

INDICATIVE COOPERATION PROGRAMME

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DE APOIO AO DESENVOLVIMENTO

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COOPERAÇÃO  DEVELOPMENT

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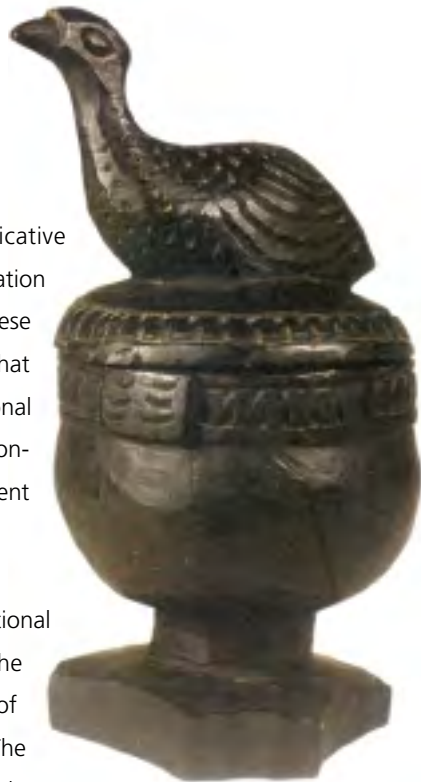
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1 Introduction

The Portugal – Angola 2004-2006 Indicative Cooperation Programme (ICP) is the cooperation reference table to be developed between these two countries in the course of the triennium that will, in the context of aid from the international community, define the thrusts of Portugal's contribution to the social and economic development of Angola.

This ICP is the result of combining the national development strategy envisaged by the Angolan Government with the priorities of Portuguese public aid to development. The identification of its thrusts also results from the conviction that the success of cooperation policies depends on their being accepted by the countries that are their direct recipients and on the coherence and synergies attained, from the perspective of complementing other ongoing bilateral and multilateral cooperation programmes. Also underlying the structuring of the 2004-2006 ICP is the compliance with the Millennium Development Objectives (MDO), in particular as regards the Fight against Poverty.



The recent evolution in the political and safety situation in Angola, which culminated in the signing of the Peace Accord, together with economic reforms, are encouraging signs of the path to reconciliation the Angolan people are taking. However, the sustainability of the Peace Accord will only be ensured with the firm support of the Angolan Government and a combination of efforts of the international community in backing the programme to rebuild the country.

The Portugal – Angola Cooperation strategy for the triennium will be based on the development priorities established by the Angolan Government within the framework of the development strategy defined for this country and take into account the therein established economic and social development objectives.

This strategy will be materialized in an Action Programme to be implemented in concentration areas selected according to these priorities and to the added value of the Portuguese Cooperation. These ICP concentration areas will be the Social Area (Improving Education conditions and Health conditions), Institutional Strengthening / Good Governance, Training / Improvement of Human Resources, and Social Reintegration and Promotion of Employment.

In an attempt to endow the cooperation between the two countries with greater rationality and sustainability, the procedures aimed at improving the programming, monitoring and assessment of the programmes / projects to be carried within the scope of this Indicative Programme will be adopted.

2 Background / bilateral cooperation framework

Luso-Angolan cooperation relations were established in the 70s, following the independence of Angola, have registered progressive improvement and maturity, and have led Portugal to occupying a privileged position among this country's partners.

The institutional cooperation between the two countries develops at both *bilateral* and *multilateral* levels. At bilateral level, the cooperation is structured

in triennial Indicative Cooperation Programmes (ICP) encompassing not only institutional cooperation but also a number of initiatives of civil society. At multilateral level, cooperation is covered by programmes of the European Union, of the Specialised Agencies of the United Nations System and of the Community of Portuguese-Speaking Countries (CPSA), in which Portugal participates.

In the last triennium, cooperation was covered by the 2000-2002 Indicative Cooperation Programme (ICP), signed in July of the year 2000. This ICP was based on the following top priorities: Upgrading of Human Resources; Institutional Cooperation; Market Development and Modernization of the Public Management Systems; Enhancement of the Territory and Natural Resources; and Assistance to the Angolan Enterprise Sector.

It was registered that cooperation was somewhat conditioned by both the political circumstances and the acknowledged scattering of activities and resources, as well by the deficient articulation of means.

With regard to the Public Aid to Development (PAD) given by Portugal to Angola, a small drop in its figures occurred between 2000 and 2001. In the former year, the PAD attained 14,490 million euros, whereas in 2001 this figure dropped to 13,262 million euros, the above factors having no doubt contributed to this development. However, probably as a result of the end of the armed conflict, in 2002 the PAD registered a 2,063 million euros increase in relation to 2001, having reached 15,325 million euros.



