



**Governing Council
of the
United Nations
Development Programme**

Distr.
GENERAL

DP/CP/ANG/2
2 April 1987

ORIGINAL: ENGLISH

Thirty-fourth session
26 May-19 June 1987, New York
Item 5 (b) of the provisional agenda

PROGRAMME PLANNING

Country and intercountry programmes and projects

SECOND COUNTRY PROGRAMME FOR ANGOLA*

<u>Programme Period</u>	<u>Actual Resources Programmed</u>	<u>\$</u>
January 1987-December 1991	IPF for 1987-1991	24 508 683
	Other resources programmed	3 543 662
	Total	28 052 345

CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES	1 - 30	2
A. Current economic trends	1 - 10	2
B. National development strategies	11 - 23	4
C. Technical co-operation priorities	24 - 27	7
D. Aid co-ordination arrangements	28 - 30	8
II. THE COUNTRY PROGRAMME	31 - 94	8
A. Assessment of previous country programme	31 - 37	8
B. New programme proposal	38 - 92	10
C. Unprogrammed reserve	93 - 94	23
<u>Annex.</u> Financial summary		24

* Detailed listings of projects and other related data prepared as part of the country programming exercise are available on request. These listings include: (a) ongoing projects; (b) proposed projects; (c) distribution of resources by objective; (d) planned activities of operational funds and programmes under the authority of the Administrator; and (e) distribution of new country programme by sector.

I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. Over the past decade, following the prolonged struggle for independence, the reconstruction of Angola has been the main focus of Government development goals. At the same time, the Government attempted to carry out economic and social reforms in order to overcome structural features and income distribution patterns stemming from the colonial past. Reconstruction and development were situated within the framework of a centrally planned economy.

2. These efforts were impeded by the severe deficit of qualified technical, managerial and administrative manpower caused by high illiteracy rates; the sudden departure, at independence, of some 300,000 foreign nationals, mainly Portuguese; and the need to allocate sizeable human, financial and material resources to national defence. The latter had become a primary concern in view of the destabilization activities sponsored by South Africa, the destruction of the physical infrastructure, and repeated military incursions by the South African regular army into Angola. The cumulative damages that the physical infrastructure and economy suffered from belligerent activities carried on in Angolan territory have been estimated by the United Nations Security Council Commission of October 1985 at \$7.6 billion for the period 1975-1981 and at \$10.0 billion from 1981 to 1985.

3. Owing primarily to the aforementioned factors and weak organization in some economic and social sectors, Angola experienced from 1975 to 1986 an imbalanced development marked by increasing economic strain, only intensified by shortages of qualified technical and managerial staff.

4. There was a notable rise in the production of crude oil and hydrocarbon derivatives from 52 million barrels per year in 1979 to 85 million barrels per year in 1985; they now account for more than 90 per cent of total export proceeds, even with the fall in international prices. While the oil sector is the most dynamic area of the economy, the economic significance of other previously important export commodities constantly diminishes. In spite of a temporary recovery between 1980 and 1983, raw diamond exports dropped to 717,000 carats in 1985, which was less than 3 per cent of total export income. By comparison, the annual production in 1973 amounted to 2.12 million carats. Iron ore mines in the Jamba/Kassinga region, which produced some 6 million tons of high-grade ore (63 per cent iron) in 1973, were virtually paralysed by South African occupation in the late 1970s.

5. Angola was one of the world's largest coffee producers in the 1950s and 1960s. Angolan planters in 1985 harvested only 302,666 bags, valued at \$54.8 million, which was approximately 4 per cent of total export revenue. Production levels of most agricultural food crops fell sharply over the past decade with per capita income dropping by more than 35 per cent. In 1986, country-wide shortfall in cereal production amounted to some 335,000 metric tons. The domestic production of industrially processed food items and other such vital commodities as sugar, vegetable oil, salt and soap ranged from 6 to 34 per cent of 1973 levels.

6. With the economy already heavily taxed by the exigencies of national defence, public and private sector activities are further impeded by the large discrepancy between the volume of national currency in circulation and the extremely limited availability, at fixed prices, of food items, essential consumer commodities, industrial raw materials, spares and capital investment goods. In the circumstances, prices for goods and services have suffered a wide range of distortion and barter arrangements have become a common feature. A gradual demonetization of the economy has taken place. The reduced purchasing power of cash incomes affects the standard of living of the majority of Angolans.

7. Owing primarily to continued civil strife in many areas and the associated disruption of the rural economy, some 600,000 of the estimated population of 8.6 million are considered severely affected in terms of basic social and economic conditions. Some 80 per cent of those affected were displaced by belligerent activities, especially in the central plateau and southern region. Their hardships and predicaments were recognized and led to emergency aid. In addition to the pressing social and economic needs of the population, the Government also endeavours to provide basic facilities and services to approximately 90,000 refugees, mainly Namibians and South Africans. At the same time, the Government had to mobilize considerable financial and material resources to facilitate the reintegration of an estimated 60,000 to 80,000 Angolans who, since 1985, have begun to return from Zaire and who are now settling mainly in the province of Uige and, to a lesser extent, in Malange and Kwanza-Sul provinces.

8. The country was greatly affected by the drop in recent years in the price on the world market of its main export products. In fact, this situation, together with the severe cuts in export production, the employment of foreign workers and the importing of food items and capital goods, caused a drop in foreign currency. This resulted in a debilitated investment capacity in projects which could be used both to satisfy the pressing needs of the people and to produce surplus or new products which would allow for an increase and diversification of exports.

9. The recent precipitous drop in oil prices has nearly halved foreign currency proceeds, which amounted to some \$2.2 billion in 1985. The loss of income in nominal terms, coupled with the sharp decline in the value of the dollar vis-à-vis the currencies of Angola's main trading partners, has forced the Government to review development plans, adapting them to the situation, and to seek further credit. In December 1985, the Second Congress of the Movimento Popular de Libertação de Angola (MPLA) Worker's Party (WP) confirmed the need to reactivate industrial capacity in order to increase self-sufficiency and diversify exports.

