywood 2000) is an important historical account of the Ovimbundu (albeit criticised for its pro-Unita stand).

Bergen, June 2002

2. Synthesis and Assessment

2.1 Politics After Savimbi

Let me start with the political implications of the most significant event in the past year, the death of Unita's leader Jonas Savimbi. Savimbi was killed by government forces in Moxico on 22 February 2002; this has opened up new possibilities in Angolan politics. His death followed a progressive weakening of Unita's military ability after the government offensive in late 1999, international sanctions against Unita, and new government offensives in the eastern provinces (partly based on a strategy of driving hundreds of thousands of people into urban centres, emptying the countryside in order to starve Unita's fighters). It also came at a time when the government (due to its increasing military advantage) had moved in the direction of a negotiated settlement, rather than the "military solution" advocated earlier. Throughout, the government has insisted on the Lusaka Protocol from November 1994 as the basis for a settlement, arguing that this has adequate power-sharing components for a transitional period until elections can be held.

After a brief intermezzo of uncertainty regarding Unita's ability to agree on a new leader and strategy and the government's response to the *de facto* defeat of Unita, a 15-point proposal for national reconciliation was published on 15 March and a cease-fire was agreed on 4 April. The government's position as "winner" of the war has been to require Unita to lay down their arms, for the Unita leadership to demobilise and take up political functions, and to give amnesty to Unita soldiers and their families. Unita on its part has been adamant that they have not surrendered, but entered into negotiations. Stiff competition for leadership was expected between people in the bush (such as Paulo Lukamba "Gato" and Pedro Felino Yakubela), in Luanda (such as Eugenio Manuvakola and Abel Chivukuvuku), and in exile (such as Esaia Samukuva and Jardo Meakalia). However, Gato, who has been one of Savimbi's closest associates in the bush, soon appeared as leader to head negotiations and an eleven member management commission.

Demobilisation seems to have gone better than feared given past experiences from the early 1990s and the breakdown of the Lusaka process, with the government striking a balance between the military victory on the one hand and the need to retain Unita as a political force on the other. An estimated 5,000 troops will be taken into the national army and the police, and 50,000 will be processed through some 30 camps, given training and sent back into civil society. The families of former Unita combatants (numbering an estimated 300,000 people) are among the poorest in the country. The process has hitherto been implemented largely by the Angolan authorities themselves (an understandable position given the dismal record of the UN peacekeeping forces), with the international community being increasingly involved as the

government has realised the formidable task at hand. Despite this, reports of dismal conditions in camps and starvation have repeatedly appeared.

The longer-term political situation is uncertain - complicated by the weakening of Unita, the continued centralisation and lack of transparency in MPLA, and the strengthening of civil society, including the church - even though a return to war does not seem likely. There are reasons to believe that elections will not take place in the immediate future (2004 has been indicated by the government). President dos Santos has announced that he will not stand for a new period, but will keep control in this important transitional period. Unita is also interested in some leeway until they have managed to reorganise into a stronger and more coherent political force and have elected a new leader (which they plan to do within four to six months). A politically respectable Unita may, in fact, be a far greater threat to MPLA than Savimbi ever was. Having said this, there is also danger that leading figures in MPLA and UNITA may decide to agree on power-sharing arrangements between themselves - outside democratic organs and processes.

In the transitional period, then, the political constellations will remain much as they have been except for the vital peace dividend. This means that the power will remain in the hands of the president, at the expense of the government (where the post of prime minister is still unoccupied) and the parliament (in which MPLA holds 129 seats and Unita 70 seats out of a total of 219). Among the most relevant candidates for president if dos Santos actually steps down are the "hardliners" João Lourenco and Fernando da Piedade Dias dos Santos, and the "moderates" Marcolino Moco and Lopo do Nascimento. In Unita people from the bush have taken command, but have already involved themselves in politics. Paulo Lukamba "Gato" met president dos Santos in March 2002, and there is apparently constructive communication with Unita members of parliament except for the "puppet" members of Unita Renovada. The role of Unita in exile remains less clear, even though they do have two members in Unita's transitional management commission. Decentralisation of political power to regional and local levels is still limited, and the public administration is weak. At the provincial level governors and their *direccões provinciais* are powerful figures, but not accountable to any elected sub-national bodies as they are appointed by the central government. Moreover, even if there is provision for elected local authorities (*autarquias locais*) in the Constitution they have never been established. There are, however, discussions between the government and Unita about the option of holding local elections before the next national election.

Equally significant is the continued lack of political alternatives to MPLA and Unita. Both are largely discredited through years of war and mismanagement (summed up in the slogan "*Unita Mata, MPLA Rouba*"), but there are no credible political alternatives. The smaller parties in Parliament do not have any real independent voices, and many of the members are dependent on MPLA for everything from pencils to salaries. As opposed to the situation in many other countries in the region, moreover, the military is not considered a real political alternative. They are part of the political establishment, and

have a vested interest in staying in the fold. In fact, the main political threat to the current power-holders probably comes from within their own ranks. With confirmed and unconfirmed reports about corruption and the embezzlement of millions of dollars of oil money (Global Witness 2002), a number of politicians are under pressure both from the international community (for more transparency) and from an emerging civil society.

The potential political force of civil society has received much attention lately, with the importance of the church being particularly emphasised. In the Catholic church the Conference of Bishops (CEAST) and the *Movimento Pro Paz* are most noteworthy. The protestant churches have been more diffuse, represented by the Council of Christian Churches in Angola (CICA) and the Evangelical Alliance of Angola (AEA) as umbrella organisations. Despite a weak or non-existent tradition of cooperation between the main churches in Angola, joint organisations and initiatives have recently received much publicity. The establishment of COIEPA (“The Inter-Ecclesiastical Committee for Peace in Angola”) in April 2000 is widely considered to be a most significant move. COIEPA is the co-ordinating secretariat for an alliance between CEAST, CICA and AEA, and has taken a broad and long-term view of peace, emphasising the respect for human rights, the establishment of democratic governance, and ensuring a more equal distribution of wealth. Though important, activities are still mainly confined to Luanda and other urban areas.

The NGO sector is growing, but still weak. Most of the around 300 national NGOs depend on foreign donors for their survival (see Tvedten 2001), and the will to do something is often more prominent than the competence and capacity. The NGO scene is dominated by a few important organisations, with ADRA being the most influential. Beside its size and competence, a particular strength of ADRA is its national outreach. Organisations with more specific mandates, such as the human rights organisation *Mão Livres*, have also grown in strength and confidence over the last couple of years. In fact, observers argue that the government has adopted a more confident and tolerant approach towards the NGOs since the military victories in late 1999. This also goes for the press, which has become more outspoken even though criticism of the political leadership is still not tolerated and self-censorship is still there.

A final aspect of the political reality of Angola to which much attention has been devoted lately is the situation at the local level of towns and villages. With the absence of the state at local level, there has been speculation that traditional authorities have re-established themselves through *sobas* and *regulos*. Others emphasise the importance of educated people as *de facto* community leaders (called *catechistas*), and local “talk-shops” (called *ndjangos*) as an important instrument for healing local differences after war. For recovery and reconciliation these institutions may turn out to be vital, but as with so many other issues concerning the local implications of prolonged war and poverty knowledge is limited. In any case, some kind of

reconciliation process will be important particularly in areas (such as the *Planalto*) that have been most severely affected by past atrocities.

The combination of centralised political power and weak public structures and the importance of the church and the emerging NGO sector have led many observers to argue for a dominant role for civil society in peace, recovery and development. While I agree that they have an important role to play, experience from other countries shows the importance of developing strong regional and local authorities for grounded and coherent policies and democratic accountability. Combining efforts to develop civil society and local authorities was, as I will discuss below, the main thrust of the large concerted development efforts following the Brussels round-table conference in 1995.

2.2 Economic Imperfection

The Angolan economy continues to depend heavily on oil, giving Angola much higher foreign exchange earnings and government revenues than most African countries (UNDP 2002). The key economic indicators are shown in Table 1.

Table 1: Key Economic Indicators

INDICATOR	1997	1998	1999	2000	2001
Gross Domestic Product (USD bn)	7.7	6.4	3.3	4.0	4.1
Real GDP Growth (%)	6.2	6.9	3.4	2.1	3.3
Consumer price inflation (%)	219.2	107.3	248.2	325.3	115.0
Trade balance (USD mn)	2,945	1,500	2,683	5,621	4,243
Current account balance (USD mn)	-658.6	-1007.8	-746.9	-109.9	-497.0
Foreign exchange reserves (USD mn)	396.4	203.5	496.1	1,198.2	732.0
Total external debt (USD bn)	9.8	11.2	10.9	10.6	10.6
Debt service ratio (%)	17.5	29.8	21.9	16.9	18.0

Source: EIU 2002b

Oil represented close to 90 percent of total exports and 53.6 percent of GDP in 2001. In fact, in Sub-Saharan Africa Angola's merchandise exports are only exceeded by South Africa and Nigeria. About half of the gross value of oil exports accrues to the government as fiscal revenue, giving the government one of the highest domestic resource bases on the continent. Apart from the diamond industry, which contributes 6 percent of GDP, 9 percent of exports and less than 2 percent of fiscal revenue, other sectors of the economy have continued to experience steep declines, including the vital agricultural sector (currently contributing only 8 percent to GDP). Due to the decline of the productive sectors of the economy, Angola now imports almost all its consumer goods as well as services. Imports were equivalent in value to as much as 77 percent of GDP in 1999, compared to 31 percent for sub-Saharan Africa (UNDP 2002).

Having said this, the Angolan economy continues to be surrounded by uncertainties and myths about its real value. A significant proportion - normally estimated at 40 percent - is unrecorded or outside official budgetary processes and records and controlled by the highest echelons of the regime. As Howen (2001) notes, “[t]his opaqueness is one of the most critical economic and political issues in Angola. The lack of transparency about Angola’s income, who spends it and how, prevents accountability, proper data collection and the development of a strategy to improve economic performance”. Improved transparency has been one of the main objectives in the IMF’s Staff Monitored Programmes (SMP). However, the government has not met the targets (explaining non-compliance with reference to “sovereignty”), and the programme was discontinued by the IMF in early 2002. This has implications not only for access to concessional loans and debt rescheduling, but many donors also see a full IMF Poverty Reduction and Growth Facility (PRGF) as a precondition for aid.

There has been considerable controversy over the degree to which foreign oil companies are “complicit” in the diversion of oil earnings, lack of transparency and human rights violations in Angola. As Howen (2001) argues, the Angolan government clearly has the responsibility to govern and to decide how to spend its revenues. However, the Angolan electorate that gave the government their democratic legitimacy also has the right to know the state’s income and to hold its representatives accountable for how the revenue is spent. There is, in fact, increasing acceptance that businesses have a responsibility not to be complicit in abuses committed by authorities. The oil companies’ responsibility flows from a combination of the dominance of the industry in the country, the benefits the companies reap, their knowledge of the political and human rights situation in the country, their close economic and political relations with the government, and the opportunities they have for ensuring their industry has a positive impact on the development of the country.

There are a number of ways that the industry can contribute to peace, reconstruction and development without violating its contractual obligations or its proper role, Howen (2002) further argues. These include:

- i) Social bonus payments. Oil companies are contractually bound to make social bonus payments to Sonangol as part of their production-sharing agreement; a payment which has recently been channelled to the government (meaning that the oil companies directly fund a significant part of the government’s humanitarian effort). The oil companies have probably paid a combined total of between US\$ 220 - \$ 400 into the Social Bonus Funds, which is 1.5 times the total annual multilateral aid budget.
- ii) Direct social responsibility spending. Several companies directly finance other social responsibility projects that they select in areas such as education, health, de-mining, humanitarian assistance and fishing, either themselves or through NGO, multilateral or government channels. And

- iii) Anti-corruption measures, by following common international standards against corruption adopted, for example, by the Organisation of American States, OECD and the Council of Europe. The companies in Angola should commit themselves publicly to a common set of standards of conduct and ensure implementation is independently monitored, with the findings made public.

Most importantly, however, is the issue of fiscal transparency so that the Angolan public can hold the government to account. Such transparency should include figures on the total net production by block, the total aggregate payment made to Sonangol under its Production Sharing Agreements, and total taxes and levies paid to the government. So far little of this has happened. To the contrary, the so-called "Angolagate" (Global Witness 2002) indicates an intricate system of hidden contributions and refusals to engage in discussions of transparency. Chevron Texaco and Total Elf Fina are normally named as the main culprits, while BP is generally considered to be the most responsible company (being the first to reveal some of the figures called for). Norwegian companies publish figures in the Norwegian Public Records Office ("Brønnøysundregisteret"), but it is still unclear whether they publish all transfers and they do not publish them locally in Angola as called for e.g. by Global Witness. In fact, Norsk Hydro is currently under scrutiny for not publishing relevant figures and for having paid its share of the signature bonus for Block 34 (totalling an estimated USD 400 mn) directly to the Office of the President rather than to the Ministry of Finance.³

While converting wealth in natural resources (such as oil) into economic development is a difficult and cumbersome process in a country with such a problematic economic environment, the government's allocation of funds to social sectors is regarded as a test case for its commitment to reconstruction and development. As UNDP (2002) points out, analysis of budget expenditures is complicated by the fact that substantial expenditure takes place off-budget. By integrating off-budget expenditures into the government accounts, the IMF has produced data indicating that the total government expenditure was more than double the amount recorded by the Ministry of Finance. Until 2001, the share of the social sectors was consistently below 15 percent, reaching its worst point in 1999 following the resumption of the war when the social sectors' share fell to only 5.9 percent. Since then there has been an improvement to 11.1 percent in 2000 and 15.9 percent in 2001. Looking at education and health in particular, Table 2 reveals that expenditures are extremely low compared to regional figures. Per capita expenditure for education stood at USD 12 and for health at USD 7 in 1999, increasing to USD 18 and USD 16 in 2001. With the return to peace, there is little excuse for the government not to increase the allocations substantially.

³ In a recent interview, the Head of Information in Norsk Hydro stated "No, we do not go public with figures. The authorities in Angola have decided that signature bonuses shall not be published, and we follow that" (Ny Tid 10 May 2002, my translation).

In economic terms, then, there is little doubt that Angola is in a position to contribute substantially to its own development. In fact, fiscal revenue from oil is expected to increase dramatically from 2005 when new fields come on stream. The current situation of peace has also removed one of the main obstacles (some would say excuses) for not investing more in economic and social development. The extent to which such development will take place depends very much on the government's commitment, without which efforts to improve competence and capacity in economic policy-making will be futile.

Table 2: Government Social Expenditure

EDUCATION			HEALTH		
Angola	1999	3.0	Angola	1999	1.8
Angola	2000	4.3	Angola	2000	3.3
Angola	2001	5.2	Angola	2001	4.8
Zambia	1999-2000	14	Zambia	1999-2000	13
Namibia	1999-2000	22	Namibia	1999-2000	10
Zimbabwe	1999-2000	24	Zimbabwe	1999-2000	8
Botswana	1999-2000	26	Botswana	1999-2000	5

Source: UNDP 2002

2.3 Poverty and Despair

The social situation in Angola remains extremely severe, as is evident from Table 3. The peace situation has also opened up previously closed areas, which is likely to further worsen the indicators of poverty, despair and malnutrition.

Table 3: Basic Social Indicators

INDICATOR	VALUE
GDP per capita (USD)	438
Life expectancy at birth (years)	42
Total fertility rate (no. of children per woman)	6.9
Infant mortality rate (per 1,000 live births)	170
Child mortality rate (per 1,000 live births)	292
Children 1 year vaccinated (%)	17
Infants with low birth weight, < 2.5 kg (%)	18
Children under 5 with malnutrition (stunted, %)	53
Population with access to safe water (%)	31
Population with access to adequate sanitation (%)	40
Net enrolment in basic education (%)	29
Pupils reaching fifth grade (%)	30

Adult literacy rate (men/women) (%)	30/50
HDI ranking (out of 174 countries)	160

Source: Hodges 2001

For future developments the combination of a very high child mortality rate of 292/1000 and a very low enrolment rate in primary school of 29 percent implies that those who do survive their first five years face a bleak future. The reports by Development Workshop (2001a, 2001b) referred to in the introduction also show that war and poverty has ruined traditional solidarity and support networks, implying particular challenges to development planning and implementation. “The less money people have, the stronger is the pressure of the market economy on social relations. The effect of money on social relations might not have been so destabilising, and might have been integrated into existing social relations, if poverty had not been so stifling. People have almost no money, but need it desperately to live” (Robson and Roque 2001:116).

While the social situation is extremely severe for the large majority of Angolans and may seem hopeless to rectify, it is important to focus on what is functioning. Put crudely, the fact that people have managed to develop coping mechanisms over long periods of extreme poverty should be seen as an asset. A key component of peoples’ coping strategies is the informal economy, on which the large majority of the population depends. At one level, the large informal markets in urban areas show a remarkable capacity to organise economic activities. Anybody who has witnessed the unpacking, packing and waste-removal of *Roque Santeiro* in Luanda is struck by the organisational and logistical skills that must lie behind it. Furthermore, it is a truism that Angolans historically were also good businessmen and traders in cooperation and competition with the Portuguese colonisers. This skill is still evident, for example, in the border areas with Namibia, where the traffic across the border is immense and where Angolans run many of the most successful local businesses. And finally at the level of the individual and household, women in particular have learnt to become amazingly innovative in how to set up and run businesses in difficult contexts and facing stark competition.

In a short-term perspective, perhaps the most determining factor for recovery is the distorted demographic situation in the country following decades of war. Although the overall population density in Angola remains low at 11.1 inhabitants per square km., the population is growing rapidly (UNDP 2002). Angola is in the stage known as “demographic transition”, when fertility and birth rate fall more slowly than the death rate, giving an estimated growth rate of around 3 percent. At this rate the population will double to around 28 million by 2025. The growth is particularly related to the high total fertility rate (i.e. the number of children to whom a woman will give birth during her lifetime). At 6.9, this is one of the highest in the world. The crude birth rate is estimated at 48 per thousand population, again one of the highest rates in the world. One of the main consequences of the population dynamic is, as UNDP (2002) points out, the pyramid-shaped age structure with 50 percent of the

population being under 15 years and 60 percent under 20 years, generating a consequently high dependency ratio.

Equally significant is the skewed geographical distribution of the population (UNDP 2002). While the rate of urbanisation was 14 percent at the time of the 1970 census, it had increased to 42 percent by 1996 and 60 percent by 2001. Luanda alone has an estimated population of 3.3 million, or 22 percent of the national population of 13.8 million. There is also a heavy concentration of people in certain regions, with Luanda, Benguela and Huambo being the most densely populated and Cuando-Cubango, Moxico and Lunda Norte being the least densely populated. Angola also has the second highest internally displaced population in the world (Howen 2001). About 4 million people have been internally displaced by the conflict, with 2.6 million alone since 1998. Most of these have settled in urban areas. In addition, there are 300,000 refugees in exile (mainly in Zambia, DRC and Namibia).