10. For many years, the petroleum sector has absorbed the largest share of investments, totalling some \$750 million in 1986. In order to secure the necessary funding for increased investment in the agricultural, industrial, transport and non-oil mineral sectors, major efforts are required to enhance domestic and external resource mobilization. To this end, it is necessary, inter alia, to revamp the fiscal system and render budget control and revenue collection more effective. Given the vast economic potential of Angola and its relatively modest debt service, amounting to \$504 million in 1986 or less than 15 per cent of total current account receipts, there exist promising prospects of securing, in addition to equity investment, more external loans to finance development programmes.

B. National development strategies

11. In order to reverse the decline in economic performance, the Government introduced a three-year emergency plan in 1983 that, among other priorities, stressed the need to:

- (a) Reactivate agricultural production, especially through support to the small-holder sector, where the formation of peasant associations is encouraged to facilitate input delivery and marketing;
- (b) Stimulate the production of export crops, e.g., coffee and groundnuts;
- (c) Recovery of industrial production through the physical rehabilitation of installed plant capacity and the improvement of management systems;
- (d) Rehabilitation of transport and streamlining of internal commerce to ensure, inter alia, the collection of rural produce and the distribution of vital commodities;
- (e) Create improved systems for domestic resource mobilization, budgetary planning and control, and economic performance monitoring;
- (f) Undertake massive educational development efforts with emphasis on technical, administrative and middle-level managerial faculties.

12. A critical review of the results of the Plan was made at the Second Congress of the MPLA Workers Party in December 1985. It concluded that achievements had fallen short of objectives. Aware of the prime need to channel significant resources into the defence of territorial integrity and the concurrent vital necessity to reactivate the national economy and to lay the foundations for future development, the members of the Second Congress reaccentuated their paramount objectives. They also agreed on a set of institutional, organizational, financial and policy measures considered instrumental in stimulating and reinforcing the economic recovery process.

13. Given the present imponderabilities of the economic and political framework for development, especially in the southern African region, the Government decided to reduce the duration of the planning period to two years, starting in 1987. The two-year cycle will allow flexible planning adjustments as conditions change.

14. The crucial aims of economic recovery, massive manpower development, administrative reform and physical reconstruction dictate the Government agenda for the remainder of the decade. They encompass the following major qualitative objectives: reorganization and lasting improvement of the country's economic and financial management; re-monetarization of the economy; reactivation of domestic food production with the ultimate perspective of self-reliance; rehabilitation of industrial plant capacity and increased utilization of existing production potential; revitalization of internal trade; physical reconstruction of energy and transport infrastructures; and diversification of exports through the intensified economic utilization of existing coffee plantations as well as through the resumed

production of timber and selected minerals. Over the next four years, qualitative targets in this respect are: to reduce the current cereals deficit of 350,000 tons by 33 per cent; to increase food industries production to above 50 per cent of existing aggregate plant capacity; to secure a share of 15 per cent of non-petroleum commodities in export earnings compared to the current 7-8 per cent; to increase the contribution of the agricultural, industrial and transport sectors to the gross national product (GNP); to improve significantly the regular supply of vital consumer goods, especially in rural areas. In the area of social services, first priority is accorded to the improvement and expansion of education and rural services.

15. The effective attainment of these objectives requires a concentration of resources on rapid impact projects designed to increase productivity in sectors decisive for import substitution, export diversification, and a sustainable increase of public revenue through fiscal and tax reforms. Similarly, project preparation, appraisal, negotiation and management capabilities need to be created or, where they exist, considerably reinforced in order to build up a pipeline of bankable priority projects, reduce the lead-time for implementation and ensure the most economic use of foreign and domestic investment capital. Given the sizeable manpower deficit at all levels and in all spheres of agricultural development, training programmes must be expanded and accelerated on the basis of a defined manpower development concept and institutional frame. Similar programmes on a large scale are indicated in the areas of industrial rehabilitation, public transport and utility services, the productivity and profitability of which depends on, among other factors, the rapid formation of national middle-level management personnel and specialized technical personnel.

16. Apart from streamlining the administrative machinery and reorganizing the management of public sector enterprises, a set of conducive policy measures has been conceived to create an enhanced environment for increased investment in direct pursuit of the Government priority goals of rehabilitation and development. To mobilize requisite resources, the Government wishes to attract further foreign investment capital, not limited to the petroleum sector alone. To this end, it has been decided to redraft and amend respective legislation: the law on foreign investment of July 1979 will be revised and a modern mineral development and investment legislation elaborated, including model contracts specifying, inter alia, equity clauses and modalities of the utilization and/or retransfer of investment profits.

17. As a complementary effort, the Government is determined to augment domestic revenue by virtue of fiscal and customs legislative reform and institutional modernization. It will also review tariff structures and ensure regular and timely collection of established fees for public utilities so as to reduce and eventually eliminate de facto subsidies that exist in many fields for want of a functional billing and collection system. Similarly, new management principles are to be introduced that will oblige public sector enterprises to ensure cost-effective services as well the as the rentability of production and return on investment.

18. At the central and provincial levels, adequate tools and capabilities need to be developed to allow constant monitoring of performance, expenditures, food

reserves, etc. With this information, the Government could flexibly and expeditiously take corrective action. A top priority is the revitalization and institutional/technical overhaul of the statistics and national accounts system as well as the setting up of a central debt-monitoring unit. A major and complex task will be the organized return to a monetarized economy, as the current monetary incompatibilities are seen as disincentives for increased productivity.

19. A major decision has been taken to render the administrative machinery more effective and responsive to the salient development needs of the country. In recognition of the geographic features of Angola, its segmented economic regions and transport infrastructure, the Government has deemed it appropriate to entrust functional responsibilities for economic planning and development management increasingly to regional and provincial authorities. In this context, part of foreign currency earnings from exports will henceforth be retained by the producing provinces, which will enjoy thereby a more autonomous financial resource base and direct incentives for improved economic performance. Eventually, the related institutional adjustments will also entail the need to develop, at the provincial level, the administrative, technical and managerial capabilities necessary for a more decentralized attention to productive and social concerns.

20. An integrated approach to economic recovery and reconstruction at the regional and/or provincial level is foreseen to facilitate and spur the transition from emergency operations to rehabilitation and sustained development. This approach will include special planning and organizational arrangements to integrate locally, or resettle, the large number of displaced persons that resulted from the 25-year war.

21. The contribution of the public towards the achievement of the national objectives, given its existing structural and manpower constraints, will be suitably complemented and reinforced by the productive potential of the private sector. This wider view of the national development process is also reflected in the declared aim of the Government to secure foreign capital, together with the transfer of technologies and advanced management concepts, so as to combine rehabilitation with modernization of the economy.

22. As an element of its long-term strategy for economic and social advancement, the Government encourages the full integration of women into the national development process. The Organization of Angolan Women (OMA) is the chief political organization for women; its mandate throughout the country is to ensure the full contribution of women in programmes of national development and reconstruction.

23. The Government is well aware of the considerable constraints and heavy odds it faces in reversing downward economic trends. Civil strife, external intervention, defence spending and lack of foreign exchange earning all detract from the situation of peace that will offer entirely new avenues to the use of the country's vast economic potential.

C. Technical co-operation priorities

24. At independence, the Angolan Government had to cope with the adverse effects of the massive departure of foreigners who had occupied most of the professional, skilled and semi-skilled positions in the public and private sectors. In order to maintain vital managerial, administrative, technical and clerical functions, the overseas recruitment of several thousand operational support personnel was arranged, exerting a sizeable drain on foreign currency reserves. The "cooperantes" concept was meant as a bridge until well-trained, experienced national cadres became available. In 1985, the Government undertook a thorough review of the "cooperantes" programme and proposed policy and administrative measures, including the renewed recommendation for a broad-based, systematic effort to train national cadres and gradually reduce the considerable dependency on expatriate personnel.

25. During the remainder of the current decade and beyond, the Government plans to undertake detailed studies on middle- and high-level manpower requirements, initially in key productive sectors such as agriculture, industry, transport and energy. The studies encompassing the present and projected nature and range of activities will enable the Government to fully gauge existing manpower deficits; to quantify the temporary demand for foreign operational, advisory and specialty expertise; and to design and organize needs-related and practice-oriented training programmes. Building on these studies, a comprehensive critical review of the existing technical co-operation programmes is envisaged during the forthcoming cycle. The Government will also consider closely the experience of the National Technical Co-operation Assessment and Programmes (NaTCAPs) carried out in other countries.

26. The following major technical assistance goals have been established by the Government:

(a) Rehabilitate and improve facilities, services, development support institutions, transport and commerce infrastructures in rural areas in order to facilitate and stimulate increased agricultural productivity;

(b) Rehabilitate industrial plant capacity, improve management and maintenance and augment capacity utilization;

(c) Develop and strengthen the central, regional and sectoral planning, project preparation and monitoring capacity of the Government;

(d) Reinforce teaching and training institutions in all sectors; increase the number and raise the level of technical, managerial and administrative personnel.

27. In view of the current sizeable deficit of skilled manpower, there continues to be a special need for experts assigned to on-line positions, primarily in the fields of middle-level technical and managerial functions in the productive and services sectors. As regards operational support, the expert modality of the United Nations Volunteers (UNV) programme will be of special importance. Recent contracts with research and development institutions and with educational and

training establishments in several Latin American countries have been successful and it is intended to more fully tap their relevant experience and capabilities for the national development process by way of Technical Co-operation among Developing Countries (TCDC) projects or project components. The Government is eager, in particular, to derive practical benefits from regional training and research institutions on the African continent, with special emphasis on regional planning, agricultural research and transport management.

D. Aid co-ordination arrangements

28. The co-ordination of development co-operation is the administrative responsibility of the State Secretariat for Co-operation, which is guided therein by the planning objectives and budgetary parameters worked out by the Ministry of Planning on the basis of decisions taken by the Council of Ministers. The State Secretariat for Co-operation serves as the focal point for the United Nations Development Programme (UNDP) and the United Nations system. It is responsible for the co-ordination of activities agreed to with the partners of Angola, appraises and monitors the implementation of the programmes financed from the indicative planning figure (IPF), UNDP-associated funds, and other funds of the United Nations system.

29. The Government is intent on a still more rational, expeditious and effective use of all possible assistance and was encouraged by the positive response of a local donors conference held in 1986 to rally support for emergency assistance requirements.

30. With the support of the Government, the United Nations system has a regular consultation and co-ordination mechanism that functions under the chairmanship of the Resident Co-ordinator. It centres primarily on joint or interrelated actions in which relevant specialized agencies and organizations of the United Nations system, such as the United Nations Children's Fund (UNICEF), the World Food Programme (WFP), the Office of the United Nations High Commissioner for Refugees (UNHCR), the World Health Organization (WHO), the Food and Agriculture Organization of the United Nations (FAO) and UNDP have engaged in support of emergency operations. In recognition of the need to further harmonize efforts, UNICEF, WFP, the United Nations Fund for Population Activities (UNFPA) and UNDP have also established a Joint Policy Co-ordination Group (JPCG) to collaborate more closely on areas of programme concentration.

II. THE COUNTRY PROGRAMME

A. Assessment of previous country programme

31. The first country programme for Angola (1982-1986) was approved by the Governing Council in May 1982, with a total of \$41.5 million originally earmarked for specific projects. Half of the programme was already approved and being implemented at the time of the country programme formulation. The original IPF earmarking was then cut by 20 per cent and the balance of this new programmable IPF allocation of \$33.2 million was held as a programme reserve for unforeseen and

unexpected activities within the country programme. As a result of the subsequent overall reduction of UNDP global resources, the IPF net allocation for Angola was later reduced to \$21.6 million.

32. During the implementation of the first country programme, the Government was obliged to introduce substantial changes because of the effects of constant South African aggression and the need to redefine priorities in development policy so as to better respond to prevailing requirements. Attention was focused on the pressing and strategically important need to give renewed incentives to domestic food production by the small-holder sector, to rehabilitate the production capacity of food and to strengthen other vital industries. Special importance was attached to emergency programmes and to problems in the organization and management of the economy.

33. The attempt by South Africa to bring about the permanent destabilization of Angola has caused insecurity in the rural areas. Consequently, UNDP aid has in the past five years, with rare exceptions, concentrated on central institutions in the capital, to the detriment of the real impact that the programmes should have on the pressing development problems in several regions with important economic potential. In rural areas, where the majority of the population lives, there are general shortages of essential commodities and services including food, clothes, shoes, medical care, housing, basic and professional training.