The shorter-term recovery will depend on the extent to which some of these people return to rural areas. Angola has a huge under-exploited agricultural potential, with fertile land and adequate rainfall (except in the far south-west). Getting people back to agricultural production would improve food production, and ease the pressure in the cities where the large majority depend on an over-saturated informal economy. At the same time, however, experience from Africa and elsewhere shows that people are not likely to move back in large numbers once they are settled in cities and towns, and with Angola's extremely young population many people do not even know rural life. What will be reactivated with peace are the urban-rural links that are vital in many other African contexts for supplying urban populations with food and rural populations with commodities.

2.4 Development Aid

As described in more detail by UNDP (2002), Western aid to Angola is a relatively recent phenomenon. Until the early 1990s, Angola received assistance from the USSR, Cuba and other Eastern Bloc countries, with Sweden as the main Western exception. Sweden accounted for more than 50 percent of total bilateral aid to Angola at the end of the 1980s. There were also very few international NGOs active in the country, with Development Workshop and Norwegian People's Aid being the main exceptions (Tvedten 2001).

The start of economic reforms in 1987 led to accession to the World Bank and a substantial lending programme in the early 1990s. At that time (i.e. after the collapse of the Soviet Bloc and the ideological shift in Angola's ruling party), there was a substantial increase in development aid from Western countries, including funds for the democratisation process through the UN. The collapse of the Bicesse process and the return to war in late 1992 redirected the content of aid towards humanitarian assistance, followed by a large influx of international NGOs.

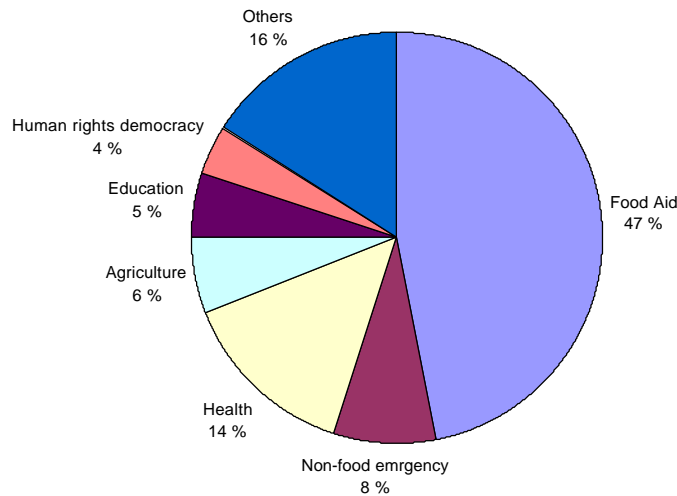
Following the Lusaka Agreement in November 1994, there was again a redirection of donor assistance towards rehabilitation and recovery. In September 1995, the government, UNDP and the European Commission jointly sponsored a round table donors' conference in Brussels to mobilise resources for reconstruction and recovery, resulting in donor pledges of more than USD 900 million for an integrated, community-level programme called *Programa de Reabilitação Comunitária e de Reconstrução Nacional*. The programme was broad in scope, thoroughly planned, and based on the idea of major donors being "allocated" responsibility for separate provinces. A main thrust of the programme was, as mentioned, to combine efforts to develop civil society and local government.

However, the PRC was undermined by the continuing fragility and eventual collapse of the peace process in 1998. After the war resumed, the humanitarian crisis once again came to the fore. Since then, most donors (including Sweden) have limited their assistance to humanitarian needs, although some (including Norway) have continued to provide support for rehabilitation and development. While humanitarian assistance has in reality been co-ordinated by the United Nations through the Unit for the Co-ordination of Humanitarian Assistance (UCHA, later OCHA), development assistance has primarily been channelled through UN special agencies and international NGOs due to the weak absorption capacity in Angolan public institutions. The inadequate structures and capacity to absorb external bilateral aid remain a major problem in Angola, inhibiting ownership as well as efficiency.

Overall, the trend in aid disbursements over the past decade showed a peak in the mid-1990s followed by a decline in the late 1990s (UNDP 2002). More specifically, Angola's net ODA receipts rose from an annual average of USD 297 million in 1990-1993 to USD 447 million in 1994-1996, but then declined to an annual average of USD 357 million in 1997-1999. Over the entire period Angola received ODA totalling USD 3.6 billion, of which 59 percent was disbursed by bilateral donors and 41 percent by multilateral donors. The EU was by far the largest source of aid, accounting for 61 percent of Angola's aid receipts in this period. The largest bilateral donors have been Sweden, Italy, Spain, the US and Portugal, while the largest multilateral donors have been the EU, the World Food Programme, and the World Bank. The profile of aid in 2001 is shown in Figure 1. As seen, 55 percent has been allocated to humanitarian aid, approximately 19 percent to social sectors, and only 6 percent to agriculture.

Figure 1: Profile of Aid to Angola

Sectorial breakdown of gross ODA, 2000



Source: UNDP 2002

How important is aid for Angola? As the UNDP (2002) points out, there is a widespread perception that as an oil-rich country Angola is less dependent on aid than most African countries. Looking at aid flows in relation to total government expenditures this is true: The ratio of 10.2 percent is low compared with most sub-Saharan African countries, with flows in the 20-40 percent range. At the same time, however, the per capita disbursement of USD 27-30 (1997-1999) is relatively high. In sub-Saharan Africa net ODA has been on a consistently downward trend, falling to an average of USD 19 per capita in 1999. Angola's aid dependency has also been extremely high in certain sectors, such as emergency food distribution and health. Though important for the Angolan population, then, the government's need for external assistance is limited and similarly the potential leverage of aid agencies. There is, in fact, a widespread view that the government's commitment to reform has been weak or absent – a much more fundamental problem than low capacity because it raises fundamental questions about the government's will and intentions (UNDP 2002).

Norwegian aid has largely followed the international trends described above. Bilateral relations were established only in the early 1990s, with aid disbursements increasing steadily during the first half of the 1990s, culminating with an allocation of NOK 182.2 million in 1995. Since then allocations have decreased to NOK 146 million, with the exception of 2001 when there was an increase due to emergency allocations (see Table 4).

Table 4. Norwegian Development Aid to Angola by Budget Item (NOK mn)

NORWEGIAN DEVELOPMENT ASSISTANCE	1998	1999	2000	2001
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Regional allocations	96,907	96,142	87,514	88,433
Extended cooperation	1,837	-	1000	
Non-governmental organisations	11,666	2,230	3,848	3,726
Experts and consultants	-	230	430	938
Industrial and commercial financing facilities	8,935	-	927	349
Multi-bilateral assistance	722	-	-	1,403
Research and human resource development	-	-	-	
Humanitarian assistance	54,389	56,321	51,642	61,415
Peace, reconciliation and democracy ⁴	-	-	-	
Debt relief	-	-	-	
Instalment on loans	-	- 1,250	-	
Norfund	-	-	575	153
Others	110	293	-	700
Total	174,566	153,966	145,937	157,116

Source: Norad

Still, Angola is not among Norway's main cooperation partners, and was only the seventh largest recipient of Norwegian aid in Africa in 2000 (NORAD 2001).

As I see it, Norwegian aid to Angola has hitherto shown a constructive "mix" of emergency aid (such as support to the World Food Programme); transitional support (such as the TEP educational packages implemented through the Norwegian Refugee Council); long-term development aid (such as the health programmes implemented by Norwegian People's Aid); and a number of initiatives related to peace, reconciliation and human rights (such as the support to the peace initiative by Development Workshop). This does not mean that there is no room for improvement (Tvedten 2000, 2001).

At the same time, Norway's business and commercial relations with Angola have steadily increased, which makes the country a special partner in Norwegian development aid. In fact, while the annual cash flow to the Angolan state from the two Norwegian oil companies Norsk Hydro and Statoil will reach a level of USD 500 mn, the net cash flow to the Norwegian companies will reach a level of about USD 700 mn per year by 2007. The Norwegian government's pro rata share of the cash flow will be more than NOK 4 bn, which is more than the Norwegian government spends on ODA to the whole of Africa per year. The current level of Norwegian development assistance to Angola is only about 4 percent of the projected pro rata flow (The Bridge Group 2002).

⁴ Considerable parts of Norway's humanitarian assistance are in fact allocated to peace, reconciliation and democracy, but this is inadequately captured in the structure for budget allocations.

Norway is currently in the process of reassessing its aid programme to Angola, and needs to balance several potentially conflicting interests. On the one hand, Angola is a country with an exceptionally poor and vulnerable population in a priority region for Norwegian development aid. On the other hand, the Angolan state is exceptionally well-off to be an aid recipient, and shows limited commitment to development and limited capacity to handle the aid-flow constructively. In addition, Norwegian commercial involvement in the oil sector makes the Norwegian presence important and the aid policy potentially significant also for Norway. Some would argue that this also gives Norway a special responsibility to give something back in the form of development aid.

A thorough assessment of future Norwegian aid is beyond the scope of this report. In very general terms, there is as I see it no basis for a substantial increase in aid to Angola until the commitment of the government to development has been established (according to the EIU [2002b], Sweden and Norway are among the few donors willing to consider funding a reconstruction programme while economic governance remains so poor). Humanitarian aid will still be important for some time to come and is best handled by UN agencies, and the transitional and development aid must be carefully selected and planned as regards channels, levels, types and targets. A main challenge is to contribute to a broader national distribution of aid initiatives, to avoid continued concentration in Luanda, and to ease the return to normal life in other parts of the country. This requires active aid co-ordination.

- At the general policy level, Norway should come to terms with the difficult inter-relationship between aid and oil in Angola. On the one hand, the Norwegian government should be more proactive when it comes to the responsibilities of the oil companies, particularly regarding transparency. This may be perhaps the most important contribution that could be made to the development of Angola. The Norwegian government should also be more active in discussions about the social development activities of the oil companies, with the goal of making them conform to Norwegian aid principles of poverty reduction and recipient responsibility.
- In a transitional period, support should be given to institutions and activities that are vital for a broad, grounded reconciliation process. Emphasis should still be given to church organisations (while being aware of the danger of stretching their capacity) and the most competent NGOs (with capacity building of new NGOs being a longer-term goal). Norwegian NGOs should be instructed to put more emphasis on real partnerships with national NGOs (Tvedten 2001).
- An additional area of concentration is the need to produce more knowledge about post-conflict Angolan society, through support to independent teaching and research institutions (Tvedten 2000). This will contribute to building human capacity generally as well as to an informed

domestic policy debate, and is in line with the objective of stimulating enhanced national ownership of development policies and processes.

- In the longer term (provided that the government has shown commitment), development programmes and projects should involve government structures through partnerships in order to be sustainable. In addition to support at the national level (where energy and fisheries have so far been the focus of attention, with mixed experiences), there are also good arguments for a regional concentration of aid through integrated programmes in areas such as local governance, education and small-scale industries (exploiting the potential in the informal sector).

One way to secure the involvement and commitment of government and local communities at a level commensurate with their capacity is to channel the aid through *Autonomous Development Funds* in the manner advocated by e.g. Bertil Hyden (<http://www.globkom.net/rapporteur/hyden.pdf>) and Jerve (*Forum for Development Studies*, forthcoming 2002). Very briefly, government or other national interest-holders should commit themselves to fund a proportion of all activities and thereby secure ownership, with aid organisations topping up and supplying technical expertise when needed. Local institutions (government, NGOs, private sector) plan projects and other activities and apply for funding to the board of the fund (made up of government representatives and resource providers, as well as civil organisations). Funds should be disbursed only when intermediate targets mutually agreed upon have been achieved.

3. Options for Peace and Reconciliation

Steve Kibble

3.1 Introduction

Over the last two decades UNITA leader Jonas Savimbi has been the principal obstacle to peace, and even in the situation of the peace agreement signed in April 2002, a month or so after his death, the causes of the continuation of the war need to be understood. A combination of factors, including ideological and ethno-linguistic divisions, malign external interference, and economic resources linked to elite accumulation strategies, have made peace difficult to sustain. In this sense Savimbi's death has brought peace, but as yet nothing is guaranteed about overcoming the divisions that led to the long period of war. In the past the Luanda elite needed Savimbi as a scapegoat to avoid social sector spending and continue using oil revenues for military and their own personal purposes. The onus is now firmly on the Luanda government to seize the opportunity to bring peace and national reconciliation and to use the oil-generated wealth of the country to end corruption and poverty. The onus is also on international donors to help the Angolan government and civil society to achieve these objectives.

The war(s) in Angola has lasted for forty years at massive cost to Angolans and other southern Africans. A million and a half people have died as a result of war since 1975, more than four million people (31% of the population) are internally displaced, and Angola has some of the worst health indicators in the world. Poverty is not just a lack of household income, but the denial of basic social and economic rights involving the breakdown in public services such as health and education. As a result, basic survival strategies such as engagement in the informal economy are what keep 63% of people in Luanda going. Little preparation appears to be under way for an expected rise in HIV/AIDS, with its known correlation to poverty and conflict. There is a culture of impunity derived from colonialism, war, corruption and abuses of human rights, including media freedom, that underpins the Luanda government, with the police often being involved in crime and no redress available under the justice system. The regime, however, appears unlikely to return to the crude totalitarianism of the mid 1970s to mid 1980s

This paper deals with those organisations that can loosely be described as the peace movement, although much of the peace and national reconciliation work should also build on those organisations active in the social, economic, human rights, demining and humanitarian fields which are seeking to rebuild and recast Angolan society. This would include the important independent broadcast and print media and those working on poverty reduction strategies. There is also need to examine assistance for civil organisations, including

professional legal associations such as the Bar Association, political parties and indeed perhaps the National Assembly, to act as effective watchdogs on the government-run peace process as much as on socio-economic issues. Any calculation of development cooperation policy geared to supporting peace and reconciliation will also need to engage with these latter organisations; their agenda has key overlapping agreement with the peace movement on the need for social, political and economic justice as well as good governance, gender awareness, transparency and accountability.

Problems of identity and exclusion, as well as the profitability of running a war economy, have bedevilled attempts at bringing sustained peace. How does Angolan civil society help bring about needed peace and constructive international support when the entire recent history of their country has been one of internal repression and war aided by external, mostly malign intervention (coupled until February 2002 with military action and threats from Luanda against neighbouring countries alleged to be harbouring UNITA rebels)? On the face of it, civil society seems unlikely to succeed where intra-elite negotiations and UN interventions have been so spectacularly unsuccessful. There are, however, some hopeful signs and some possible points of pressure.

Angola can be situated within the regional context of the 'authoritarian nationalism' of southern African postcolonial regimes having run its course - out of ideas and with little engagement with new social forces. Without popular intervention to open up democratic spaces this exhausted project has no means or ideas for resisting a global superpower that espouses liberal democratic values but polices an economic agenda producing widespread global impoverishment. Equally, civil society and other new social forces have to be accommodated in sustaining peace in these countries and nowhere more so than in Angola.

3.2 Creating and Sustaining Peace

Angola is the site not only of one of the most destructive wars ever, but also the graveyard of attempts at bringing sustained peace and prosperity to its people, despite lavish natural resources:

- Angola was *worth* fighting for, having natural resources especially of oil and diamonds - not that the majority of the population saw any benefit from these.
- These resources enabled the major Angolan protagonists to resist what international pressure there was for an end to armed conflict. The Angolan government could use oil, its most valuable asset, to maintain its client population and finance the otherwise crippling cost of the war. Even when it lost control of the diamond fields to UNITA, it was still able to buy arms on a large scale.
- Equally, UNITA used diamond sales for its increased military expenditure, earning an estimated US\$1.7 billion between 1994 and 1998

- Angola was a pawn in Cold War politics. The US supported UNITA as a counter-force to the MPLA (Movimento Popular de Libertação de Angola/ Popular Movement for the Liberation of Angola) state.
- The personality factor: until his death Savimbi used UNITA as a military machine to serve his drive for absolute power, disregarding the 'generally free and fair' UN-attested results of the 1992 general and presidential elections, and taking advantage of access to foreign support and illegal control of diamond resources. President Dos Santos has too shown strong commitment to remaining in power.
- Savimbi's unbending purpose of eliminating the MPLA was given impetus by the lack of full legitimacy of the MPLA. As well as Angola inheriting autocratic structures deriving from Portuguese colonialism, the three liberation movements were unable to develop a united front due to their different social, class, ideological and ethno-linguistic divisions, all of which had dire historical consequences. This inheritance not just of competing nationalist forces, a not uncommon African situation, but also of a lack of legitimacy, shaped post-colonial Angola. The MPLA - though it controlled the capital and most of the country on independence day - was never granted the undisputed nationalist legitimacy which it aspired to and claimed.

From 1994 Angola was in a sense a country with two leaders in different 'capitals'. Since 1998 the aim of the MPLA government has been to progressively expand its rule, isolate UNITA militarily and diplomatically, and undermine its economic base of diamonds. This also involved three successful strategic operations against neighbouring countries – twice in the DRC and in the Republic of the Congo – in order to deprive UNITA of rear bases and cross-border trade. Zambia was also threatened. The enforcement of the 'Pax Angolana' has obvious implications for regional as well as national stability.

Negotiations under outside auspices between the two alternative elites have collapsed under mutual suspicion and with no grassroots input. The 'peace' brought by the Lusaka Protocol of 1994 until 1998, when war restarted, was essentially an absence of large-scale conflict, with little reconciliation at either local or national level, despite the supposed government of national unity and reconciliation (GURN). The Lusaka Protocol called for:

- the integration of UNITA generals and other soldiers into the government's armed forces
- demobilisation (later amended to demilitarisation) under UN supervision
- the repatriation of mercenaries
- the incorporation of UNITA troops into the Angolan National Police (ANP) under the interior ministry
- the prohibition of any internal surveillance organisation.

A joint commission, made up of UN, government and UNITA representatives, with the Troika of the United States, Portugal and Russia as observers, oversaw the implementation of the Lusaka protocols.

As in 1992, one of the main problems of the peace process was UNITA's failure to demobilise most of its fighters. A government of national unity was declared belatedly in 1997, but mutual suspicion and repeated violations of the cease-fire marked the so-called peace. The different United Nations peace missions were for a time an important buffer force, but the UN was unwilling and unable to disarm UNITA effectively or to stop fresh arms flows into the country. UNITA's constant provocations - taking villages, failing to keep its promises, delays, and blatant breaking of sanctions drove the government to breaking point and war restarted in December 1998.