34. The experience obtained from the first country programme has enabled the Government and UNDP, since 1985, to record some qualitative progress in relation to some aspects of the country programme, namely in the identification and selection of certain projects within the socio-economic development strategy defined by the Government, of which the country programme is an integral part. However, certain restrictions remain at the level of some administrative structures and in the economic management of the state apparatus. These bottle-necks leave the process of preparing the country programme far short of essential criteria required for programme planning. In essence, this requires a profound analysis of the socio-economic system and an up-to-date assessment of the last programme and of the whole set of projects financed by funds other than IPF, mobilized by UNDP. The delivery of UNDP assistance was also seriously affected by obstacles encountered in the timely formulation and approval of projects, by internal and institutional weaknesses, and by the lack of sufficient cadres able to plan, elaborate and assess projects.

35. On the other hand, some constraints were found in the United Nations system itself, where UNDP plays a role of primary importance in questions of socio-economic development. Such constraints cause problems in the timely utilization of funds and in the harmonious execution of planned activities. They arise particularly from the bureaucratic slowness in project approval and equipment procurement, from the time-consuming practices in the identification and selection of experts, in the difficulty of obtaining experts who are sensitive to the particular conditions of the country, in the late recruitment of experts and in the weakness of inter-agency relations.

36. Increasing attention paid to these critical factors, both by the Government and UNDP, will make it possible to make better use of the assistance available, in

line with Government priorities. While there has been a certain improvement in the quality of the execution of some ongoing or completed projects, it is essential that co-ordination be improved between the various respective Government institutions, UNDP and the executing agencies of the United Nations system, principally in the identification, planning and implementation of projects. This will guarantee notable progress in the next five years, and avoid errors which were made in the initial phases of the previous country programme, when it was not always possible to achieve the planned objectives for some projects. It is, therefore, necessary to continue frank dialogue between all parties involved, so as to clear away, or at least minimize, obstacles impeding the country programme, and to strengthen co-ordination methods.

37. To deal with these difficulties, the following measures are foreseen:

(a) Six-monthly meetings to control and assess the country programme, to be held with the central organs of economic management, i.e. the Ministry of Planning, the Ministry of Finance, the State Secretariat for Co-operation and the various technical beneficiaries of the assistance, together with UNDP and the executing agencies. It should be noted that these meetings in no way substitute for tripartite meetings to be held in the form already established by UNDP;

(b) The appointment, by official Ministerial Decree, of national project directors, as counterparts to principal technical advisors;

(c) The training of national cadres in the preparation, assessment and supervision of projects, to gain a thorough knowledge of work methods and donor procedures, so that existing co-operation can be used in the most efficient manner possible;

(d) The improvement of institutional and operational links between projects and the concentration of UNDP resources in a restricted number of sectors and in priority projects;

(e) The allocation of a substantial amount of the various budgets to manpower training;

(f) The allocation of human and financial resources to ensure the rightful transfer of professional, technical and managerial knowledge to the national counterpart.

B. New programme proposal

38. The IPF for the second country programme has been set at \$22.8 million, to which some \$1.7 million, representing the unused balance of the previous IPF, will be added. Of the total amount, approximately \$13.8 million is committed to ongoing or recently approved projects. Given the contingencies causing changes in the development strategy, the programmed reserve has been set at \$2.3 million and the unprogrammed reserve at \$0.5 million.

39. Thus taking into account the above-mentioned reserves, the Government will have available to programme for use, during the period of the cycle, a total of \$10.7 million from the IPF. Amounts from other sources, include: UNFPA - \$0.5 million; the United Nations Capital Development Fund (UNCDF) - \$0.9 million for health, water and physical reconstruction projects in rural areas; remaining funds of the International Conference on Assistance to Refugees in Africa (ICARA II) \$0.5 million; \$0.2 million - the United Nations Development Fund for Women (UNIFEM); and the cost-sharing contribution of the Government, totalling \$1 million of which \$350,000 has already been allocated.

40. In view of the difficulties the country is undergoing, and based on recent resolutions of the MPLA Worker's Party and the Government, it is essential to make the best possible use of external sources of aid, strengthen aid links with the vital needs of the country and give greater emphasis to economic management. As a response to this goal, the new country programme has identified the following four central objectives:

(a) Effective economic management and resource mobilization for reconstruction and development;

(b) Reactivation and promotion of food and export crop production by the small-holder sector;

(c) Physical rehabilitation of industrial plant combined with improved management systems;

(d) Universal basic education and training for managerial, administrative and technical functions.

Effective economic management and resource mobilization for reconstruction and development

41. To improve the performance of the economy and modernize its management, the Government has embarked on a multi-pronged programme aimed at a better structural balance of productive sectors, the augmentation of domestic revenue and policy reforms, including measures to attract foreign capital, and the management of skills and technology. Other major aspects of the programme are the creation of a reliable resource data base and of an economic environment and policy framework that stimulates production and productivity.

42. UNDP will give assistance to overcome weaknesses in beneficiary Government organizations and to increase their capabilities in terms of the preparing and control of projects as well as in co-ordination measures.

43. In order to encourage a wider spread of development, UNDP-financed projects will also support regional and provincial authorities in the implementation of socio-economic rehabilitation programmes, giving special attention to those who have recently returned to the country and to displaced persons.

44. UNDP assistance will pay particular attention to the transport and communication sectors, since they are essential to the reconstruction and development of the country. This assistance may be put into practice in civil aviation projects, maritime training programmes and in the setting up of a transport capability in the southern region.

Ongoing projects

45. To address the first objective, the Government proposes the continuation of the following projects:

Reorganization of National Accounts Unit (ANG/84/001)

46. This UNDP/Department of Technical Co-operation for Development (DTCO) project was approved in early 1984 in order to restore a unit for national accounts in the Ministry of Planning, charged with the initial task of reconstructing basic macro-economic data from 1981 onwards. The project is specifically designed to create a national capacity in preparing regular commodity balances, central Government accounts and external accounts. It will also assist in defining macro-economic indicators and calculating current accounts, internal financial reserves, public external debt and debt services ratio, balance of payments and gross domestic product (GDP) growth. Marked emphasis is given to the training for relevant middle- and high-level functions. An amount of \$365,534 has been earmarked for the extension of activities through 1987.