3.3 Politics Post-Savimbi

The cease-fire (as well as the 3rd April amnesty) signed on 4 April 2002, returning Angola to the Lusaka protocols, is welcome but carries implications for national reconciliation and the search for truth as well as peace (as experience from elsewhere in the region shows). Additionally it gets the peace movement off the hook from their insistence on a cease-fire while Savimbi was still alive – which neither the government nor the international community was likely to agree to. The government was concerned about a certain momentum building for peace through such agencies as the San't Egidio Community and several Catholic Church leaders. It was determined to pursue a 'peace through war' option to overcome this momentum for peace as well as the widespread belief that war would continue for a considerable time. Victory was achieved not just through outside international support in locating Savimbi, but also through a ruthless scorched earth policy that denied UNITA access to resources, as well as driving the population away from such areas, with accompanying human rights abuses. This had the effect of putting internal and other criticism on the back foot. Whilst the government has appeared magnanimous in some ways, it is firmly in the driving seat. So far the peace process has been led by the military, a situation seemingly tacitly accepted by the peace movement. Indeed the latter's efforts have of late been largely concerned with the current humanitarian crisis.

In this sense initial worries that the death of Savimbi and the collapse of (military) UNITA (warlordism apart) could strengthen the hand of the government so that it felt able to ignore civil society (particularly rural and peasant people, and especially women) are at present being borne out. Given that working for peace should include democratic elections, an inclusive society, and an end to banditry and the cycle of reprisals and mistrust, civil society needs to be more strongly involved. Supporting civil society and peace movement structures is one way of putting on pressure for good governance and democratic responsibility/accountability. This needs to be backed up by other international pressure on both Luanda and the oil companies in order to gain greater transparency. As well as this, Angolan civil society worries that the UN will also ignore it.

3.4 Civil Society

The slow growth of civil society (containing churches, and peace and human rights groups) within a switch to a neo-liberal economy, but a continuing authoritarian polity, has speeded up and become more united and openly critical, although still weak. The first limited opening up of civil society happened in 1991, partly in response to post-Cold War changes (which also led to the first multi-party constitution) and the conditions of peace under the Bicesse Agreement. It was intended to head off possible internal unrest in the period before the elections. Hundreds of associations and NGOs were formed, but most were oriented to emergency aid rather than development or advocacy, given the humanitarian crisis which unfolded after the renewal of war in 1992. There were calls inside the churches for reconciliation, notably in 1995, but internal divisions put paid to the process.

According to Nick Howen's report on civil society to the UK government *PeaceBuilding and Civil Society in Angola: A Role for the International Community* (2001), there are now over 300 registered NGOs working in Angola, half of them less than five years old. There are also other groups attempting to raise awareness about concrete civil rights and economic and social issues.

There have been a number of recent calls for peace and reconciliation such as the Peace Congress of 2000, Forum on the Multiple Consequences of the War in 2001, the Anti-War Campaign 2001, the Broad Citizens Movement, and the Meeting on the Role of Civil Society and International Community in the Resolution of Conflict in 2002. One key event was the formation of COIEPA (*Comité Inter-Eclesial para a Paz em Angola* - Inter-denominational Committee for Peace in Angola) in April 2000. This brought together the Catholic Church (CEAST), the Angolan Council of Churches (CICA), and the Evangelical Alliance (AEA). The movement has faced a number of problems. One is government wariness of the movement; the Government has until recently consistently withheld recognition of COIEPA, preferring to deal with individual denominations. It has recently, however, invited it as a signatory to the 'Nando' fund for social reintegration. Maintaining COIEPA's unity has always been an uphill struggle, therefore, in the face of official harassment. Additionally there are a number of myths. There is a popular idea that COIEPA was invented as an attempt by Protestants to save UNITA, after its recent reversals in the war. Equally there has been a general fear amongst Protestants that the Catholics have a parallel peace agenda of their own, as exemplified in the CEAST *Pro-Pace* Conference held on 18-21 July 2000 at the Catholic University in Luanda. Additionally the Congregational Church (IECA) is seen as so numerous and strong in Angola that, like the Catholic Church, it can follow its own course independently of COIEPA. For some observers, the commitment of church leaders to COIEPA is real but there is little consultation with their individual church flocks.

Despite these worries, it is significant that churches and NGOs are named as important interlocutors in the Government of Angola's peace and

reintegration plan. It is possible that pressure for a cease-fire may have contributed to that decision.

3.5 Peace and Reconciliation

Within this broad civil society movement there are a number of different responses calling for peace which will need careful analysis and debate by those seeking to help rather than divide in terms of development cooperation. Some stress a return to traditional methods of reconciliation, some rely on the countrywide reach of the churches linking into a national peace network, and others look to outside assistance in peace and national reconciliation. In some instances these overlap. A conference in Angola – Meeting on the Role of the International Community and Civil Society in the Resolution of the Angolan Conflict – on 20 February 2002, organised by the Open Society, was attended by peace activists, traditional kings and chiefs, humanitarian officials, religious bodies and prominent politicians from the MPLA and UNITA. This meeting not only continued the work of the peace movement driven by the churches and others, but managed for the first time to formulate a common position on the need for peace.

Could a bottom-up approach work? In his 2001 New Year Message, Rev. Jose Chipenda, General Secretary of the Congregational Church, talked about the palaver hut (*njango*) which was used for resolving conflicts. Some ridicule this concept as a desire to return to some irretrievable romantic past. *Njangos* now rarely exist. Can traditional structures (tribal structures, ‘mais velhos’) be "revitalised" in order to support a process of reconciliation or are they beyond repair? How would they be used while avoiding over-emphasis on ethnicity? A loose consortium of churches and organisations use traditional conflict resolution mechanisms and are supported by a number of outside agencies, often independently of each other, a movement described by some as the Njango Movement. Local government administrators and government officials have taken part in some of these activities.

The Angolan Peace-Building Programme (PCP), including the Council of Churches, the Evangelical and Catholic churches and federations plus a number of NGOs and federations, aims to increase the engagement of communities in local level peace-building, to prepare the ground for future, more formal peace processes. Projects have included training local leaders as peace promoters, a fund for local peace-building initiatives, a justice and peace website, which went online in April 2000, to help coordination and exchange of information, a training course on conflict resolution techniques, and an advocacy mission to the USA and Europe. A 2001 PCP survey reported the general population’s desire for space for debate where participants can talk without fear. Each organisation tends to have its own area of speciality –

- Council of Churches (CICA) – inculcating a culture of non-violence
- Evangelical Alliance (AEA) – leadership training
- Congregational Church (IECA) – creation of peace *njangos*.

- ADRA – education in human rights

3.6 The Peace Network

In 2001 COIEPA formed the *Rede da Paz*, or Peace Network, a loose alliance of CBOs and NGOs committed to the peace process. One of its main activities is encouraging local peace forums throughout the country. It claims to represent 55 different organisations, but this has been disputed and it has been suggested that *Rede da Paz* events are in actuality organised by individual organisations. A secretariat was talked about last year but not followed up. There have been some conflicts/tensions with Justice Peace and Democracy calling for fewer attempts to form new mechanisms and more attention to making existing institutions work, as well as fewer predetermined conditions from donors and more direct funding of Angolan peace and democracy organisations.

In general COIEPA seems more coherent than a year ago, with previously critical/parallel entities now on board. COIEPA has intensified its meetings with leaders such as the Interior Minister and the chair of the Intersectoral Committee on Peace and Reconciliation, although not yet with President dos Santos. It has also had meetings with outside UNITA leaders such as Isaias Samakuva, although as far as is known not the Luanda-based UNITA. COIEPA did, however, facilitate the first forum outside Luanda *The Church and Civil Society in Search of Peace in Angola* in Huambo on 7-8 March 2002. The event was supported by all three main church coalitions, the three political parties MPLA, FNLA and Unita Renovada, the Provincial Deputy Governor, a Ministry of the Interior official concerned with Human Rights Education, traditional village chiefs (*sobas*), non-governmental agencies, etc. This summit was successful in attracting wide participation, and despite tendencies for some COEIPA events to be one-offs, this has also been successfully followed up. Additionally, Provincial Commissions, starting with Lubango, have been established despite chronic underfunding. Activity, however, has been limited without such funding.

Despite the divisions and differences of approach, for many the church is the most credible organisation to spearhead the peace process. At the meeting with the UN Secretary-General's Representative in Angola, Carlos Leitão, leader of the Democratic Assistance and Progress Party (PADPA), asked for the involvement of COIEPA in the peace and national reconciliation process. He argued that COIEPA represented all the recognised churches in Angola, civil society and parties, and due to this, is *the national figure that should bring lasting peace for the Angolans, on the basis of the Lusaka Protocol*. According to UNHCR, the Angolan churches are the most appropriate and credible actors to engage in peacebuilding from the bottom up. Similar support came from a US Congress delegation and a European Parliament resolution of 14 June 2001. Nick Howen (formerly of the UN Human Rights Office in Angola) said *'The Christian churches are the most legitimate and organised network for peace and change in a fractured Angola'*.

The announcement of elections in 2004, with President Dos Santos ruling himself out as a presidential candidate, opens up opportunities for civil society to bring forward issues of poverty, development and democracy. Much would have to be done to make such elections free and fair under current conditions (including wholesale landmine clearance).

3.7 The Socio-economic Context

There is of course a wider context in options for peace than just the peace movement and its attempts to bring post-war reconciliation. Major developments have been the quartering of 85,474 UNITA soldiers and families (the latter totalling 294,357), although many former UNITA fighters (thought to be up to 6,000) have either not gone to quartering areas or have left because of the conditions there. UNITA has taken a long step towards unifying its disparate structures inside and outside Parliament – especially with the resignation of UNITA Renovada leader Eugenio Manuvakola on 30 July 2002 due to his apparent lack of support within Parliament or from former rebel fighters. UNITA parliamentarians are now led by Jeronimo Wanga. 5,000 UNITA soldiers have been integrated into the FAA. There is promise of help for former UNITA soldiers to integrate into civilian life through the ‘Nando’ Commission for the Social and Productive Reintegration of the Demobilised and Displaced. Refugees are also returning from DRC, Zambia and Namibia, although the flow has subsided as the full extent of lack of schools, famine, medical facilities etc has become apparent.

At the same time, however, the food crisis that has hit southern Africa has had an impact on Angola with the country needing to import 725,000 tons of cereal. FAO will be distributing seeds and tools to half a million families. Many people are in a bad condition in areas that were formerly under UNITA control and hence previously inaccessible to outside food and relief agencies. Large-scale landmining also impedes food delivery. It is likely in this situation that people’s energies (as well as the peace movements’) will be concentrated on survival and on returning home rather than on peace and reconciliation matters. Satisfying people’s needs will indeed be vital in securing peace and stability.

3.8 The Role of the United Nations

After Lusaka in 1994, the United Nations peace missions such as UNAVEM III and its successor, MONUA, were for a time an important buffer force between the sides, but the UN was unable to disarm UNITA effectively or stop fresh arms flows into the country. No UN resources existed to monitor UNITA; nor did there seem any international political will to do so. Had the 1993 sanctions over its procurement of fuel and weapons been rigorously applied this might have changed, but enforcement was never seriously undertaken.

UN Secretary-General Kofi Annan sent his Special Advisor on Africa, Ibrahim Gambari, to Angola to clarify what role the United Nations could play in the

peace process. Gambari praised the government's 15-point peace plan, which included a commitment to implement the outstanding features of the Lusaka Protocol; a massive emergency programme of humanitarian assistance; distribution of relief material without discrimination; and a programme of national reconstruction. He also suggested that civil society should be directly involved in national reconciliation despite their being shut out by the government and UNITA from the cease-fire talks and indeed from informal talks with the UN (under the Arria formula) in February 2002.

Subsequently, the United Nations Office in Angola (UNOA) was replaced by the United Nations Mission in Angola (UNMA), with a special representative initially until 15 February 2003. Sixteen UN human rights officers in key provinces will work closely with humanitarian workers. Its general mandate is to assist the Angolan government in the "protection and promotion of human rights and in the building of institutions to consolidate peace and enhance the rule of law". Angolan civil society worries that historically decisions have been taken for and very few *by* Angolans, often by outsiders such as the Troika. Because the interests of outsiders have conflicted, differences between them and between Angolans have never been resolved. As human rights activist Rafael Marques recently said: 'In Angola those same mistakes are being repeated. There are growing signs that the United Nations and the so-called Troika of Observers (United States, Portugal and Russia) will not loosen their grip on the Angolan conflict, as mediators of the 1994 Lusaka Protocol, to allow a broad-based and internally centred resolution of the war'.

3.9 Development Cooperation

In general terms this should aim to build the capacity of the peace movement to formulate policies and alternatives, bring in the voice of the rural poor, engage in or influence the negotiations, and introduce comparative experience etc to address the root causes of the conflict. According to Human Rights Watch: *'The Lusaka Accords could have been better implemented if there were provisions for the substantial participation of Angola civil society in monitoring and implementation of the Accords. While the Angolan Constitution currently guarantees a variety of human rights, Human Rights Watch and Amnesty International have asserted that this freedom is not being enjoyed by journalists and civil society groups in Angola today. To effectively fulfill their role, freedom of expression must be guaranteed to indigenous NGOs, and the international community must ensure that all peace efforts substantively involve Angolan NGOs'*.

Angola has never had a democratic culture and needs to build one quickly. All previous peace agreements have been between the two elite antagonists. As well as worries that with what is essentially the surrender of UNITA the government can dictate the peace terms and the terrain for elections, there are questions as to how effective the peace movement can be.

It is here that the international donor community can make a difference and may find that the Angolan government, the UN and possibly in the future the

IMF etc have to be challenged in order to pursue the option of supporting bottom-up peace and reconciliation. It seems that in order to be effective, support will need to start with basics so that COIEPA and other organisations can realise their ideas. Equally, peace and reconciliation funding is not just about the organisations dedicated to those tasks but involves those in practical social and economic projects. Funding that would help in the peace process includes programmes aimed at core areas such as law, freedom of expression, governance and political process. They could include:

- Law: law library, support for the bar association, equipment for courts
- Freedom of expression: support for independent radio stations, study grants for journalists
- Governance: exchanges for parliamentarians and local government officials
- Political process: fora for discussion of contentious issues.

One suggestion has been for funders to set up a trust fund with a clear remit, among other things, to fund 'civil society' elements with which the government may not necessarily be comfortable. There are interesting possible proposals available from the Council of Churches' peace and reconciliation work, plans for another (EDICA) church-led reconciliation process, and indeed Jubilee 2000 work on analysing poverty reduction strategies. In terms of approach, Angolans have called for:

- Donor coordination, not just cherry-picking projects
- The provision of funds AND support, as funding alone could destroy self-help efforts
- Coordination of ideas
- Negotiating rivalries, not least Catholic/ Protestant peace moves
- Help at basic levels of project formulation, financial systems, policy, drafting and providing reports and at secretariat level.
- Pressure on the UN not to undermine efforts by civil society to become directly involved in the peace and reconciliation processes
- Helping the rural voice to be heard – especially of women, who remain the most exploited sector. Work in supporting provincial peace and reconciliation 'njangos' could be useful here.
- Agencies involved in humanitarian work also stress that outside donors should invest in longer term rehabilitation given that the situation is likely to get worse before it gets better. Such programmes need to include both peace and reconciliation methods and awareness of the differential gender impact.

3.10 Conclusions

So what does the future hold? Cautious optimism is still evident in Angola and outside. With the resignation of Manuvakola, is UNITA capable of reuniting its military and political wings? A reformed UNITA based on its historic constituency of the rural poor, the Ovimbundu, the largest ethnic group, and attacking the 'corrupt, mestizo elite' of the MPLA could build on

disenchantment with the government. Those who talk directly to the new UNITA leaders confirm that they feel they are unlikely to win the next elections, but look to the one(s) after that. UNITA has of course undermined that constituency in many ways, substituting terror, forced labour and sexual violence for the support it had. Equally, however, the MPLA has undercut its own more urban, multi-ethnic, coastal, socially progressive base by its move, in the words of Tony Hodges, from 'Afro-Stalinism to Petro-Diamond Capitalism'. The leadership of the MPLA could promise to clean up the government, open the books and engage in a genuine dialogue with civil society. It has already shown its ability to kickstart national reconciliation by its benevolent treatment firstly of UNITA deserters and then of surrendering soldiers after April 2002.

It seems certain that the rural areas will not be stable for quite some time. Even if armed UNITA fighters do not descend into warlordism, there is little economic opportunity for former rebels who do not surrender to the government. The need in the countryside is enormous, as it is in the musseques around the cities. Even with its great wealth and without corruption, any Angolan government would find reconstruction, demining and rehabilitation a massive problem. For many the role of the international community could be crucial here – in both humanitarian and good governance roles. There is talk of tying in future aid to the kind of cleanup envisaged in the various initiatives to put Africa back on its feet – such as the G8 Africa Programme and the New Partnership for African Development (NePAD) initiative. However, in the new post September 11 dispensation, in which US foreign policy seems to be following a twin track towards ensuring US safety and geo-strategic interests around oil, it may be that the major consideration is the growing share of the US market that Angola is likely to gain and the closer relationship that that may entail. If this is to be the case, then instead of the third real chimurenga, we may see the historical paradox of one former US protegee being replaced by his former antagonists.

4. Angola's Economy – Perspectives for Aid Partners

Tony Hodges

4.1 Post-war opportunities and threats

Angola now has its best opportunity in years to rebuild its economy and overcome the terrible legacy of the past quarter century of war and mismanagement. Unlike previous peace periods (1991-92 and 1994-98), the new peace process ushered in by the death of Jonas Savimbi and the memorandum of understanding between the Government forces and UNITA will prove durable – for the simple reason that one side (the Government) has effectively won a military victory over the other. A return to war is simply not a viable option for UNITA.

In addition, the country can look forward in the next few years to unparalleled levels of oil production and Government revenue, that will provide an exceptionally favourable internal resource base for reconstruction and development. Although oil production (running at over 900,000 b/d in early 2002) will remain quite stable until 2005, it will then rise rapidly, probably reaching more than 1.9 million b/d by 2007, as major new deepwater fields come on stream.⁵ Assuming a steady oil price, of about \$18 a barrel, the Government's fiscal revenue from oil is forecast to rise from a little over \$3.1 billion in 2001 to over \$5 billion a year by 2007. Again, revenue will be fairly stable in 2002-04, due both to flat production and to high amortization costs for the investments in the new deepwater fields, but revenue will soar from 2005 onwards.

However, while the country has these tremendous new opportunities, it also faces major challenges and threats, which, if not properly managed, could have extremely damaging consequences. Besides the looming threat of HIV/AIDS (the prevalence rate among adult women in Luanda has risen from 3.4% in 1999 to 8.6% in 2001), the single biggest challenge is how to reverse the trends towards growing poverty and social inequality. If this challenge is not successfully tackled, not only will little progress be made in other areas, such as the reduction of the country's high under-five mortality, illiteracy and food insecurity, but the consequent sense of social exclusion and festering frustration risks sowing the seeds of future conflicts.

The challenge of poverty reduction is closely related to that of diversifying the country's economy, which has become overwhelmingly dependent on oil, due not just to the spectacular growth of the oil industry over the past two

⁵ Scenario presented by the IMF in its Staff Report for the 2002 Article IV Consultation, 18 March 2002.

decades, but also the decline or stagnation of almost every other sector of the economy. According to the most recent estimates, for 2001, oil accounts for 54% of gross domestic product, 79% of Government revenue and 89% of export earnings.⁶ The scale of oil earnings gives Angola huge advantages over most African countries. However, the oil industry itself creates very few jobs -- just over 10,000 in 2000.⁷ The objective must be to revive or develop other sectors of the economy that can create much larger numbers of jobs -- by establishing a favourable policy framework, as well as making good use of the revenues generated by oil to invest in human capital and physical infrastructure.

4.2 Rural poverty, recovery and the land question

In those rural areas where populations were not forced to flee for safety and humanitarian assistance to the urban areas, most households have been almost entirely decapitalized and cut off from markets, retreating to a rudimentary subsistence economy. The ending of the war should bring some spontaneous improvements -- the reopening of trade links between rural and urban areas, the return of some internally displaced persons (IDPs) to their areas of origins and some external assistance for the revival of agricultural activities, including the distribution of seeds and tools. Over time, livestock herds may be gradually reconstituted.

However, there is also a serious risk -- that elite interests will deprive peasant communities of land. By 1999, land concessions totaling more than 2 million hectares, or 50% of the area held by commercial farmers in the colonial period, had already been granted to new large landholders, at the expense of peasant farmers.⁸ This has sowed the seeds of land disputes, a problem that first erupted in the Gambos district of Huíla in 1999 and could become a major post-war source of future conflict. So far disputes over land have been limited by the fact that the new large landowners have been unable to assert their land 'rights' in areas affected by the war. This could change in the new peacetime climate.

Furthermore, the transfer of land, which so far has been limited mainly to properties previously held by colonial settlers and then confiscated by the state at independence, could be extended to communal lands. Although the current land law, which dates from 1992 (law 21-C/1992), provides some protection for the land rights of rural communities, in terms of access and usufruct, within a framework that invests all legal ownership of land and natural resources in the state, this protection may be undermined in practice in a situation where traditional, communal land tenure rights are not registered, communities are unaware of their legal rights and they have limited, if any access to the justice system. A proposed new land law, which

⁶ *Ibid.*

⁷ Ministério dos Petróleos, *Relatório de Actividades do Sector 2000*, Luanda, 2001.

⁸ Fernando Pacheco, *Land and Agriculture in Angola*, report for the Food and Agriculture Organization, Luanda, 2002.

has been drafted but not yet approved by the Council of Ministers, is believed to be less protective of customary land rights than the 1992 law.

The protection of the land rights of the rural poor should be one component of a comprehensive sectoral strategy for the recovery of agricultural production and the achievement of national and household food security. Other key components are the recapitalization of peasant households (with tools, seeds, traction animals and other livestock), the revival of urban-rural trade (and the establishment of related financing mechanisms), the demining of farming areas and rural access roads, and the rebuilding of the agricultural extension system.

The strategy for rural recovery should focus on smallholders, because this would have a much larger impact on the eradication of rural poverty and malnutrition than increases in output obtained on a relatively small number of large, highly mechanized holdings, employing relatively few of the rural poor.⁹ Small farms would make better use of domestic resources, especially land and labour, and have lower requirements for foreign exchange for farm machinery, fertilizers, pesticides and foreign technology. Above all, a policy favouring small farmers would result in a more equitable spread of the benefits of economic growth, contribute to higher rural living standards and create a broad-based market for consumer goods, thereby helping to stimulate industrial expansion. A prosperous rural small-holder economy (accompanied by the restoration of primary education and primary health care services and improved access to water in the rural areas) would reduce the 'push' factors inducing rural-urban migration, and therefore also have a positive effect on urban society in Angola. An expansion in output by small farmers would thus become the motor of rural development, while also contributing to the reduction of structural poverty in urban and peri-urban areas.

4.3 The challenge of urban poverty

The post-war strategy for recovery and development must take into account the fact that Angola has become a highly urbanized society, due to the acceleration of 'normal' rural-urban migration by the successive waves of war-related displacement of rural populations. The urban share of the population, which was only 14% in 1970, is now thought to be well over 60%. Indeed, Luanda alone is home to almost one quarter of the population (3.2 million people).¹⁰

There are important policy implications. First, as noted above, the policy framework for rural development must be designed to reduce the rate of

⁹ For a discussion of these issues, see *Angola: Agricultural Recovery and Development Options Review*, report of the Ministry of Agriculture and Rural Development, prepared with the assistance of FAO and other international partners, 1996.

¹⁰ The figure of 3.2 million for Luanda province is an estimate based on an aerial survey of the province conducted in 2000. There has been no national population census since 1970.

rural-urban migration by redressing rural poverty. Second, development planning and recovery strategies must be premised on the fact that Angola will remain a predominantly urban society, despite the end of the war. Although some IDPs will return to their areas of origin, this will mainly involve IDPs who have been living in camps and temporary resettlement sites – not those IDPs integrated into urban communities.

The shift in the urban-rural balance of the population means that most jobs and incomes will have to be generated in the urban areas. It also implies the need for much greater attention than in the past to urban planning, investments in urban infrastructure (roads, water supply and sewage systems) and the development of low-cost housing on serviced sites, with related financing mechanisms. All of these have been lacking, resulting in the spontaneous development of vast shanty settlements in the peri-urban areas, such as the *musseques* of Luanda, without adequate planning, security of tenure or provision of basic infrastructure and services.

The combination of rapid population growth in the urban areas and continuing malaise in the non-oil sectors of the economy resulted in a substantial worsening of urban poverty. A household income and expenditure survey (IDR), conducted in 2000/01 in nine provinces (with a 90% urban sample), found that the proportion of urban households living in extreme poverty (below the equivalent of 75 US cents per adult-equivalent per day or barely enough to meet the minimum of dietary needs) had more than doubled since a similar survey in 1995.¹¹ The rise in the urban population has swollen the number of urban-dwellers competing for employment and income-earning opportunities. Newly arrived IDPs, who have no assets, have been in the most precarious situation. However, urban households hosting IDPs because of kinship obligations have been obliged to share limited resources, stretching coping systems to the limit and pushing many host families into extreme poverty.

The aggravation of extreme poverty at the bottom of the social pyramid has been accompanied by rapid enrichment at the summit, which has reaped the main benefits of the large oil revenues channeled through the State. Preliminary data from the IDR 2000/01 indicate that, while the richest 10% of households increased their share of total household income from 31.5% in 1995 to 42.2% in 2000/01, the share of every other decile decreased. The Gini coefficient, which is a measure of the degree of income equality in a range from zero (perfect equality) to one (perfect inequality), rose from 0.45 in 1995 to 0.51 in 2000/01.¹²

¹¹ The survey showed that the proportion of households living below the extreme poverty line had risen to 24.7%, compared with 11.6% in 1995, according to a paper by the Instituto Nacional de Estatística, *Caracterização da Pobreza em Angola (Perfil da Pobreza)*, presented to a seminar on social policy, organized by the Ministry of Planning in June 2002. According to the same source, there was only a slight increase, from 61 to 63%, in the proportion of households living below the poverty line (Kz392 or \$1.68 a day). These are preliminary data, as the full results of the IDR 2000/01 have not been published.

¹² Preliminary data from the first 6 (of 12) months of the survey, as reported in a paper, *Growth, Poverty and Income Distribution in Angola (2000-2001): Analysis from First 6*

This has important implications. An effective poverty reduction strategy would require not only high rates of economic growth, but also measures to halt and reverse the trend towards increased inequality in income distribution. A strategy focused on growth alone would require very high growth rates to make a serious dent in poverty. There are two reasons for this: first, the low growth elasticity of the poverty headcount; and second, the high population growth rate. The preliminary data from the IDR 2000/01 indicate that the growth elasticity of the poverty headcount is only 0.7, meaning that a 1% rise in average household income produces only a 0.7% reduction in the proportion of households below the poverty line, due to the high income inequality and the large proportion of households below the poverty line. Furthermore, even if positive growth and constant income distribution make it possible to reduce the *proportion* of households in poverty, the high population growth rate (3.0%) means that the *absolute* number of those living below the poverty line would continue to rise unless the growth in income exceeded 7.3% a year. In other words, given the current population growth rate and assuming no change in income distribution, overall household income would have to rise by 7.3% a year *simply to avoid the absolute number of poor from rising*.

The key question is how to generate opportunities for the poor to obtain employment and obtain access to skills, capital and economic opportunities. The lack of job opportunities in the formal sector of the economy and low wage levels in the public administration and most state companies have driven most urban households to depend on the informal sector as their only or primary source of income. The 2000/01 survey found that 43% of those in employment in the urban areas were self-employed, while 6% described themselves as 'businessmen'. Only 19% worked in the private sector and 5% in state-owned companies, while 10% were employed in the public administration.¹³ Women in particular have turned to informal sector activities for employment and income, but increasing numbers of young men have also entered the sector for lack of alternatives. Many poor families also attempt to generate additional income by sending children out to work. For both women and children, petty trading is the main income-generating activity. However, the informal sector has become increasingly saturated with low-skilled workers, putting strong downward pressure on earnings, particularly in urban areas outside Luanda, where most 'trickle down' income from the country's oil revenues is concentrated.

In the short to medium term, substantial numbers of jobs could be generated by public works programmes linked to national reconstruction efforts. In the

Months of Data from the Household Budget Survey, 2000, produced by the African Poverty Alleviation Program at American University, Washington, in May 2001. As noted elsewhere, the full data of the IDR 2000/01 have not been made publicly available.

¹³ Data provided in *Resultados dos Inquéritos aos Agregados Familiares: Sobre Despesas e Receitas (IDR) e sobre Indicadores Múltiplos (MICS 2)*, document by the Instituto Nacional de Estatística presented to the Semana Angolana de Estatística, Luanda, 27-29 November.

longer term, however, the key to sustainable job creation is to create a business environment that encourages investment. This should include the promotion of the micro-business sector itself, given its importance as a major source of employment and incomes for the poor. This will require a more favourable regulatory framework, improved access to credit and investments in education and apprenticeship schemes to raise the levels of skills.¹⁴

One of the most important dimensions of the urban poverty trap is the difficulty the poor face in accumulating savings or borrowing capital, so that they can develop their income-generating activities or meet other needs -- for example, house construction or improvements, or the payment of large unexpected costs, such as those arising from illness or death. In part, the difficulty of saving reflects the low level of income. But it is also a consequence of the low level of development of the banking sector, in terms of its branch network, clientele and range of services, and the very limited availability of non-bank financial services oriented to meeting the needs of the poor. The commercial banks have not sought to attract savings from poor clients: indeed, most require a minimum deposit of \$500 to open accounts. Most banks have shown little if any interest in micro-credit facilities, both because of the high administrative costs and the difficulty of securing indemnity for the risk of default, given the inability of borrowers to provide land, residences or other property as guarantees. The poor have also not benefited from the business promotion funds set up by the Government, which have focused on larger, more formal enterprises. The only micro-credit services currently available have been launched on a pilot basis by a few NGOs, mainly in Luanda, and by the new Banco Sol, founded in 2001.¹⁵ It has been estimated that together these programmes reach only about 5,000 beneficiaries – a drop in the ocean compared with the potential demand for such services. The only other sources of funds available to the poor are loans from family or friends and the facilities provided by a few traditional rotating savings and credit associations, the *kixikila* groups, which are found mainly in Luanda.

While the NGO programmes and *kixikila* groups have used the ‘solidarity’ mechanisms of group-based lending to ensure repayment, a major obstacle to the wider development of micro-credit is the lack of mechanisms for individual guarantees, such as the mortgaging of property. Besides reflecting the weakness of the judicial system (as a mechanism for enforcing loan recovery), this is a consequence of the confused situation regarding housing: although large numbers of urban households own their homes (63% according to the IDR 2000/01), very few have formal property titles. As a result, they are not only at risk of summary eviction, but they cannot use their

¹⁴ For a detailed analysis of the environment for micro-businesses, see Fion de Vletter, *A Promoção do Sector Micro-Empresarial em Angola*, Principia, Lisbon, 2002.

¹⁵ Particularly noteworthy are the NGO programmes supported by the UK’s Department for International Development (DfID) through its Luanda Urban Poverty Programme. These programmes have applied good micro-finance practices, including the avoidance of subsidized interest rates (a crucial condition for long-term financial sustainability), and achieved high repayment rates, using group solidarity principles.

dwellings, a potential form of capital, as collateral for credit, to improve their livelihoods. This underscores the importance of legally documenting the ownership of land and housing by the poor in the urban areas, as well as encouraging the development of micro-finance programmes, building on the initial success of the small schemes launched since the late 1990s.

4.4 Conditions for economic recovery and development

The ending of the war has removed the main obstacle to the recovery of the non-oil sectors of the economy, but this needs to be accompanied by other measures to improve the environment for investment and job-creation. These measures need to address six types of constraints that hold back development of the economy: macroeconomic instability and uncertainty; barriers to competition and excessive bureaucracy; the poor state of the country's physical infrastructure; the inadequacy of financial services; the weakness of the judicial system; and the low level of education and skills of the majority of the labour force.

First, a stable macroeconomic climate is needed to reduce business risk and so build the confidence needed for long-term investment in the non-oil sectors. In the past two years there has been some success in restoring greater macroeconomic stability: inflation, which had been fuelled by weak public expenditure controls and the monetization of large Government deficits, was brought down from a peak of 12,035% (on a year-on-year basis) in July 1996 to 116% in December 2001. By comparative standards, however, a figure in triple digits is still extremely high. It is also noteworthy that the reduction in inflation in 2000-2001 was facilitated by a surge in Government revenue and international reserves (to \$1.2 billion or 4.6 months import cover at the end of 2000), made possible by the temporarily high level of oil prices.

In 2001, oil revenues fell, as oil prices weakened, due to the slowdown in the international economy. Weaker oil prices and the high amortization costs of the new deepwater fields may also keep Government oil revenues relatively stable in 2002-04, despite the large increase in production resulting from the start-up of the new Girassol oilfield at the end of 2001. There was still a deficit in Government finances (on a commitment basis) in 2000 and 2001, equivalent to 9.0 and 7.5% of GDP respectively, and lower oil revenues in 2001 resulted in a reduction of international reserves to \$732 million (or 2.6 months import cover). This underscores the need to improve the rigour and transparency of the management of public finances, in order to better protect the economy from external shocks. It also reinforces the importance of sound debt management, in order to reduce the debt burden, which could again become insupportable in the event of a sharp fall in oil prices, as happened in 1998-99.

Second, the regulatory framework for business activity needs to be made less cumbersome and bureaucratic, and oriented more to stimulating competition, to foster efficiency and reduce the high price levels in the Angolan market. The complex, costly procedures for business licensing and investment

approvals, along with high business tax rates and the risks of harassment from regulatory, fiscal and police bodies, have discouraged new businesses and also created incentives for fiscal evasion, the informalization of the economy and rent-seeking by officials through the extraction of *gasosas*, at the expense of the State. This environment, along with policies that overtly restrict competition in some sectors (for example, mobile telecommunications and oil sector service industries), has helped to create an oligopolistic market structure in parts of the economy, one of the main reasons for the exceptionally high prices of most goods and services in Angola. While such a business environment continues, it will be impossible for Angola to emulate fast-developing countries that have succeeded in diversifying out of traditional mono-culture export sectors. A positive sign of change may be the establishment of the *Guichet Único da Empresa*, a 'one-stop shop' for business licensing, established by decree 7/00 in February 2000. However, the decree has still not yet been fully implemented and needs to be accompanied by other measures to facilitate business operations and remove barriers to competition.

A third constraint is the poor provision of basic infrastructure, such as power, water supply and transport, which have suffered from inadequate levels of investment and routine maintenance. In particular, the fact that businesses have to provide their own power supply from generators is one of the most important reasons why the cost of production is high in Angola, making the country uncompetitive in virtually all branches of industry, outside mining. Although Angola is well endowed with potential sources of energy, including hydroelectric power from its many rivers as well as natural gas and petroleum, most cities face periodic power cuts. The war has been one of the causal factors, but another has been the financial precariousness of the public electricity companies, which for years were unable to charge economic tariffs – a situation that has only recently begun to change as a result of reforms carried out under the IMF Staff Monitored Programme (SMP).¹⁶ While financial reforms of this type are indispensable to ensure the viability of public utilities, public works programmes could also form part of a comprehensive recovery strategy, providing large-scale employment and helping to overcome the deficiencies in infrastructure such as roads and water supply.

A fourth factor is the low level of skills in the labour force, a problem that is likely to be accentuated by the death of skilled young adults from AIDS. High rates of morbidity, in particular from malaria, also contribute to the low productivity of the work-force. These factors underline the importance of expanding access to education, reducing the high illiteracy rate and improving the health status of the population through an effective primary health care system.

¹⁶ Of installed generating capacity of 597 mw, only 297 mw were actually available in 1996. There has been little investment in the electricity industry, apart from the new 540 mw Capanda dam on the Rio Kwanza, which has been under construction for more than 15 years, at a cost of over \$2 billion.

Fifth, business development is held back by the weakness of the financial services sector. The banking system, which was a state monopoly until the law on financial institutions enacted in May 1991 (law 5/91), has gradually become more competitive, but it is still poorly developed, in terms of the number and location of bank branches and the range of services offered. The banking sector was given a boost by a new law on financial institutions in 1999 (law 1/99), which liberalized interest rates and effectively allowed the banks to index accounts and loans to the US dollar, to cope with the problems of rapid inflation and currency depreciation. However, there are still only 92 bank branches in the country, of which almost half are in Luanda.¹⁷ Minimum deposits are extremely high, resulting in a very low proportion of the population using banks for saving, and the only credit generally available is for short-term operations, in particular the financing of imports. Furthermore, the two state commercial banks appear to be severely decapitalized.¹⁸

Some longer-term credit has been made available through the 'autonomous funds' set up to promote business development, such as the *Fundo de Apoio ao Empresariado Nacional* (FAEN), launched in 1992, and the more recent *Fundo de Desenvolvimento Económico e Social* (FDES), set up in 1999 (decree 21/99). However, FAEN and some other development funds set up in the late 1980s and early 1990s ended up severely decapitalized, as a result of the non-repayment of loans and the charging of interest rates that were heavily negative in real terms. FDES is attempting to overcome these problems, particularly by charging commercially viable interest rates.¹⁹

Finally, the problems of poor loan repayment rates highlight the difficulty of enforcing loan recovery, due to the inability or reluctance of creditors to pursue well-connected defaulters through the courts. This is symptomatic of a wider problem, the weakness of the judicial system and thus the difficulty of enforcing contracts through the courts. Along with the widespread lack of property titles, which makes it impossible to guarantee loans, this is another area in which measures will need to be taken, to create an enabling environment for business development.