Preparation of an Integrated Economic Recovery and Development Plan for the Southern Region (ANG/84/008)

47. In early 1985, following the withdrawal of South African forces from the southern territory of Angola, UNDP began assisting the Government in planning the economic recovery and development of the provinces of Huila, Namibe and Cunene. Based on diagnostic studies of key economic sectors and social services and a programmatic outline for integrated regional development, a comprehensive priority action programme together with detailed investment and technical assistance proposals geared to reconstruction and medium-term development will be worked out in the second phase. Planning, administration and development management capabilities at the regional and provincial level will also be consolidated in the second phase and assistance provided in the co-ordination of manifold bilateral and multilateral inputs. Assistance may also serve to prepare for a donors conference which would rally external support for the recovery and development programme conceived. An amount of \$2.1 million is approved, which includes \$350,000 in Government cost-sharing.

UNV Logistic Support to Emergency Operations (ANG/84/010)

48. This United Nations Volunteers (UNV) project started in 1985 in direct support of the Government emergency operations for some 600,000 displaced and otherwise severely affected persons. UNV logisticians and transport management experts assisted in the co-ordination of emergency operations for the distribution of food and other relief commodities, including special airlifts, and in the constant reassessment of emergency needs. Officials are being trained in logistics

planning, the storage and distribution of emergency commodities and in the deployment and maintenance of the truck fleet in the northern, central and southern regions. Advisory services are also being furnished for nutritional rehabilitation programmes. Over and above the \$248,000 previously approved, \$235,000 are needed for the current cycle.

New projects

Strengthening of National Statistics

49. Closely interlinked with the National Accounts projects, UNDP is assisting in the strengthening of national statistics, in order to provide regular economic, social and other statistical data that would allow the continuous monitoring of the performance of the economy, Government services and commercial transactions. The National Institute of Statistics will be reorganized to strengthen collection, processing and dissemination of data and information required for periodical publication and, on a continued basis, by planners and decision-makers. UNDP inputs totalling \$580,000 are foreseen over a three-year period.

Investment Legislation and Fiscal/Customs Reform

50. This proposal responds to the need to facilitate investment and raise public revenue. In 1985, taxes and customs fees contributed the equivalent of \$1,903 million to the total state revenue of the equivalent of \$2,651 million. At the same time, the national budget amounted to the equivalent of \$3,052 million, of which the equivalent of \$792 million were destined for economic development (\$1 = 29.92 Kwanzas at the official United Nations rate of exchange). Given the uncertainties of export income, it is planned to mobilize increased funding, to an additional 50 per cent by 1990, for development from external sources and through state revenue. The project will rework the existing investment legislation and reorganize the tax and customs machinery, including respective legislative measures. The comprehensive retraining of administrative personnel is envisaged. The project entails a UNDP contribution of \$1,450,000.

Diagnostic Review of the Economy and Macro-Economic Planning

51. To formulate the next national development plan, the Government has requested UNDP assistance for a critical assessment of the current state of the economy, with special attention being given to the utilization of the production potential in the main sectors. The study is expected (a) to analyse the constraints resulting from the monetary distortions and the related imbalances of the financial and economic structures that impede economic growth in the country and (b) to submit recommendations for remedial action. The project will also provide top-level expertise to assist the Ministries of Finance and Planning in creating a capability to carry out macro-economic and sectoral reviews and to prepare and appraise investment programmes. This will enable Government decision-makers to ensure the relevance of future investments, vis-à-vis economic priorities, and to assess economic impact and technological implications. A UNDP contribution of \$820,000 is foreseen.

Mineral Legislation and Investment Support

52. The Government goal of export diversification comprises, inter alia, the promotion of mineral development on the basis of previous investments or preparatory studies. A detailed mineral legislation model investment and mining management contract will be prepared under the project. Assistance will also help to strengthen the national contract negotiation capability, including training in mineral development policies. Consultancy services will be secured for the rehabilitation of existing production units. The project will entail an IPF contribution of \$553,000.

Energy Study

53. Angola enjoys a promising energy base. The country is an important producer of fossil fuels and also generates a large portion of electrical energy requirements through hydro-power. The UNDP/World Bank study, co-financed by a third-party cost-sharing contribution of 50 per cent, pursues the following objectives: (a) to study existing energy structures, examine options to meet future electricity demand, make recommendations on generation, distribution, and tariff structures and on the improvement of revenue collection; (b) to determine related manpower training needs; (c) to elaborate proposals for the utilization of gas associated with crude oil production, currently being flared off, as well as for the supply and pricing of fuel wood. An IPF allocation of \$201,000 is expected, in addition to the agreed cost-sharing contribution from Sweden.

54. Apart from the above-mentioned projects, the Government has decided to implement, within the framework of this programme and in accordance with available resources, certain projects with the following objectives:

(a) Strengthening the system of recording economic data through the improvement of the national system of accounting for state enterprises;

(b) Quality control of import and exports;

(c) Co-ordination of technical co-operation programmes and support for the training of qualified personnel to design, programme, evaluate and monitor international technical and financial co-operation.

Co-ordination of Technical Co-operation Programmes

55. The Government wishes to subject current technical co-operation programmes to a comprehensive review in order to better integrate external assistance into national development plans and budgets. This should enhance co-ordination and maximize practical benefits. The envisaged exercise will build on the experience of NaTCAPs. Should allocations from the Special Measures Fund for the Least Developed Countries (SMF) not become available, the sum of \$280,000 has been set aside from the IPF.

Linkages

56. These ongoing and new projects are conceptually interlinked, mutually supportive, and jointly pursue the overall objectives of modernizing economic management, of initiating organizational and structural reforms and of giving future planning a solid base. Closely connected with this programme are two International Trade Centre (ITC) implemented projects, ANG/24/46 and ANG/80/82, which are financed from the Swedish International Development Authority (SIDA) and the Danish International Development Agency (DANIDA) trust funds and designed to improve import operations and exchange reserves.

57. In the major economic recovery programme for the southern region, the European Economic Community (EEC) has committed \$50 million for transport, marine fisheries, water, agriculture and other development programmes. Agricultural rehabilitation and training projects at the Chivinguiro school will receive funding from France and Italy. As a practical application of the JPCG agreement, UNICEF, the World Food Programme (WFP), UNFPA and UNDP will co-ordinate their respective activities in the fields of health, water development and applied demographic studies (ANG/86/P01), and create a joint field support mechanism. UNCDF inputs are foreseen for the reconstruction of rural service facilities. WFP food-for-work inputs, valued at \$16 million over four years, are to be used in an innovative approach in support of a multi-component programme of industrial and physical reconstruction as well as of fisheries and anti-desertification operations. Towards the end of the third programming cycle an amount of \$980,000 was made available through UNDP from Special Programme Resources/Emergency Operations Trust Fund (SPR/EOTF) to start the resettlement of some 18,000 displaced persons and create an emergency transport capacity for the southern region.