4.5 Transparency in public resource management

One of the most important development challenges facing the country is to ensure that the country's large public revenues, generated mainly by oil, are used to meet the priority needs of the population and to promote long-term development. A prerequisite for this is to ensure the transparency of government finances, by bringing all budgetary revenue and expenditure

¹⁷ Most of the others are in Benguela, Lobito and Lubango, leaving very few bank branches in the rest of the country.

¹⁸ A third state bank, the *Caixa de Crédito Agro-Pecuária e Pescas* (CAP), was liquidated in April 2001, after accumulating a large stock of non-performing loans.

¹⁹ See de Vletter, *op cit*.

within the framework of the approved national budget and ensuring that expenditures follow strictly the procedures set down by law.

For many years, however, there have been substantial off-budget expenditures and revenues, sometimes associated with the contracting of non-concessional, oil-guaranteed loans from international banks. The expenditure recorded in the *Sistema Integrado de Gestão Financeira do Estado* (SIGFE) and in the budget execution reports of the Ministry of Finance includes only part of the total Government expenditure. Extra-budgetary expenditures, which take place without following the established Treasury procedures for authorizing Government commitments and payments, make it difficult to manage public finances in accordance with the approved budget or development objectives, or to ensure that resources are not being wasted or diverted as a result of corruption.

The Government has been formally committed for some time to ending such extra-budgetary operations. In the Staff Monitored Programme agreed with the IMF in April 2000, it was stated that 'payments by the BNA on behalf of the Government will only be made against proper authorizations, and every effort will be made to achieve full transparency through universal coverage of Government revenues and expenditures in the context of implementation of the 2000 budget...'²⁰ The reformulated SMP in February 2001 repeated the Government's commitments to 'eliminate unauthorized payments outside the budgetary process'.²¹

Although some institutional measures were implemented (or begun) under the SMP, including a diagnostic study of the oil sector, the core problem of large extra-budgetary operations was not resolved: IMF data on Government finances in 2001 indicate that \$907 million of expenditure was unregistered, in addition to \$205 million of extra-budgetary expenditure registered *ex post*.²² Together, these expenditures were equivalent to 24% of total Government spending. Some revenues too bypass the Treasury: for example, an estimated \$400 million paid by international oil companies in the fourth quarter of 2001 as a signature bonus for the most recent of ultra-deepwater blocks to be licensed (block 34) went not to the Treasury, but to the Presidency, and it was only several months later that part of this amount was transferred to the Treasury.²³

Likewise, loans have been contracted on international financial markets without following any established debt management procedures and without

²⁰ IMF/Government of Angola, *Memorandum of Economic and Financial Policies*, April 2000.

²¹ IMF/Government of Angola, *Memorandum of Economic and Financial Policies*, February 2001.

²² IMF, *Angola: Staff Report for the 2002 Article IV Consultation*, 18 March 2002.

²³ According to the March IMF report (*ibid*), the Angolan authorities reported receiving only \$285 million, which was paid in October 2001. By March 2001, this revenue had still not been transferred to the budgetary accounts. The Norwegian company Norsk Hydro is the largest foreign equity holder in the consortium awarded block 34.

being fully recorded in the central bank's debt data-base. These same loans have then been utilized for expenditures that bypass the established Treasury procedures for effecting Government expenditures. In a recent notorious case, the Swiss judicial authorities identified more than \$200 million of funds misappropriated by senior Angolan officials and foreign businessmen involved in a scam linked to the purchase of the Angolan debt owing to the Russian Federation, using oil-guaranteed loans.²⁴ The IMF also expressed concern about the secrecy surrounding this affair, in which a foreign company reportedly bought \$1.5 billion worth of Angolan debt to Russia for an unspecified amount, in return for oil deliveries made under oil-guaranteed loans. According to the IMF, 'the authorities stated that they were not able to give details of these loans because it would infringe on their national sovereignty'.²⁵

It was largely due to the concern about such irregularities and lack of transparency that the SMP expired in 2001 without being followed by an IMF loan under the Poverty Reduction and Growth Facility (PRGF). The SMP ultimately failed to bring about a fundamental improvement in the rigour and openness of public resource management.

Such an improvement would need to go beyond institutional reforms in the management of public expenditure, revenue and debt. A related requirement would be the establishment of a system of public procurement that minimizes waste and the opportunities for misappropriation of public resources. At present, Angola does not have a functioning public procurement system, with rules and procedures that are universally applied and enforced. The February 2001 version of the SMP included a comprehensive review of the public procurement system, which was described as being 'part of the ongoing efforts to tackle corruption'. But a transparent procurement system still does not exist.

Effective rules and procedures also need to be in place, and enforced, in other areas of public resource management, such as the divestiture of state assets. When the Government of Angola began its privatization programme, following the establishment of the *Gabinete do Redimensionamento Empresarial* (GARE) in 1987, the legal and procedural framework was extremely weak. During the early 1990s, large numbers of small state companies, including state farms, were divested, as well as some of the urban housing that had been nationalized or confiscated after the settler exodus in 1975. Most medium and large-scale state enterprises remained in the public sector. During this initial wave of privatization, there were no proper valuations of the companies and properties to be privatized, many of which

²⁴ *Le Monde*, Paris, 23 May 2002. The Government of Angola subsequently admitted that moneys had been paid into the private bank accounts of State officials, but justified this as a measure taken to preserve democracy, sovereignty, territorial integrity and the achievement of peace. See *Jornal de Angola*, Luanda, 6 June 2002.

²⁵ IMF, *Angola: Staff Report for the 2002 Article IV Consultation*, 18 March 2002.

were handed to their new owners for nominal payments. The process was non-transparent, as there was no competitive bidding.

The same has been true for other forms of State attribution of resources, such as the award of business licenses (for example in telecommunications) and concessions of land and diamond mining rights. At present, these decisions do not follow any clear rules or procedures, but appear to be motivated mainly by favouritism, on behalf of individuals and families well connected in the power structure, as part of an entrenched system of State patronage that tolerates and promotes cronyism.²⁶

Finally, full transparency requires that economic, financial and other data are published in a timely manner and are made readily available to the general public, including the press. Public access to data and to Government documents such as budgets, plans and programmes, remains difficult. The *Instituto Nacional de Estatística* (INE) has held back the release of data even from surveys financed by international institutions, such as the IDR 2000/01, which was funded by the World Bank. The development of a more open style of administration, including the regular and timely publication of key data and their effective dissemination, is an essential part of the process of building a more transparent and accountable system of governance.

4.6 Implications for donors

A consensus has emerged among most donors that their resources have a greater impact in countries where governments are pursuing policies conducive to poverty reduction, sound economic management, transparency and democratic governance. These donors have concluded that, in countries where this is not the case, they should consider reducing their financial assistance and instead focus on helping to create the conditions for such frameworks to be put in place. The absence of a basic policy framework for good governance, sound economic management and poverty reduction measures has led most donors to classify Angola in the 'fragile partnership' category. As a result, some donors have radically scaled down or ended completely their development cooperation with the Government since the late 1990s.

The problem is mainly one of commitment, or political will, rather than capacity. This is not to deny that institutional capacity is weak. The public administration has been undermined by a lethargic, bureaucratic culture and above all by the low level of salaries, which has eroded staff morale and commitment, fostered petty corruption (the culture of the *gasosa*) and made it very difficult for the civil service to attract or retain qualified personnel in a market distorted by low overall levels of education and the high salaries offered by the oil industry, other formal sector companies and donor-funded NGOs.

²⁶ See Tony Hodges, *Angola from Afro-Stalinism to Petro-Diamond Capitalism*, James Currey, Oxford, and Indiana University Press, Bloomington, 2001.

The fundamental problem, however, is one of commitment. There have been two big tests of the degree of commitment to poverty reduction, sound economic management and improved governance. The first has been the adoption and implementation of an Interim Poverty Reduction Strategy Paper (I-PRSP). Work on preparing the I-PRSP began in mid-2000, but has still not been completed, almost two years later, even though this is supposed to be an 'interim' PRSP, in principle a fast-track precursor to a more complete package of measures under a subsequent 'full' PRSP. At a surface level, this may be explained by the lack of qualified personnel in the Ministry of Planning (MINPLAN) or poor coordination between MINPLAN, the finance ministry and the sectoral ministries. But those weaknesses are themselves a consequence of the low priority accorded to developing a poverty reduction strategy. Donors have also been worried by the lack of Government interest in (or outright suspicion of) consultation with non-Government partners about the proposed strategy and have suspected that the main motivation for preparing the paper has been to meet donor expectations, rather than to provide a framework for the policy reforms, institutional measures and budgetary reallocations needed for a serious assault on poverty.

The failure of the SMP has been another crucial test. The fact that up to one quarter of Government expenditure has remained off-budget and that substantial amounts of revenue do not pass through the budgetary accounts has nothing to do with capacity. The rules and procedures exist; they simply are not applied. It is reasonable to presume that one of the main reasons for this is the opportunity for personal enrichment provided by an opaque system of parallel public finances. The continuation of non-transparent mechanisms for the attribution of other types of resources, such as business permits, land concessions and diamond mining rights, likewise points to the strength of such interests, as well as the use of economic favours as a form of patronage.

In many other African countries, acute financial pressures provide considerable leverage for the international financial institutions and donors generally. But this is not the case in Angola. Although the Government has periodically faced financial pressures, since the mid-1980s, these have always proven temporary. The Government has been able to take advantage of the trend of rising oil production, which over the long term has been more than sufficient to offset the weakening of oil prices since the 1980s. In stark contrast with almost all other countries in Sub-Saharan Africa, donor financing in Angola provides only modest supplementary assistance, to complement the substantial internal resources available to the Government. In 1999, despite the high level of humanitarian assistance, net ODA receipts (channelled almost entirely through UN agencies and NGOs) were equivalent to less than 8% of Government expenditure, whereas in most of Sub-Saharan Africa this ratio is well above 20% and often more than 30%.²⁷

²⁷ Aid data for Angola from OECD/DAC and estimates of Government expenditure from the IMF.

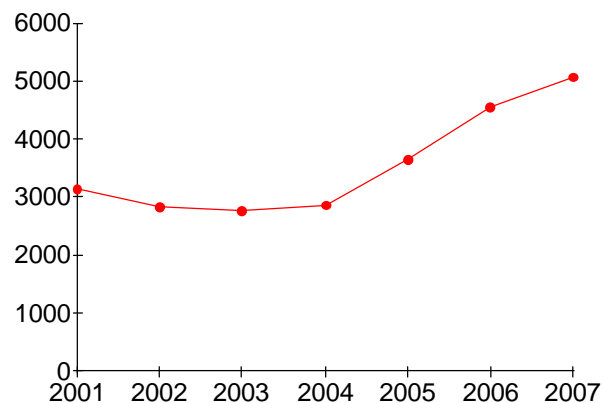
Although the balance of payments is running a deficit (on both current account and overall) and the Government is depending heavily on costly oil-guaranteed loans to finance external payments, the scale of oil exports has generally made it possible to service these loans without any great difficulty.²⁸ International reserves at the end of 2001, although lower than a year earlier due to lower oil prices, were still sufficient to cover 2.6 months imports.

For these reasons, the Government has never found itself forced into accepting an IMF loan on conditions to its disliking. In fact, the Government has never borrowed from the IMF and only on two brief occasions (in late 1995 and from April 2000 to June 2001) has it even submitted to the monitoring of its economic performance by Fund staff. In the latter case, the acceptance of the SMP seems to have been motivated in part by the temporary debt-servicing difficulties triggered by the collapse in oil prices in 1998-99 (although this financial pressure had largely been lifted by the time the SMP came into effect in April 2000). Perhaps more important was the desire to cultivate a positive, reformist 'image' in the international community in order to maintain tacit international support for sanctions against UNITA. This pressure too has been lifted by the ending of the war.

Furthermore, the 'carrot' of debt restructuring, which in other countries would be a strong incentive for reform, is of quite limited significance in Angola. The bilateral debt that would be eligible for Paris Club restructuring constitutes only a small part of the overall external debt and is not being serviced anyway. For external financing, the Government is almost entirely using oil-guaranteed loans (about \$5 billion out of \$10.5 billion of estimated total external debt at the end of 2000), which are very unlikely to be rescheduled by the London Club of international banks even in the aftermath of an IMF agreement.

Already quite limited, the resource constraints on the Government will become even less of a factor after the new large surge in oil production and revenues due to begin in 2005. The projected increase in oil production over the medium term (from 927,000 barrels/day in 2002 to a projected 1.97 million b/d in 2007) will be large enough, from 2005 onwards, to turn the current account of the balance of payments from deficit into surplus, finance much of the country's reconstruction, build up official reserves and permit a rapid decline

Figure 1: Oil tax revenue, 2001-2007
(\$ million)



²⁸ Only when oil prices fell to exceptionally low levels, in 1998-99, did the Government experience difficulties in servicing its oil-guaranteed loans.

in the public debt. Figure 1, based on an average oil export price of \$18 a barrel for most of the period from 2002 to 2007, shows the expected rise in oil tax revenue, from \$3.1 billion in 2001 to \$5.1 billion in 2007.

This has led some donors to conclude that, while external 'leverage' on the Angolan Government to engage in necessary policy changes and institutional reforms is weak at present, it will be more or less non-existent from 2005 onwards.

In the short term, however, donors are coming under strong pressure from the Government to provide substantial assistance for post-war demobilization, reintegration and reconstruction, in addition to meeting the needs of an expanded humanitarian caseload, now that access has been extended to areas that were beyond the reach of humanitarian agencies during the war. A strong case can be made for meeting these humanitarian needs, on purely moral grounds, although it is likely that donors will continue to channel such assistance through UN agencies and NGOs, rather than the Government, due to concerns about the lack of transparency in the management of Government finances, including with respect to the modest Government resources allocated to humanitarian action.

Going beyond the immediate humanitarian response, however, donors should insist that donor assistance is only a complement to the Government's internal resources. With oil taxes of around \$3 billion a year (and total fiscal resources close to \$4 billion), the Government should take the lead in financing reconstruction and recovery.

It will also be difficult to justify donor assistance if a substantial proportion of Government revenue and expenditure remains off-budget and is not properly accounted for. To put the problem in context, it must be noted that off-budget expenditures (averaging about \$1 billion a year including expenditures registered *ex post*) have been at a level about three times higher than net ODA receipts (on average \$359 million in 1997-99) – and about four times higher than the aid requested annually in the UN's consolidated appeals (a little over \$200 million).

Donor assistance for reconstruction and development should therefore be made conditional on: (1) the Government assuming the main responsibility for financing; and (2) the Government ensuring transparency in the management of public finances, including in particular the elimination of all extra-budgetary operations.

In addition, meaningful assistance requires a policy framework that is conducive to recovery and poverty reduction. Donors should stress that they expect the Government to finalize *and implement* a credible poverty reduction strategy. Such a strategy would incorporate the actions needed to overcome the humanitarian emergency, promote post-conflict reintegration, reconstruction and recovery, and promote job-creation, access of the rural poor to land and markets, food security and universal access to basic social

services, while also tackling emerging threats like HIV/AIDS. The strategy would also address the large 'macro' issues of promoting democratic governance, sound economic management, transparency in the management of public resources and curbs on corruption.

At the same time, the donor community cannot assume that all of these desirable developments will take place. Ultimately, the quality of Government commitment and leadership will depend on the aspirations, expectations and demands of the people of Angola. Building a powerful civil society, with representative, effective organizations, as well as pluralistic mass media, an independent judiciary and a strong National Assembly, capable of acting as an effective check on executive power, will be fundamental components of a strategy for long-term improvements in the quality of governance and human welfare.

In this respect, it will be especially important to improve the quality of information, analysis and discussion of economic issues and policy in the public domain. This has historically been weak in Angola, because of the low levels of education, the weakness of the liberal professions, the limited development of the mass media and poor access to information, due to the continuing culture of administrative secrecy (a hang-over from the autocratic practices of the colonial and one-party regimes of the past). Angola does not yet have active university research centres, independent think tanks and a quality press, with informed news coverage and debate about economic performance, budgets and policy issues. Likewise, the parliamentary tradition remains weak and the capacity of deputies to question the Government about economic matters is still quite limited. One reason is the weak research resources available to deputies and their staff.

Donors could make a major contribution in this sphere through the following types of measures:

- Capacity-building for independent research centres, think-tanks and policy-relevant research programmes conducted by university faculties;
- Capacity-building for quality economic journalism, particularly in the independent mass media;
- Capacity-building for research facilities in the National Assembly, focusing in particular on economic and financial issues, such as scrutiny of the annual budget.

Such measures would have a pay-off only in the very long term. However, it is the strengthening of such institutions which over time can create the conditions for the *internal* generation of appropriate policies for poverty reduction and development. This is far more important ultimately than external conditionality, which, due to the country's large oil revenues, is likely to have little effect, especially after the new surge in oil revenues beginning in 2005.

Table 1: Economic indicators, 1996-2001

	Unit	1996	1997	1998	1999	Preliminary	
						2000	2001
Gross domestic product (GDP)							
GDP at current market prices	\$ million	6,423	7,675	6,445	6,088	8,864	9,472
GDP per capita	\$	494	590	495	468	661	686
Real GDP growth	%	11.2	7.9	6.8	3.3	3.0	3.2
Oil sector	%	10.4	4.7	3.5	1.0	0.4	-1.0
Non-oil sector	%	12.2	12.3	9.8	4.8	6.8	9.6
Shares in GDP							
Oil sector	%	58.0	47.9	37.8	58.7	60.6	53.6
Non-oil sector	%	42.0	52.1	62.2	41.3	39.5	46.4
Agriculture, forestry, fisheries	%	7.1	9.0	13.0	6.4	5.8	8.0
Diamonds	%	3.4	4.3	5.4	8.2	6.4	5.8
Trade and commerce	%	15.0	16.2	19.3	15.1	14.5	15.6
Non-tradable services	%	8.3	11.8	10.6	4.9	6.9	9.6
Manufacturing	%	3.5	4.4	6.3	3.5	2.9	3.8
Production of selected commodities							
Crude petroleum	1,000 b/d	681	713	739	746	748	740
Diamonds (recorded exports)	1,000 carats	918	1,417	2,716	3,806	4,313	
Cereals	1,000 tons	500	431	594	530	500	577
Balance of payments							
Merchandise exports fob	\$ million	5,169	5,066	3,491	5,225	7,885	6,704
Merchandise imports fob	\$ million	2,040	2,597	2,079	3,109	3,147	3,325
Current account balance	\$ million	-249	-953	-2,039	-1,562	885	-252
Current account balance/GDP	%	-5.0	-12.4	-31.6	-25.7	10.0	-2.7
Foreign direct investment (net)	\$ million	588	412	1,114	2,471	878	1,347
Overall balance of payments	\$ million	2,150	-809	-1,385	-152	6	-924
International reserves, external debt and ODA							
Gross international reserves	\$ million	558	396	203	496	1,198	732
Import cover	months	3.3	1.8	1.2	1.9	4.6	2.6
Medium & long term external debt as % of exports of goods & services	%	9,666	9,589	9,776	11,252	10,541	
Oil guaranteed debt	\$ million				4,550	4,986	
Public external debt service (due) as % of exports	%	34	36	71	45	39	47
External payment arrears	\$ million	2,528	3,254	4,224	5,043	5,562	
Net ODA receipts	\$ million	473	355	335	388		
Net ODA receipts per capita	\$	40	29	27	30		
Net ODA receipts as % of GDP	%	12	8	8	16		
Public finance							
Total revenue	\$ million	2,929	3,094	2,034	2,852	4,586	3,938
Total revenue/GDP	%	44.8	40.3	31.6	46.8	51.7	41.1
Oil taxes share of total revenue	%	89.7	84.9	74.1	87.8	89.3	80.5
Total expenditure/GDP	%	64.1	64.7	42.8	82.6	60.7	48.6
Social sector share of recorded, classified expenditure	%		25.5	13.8	9.1	31.0	
Overall budget balance (commitment basis) as % of GDP	%	-19.3	-24.4	-11.3	-35.7	-9.0	-7.5
Prices and exchange rates							
Consumer price inflation, Luanda (annual, December)	%	1,651	148	135	329	268	116
Average oil export price	\$/barrel	20.4	18.6	11.9	17.6	27.1	22.9
Official exchange rate	Kz per \$ ^a	0.13	0.23	0.39	2.84	10.03	21.60
Parallel exchange rate	Kz per \$ ^a	0.17	0.30	0.61	3.16	10.56	23.46
Exchange rate spread	%	29	32	56	37	5	9

a/ The kwanza reajustado (Kzr) was replaced by the kwanza (Kz) in December 1999, at Kz1 = Kzr1 million. Data prior to that date have been converted to kwanzas.