Programmed reserve

58. A programmed reserve of \$580,795 has been set aside for further assistance in reinforcing economic planning and management capabilities at the central and regional level. Given the operational constraints of various Government co-operating agencies, it is also intended to create a programme and administrative support, co-ordinated at the central level by the Secretariat of State for Co-operation.

Reactivation and promotion of food and export crop production by the small-holder sector

59. A staple food supply for urban, and partly for rural, consumption currently depends on sizeable commercial imports and, increasingly, on donations. This fundamental preoccupation of the Government must be translated into a group of projects which mutually support one another and which will be the essential component of a coherent programme to raise agricultural production and food distribution.

60. To increase the income of the rural population, the Government has given priority to the revitalizing of traditional export crops; the improvement and multiplication of seeds; soil studies; the provision of extension services to the

peasant sector through agricultural development stations; the improvement of living standards in rural areas by improved water supplies; and programmes for mother and child care. In the field of agricultural production, the new projects will concentrate on a food commodity management system, on agricultural statistics systems and on early warning systems. Other important aspects of the programme will be assistance in the commercialization of coffee, the production of fuel wood, as well as the preservation of natural habitats by anti-desertification measures. The direct impact projects begun in the former cycle will be maintained.

Ongoing projects

Seeds Development and Multiplication (ANG/80/028)

61. In 1985, the project began to develop suitable high-yield/high-resistant seed varieties for beans, soybeans, cowpeas, cassava, sunflower, sweet potatoes and peanuts and to establish seeds processing, multiplication and control facilities. The programme will enable the Government to reduce dependency on imported seed and provide suitable genetically enhanced seeds in sufficient quantities to the peasant sector, which has been considerably constrained by the near depletion of national seed stocks as well as by the gradual degradation of residual hybrid seed varieties. The project will extend into the new cycle, with emphasis being placed on accelerated and geographically expanded field trials and seeds multiplication programmes, including maize and millet. It will also improve operational mechanisms for distribution. In addition to financial provisions of \$2,547,370 allocated prior to 1987, a new IPF input of \$1,083,184 is expected.

Soil and Climate Survey (ANG/80/038)

62. This assistance is thematically linked to the seeds development effort. Soils studies are being carried out in the Huambo Agricultural Research Institute in preparation or support of specific crop development projects, in particular those designed to assist the small-holder sector. Activities will continue into the new cycle, entailing \$455,000.

Veterinary Laboratories Rehabilitation (ANG/80/051)

63. The objective of this project, which started in 1986, is to resume domestic production of vaccines against common animal diseases in cattle, goats, pigs and chickens. These are a prerequisite for regular, extended vaccination programmes. In the southern provinces alone, which traditionally provides 50 per cent of the beef supply for the country and where some 1.5 million head of cattle exist, systematic vaccination campaigns have been recently resumed, aiming at a significant improvement of the survival and herds multiplication rates. The resulting economic returns are estimated to reach \$30 million each year. In addition to vaccine production, the project is to build effective distribution systems and organize vaccination campaigns. Apart from \$540,000 in expenditures prior to 1987, budgetary provisions of \$921,900 are required.

New projects

Agricultural Statistics and Early Warning System

64. In order to put national food management on a solid data base and provide regular information on production trends, effects of meteorological conditions, etc., the Government plans to upgrade the agricultural statistics system, including the establishment of an early warning system. Conclusive harvest projections will, inter alia, permit timely decisions concerning supplementary food needs. Budgetary provisions of \$760,000 are foreseen for this effort.

Project Preparation and Monitoring Services

65. The project proposes the creation of a capability in the Ministry of Agriculture to prepare, appraise and monitor projects. The amount requested for this purpose from IPF funds is \$500,000, to which will be added other external contributions.

Extension Services and Management Support for Agricultural Development Stations

66. Since 1983, the Ministry of Agriculture has established a growing number of agricultural development stations in order to assist the small-holder peasant sector in raising agricultural production. The functional responsibilities of the stations comprise land preparation, provision of seeds, agricultural implements and fertilizer, technical and extension services and marketing support. Although this innovative programme has recorded appreciable results to date, operations need to be technically and managerially strengthened to ensure a wider geographic coverage and improved quality and timeliness of services. Building on the experiences of a precursor, UNEOTF project (ANG/84/U01) providing emergency assistance to the peasant sector, UNDP support to the stations is envisaged from 1987 onward, entailing \$800,000 from the IPF.

67. Two new UNDP/FAO projects have been approved to develop human resources in the agricultural sector: Assistance to Bengo Centre for a Permanent Support to Agricultural Development (ANG/85/012), with UNDP inputs of \$630,000 in 1987-1989, will provide the Ministry of Agriculture with a management training and field programme communications support base; Strengthening of the Human Resources Department, Ministry of Agriculture (ANG/85/011), entailing \$275,000, is designed to elaborate a medium- and long-term manpower development programme for technical and management areas, at the centre and in the field. In the context of the latter project, a sector-wide training needs assessment is envisaged in 1988 to provide reliable manpower demand projections for the rehabilitation and modernization of the country's network of agricultural training institutes.

68. As an integral component of the southern reconstruction programme, the UNDP/FAO project - Anti-Desertification of Tombwa (ANG/85/007) will assist in the permanent restoration of a protective tree belt to halt advancing dunes around the fishing town of Tombwa. IPF inputs totalling \$934,360 have been approved for 1987-1989. In addition, an amount of \$40,000 is required to complete the Inland Fisheries project (ANG/85/001).

Forestry Sector Survey

69. Under the UNDP/FAO project Forestry Sector Survey (ANG/86/008), with IPF inputs of \$45,000, the current state of production, reforestation and other activities in the forestry sector will be analysed in preparation for an action programme to revitalize the sector. Production of timber to meet domestic requirements and projects to increase fuel wood plantations are of particular interest.

70. The Government places a premium on the rehabilitation of the coffee sector, with particular emphasis on production and commercialization. To this end, assistance from UNDP has been requested. Contributions from other donors will be taken into account in designing the related project. An amount of \$256,000 has been set aside in addition to the residual ICARA II resources of \$88,000.

71. Apart from the above-mentioned items, the Government would also like some assistance from UNDP for the rehabilitation of the milk industry as well as for the development of continental fishing. The objectives of these projects are to be defined in the light of the evaluation of the UNDP/FAO projects already implemented in these areas in the previous cycle.

Linkages

72. The above projects constitute crucial prerequisites as well as complementary components of a programme which is still in its initial stages, but which will shift its focus from emergency and relief operations towards organized rehabilitation and economic recovery. It fosters the concept of self-reliance and reconsolidates rural productivity as the foundation of the country's economy. Activities in the sphere of seeds development and agricultural statistics are supplemented by, or based on, preparatory FAO/Technical Co-operation Programme projects. The seeds programme will integrate the multiplication of hybrid maize varieties developed earlier under bilateral funding from Yugoslavia. Sizeable donations of seeds and agricultural implements are being received from Sweden, the International Committee of the Red Cross (ICRC) and various other non-governmental organizations (NGOs). To facilitate regular offtake from the cattle herds in Cunene and Huila provinces and thereby to provide more adequate supply for the urban centres, the United Nations Industrial Development Organization (UNIDO) prepared a pre-feasibility study for the rehabilitation of slaughterhouses. Technical Co-operation among Developing Countries (TCDC) inputs, involving in particular Argentina and Brazil as well as other interrelated projects financed by these countries, are envisaged.

73. The Government encourages and supports the participative involvement of the Organization of Angolan Women in economic and social development so as to broaden the reach and increase the impact of development programmes, especially in rural regions. The ongoing United Nations Development Fund for Women (UNIFEM)-funded project ANG/82/W02 assists an association of women in marketing their horticultural production. Additional UNIFEM and UNFPA support is being requested to further promote the involvement of women in productive and social activities and to reinforce the Organization of Angolan Women project planning and monitoring department. A total amount of \$500,000 is earmarked for this area.

74. Three sizeable WFP-funded food-for-work programmes are implemented through agricultural development stations or provincial authorities. With an aggregate annual delivery of some \$12 million they deserve special mention. ANG/2738, operative in Malange province, is designed to stimulate small-holder production of certain staple food crops. A similar project, ANG/2813/Q, commenced operations in 1986 in the southern provinces. Under ANG/2336, coffee production is being raised through the provision of food incentives. Closely interlinked with the aim to revitalize the agrarian sector is the need to enhance standards of living in rural areas through the supply of water and the extension of basic health facilities, including mother and child care programmes. Special measures seek to mitigate the hardships of some 600,000 displaced persons, as well as to implement suitable self-help programmes. Efforts funded by UNICEF, UNFPA and the United Nations Capital Development Fund (UNCDF) to establish or expand rural health posts, to provide mother and child care services, and to develop and rehabilitate rural water sources, constitute well-appreciated initiatives to improve social services and basic living conditions of the large small-holder/peasant population.

Programmed reserve

75. The programmed reserve amounts to \$725,000. Cost-sharing contributions will be sought, especially from donors who, given the economies of scale, do not operate programmes of their own in the country. Denmark, the Netherlands and Switzerland have discussed the possibility of associating themselves with some of the above-listed projects. Further projects for which funding cannot be secured within the financial framework of the current country programme have been identified.

Physical rehabilitation of industrial plant combined with improved management systems

76. As a result of the under-utilization of industrial, transport and communication capabilities, the Government is stressing the physical rehabilitation of existing plant and infrastructures as well as the improvement of maintenance and management systems, i.e. the initiation of a recovery programme that will extend, in reality, for more than a decade. The following projects are contained within the framework of this objective.

Ongoing projects

Industrial Maintenance and Repair Centre (ANG/82/020)

77. In response to the acute and pressing needs experienced by the industrial sector, assistance started in 1982 with the phased establishment of a national repair and maintenance facility based in Luanda. In addition to major maintenance, the activities of the centre include the production of specific spare parts. Under a new phase, the specialization and scope of operations will be adapted to priority needs such as assistance to food industries. Supplementary IPF funding of \$1,800,000 is requested.

New proposals

Food Industries Rehabilitation, Bakery Network

78. Based on a subsectoral survey and feasibility study, carried out in October 1986, the project pursues the prime objective of rehabilitating a yeast plant and a wheat flour mill, and of preparing plans for the rehabilitation of a bakery equipment plant which, in turn, would facilitate the technical overhaul of industrial-scale bakeries in various parts of the country. At present, 11 of 91 bakeries are operational. The training of managers, maintenance technicians and plant operators will be carried out at the same time. With a planned duration of three years, this major effort is expected to restore 30 per cent of currently idle bread-making capacity and thus demonstrate suitable conceptual approaches for similar rehabilitation works in other subsectors. The Maintenance and Repair Centre project will be entrusted with specific repair tasks. Supplementary expertise under TCDC arrangements and other relevant inputs from Brazil are envisaged. An IPF budget of \$3,531,000 is requested, including Government cost-sharing of \$300,000.

Establishment of a Unit for Pre-Investment Studies in the Ministry of Industry

79. Similar to assistance in the agricultural sector project, this assistance undertakes to build up a sector-specific capacity to prepare and appraise industrial projects and technical assistance within the Ministry of Industry. IPF inputs of \$790,000 have been set aside for this purpose.

Engineering and Industrial Projects Enterprise

80. The Engineering and Industrial Projects Enterprise, a state enterprise founded in 1984, has the function of producing and selling technical services in the areas of: needs identification and transfer arrangements for technological know-how; the management of subcontracts; the supervision of industrial projects; project elaboration for industrial plants; project elaboration for industrialization processes; and the management of industrial projects.

81. Technical assistance to be provided to the Enterprise in its initial and consolidation phases should foresee the setting up of a structure that will continue to function for an indefinite period. It should have skilled manpower resources and appropriate specialist knowledge, so that it can provide a quality service under economic conditions which would ensure the rentability of the exercise.

82. The following two projects should be completed: the Salvaging and Processing of Scrap (ANG/79/008) and the Industrial Information Centre Project (ANG/80/011).