Sources: IMF; FAO/WFP, 2001; OECD, Development Assistance Committee, Creditor Reporting System.

5. Public Institutional Capacity

Mário Adauta

5.1 The Angolan Public Institutional Context

Some of the characteristics of the current Angolan Public Administration (PA) are described below. The list of characteristics is not exhaustive and its only purpose is to describe the current position of the PA within the context of this paper.

- There is a perception, legitimate or not, that the PA has been and still is politically biased, particularly at lower levels (for example, municipal and provincial);
- It is centered on the management of relations, particularly group or personal ones, rather than on the management of objects or services (a more impersonal and neutral relationship with the customer);
- The allocation of public resources has been skewed towards higher levels of the PA and specific functions, such as the maintenance of order and law. This has been done until recently in a military conflict context, to the detriment of the provision of social services and development projects;
- There is a structural weakness in terms of human resources at all levels, particularly at the level of social services provision. There is also a lack of strategic thinking and leadership at all levels of the PA;
- Coordination failures are everywhere and the current central chain of command, characterized by a ratio of one manager to three subordinates, makes the coordination issue a nightmare;
- The PA is a top-down pre-bureaucratic animal, which is a model too sensitive to shocks, such as leadership changes. Some of them have been very destructive for the institutional development of the PA;
- The PA has difficulty in recovering from and adapting to changes created by structural shocks such as those experienced in 1975 (independence) and 1992 (transition to a multi-party system).

The above-mentioned features of the PA, typical of a pre-bureaucratic model, have led among others to the following outcomes:

- Widespread inefficiency in terms of coverage and quality of service delivery;
- Widespread corruption;
- High turnover of staff, particularly among those who can make a living outside the PA. The policy of low salaries has made a large contribution to the high turnover;
- Lack of ethics and breaches in terms of the code of conduct by civil servants;

- Inefficiency in the economy and frustration among citizens;
- An approach that is too administrative and interventionist. It lacks regulatory capacity and the concept of regulation is confused with pure administrative control. A regulatory function is not perceived as setting up the rules of the game which should govern the relationships among all the social stakeholders;
- A lack of neutrality in service delivery, privileging personal rather than interpersonal relationships. Those with the right connections receive better treatment;
- A policy of salary compensation for civil servants that has created disturbances in the hierarchical structure (for example, promotion to leadership positions without any other criteria than to get a better salary; and the creation of superfluous administrative units);
- Endemic prevalence of asymmetrical information and lack of institutional coordination within the same units or between different units. Customers have no mechanisms to voice their claims.

It can be argued that most of the characteristics of the prevalent pre-bureaucratic model of the PA are a direct result of the processes of the military conflict in which the country has been involved until recently. It can also be said that the current model is a continuation of the previous colonial bureaucratic model, which to a large extent was authoritarian and not customer-driven. The political Marxist model of development promoted by the MPLA did not change this, and to some extent even reinforced it, particularly regarding its characteristics of authoritarianism and lack of accountability. In areas of conflict the PA has to some extent been under the control of the military, and this has had an impact on the leadership styles and priorities that have emerged. The appearance in recent years of other stakeholders such as NGOs has also influenced the construction of the current PA. One can add that cultural influences have also contributed to the character of the PA. In summary, the current PA is a historical result of the influence of several factors that have made a greater or lesser contribution over differing periods.

5.2 Public administration in a post-conflict scenario.

To try to understand what role the PA could play in a post-conflict situation it is worth looking into some of the of the driving forces of a post-conflict scenario:

- There will be a greater need to introduce national sovereignty countrywide, meaning that PA should be everywhere. There is an institutional vacuum at the lower levels of the administration which needs to be filled;
- Anticipating coming legislative and presidential elections, projects of immediate social impact will take priority;
- Political affiliation and allegiance to the ruling party or UNITA will be prerequisites for staffing the new units of local public administration.

According to the Lusaka protocol Unita will nominate some administrators or deputy administrators for communal or municipal posts;

- The PA's function of service delivery will prevail *vis a vis* its more regulatory functions. This approach will be pushed by people's more pressing demands and political and electoral considerations, particularly in the social sector;
- Public and economic reforms at macro level pushed or supported by the IFIs will clash with the more urgent needs of service delivery at the lower levels of administration (for example, municipal, provincial);
- The centralization versus decentralization debate will come to forefront of the political agenda. The debate will continue for some time before a political solution is reached;
- The PA has to adjust to the demobilization of thousands of soldiers. There will be a tendency for job creation in the PA, probably at local levels of the administration;
- Tensions between political accountability and civic and public accountability will increasingly emerge as a direct result of intensifying bottom-up pressure.

From the demand side, what most will expect from the PA in a post-conflict scenario is that finally public goods will be delivered in a more regular and efficient way. The state is expected to play its classical roles. The delivery of public goods, particularly social services such as primary education and public health, can be achieved by the PA through direct intervention and implementation, as well as through subcontracting. The creation of partnerships with the NGO and private sectors is one way to go. Service delivery in the areas of health, primary education, rural development, and repair and maintenance of road infrastructure will be the main priorities. In areas of the country where there are no incentives for the private sector, there will be mounting pressure for the state to be present or to subcontract the NGO sector.

Having said this, the political elites will have a strong tendency to use the PA in the post-conflict process for their own interests so as to keep political power. The PA is in itself a tool of power, and will be used in a post-conflict situation for those in positions of power. If the political elites perceive that the PA could play a vital role in terms of public service delivery, efforts will be made to strengthen and reform it.

Another way of looking at the issue of service delivery in a post-conflict scenario relates to the awareness among the political leadership of the pressing social needs to be addressed, and the absence of a strong and efficient PA for delivering necessary services, particularly at lower levels of administration such as the municipalities. Such awareness of the weakness of the PA may well lead to a tactical partnership with the NGOs, while adopting incentives to bring public servants into the lower levels of the public administration (e.g. doubling the salary). A system of incentives, including

financial support and housing, is being devised to support such an effort to strengthen the public administration. The option of having an implementing rather than a regulatory PA is therefore higher in such a context. The bottom line is that for the sake of the survival of the political regime, in a post-conflict scenario some of the forgotten functions of the state will be addressed either by the PA itself or by subcontracting the private sector and NGOs.

Should the PA have new roles in a post-conflict scenario? Should the PA play a role in terms of future conflict prevention? The nature of the post-conflict situation in Angola, is based on civil conflict rather than conventional warfare. In that sense, the perception of the role of the state differs between those who have control of the PA and those who have been opposing it. Given the protracted conflict, it is quite normal that sometimes the PA has been perceived by certain sectors of the population as the “other administration”. This has certainly led to suspicion and resentment, and one could ask whether or not the PA should have additional roles or a different institutional make-up in a post-conflict situation. The obvious answer would be to say yes for at least two basic reasons. First, the country is facing a new context with new needs, for instance the demobilization of ex-soldiers and the integration of displaced communities, as well as old unsatisfied ones, for instance increasing public accountability and the demand for a strong and independent legal and judicial system. Second, the classical roles and the institutional weakness of the PA have proved not to contribute that much in the past to minimizing or preventing conflicts. For these reasons, one could assume that a PA could play some of the following roles in a post-civil conflict situation:

- To promote increasing equity in access to public services, particularly social services, among populations which have not been within the reach of PA in the past few years of conflict;
- To bring the PA closer to the customers, meaning to the lower levels of administration (communes, municipalities, communities). This will fill the institutional vacuum resulting from its years of absence in areas of permanent military conflict;
- To play a role in conflict prevention. For that to happen the principle of neutrality towards people and communities with different political allegiances should prevail;
- To play a role of social arbitration at community level every time a conflict occurs;
- To integrate or accommodate the traditional function of justice delivery carried out by the traditional authorities and other organizational arrangements that are likely to have emerged over the years of conflict at community level;
- To help the democratization and the national reconciliation processes;
- To depoliticize the public administration, with the notion that less state is better than too much state;
- The PA to play a more regulatory role than it used to in the past, particularly in areas which are vital for economic development and increasing public accountability;

- To increase public accountability;
- To shift from political accountability to a more civic, individual and administrative accountability;
- To help the processes of demobilization and social reintegration of soldiers.

Although it may not seem controversial that new roles for the PA are important in a post-conflict situation, it is not certain that such new roles will ever be considered or implemented by those in positions of power. There are several reasons for this. One is the weakness and the nature of the current PA itself, which does not leave much room for innovation. Business as usual will prevail because it is the only thing that most of the PA leadership is used to. New roles necessitate innovation, some with a strong political aspect such as democratization and national reconciliation. Alternatively, the state could find other mechanisms for fulfilling new roles emanating from a post-conflict situation, bypassing the PA. This could work out for some functions but will not cover all of them, as some of them are indeed typical of a PA. Maybe the strongest reason why new roles will not be favored in the short run is the pressing need for the delivery of basic social services, which will be in the forefront of the political agenda. A weak PA should first address such needs rather than try to focus on new roles, which demand new expertise and political considerations. This will certainly be the main argument of those in power positions. One should then ask which mechanisms can be used in the short run to help conflict prevention. Whether the PA should play a pivotal role in conflict prevention, democratization, social reintegration and reconciliation right now or in the near future, a more customer-oriented and responsible PA would certainly make a tremendous contribution.

5.3 Balancing a demand for "too much to be done" and limited institutional capacity to deliver

Some of the driving forces for "too much to be done" in the provision of public goods, which will push for a more interventionist implementing state, are presented below:

- The current high levels of deficit in terms of public service delivery;
- A real demand for public goods from poor populations constituting the majority of the population;
- A pressure from the peace dividend factor leading to "no more excuses" not to deliver;
- Political clientelism - elections ahead;

Irrespective of the political considerations, it is a fact that there is too much to be done and very limited public institutional capacity to act. The solution for the tension between the willingness and the capacity to deliver has to be found in the way society's resources are prioritized and rearranged to address the urgent social and economic challenges. It can be argued that a weak PA, having delivered "too little" in the past, will not be able to deliver "too

much” in the future and that therefore there will be no solution for the transitional tension. One way of overcoming such problems and bypassing the gap between public institutional capacities and development needs would be to ask the question “too much to be done by whom?” Given the severity of the national challenges ahead it is obvious that all governmental and non-governmental organizations should participate in the search for durable solutions, and consequently that a weak PA should not be considered a real impediment. That means that the state should look for partnerships, while at the same time embarking on a reform of the PA so as to make it more efficient and customer accountable. Moreover, there is a need to prioritize (e.g. primary health care; repairing of primary road infrastructure); a need for the creation of institutional synergies; a need to rationalize and introduce cost-benefit analysis regarding projects having social impact; and a need to negotiate project priorities with local communities. Setting up the correct priorities should be the first step towards addressing the discrepancy between needs and capacity.

5.4 Does a post conflict scenario represent a unique opportunity for developing an efficient bureaucracy?

According to a linear or rational model of policy-making the answer should be yes. The model outlines policy-making as a problem-solving process which is rational, balanced, objective and analytical. In this model decisions are made in a series of sequential phases, the first phase being the identification of a problem or issue, and ending up with a series of activities to deal with it in the implementation phase. The reality, however, has shown that this model is far from reality. There is instead the prevalence of an incrementalist approach for policy-making to be essentially remedial, focusing on small changes to existing policies rather than embarking on fundamental reforms. According to this model the answer to the question posed above should then be no. Fundamental reforms in the PA may occur if some of the following takes place:

- Segments of the policy and political elites recognize the existence of institutional failures in the PA that make it incapable of addressing the pressing issues originating from a post-conflict scenario;
- There is increasing bottom-up pressure for policy change (eg customers’ awareness of their rights; greater influence from the private sector; FDI needs to operate in a more business-oriented and legal framework);
- There is better coordination from the international partners (positive conditionality) for inducing policy reforms, particularly during the agenda-setting and decision-making phases;
- The future parliament pushes for a less politicized and more efficient PA;

In terms of a political cost-benefit analysis there is no clear perception among the political elite that the gains from making such institutional changes will offset the political costs. It is therefore very likely that the incrementalist approach to policy-making will prevail.

5.5 The role of international development partners in a post-conflict scenario

A civil war post-conflict situation is certainly a very sensitive one where each action of those with capacity to influence the internal political processes could be perceived as aiming at either defusing or fueling a past conflict or its underlying reasons. It is therefore important that the international development partners are aware and risk-conscious when intervening in a post-conflict scenario such as the Angolan one. Some of the following could be considered as reasonable measures to be taken for those who do not want to harm the post-conflict process:

- To restrain from promoting actions which could be perceived in the near future as politically sensitive and likely to be used negatively to prevent social change;
- To prioritize actions and programmes aimed at social sectors which incorporate principles of increased devolution and partnership (positive conditionality). Only public service delivery projects open to public bidding should be eligible for funding; and projects which involve a direct partnership of the PA with NGOs and private sector should be supported;
- To intervene in areas which demand better institutional coordination and the reduction of public asymmetrical information. There is a need for the public to have access to data on the execution of the public budgets at all levels in order to increase public accountability. That should be true also for projects run by NGOs;
- To avoid putting all eggs in the same basket, in order to reduce project/programme risks (eg support to one sector only, the health sector; support to one province only);
- To increase coordination among international development partners. The market for interventions in a post-conflict situation is so large that every international development partner will rush for a stake, leading to duplication and a waste of resources. That can also place additional burdens on the weak PA;
- To help to promote actions and ideas centered on the Millennium Development Goals (UN) and the eradication of poverty, and to promote ideas centered on good governance and a rights-based approach to development.

6. The Role of Civil Society in the Social Reconstruction of Angola

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6.1 Introduction

I would like to express thanks for the invitation extended to me by the prestigious Chr. Michelsen Institute of Norway to talk about the role of the Angolan civil society in the country's reconstruction at this workshop on the future cooperation between the Kingdoms of Sweden and Norway, on the one hand, and the Republic of Angola, on the other. I believe that this invitation reflects an acknowledgement of the contribution of the ADRA collective - the Angolan NGO with which I am associated - to the growth of civil society in Angola and to the social and political processes that have been taking place in the country during the last ten years or so.

The ideas in this thus paper represent the thinking and the action of the ADRA collective in its engagement with the actors of the Angolan civil society at the local, provincial and national levels. They also represent, particularly with respect to the characterisation of civil society, the opinions of various participants at a workshop held by ADRA on the topic of "civil society" on 23 March 2002, in Luanda. I apologise in advance to all for any eventual misrepresentation of those ideas in the text.

6.2 Civil society is little vibrant but active

A set of historical factors, several decennies of totalitarian regimes and a long period of war explain why civil society in Angola is fragile. With a politically bipolarised society and with people's preoccupations essentially focusing on survival mechanisms, little time, energy and attention are left for associative life and collective action. This is particularly true if we think of civil society as a narrow and formal concept, whose organisations are visible to external observers through their media impact.

If the communiqué of the Angolan government on 13 March 2002 announcing the government's peace plan had been issued on the occasion of the Lusaka Protocol (November 1994) it would certainly have made no reference to the strengths of Angolan civil society. This means that the visible portion of civil society – in spite of the constraints that it faces – is growing and gaining importance, the main indicator of it being undoubtedly the role of the peace movement.³⁰

²⁹ Translated from Portuguese by Armindo Miranda, Chr. Michelsen Institute

³⁰ The formal organisations of civil society in Angola have grown considerably during the last ten years: in a first phase with the political ouverture of 1990-91; in a second phase

However, in today's Angola, it is possible to see other social phenomena and dynamics shaping another area of civil society that is little visible or invisible, constituting a large segment of the so-called "informal sector" since it has not been duly legalised. As a result, there is a set of actors in civil society with well-differentiated roles:

- Churches (through their respective social sectors) and religious organisations dedicated to peace, national reconciliation, humanitarian and social assistance, struggle for social justice, promotion and protection of human rights and ethical and civic values³¹;
- NGOs devoted to various causes such as humanitarian assistance, agriculture, education, health, development, strengthening of grass-roots community organisations, environment, civic education, human rights, advocacy, women's emancipation; external debt forgiveness; social justice, redemption of cultural values, peace and national reconciliation;
- Entrepreneurial and professional associations and labour unions³² that look after the interests of their members and influence public policies;
- Privately owned mass-media that denounce negative governance practices and promote spaces for debate and pluralism;
- Labour unions, associations and foundations that operate as conduits for the party in power along the lines of the old mass and social organisations;
- Cultural groups that contribute to the civic education of the population;
- Peasants' associations and groups, centers and other grass-roots organisations of different nature, in the areas of agriculture, health, education, water management, sanitation, protection of women's interests, which all contribute to meet the needs of the population and to its gradual autonomy;
- Opinion leaders at different levels;³³
- Individual or group initiatives and dynamics that contribute to the survival of families and to the fight against poverty in the context of the so-called informal sector;
- Solidarity groups ("kixikilas") that give access to micro-credit.³⁴

with the humanitarian crisis of 1993-94; in a third phase with the renewed interest in human rights, that followed the start of the implementation of the Lusaka Protocol; and finally, with the humanitarian crisis and the greater openness of the regime after 1999-2000.