Linkages

83. Funded by various bilateral sources, e.g., Belgium, Italy, France, Portugal, Brazil, a number of food processing plants are undergoing rehabilitation and modernization, notably in the subsectors of vegetable oil and fats, salt production

and marine fisheries destined for local consumption. WFP food-for-work components are being provided to restart and/or foster the productivity of artisanal coastal fisheries, salt and agricultural implements production in the southern region. UNCDF assistance is also solicited to finance capital inputs required to expand production capacity for agricultural hand tools.

84. Bilateral donors, notably Sweden, Italy, EEC and the German Democratic Republic, are involved in building road transport capacity, including adequate facilities for the upkeep and repair of equipment. Acute needs have made themselves felt and were analysed in connection with transport arrangements for emergency relief items. Technical co-operation from EEC for port studies for Lobito and Luanda and the rehabilitation of Namibe, as well as from the German Democratic Republic has been secured for the rehabilitation and management improvement of the major ports and for the planning of supplementary installations.

Programmed reserve

85. A programmed reserve of \$650,000 is foreseen. Additional, thematically akin projects have been identified in the event that funding becomes available.

Universal basic education and training for managerial, administrative and technical functions

86. Sizeable IPF allocations are earmarked for specialized training seen as an integral component of UNDP-assisted projects in the foregoing thematic domains. In addition, the Government recognizes the special need to consolidate the foundations for massive educational development and to accelerate the training of cadres charged with middle-level administrative, technical and managerial functions. Apart from improving and expanding primary and secondary school education, major attention will be given to creating a harmonized and intersectorally compatible vocational training concept, combined with well-defined placement policies that reduce dependency on foreign operational experts and allow for greater mobility of the skilled national labour force.

Ongoing projects

Upgrading of Teachers and Curriculum Development (ANG/84/007)

87. The departure of many teachers a decade ago forced the Government to recruit a large number of new teachers that lacked skills and experience owing to inadequate or short training. Currently, the primary and secondary school system caters to some 1,000,000 pupils. The project is designed to upgrade subject knowledge and didactic faculties of 350 teacher trainers responsible for upgrading 16,000 primary school teachers and to replace the educational content with modern curricula covering scientific, technical and environmental subjects for greater proximity to the developmental setting of the country. An amount of \$1,225,000 is requested to complete the work.

New proposals

National Vocational Training System

88. Following the creation of the multidisciplinary vocational training commission in 1985, the Government has decided to set up a country-wide unified vocational training system to accelerate and harmonize the formation of technical cadres. On the basis of the experience gained by the establishment of the Luanda-based Vocational Training Centre (ANG/85/002), for which UNDP support will continue until 1987 at a cost of \$497,000, the project will assist in elaborating detailed plans and programmes for the envisaged system, including a network of regional centres. To supplement IPF inputs of \$1,194,205, the Government will request co-financing from bilateral sources.

Administrative and Management Training

89. To alleviate the dearth of clerical, administrative and middle-level managerial personnel, a programme of need-tailored training courses will be organized, preferably within existing national institutions, such as the Administrative Training Institute, the University of Luanda and its Science Faculties in Lubango. These courses will be designed for typists, accountants, store managers, transport dispatchers and personnel in similar categories, mainly by way of in-service upgrading and recycling programmes. The programme will also comprise English and French language refresher courses to allow Angolan candidates to avail themselves of the training opportunities offered by regional or overseas training establishments. The sum of \$600,000 has been earmarked from the IPF.

90. Apart from the above-mentioned projects, the Government would like UNDP to intervene in the fields of adult training and adolescent training in temporary schools. It would also like supplementary support for the development of national vernacular languages, for which the sum of \$107,250 was reserved for 1987.

Linkages

91. As a complement to its efforts to expand and improve basic education facilities, as well as agricultural extension services throughout the country, the Government launched a study programme of six major vernacular languages, including the preparation of lexicons and grammars for eventual use in literacy campaigns and in general education. In addition, specialized vocational training projects receive support from several donors. Sweden assists in the establishment of a fisheries training centre at Luanda. A similar establishment in Namibe is supported by Poland. The USSR funds a training institution for agricultural mechanics in Lubango. The German Democratic Republic provides expertise and materials for the training of middle- and higher-level administrative personnel. Angola also benefits from the UNDP/UNIDO-assisted Southern African Development Co-ordination Conference (SADCC) Petroleum Training Centre (RAF/83/022) based in Sumbe, from which other SADCC members have been gradually benefiting.

Programmed reserve

92. A reserve of \$350,000 has been set aside for projects in this sector.

C. Unprogrammed reserve

93. In view of the past under-utilization of IPF resources, the Government prefers to keep the unprogrammed reserve to a minimum of \$500,000, or 2 per cent of available resources. In the eventuality of unforeseen needs or programme reorientations, the Government will avail itself of the opportunity which continuous programming permits.

94. The present developmental situation in Angola dictates a minimum unprogrammed reserve that accurately reflects substantial current urgent needs. This minimum reserve is not an indicator of planning precision that might be possible in a less fluid situation. The country programme focuses on management, rehabilitation and training and tries pragmatically to address basic goals that will remain valid even should the long-sought conditions of peace and security in Angola be far off.

Annex

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

<u>A. UNDP-administered sources</u>	\$	\$
Third cycle IPF balance	1 684 000	
Fourth cycle IPF	22 825 000	
Subtotal IPF		24 509 000
Special Measures Fund for the Least Developed Countries	-	
Special Programme Resources	-	
Government cost-sharing	335 000	
Third-party cost-sharing	201 000	
Operational funds under the authority of the Administrator (CDF, UNFPA, UNIFEM)	1 595 000	
UNDP special trust funds (ICARA II)	500 000	
Subtotal, UNDP non-IPF funds		<u>2 631 000</u>
 <u>B. Other sources</u>		
Funds from other United Nations agencies or organizations firmly committed as a result of the country programme exercise	-	
Parallel financing from non-United Nations sources (SIDA, DANIDA)	912 000	
Subtotal, other sources		<u>912 000</u>
 TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		<u><u>28 052 000</u></u>

II. USE OF RESOURCES

<u>Programmed</u>		
Ongoing projects	13 841 000	
New project proposals	11 405 000	
Programmed reserve	<u>2 306 000</u>	
Subtotal, programmed resources		<u>27 552 000</u>
Unprogrammed reserve		<u>500 000</u>
 TOTAL USE OF RESOURCES		<u><u>28 052 000</u></u>