³¹ In an unstable context such as that of Angola, churches constitute important points of stability which, together with their social capital, offers them a basis for collective action (see Robson, Paul and Sandra Roque – *Aqui na cidade nada sobra para ajudar – Buscando solidariedade e acção colectiva em bairros peri-urbanos de Angola*, ADRA-DW, Luanda, 2002.

³² The desorganisation and weak development of the Angolan economy does not facilitate the constitution of a strong labour movement.

³³ Some would contend civil society consists only of groups, organisations, associations and institutions, constituting what might be defined as the organised civil society. However, others suggest that opinion leaders, whether at the level of the society or at community level, may have a more influential role than many formal organisations.

³⁴ The last three items refer to the associations, centres and groups that present a non-formal character but have a significant influence on the life of the communities, and where women

Taking into account the recent past of Angola, it is important to analyse how civil society organisations (CSOs) relate to the State and one might find the following levels:

- A level at which the organisations and the State – particularly the Government – find harmony and convergence of interests, the organisations (foundations, cultural associations, labour unions, peasants’ and youth organisations) functioning as conduits for the State. This leads some critics to question their status as, in their opinion, they are mere structures of domination and reproduction of the ideology of the regime. However, in some cases, they manifest their own dynamics and act like pressure groups, the most obvious case being the Organisation of the Angolan Woman (OMA), linked to MPLA, regarding the struggle for women’s emancipation and women’s rights.
- A second level at which the organisations (particularly the humanitarian assistance NGOs) are put to utilitarian use by the State, as a complement to its own actions;
- A third level at which the organisations show independence (including financial independence) vis-à-vis the State, but establish relations of cooperation and complementarity of actions with the State, negotiating and influencing policies and acting as pressure groups. Often, the divergences of views and practices may evolve into conflicts. With some frequency, certain organisations fall for the temptation to substitute themselves for the State in critical sectors (health and education, for instance) or in territories and domains where the State is more absent. Various NGOs, religious organisations, certain entrepreneurial associations and some mass media outlets are situated at this level.
- A fourth level at which the organisations are critical of the State and its institutions, cooperation giving way to nearly permanent conflict, weaving nets and complicities that shape possible alternatives to power, in line with certain social movements that embodied political parties in Latin America. At this level are situated some organisations connected to the pacifist movement and human rights, the Teachers’ Union, the recently created Amplo Movimento de Cidadãos (Ample Citizens’ Movement), etc.

Outside of these levels are organisations that have little activity, visibility and credibility (some NGOs,³⁵ labour unions, entrepreneurial and professional associations and various others) or that are ignored by the State although they may have influence on the life of the population (religious organisations, community groups, cultural groups and associations, the majority of which are part of the “informal” sphere).

appear with particular evidence, justifying for that reason the relevance that must be assigned to them, by virtue of their potential to effect social change.

³⁵ The majority of these organisations are small NGOs with very limited capacity and somewhat unclear objectives, without well-defined work strategies (see Tvedten, Inge – *Report Angola 2000-2001: Key Development Issues*. Chr. Michelsen Institute)

In spite of the levels of cooperation described above, the Government still maintains some practices that seek to submit or combat some civil society organisations, even seeing them sometimes as adversaries or enemies of the State. This is to a certain extent due to the reciprocal difficulties in finding mechanisms of coexistence and negotiation, and ultimately, to the lack of democratic culture in the country in general. Besides, the Angolan State has not yet clearly understood that by facilitating the action of civil society it would legitimise itself. It is true that civil society criticises and annoys, but that is the price that needs to be paid in the present times.

The principal **strengths** of civil society as a whole can be grouped as follows:

- Dynamic of growth and credibility that at present make it an unavoidable point of reference in Angolan society;
- Capacity to influence the Government regarding decision making, public policy elaboration and the adoption of new attitudes, acting as pressure group and stimulating social movements (peace, women's rights, land, mass media, combat against poverty, human rights) and also capacity to reject certain proposals (press law, NGOs code of conduct, etc.);
- Sense and exercise of citizenship;
- Identification with grass-roots groups and communities and capacity to promote community institutions and to facilitate the popular participation necessary for sustainability³⁶;
- Political and organisational pluralism.

The **weaknesses** are as follows:

- Difficulties in finding alternatives to the culture of fear that pervaded society with the war and the practices of human rights violations;
- Little vision of their political role;
- Deficient level of articulation among the organisations and between them and the centres of knowledge and the intellectual and academic elites – which has implications for their connection to politics³⁷;
- Deficit of democratic culture;
- Financial dependence;
- Lack of managerial rigor and organisational and institutional fragility;
- Vision often limited to the “project”, at the detriment of global intervention (particularly at the level of the NGOs);
- Concentration of the activities in the urban centres and particularly in Luanda³⁸;

³⁶ Tvedten, Inge, *op. cit.*

³⁷ This is a crucial aspect of the CSOs in Angola. Personally, I believe that the establishment of such a connection, particularly with the grass-roots organisations, would unleash significant changes in the Angolan political landscape. It is a challenge to the Angolan intellectuals, who were the craftsmen of Angolan nationalism in during the struggle for independence, but have dramatically removed themselves from popular causes in recent years.

³⁸ According to data by the Forum of Angolan NGOs (FONGA) and to a paper by Guilherme Santos presented at the workshop on “Angolan Reflections on the Peace Process”

- Little clarity in the differentiation between the roles of the State and civil society;
- Excessive preoccupation with the satisfaction of the personal interests of their members, reflecting, perhaps, a deficient social engagement³⁹;
- Weak capacity to negotiate with the State and with donors.

The action of the Angolan civil society is affected by some constraints, among which the following may be highlighted:

- The lack of understanding of the importance of its role by the State;
- Tendency by the State and the political parties to monopolise the treatment of political questions;
- The difficulty of access to the country's resources by the CSOs;
- The distance that exists between the intellectual elites and the citizens (or the "people", as they are pejoratively called by those elites);
- The Law on Associations is too generic and does not cover the specificities of all kinds of CSOs, making the legal environment unfavourable to the growth of civil society and creating a climate of political uncertainty;
- The possibility of manipulation of CSOs by the political power, taking advantage of their credibility and dynamism and neutralising them politically and as pressure groups;
- In the same way, and in another sense, danger of the CSOs being used to launch partisan programmes aiming at the conquest of political power;
- The channelling of investments in the country, in the framework of reconstruction, runs the risk of being led preferentially towards the oil sector and the "modern" economy, to the detriment of the family economy and the reconstitution of the social and institutional fabric in the interior of the country;
- Little confidence-inspiring representation of NGOs by some circles linked to State institutions, which have privileged access to funding, weaken the State by stealing its cadres and defend foreign interests;
- The beseeching by big corporations of competent cadres of NGOs who have distinguished themselves by their organised and disciplined community work and possess important knowledge of the country;

(Amsterdam, 11 May 2001), there are nearly 500 NGOs in Angola, of which 300 in Luanda and 80 in Huíla. In spite of their great fragility, almost all the Luanda based NGOs present themselves as nation-wide organisations.

³⁹ This type of preoccupation is found mainly in NGOs of profession-related character, which are the large majority, although there are cases of intermediate NGOs where the spirit of voluntarism predominates, as is the case of Juventude Ecológica de Angola (Ecological Youth of Angola). Because of this, it is often stated that grass-roots organisations should be given priority in relation to the majority of the professional and intermediate organisations. In addition to salary, access to employment in general and other goods, there are other motivations for the creation of NGOs: political and social protagonism, status, resource capture for various causes, philanthropy and charity. The promoters of those NGOs have motivations related to social solidarity, but they are often vague and end up failing. The winners are those organisations whose leaders manage to get connections at other levels (Government, donors, United Nations, churches) and develop client-patron relations.

- The intolerance and totalitarianism of the various powers, which are always lurking.

The Angolan civil society constitutes thus a heterogeneous lot, with different interests which sometimes are convergent and sometimes divergent or contradictory; a pluralist universe in terms of forms of organisation and quite diversified from the political, ideological, cultural, religious and organisational perspectives; with different positions in relation to peace, development, gender balance; relations with the State and other powers and institutions. Although some of the weaknesses of the civil society in Angola are worrisome, its strengths suggest an undeniable potential for change, for the important role that it could have in the reconstitution of the human, social and institutional fabric. Civil society organisations - through their interventions in grass-roots communities and through their promotion of debates of various nature and on various themes - are contributing to narrowing the gap between then different kinds of elites (particularly, the governmental and intellectual elites) and the common people, that is, the citizens. Many of the apparent constraints may be transformed in opportunities for work. One may say that a large part of those organisations are gaining autonomy and that among them, or through them, new paths may emerge for Angola in terms of popular participation, identity redemption, modernisation and social change.⁴⁰

6.3 The need for a negotiated and shared view of national development

Now that the war is over, the major challenge facing Angolans is the reconstruction of the human, social and institutional tissue. However, the conflict was not the sole cause of its deconstruction, or of the deterioration of Angola's human development indices – and even the level of its responsibility remains to be demonstrated. Assuredly, the exorbitant number of internally displaced persons in Luanda and other cities cannot be explained by the war alone – there is also the absence of basic social services offered to the population and, above all, the absence of projects sufficiently attractive to the youth in the rural areas of the interior of the country. Neither can the war by itself explain the high level of social exclusion, which, in my view, also implies a high level of exclusion from citizenship and ultimately is one of the causes of the conflict.

This means that the social reconstruction of Angola will necessitate, first of all, the definition of a policy for national reconstruction and sustainable development, based on a vision negotiated and shared by the different political and social forces. In that sense, reconstruction should be seen as the

⁴⁰ These are the four axes identified by the Chilean José Bengoa when dealing with education for social movements – which in his view aims at building democracy from below. Those axes must be balanced when the objective is a sustainable intervention (see Bengoa, José – “Educación popular para los movimientos sociales”. *Proposiciones*. No. 15. Santiago de Chile, 1987.

initial phase of a longer process of elaboration of a national project. The reality in Angola shows that such a definition will only be meaningful if the SCOs are called upon to intervene - or if they have the capacity to demand their intervention - drawing upon their experience and their engagement during the last few years with the most underserved and war-affected populations. Also, reconstruction must be understood as part of the desired national reconciliation, for it is an excellent opportunity for the promotion of the exercise of citizenship - in my view, a key question for the modification of the situation of exclusion prevailing in Angola.

Reconstruction needs to be conceived in new terms. It should not be too rapid, because the transitions need to be appropriated and followed by the various actors. The experience of 1992 has already demonstrated that sudden transitions have negative consequences: collapse of the State, deconstruction, corruption, degradation of values and exclusion. Past experiences are important as references and lessons, but cannot be the fundamental axis of the new conception.

Unfortunately, in the absence of other frames of reference, many Angolans - including people in government, political leaders and opinion leaders - continue to think of a model of reconstruction which, in time, will tend to the restoration of an order identical to that which prevailed during the last years of the colonial rule.⁴¹ Certainly this is because the knowledge of the country is still much dependent on the elements from that period. Therefore, it has become necessary and urgent that the country gets to know itself - and that can only happen with adequate policies and strategies to create research centres and other mechanisms enabling the emergence of critical and independent strategic thinking.

In situations such as that prevailing in Angola, non-formal education of adults integrated in their communities is especially important for populations to gain their autonomy. The country is not rich in development experiences originating from the communities, in a participatory perspective that rejects paternalism and welfarism and favours the promotion of citizenship⁴². However, social reconstruction originating from the communities seems to be indispensable if the objective is to reconstruct the country's human and social tissue. The Community Rehabilitation and National Reconciliation Programme (PRCRN) experiment of 1995 could have been an excellent test

⁴¹ See, for instance, what happens in relation to the land policy. The lack of clear vision has led to the reconstitution of the land ownership structure that existed in the early 1970s, which caused so much harm to the majority of the Angolan population. Sources in the Ministry of Agriculture revealed that in 1999, about 50% of the land previously held by the Portuguese has been distributed to members of the new political and economic elites (see Pacheco, Fernando - *A questão das terras para fins agrários em Angola*, paper written for FAO, January 2002.)

⁴² The most important reference in this area is the Rural Extension service introduced at the end of the 1960s in the Central Plateau, but it had limitations related to the context of that epoch. Even in that case, the transposition of that experience to the current situation cannot be done without adequate critical evaluation, because the Rural Extension was not - and is not - the best example of community participation.

case, but it collapsed for various reasons⁴³. Later, several NGOs opted for an identical approach when they helped internally displaced populations to return to their areas of origin or to settle down in resettlement areas, as well as in anti-poverty programmes and the results were quite significant. Allow me to mention among these NGOs the case of ADRA and Development Workshop, respectively in urban and peri-urban areas. ADRA's experience is based on the use of community development as a participatory method of pedagogic interaction between the communities and the ADRA teams, enabling those communities to reach certain levels of autonomy and to find paths to the improvement of their living conditions and to the affirmation of citizenship.

Angola is like a giant with feet of clay. Her base is destroyed and desorganised. The war and inadequate policies in relation to agriculture and the model of the State explain the neglect in which the villages, the seats of the communes and the municipalities of the interior find themselves. The local State administration is characterized by vacuum, degradation and frequent deviation from rules and functions, while the so-called traditional rulers were ignored or considered only from a utilitarian point of view. When thinking of reconstruction, it is necessary to take into account that the social universe of the villages, communes and municipalities has changed profoundly in relation to the 1970s. That is the reason for why a negotiated and shared vision of national development originating from the base is necessary.

6.4 Restructuration of local societies and strengthening of institutions

There is a social and human potential at the level of civil society that needs to be utilised, valorised, improved and developed, in the perspective of peace dividends. NGOs are today an unavoidable reference in the areas of combating poverty, human rights, citizenship and development. They must avail themselves of the intervention space that they conquered and of their relationship with the State. On the other hand, it is necessary to take into account that oil revenues in the coming years will not be channelled to the poor and excluded populations in the rural areas. Will civil society have sufficient capacity to take up the challenge? Perhaps not, but it is risky to remain outside.

Sustainable development, in the conditions of Angola, has a lot to do with investment in people and in institutions. The experience of the period preceding independence shows that the churches played a remarkable role in the delivery of certain services and especially in the improvement of health and education levels in the rural areas, contributing to a notable degree of social mobility. It would seem judicious to revive that experience and amplify it with the integration of NGOs seems to be judicious. Besides, between 1975 and 1980, Angola experienced notable growth in the area of education, which

⁴³ See *Relatório de Avaliação do Programa de Reabilitação Comunitária (Evaluation Report on the Community Rehabilitation Programme)* done by UNDP in March 1998.

gave rise to even greater social mobility. It is not utopian to think that the current catastrophic situation could be reversed in a few years. However, it is necessary to radically change the current education policies, because they uproot children in cultural terms without being able to integrate them in the labour force or prevent their social exclusion. A significant number of NGOs have been accumulating experience in these areas, but I am convinced that many more may emerge. Children must receive special attention – it will be a determinant factor to re-establish confidence and socio-psychological stability.

The debates about the new Constitution indicate that, at last, local government will be instituted. One of the currents of thought that has been gaining strength asserts that the future local government must comprise not only the autarchies with party-based elections, but also the traditional rulers and representatives of civil society at the local level. It is a perspective that to me seems correct and innovative, and would allow for a smooth transition between the current situation and full democracy. It would constitute a magnificent opportunity for civil society to play an important role in the restructuring of local societies and the institutional strengthening. The on-going experiments with local community action give clear indications that the citizens who get involved in them are the most dynamic and embrace new ideas in a democratic perspective. Angolan and international NGOs have been working towards strengthening local State institutions in Luanda (CARE International in the municipality of Kilamba Kiaxi and DW in Sambizanga) as well as in the interior of the country (the Danish Council for Refugees in Uige, ADRA in Huambo and Benguela; the Dutch SNV in Huíla – together with ADRA in this case – Namibe and Cunene). Whether it would be with the State administration at local level or with the future local autarchies' government, I think that this is a line of work that needs to be keenly explored, for the synergies that it possesses and the possible replicability of effects. It will have consequences for the mobilisation of resources in other areas of intervention such as infrastructure rehabilitation and food security in particular. What is important is to build bridges between the communities and the State and not to substitute for the latter. Autarchies as a form of public administration are closer to the citizens and that is favourable to participation and accountability. The role of NGOs and SCOs will thus be to facilitate contacts and negotiation mechanisms, in order to help finding forms of service delivery at local and community levels.

The question of support for the social reinsertion of demobilised soldiers and internally displaced persons needs to be seen in that framework. Previous experiences show that projects specifically targeted to former soldiers and resettled persons have not been successful. The reorganisation of the local level economic institutions is the best guarantee of the inclusion of the former soldiers and of those people most affected by the war in the economic, social and political life of the local societies and communities. Former soldiers can be important actors in this process for various reasons: they are used to living in difficult conditions; they have discipline and team-work habits; they have contacts with differentiated worlds, far from the limits of the social framework of the village; and they are interested in improving their lot

rapidly. Some of these characteristics can also be conveyed by internally displaced persons returning to their areas of origin.

The Angolan Government recently approved a Strategic Plan for Administrative Deconcentration and Decentralization, which – if correctly implemented – may have notable impact on life at the level of the municipalities, communes and villages. The Plan envisages the transfer of State power to the autarchies, the traditional rulers and the citizens' organisations, as well as the affirmation of their administrative autonomy.

This plan seems to converge with the idea of community-based social reconstruction, as envisaged in the 1995 PRCRN. It seems to me that this could be a great historical opportunity for the Angolan civil society - and especially for the NGOs and other organisations working at the local and community levels – to assert themselves as indispensable actors in that reconstruction process, while also consolidating and expanding their organisations.⁴⁴ From the theoretical point of view, this is in line with the development model that Guy Bajoit⁴⁵ called “conflict or social movement model”, which is pitched against the effects of neo-liberalism in those countries where this latter has increased poverty and the gap between the rich and the poor. According to that model, in situations of transition from one-party rule to democratic society, it is necessary to link the process of construction of democracy with the implementation of a sustainable development project, as if they were the two sides of the same coin. Civil society organisations are the engine of that model: as they implement their social solidarity and institutional strengthening projects at the local level, they reproduce their own model, feed the engine and close the circle.

Thus, the axes of reconstruction mentioned in the preceding section go together with the perspective of development and democracy originating from the grass roots, at the level of the citizens. Through the exercise of citizenship and the respect for culture, this perspective can give substance to the formal democracy of political parties and to the fundamental democracy of the State of right, which guarantees citizenship by law⁴⁶. Such axes constitute – I

⁴⁴ I refer particularly to those grass-root organisations, groups and centres currently lacking visibility, situated in the so-called “informal” world and showing a potential for change that should be valorised, because they are the most dynamic segments at the level of the local societies where they may be found. The small NGOs, in turn - if selected on the basis of their effective social solidarity – can also play an important role in the combat against poverty through small, imaginative and creative projects related to production and not just commercialisation based on micro-credit; promotion of human rights and citizen's rights; and complementary actions to those of the State in the health and education sectors, in the peri-urban and rural areas, in line with the old tradition of the churches. In these activities, such NGOs and CSOs should be supported by international NGOs or larger national NGOs.

⁴⁵ Bajoit, Guy – “Théories Sociologiques du Développement”, *Antipodes*, journal of the Belgian organisation ITECO, s.d.

⁴⁶ Some experiments currently under way in Angola inscribe themselves along these lines, together with the ADRA, Care International and DW experiments mentioned above. The debate forums between the State and civil society at the level of the municipalities of

emphasize again – excellent opportunities for civil society to contribute for the structuring of local level government in a new perspective. It is, in reality, a historical opportunity – which should not be allowed to slip away – of constructing a democratically sustainable model of development as the Portuguese sociologist Boaventura Sousa Santos put it; a model fundamentally based on human beings and the institutions they create.

6.5 The international community needs to change its attitude, be made accountable and effect change

Angolans in general have a relatively high level of self-esteem, in spite of the consequences of the war and the humanitarian crisis. But it does not prevent them from considering, almost unanimously, that the reconstruction of the country will only be possible with a strong engagement on the part of the international community. This is because they think that the international community must also be held responsible for the catastrophe that followed the 1992 elections – in addition to the fact that the amounts of money necessary for reconstruction are very large and oil revenues are unlikely to be channelled to the poor and excluded rural populations -. However, common citizens are not going to wait for Godot, since they have a realistic and pragmatic sense that they must rely, first of all, on their own forces and resources.

The relations between the State and other Angolan institutions and the donor community have not been totally peaceful. The economic, social and institutional disorder and the arrogant nouveau-riche mentality generated by the oil explain in part the errors that the Angolans have committed. But it is also true – as both the State institutions and the civil society complain – that donors, NGOs and other international organisations that implement field level assistance meddle in the life of the organisations and have attitudes of disrespect or paternalism that are shocking and intolerable.

The presence of international NGOs with a privileged resource situation in terms of equipment, funds and knowledge has in some cases been useful - because of the role that they play in strengthening the Angolan organisations and in development in general – but in other cases they have been an obstacle to the development of local organisations. The reasons invoked by the international NGOs for not working with NGOs are unacceptable⁴⁷. With regard to relations with State institutions, their role is not always useful. If their independence sometimes allows for very constructive criticism, the practices of some of them do not facilitate the emergence of a loyal environment. There are many instances of NGOs which criticise the Government for not supporting the populations of the rural areas and then

Kilamba Kiaxi and Sambizanga, led by the latter two organisations, should be promoted in the rural areas.

⁴⁷ See Tvedten, op.cit.

adopt the same behaviour, justifying it on security related grounds that are not fair, or belittling the participatory capacity of the communities.

Therefore I believe that these aspects must be safeguarded. When financial sums so high – such as those required by the reconstruction of Angola - are at stake, it is worthwhile to envisage mechanisms that might facilitate a better understanding among the various actors. To me, it would make sense to think that the improvement of mutual knowledge should be one of those mechanisms. An evaluation of the experiences and behaviour of the international organisations in Angola in the last few years would make great sense.

On the other hand, some of the constraints presented in section 2 above occur due to the insufficiencies of the Angolan institutions with regard to organizational culture and democracy. This prevents or hinders practices such as transparency, accountability and good governance. The civil society in Angola should play an important role in the efforts to overcome such insufficiencies. It seems to me that, in the meanwhile, the alliance with the international community will be fundamental. In that way, the more global dimension will be closely linked the local and national dimensions.

Finally, with respect to the donors' conference for reconstruction that the Government has been calling for, I agree with it as long as it will take place in the country and with civil society participation in all phases of the process. It might be a good opportunity to debate the fundamental guidelines for reconstruction, as the initial phase of the national project with a shared vision. The international community can induce such changes.

7. Urban Poverty and Civic Development in Angola

Allan Cain

7.1 Introduction

Angolan civil society is today emerging as a national movement, from its roots in the intellectual and professional circles of the main cities, providing a space for building national consensus and inter-ethnic reconciliation in a post-war Angola. It is beginning to link with peri-urban community associations, NGOs and churches in the musseques. However, there remains much to be done to develop grassroots, peri-urban civil society, and Angola's peri-urban populations are living in overcrowded and unhealthy conditions, with few possibilities to improve their situation.

The paper argues that the urban poor in Angola suffer increasing social exclusion that inhibits their full participation in a post-war recovery. They have been denied access to the means to pull themselves out of poverty. The poor depend on high-priced parallel market loans and have little or no access to credit as means of improving their livelihoods. In the years since the 1991 "liberalisation" the elite's wealth has been built on privileged access to bank credit and foreign exchange at concessional rates. The poor living in peri-urban musseques pay many times more for water and other essential services than those living in the cement city, meaning they consume less, and the resulting hygiene and health statistics are now some of the worst in the world. War-displaced families arriving in the urban areas having lost everything, including their documents, are denied their rights as citizens to educate their children if they do not possess an identity card. Three-quarters of the residents in several of the peri-urban districts of Luanda studied have no clear legal title to the land that they occupy. They are at risk of expropriation by commercial developers or the state without legal recourse or appropriate financial compensation.

Pro-poor urban development strategies supported by international donors can help redress these problems of social exclusion. The Angolan Government has taken the initiative in launching programmes for decentralisation and for building the capacity of local administrations. Aid agencies should support these and widen them to promote good governance, civic participation and democratisation at the provincial, municipal and local levels. Some current urban pilot programmes that have been developed during the last few years demonstrate how urban poverty can be alleviated by building relationships between civil society and local levels of government and by adopting appropriate development tools and strategies. Building on lessons learned

from these experiences and promoting government buy-in can be an effective strategy for post-war urban poverty reduction.

7.2 Urbanisation - a weapon of war

The ongoing war in Angola over four decades has had an urbanising affect on Angola's population. Forced urbanisation is a corollary of forced displacement and has been used by all parties as a weapon of war dating back to the colonial Portuguese army's "protected strategic settlements" (*aldeamentos*), to post-independence insurgents' rural destabilisation, and to more recent counter-insurgency operations. Urban population growth has been accelerated rapidly by a combination of push and pull factors but largely because the cities of the "littoral", and particularly Luanda, were and continue to be seen as relatively safe havens from instability and insecurity. Urban growth continued unabated even during the periods of cease-fire and relative security; when roads opened to the besieged provincial cities, families often used these windows of opportunity to move themselves and moveable resources to the safety of the capital or coastal towns. In the context of post-war recovery, it could be expected that an anticipated cessation of hostilities which will eventually allow the free movement of people and goods could allow not only better access of humanitarian supplies to presently inaccessible parts of the country, but also at least a limited reverse flow of people and resources towards the urban poles.

7.3 De-concentration and the Peace Dividend

It is unlikely that a return of war-displaced urban settlers and a de-concentration in the cities will be part of the peace dividend. While some of the newly displaced may willingly return to their rural places of origin, experience has shown that once rural-urban migrants have spent more than two agricultural seasons off of their lands the probability of their return falls below half. As time passes the probability decreases exponentially. It is unlikely that peace will therefore bring a massive return to the countryside and depopulation of the cities as Government planners hope. Nor is it likely that resettlement schemes forcibly decongesting urban centres will result in anything other than serious social unrest and new civil conflict. Programmes for rural infrastructural rehabilitation must be high priorities but will take many years to implement. Plans for artificial growth poles resurrected from Soviet-era archives are almost guaranteed to be future expensive white elephants that will draw away needed capital from the serious rehabilitation programmes. Already these dusted-off projects are being given priority by the planners in their post-war reconstruction programmes.

7.4 Elites versus the Urban Poor

Many NGO practitioners and development theorists have assumed that displaced populations develop survival strategies based on the principles of family and kinship solidarity and tend to resettle in ethnically homogeneous

groups. Many humanitarian projects are designed on this premise and community beneficiaries are expected to participate in accordance with this concept of solidarity. Too often communities fail to meet our expectations. Recent research by Development Workshop and ADRA in Luanda, Huambo and Lubango has questioned this prevailing urban myth of solidarity (*Here in the City*, Robson & Roque, 2002). The study demonstrates that levels of social capital are low. Kinship, ethnic and geographic solidarity have been eroded by war, forced migration and the severe difficulties of peri-urban life.

The study shows that new urban skills must be learned quickly, and the real value of kinship and rural networks that the new migrant brings is access to information and advice from relatives and former friends who settled in the city earlier. The extreme poverty of the majorities living in the city means that there are few resources to share with the new arrivals and certainly no space to accommodate new arrivals for more than a short time in the precarious shelters where most of the urban poor live. Information and urban knowledge is, however, a valuable commodity and normally given willingly (with the motivation of unburdening the host of his/her kinship obligations of hospitality as quickly as possible). A high priority of the host is the relocation of the new migrant to a plot where they can build a rudimentary shelter of their own. Due to the high densities of existing settlements this will normally mean the further displacement of the migrant to the most distant margins of the city and means that solidarity networks become further weakened by distance.

Information essential to the new migrant for survival in the city can be in the form of advice on entering the informal retail market. Advice may include where to obtain short-term (normally high interest) loans to buy commodities for resale, which commodities to sell, and when to sell them. Retailing in the informal sector market is the principal coping mechanism for the urban poor in Luanda. The informal market is dominated by women, many of them heads of households and a large proportion originally migrants to the city. While entry into the informal market economy is open to anyone, regardless of their level of literacy or previous experience, those who succeed need to acquire business skills and sufficient capital to build sustainable micro-enterprises. While the economy of high inflation prevents capital accumulation, it ironically helps build numeracy in those who must almost daily recalculate mark-ups, profit margins and exchange rates. Only those of the elite with privileged access have been able to get bank loans for business ventures. The poor, arguably, are poor risks since they can guarantee no collateral. The poor are therefore obliged to pay extremely high interest rates to parallel market money dealers for very short term loans, often leaving them into chronic debt.

In 1993 Development Workshop pioneered micro-finance for women in the informal sector in Luanda. The DW programme has grown to include over 3,000 micro-entrepreneurs and to date has made loans valued at over \$1.5 million. The model adopted in this programme is group lending, originally developed by the Grameen Bank in Bangladesh. Social solidarity is not taken

for granted but actually engendered by the project through training solidarity groups and building experience in successive cycles of small- and eventually larger-scale loans, which are mutually guaranteed by the 30 to 40 group members. By the end of 2001 the project had attained a 98% payback rate, much better than most commercial banks. The socio-economic impact on poor households has been significant. A number of other micro-credit initiatives using different models have been undertaken by NGOs such as CARE and Rede da Mulher and by the Ministry for Women's and Family Promotion and UNDP.

The pilot work undertaken by NGOs in the micro-finance sector has had an important impact on Government thinking and policy development. New legislation regulating the sector is being enacted and commercial banks are beginning to set up departments that will eventually offer loans to small scale and even micro-entrepreneurs. There are increasing indications that micro-finance will be mainstreamed as a strategy for urban poverty reduction. The implications of scaling up the sector have, however, not yet been thought through. Issues that will need to be addressed are:

- lack of specialisation, over-saturation in a small number of informal sector activities
- increasing competition between micro-entrepreneurs within a limited market, which may erode profitability
- low basic education levels, particularly of women entrepreneurs, making training and business skill development expensive
- feminisation of household debt, placing greater burdens on women who already carry a large part of the household productive and reproductive loads
- exclusion from political processes of decision-making about how the market will be regulated
- the formalisation of the informal economy, bringing with it added burdens and costs such as fees and taxes that can reduce profitability and restrict informal strategies for shifting products, geographic location and staffing in line with market changes.

7.5 Sustainable Community Services

Conventional wisdom amongst urban planners argues that investment in urban services should first be made in those parts of the city housing the well-to-do, who can afford to pay for those services and generate income that will trickle down for investment in services for those poorer parts of the city whose residents have little capacity to pay. Institutions like the World Bank have therefore developed strategies based on the affordability model and promote the idea that the costs of urban services need to be recoverable from consumers and eventually to pay for themselves. Some international institutions promote the idea that the private sector can deliver services more cost effectively than either local municipalities or parastatal enterprises.

Development Workshop was asked by the World Bank in 1995 to carry out a study of urban communities that would eventually benefit from their planned Luanda Infrastructure Rehabilitation Project. The study involved an analysis of the existing informal water market and the communities' willingness to pay for services or participate in the programme in other ways. More than 50% of Luanda's population, and most who live in the musseques, do not have access to piped water. At independence, the informal musseque bairros were served by over 300 community water standpipes. The Government's policy of providing water at no cost to the musseques meant that there was no funding available for maintenance and at the time of the study only 6 standpipes were still operational. The peri-urban and musseque population is forced to pay extremely high prices for (often untreated) water pumped from the Bengo river and distributed by tanker trucks to informal sellers in the various bairros, who sell the water in turn by the bucketful from underground storage tanks in their courtyards.

The system is an example of how the private sector has stepped in to provide an essential service that the state has failed to deliver. However, the costs are very high, due to the extreme inefficiency of delivering water to the bairros by tanker truck rather than by pipe. The public health risks are also very high since water is often not treated at source and can be contaminated at the point where buckets are used to draw water from the private sellers' household cisterns. DW's study of the water market was even more revealing. It demonstrated that musseque residents were accustomed to paying up to 10,000 times more for water to the private sellers than the well-to-do in the cement city were paying for treated water piped to their household taps by the provincial water company. Ironically, the poor were far more accustomed to pay dearly for services than the rich. DW was therefore able to argue to the Government and the World Bank that the poor musseque districts of Luanda should be given priority in their infrastructural project based on their own criteria of willingness-to-pay. The study further demonstrated that \$35,000,000 per year was paid by the urban poor for purchasing water, and that much of this income could eventually be recovered in water fees if tariffs were set at equitable prices for all consumers.

DW, with the help of several donors, including the British, Swedish and Canadian Governments, was over several years able to rebuild a network of 220 community water standpipes in partnership with the provincial water company EPAL by repairing and extending the old network. A mechanism of community management was developed based on water committees elected from the approximately one hundred families served by each standpipe. Fees were paid by consumers and collected by the water committee to cover maintenance costs and to pay EPAL to supply the water. EPAL became an interested stakeholder and was motivated to guarantee the water supply and maintain the network. Users acquired for the first time a sense of their rights as consumers. The programme has the potential to become a forum or interface between local administration, service providers and communities to deal with civic issues that go beyond the right of access to basic services. Community representatives who emerge through resident's committees,

school committees and associations are likely to be the local leaders and municipal council members of future democratic local governments when they are elected as part of the Government's planned decentralisation reforms.

Land is emerging as the most critical point of conflict as displaced persons seek settlement sites in both rural and urban districts alike and will undoubtedly become more acute in a post-conflict period. For the first time since independence a commercial real estate market is formalising itself (an informal market has existed for years). The Government has offered major land concessions to commercial developers, many of them international companies, to develop joint-venture residential and industrial complexes (mainly in the south of Luanda).

For the urban poor, with no access to banking or savings institutions, the acquisition of a housing plot and subsequent construction of a residence is the only means of accumulation of any form of wealth. Thus real estate, particularly housing plots in one of the central urban musseques such as Sambizanga, Boavista or Rocha Pinto, which are close to places of employment, have a high and increasing intrinsic value. Under the Angolan Constitution of 1976, land became the property of the state. Even under pre-independence Portuguese law, most land was held under concession titles from the colonial state and the form of land title was not altered significantly in subsequent laws (most recent 1992). Unfortunately, regulatory by-laws have not been put in place since independence to manage urban lands, nor have the institutions of local government been reinforced to administer or allocate land to the rapidly growing urban population. The population of Luanda has grown eightfold since independence and most of the settlement and housing plot acquisition has been through the informal land market. Only a small percentage of settlers have acquired full legal titles to the land that they occupy. Most, however, consider themselves free from threat due to the laissez-faire attitude engendered by the inability of state administration to facilitate land registration. The urban poor are therefore left in a position of extreme vulnerability, with weak tenure rights over the land that they occupy.

In the process of urban economic development, the demand for plots in the centre of the city combined with the upgrading of services results in increasing land values. In the natural process of gentrification of residential districts the poor often trade off easy access to employment against financial gain by selling their plots close to the centre and migrating to the periphery where lands are cheaper. One-off profits can be substantial for poor families. Therefore land and housing, particularly when well located, represent accumulated wealth for the poor that can be converted to cover a family emergency or invested in a child's education or a business venture. Lack of legal title guaranteeing security of tenure seriously undermines the well-being of poor families and puts at risk one of their principal crisis-coping mechanisms.

Mass expropriation of lands occupied by poor urban families, with inadequate financial compensation, is becoming a new feature of post-conflict

urban development in Angola. Often projects involve joint-venture, state-private sector partnerships, where foreign capital is invested to upgrade services and hence significantly increase the land value. While many of the projects offer alternative settlement sites beyond the city periphery, the displaced urban poor lose out on the premium benefits or profits that they would normally gain in the course of urban gentrification or upgrading. The alienation of the urban poor from lands that they have lived and worked on for many years is likely to produce serious civil conflict in the years to come, unless the Government develops policies which recognise customary and existing occupation rights.

7.6 Assisting reconstruction and civic development

Reconstruction must be the focus of development planning in the post-war phase. Reconstruction has to include peri-urban areas that are likely to remain a permanent reality, providing shelter and livelihoods for a major part of the Angolan population. "Reconstruction" cannot imply rebuilding the cities on pre-war models. The peri-urban areas were not there on such a scale 25 years ago. They therefore represent a new challenge for the post-war reconstruction period.

Post-war international donor assistance programmes must include an important component of rebuilding government capacity (at various levels) as well as the capacity of grassroots civil society. These capacities are essential for a functioning society, and have been eroded heavily in Angola during the years of war. Bairro residents' committees, parents' and teachers' associations, water management committees, and micro-credit solidarity groups that ensure community participation and the sustainability of programmes will also provide forums for democratic decision-making and platforms for citizens or consumers to negotiate their rights of access to resources necessary for survival and development. Well-designed programmes of transition will provide opportunities for civic leadership to emerge, leaders who will inevitably play roles in local government when the anticipated democratic reforms are put in place.

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Summary

This is the third report on Angola under the Country Advisor Agreement between the Norwegian Agency for Development Cooperation (NORAD) and Chr. Michelsen Institute. The report consists of a part I synthesising and assessing existing information regarding political, economic and social developments in Angola, and a Part II focussing on development aid in a context of peace. This is done through contributions on the economy, the state and civil society by leading social scientists on Angola, originally presented at the seminar “Preparing for Peace. Workshop on Future Swedish and Norwegian Development Cooperation with Angola” hosted by CMI 8-9 April 2002.

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