The following table illustrates the breakdown of the Portuguese PAD to Angola by sectors of activity and its evolution over the last three years, based on the available data:

Sectorial Breakdown of the Portuguese Bilateral Pad to Angola 2000 – 2002(*)

Euros

SECTORS	2000	2001	2002	TOTAL
100 I – Infrastructure and Social Services	9.604.942	11.668.160	12.356.630	33.629.732
	66,29%	87,98%	80,63%	78,07%
110	4.170.178	4.827.713	5.111.015	14.108.906
Education	28,78%	36,40%	33,35%	32,75%
120	457.174	749.796	1.047.354	2.254.324
Health	3,16%	5,65%	6,83%	5,23%
130 Population/reproductive	0	0	0	0
Health	0,00%	0,00%	0,00%	0,00%
140 Water and basic	0	32.375	10.004	42.379
Sanitation	0,00%	0,24%	0,07%	0,10%
150 Government and Civil	1.702.005	2.022.793	1.717.384	5.442.182
Society	11,75%	15,25%	11,21%	12,63%
160 Other Infrastructure and Social Services	3.275.585	4.035.483	4.470.873	11.781.941
	22,61%	30,43%	29,17%	27,35%
200 II – Infrastructure and Economic Services	1.929.333	564.230	1.082.532	3.576.095
	13,31%	4,25%	7,06%	0,88%
210 Transport and storage	1.165.897	58.655	135.514	1.360.066
	8,05%	0,44%	0,88%	3,16%
220	56.773	37.500	119.114	213.387
Communications	0,39%	0,28%	0,78%	0,50%
230 Energy: production and supply	0	0	549.392	549.392
	0,00%	0,00%	3,59%	1,28%
240 Banks and Financial Services	26.237	35.826	89.808	151.871
	0,18%	0,27%	0,59%	0,35%
250 Business and another services	680.426	432.249	188.704	1.301.379
	4,70%	3,26%	1,23%	3,02%
300 III – Production Sectors	889.900	558.393	254.143	1.699.436
	6,14%	4,21%	1,64%	3,95%
310 Agriculture, Forestry and Fisheries	109.736	259.958	170.886	540.558
	0,76%	1,96%	1,11%	1,25%
311	67.817	221.272	168.239	457.328
Agriculture	0,47%	1,67%	1,10%	1,06%
312	17.084	15.352	0	32.436
Forestry	0,12%	0,12%	0,00%	0,08%
313	24.835	23.334	2.625	50.794
Fisheries	0,17%	0,18%	0,02%	0,12%
320 Industry, Mines and Building	775.635	138.014	59.688	973.337
	5,35%	1,04%	0,39%	2,26%
321	771.690	118.495	59688	949.873
Industry	5,33%	0,89%	0,39%	2,21%
322 Extractive industries (mines)	3.945	19.519	0	23.464
	0,03%	0,15%	0,00%	0,05%
323	0	0	0	0
Building	0,00%	0,00%	0,00%	0,00%
330 Trade and Tourism	4.529	160.421	20.591	185.541
	0,03%	1,21%	0,13%	0,43%
331	0	19.945	9.000	28.945
Trade	0,00%	0,15%	0,06%	0,07%
332	4.529	140.476	1.591	156.596
Tourism	0,03%	1,06%	0,08%	0,36%
400 IV – Multisectorial / Transversal	60.469	71.845	219.278	351.592
	0,42%	0,54%	1,43%	0,82%
500 V – Aid to programmes and aid in the form of products	0	0	0	0
	0,00%	0,00%	0,00%	0,00%
600 VI – Debt-related actions	1.445.102	69.233	0	1.514.335
	9,97%	0,52%	0,00%	3,52%
700	165	0	497.876	498.041
VII – Emergency aid	0,00%	0,00%	3,25%	1,16%
910 VIII – Donor administrative costs	4.943	11.452	32.351	48.746
	0,03%	0,09%	0,21%	0,11%
920 IX – Support to non-governmental Organizations	487.512	318.448	855.546	1.661.506
	3,36%	2,40%	5,58%	3,86%
998 X – non-allocated /non-specified	67.773	0	29.366	97.139
	0,47%	0,00%	0,19%	0,23%
BILATERAL	14.490.139	13.261.761	15.324.722	43.076.622
TOTAL	100%	100%	100%	100%

* Figures for 2000 obtained by converting totals

Source: IPAD Financial Planning and Programming

Institutional cooperation was strengthened by the significant role played by the Portuguese enterprise sector in terms of both the commercial relations with Angola and direct investment. From among the African Portuguese-Speaking Countries, Angola has been the one consolidating its position as Portugal's main trade partner, seeing that in 2001 it accounted for 70% of the imports and 67% of the exports for that group of countries. In this scenario and in that same year, an increase of the products exported to Angola was registered (a 129.7 million increase, 35% higher than in 2000¹).

On the other hand, Angola was the main destination of Portuguese Direct Investment and Portfolio Investment, which represented 58% in the first case, and 88% in the second, of Portugal's total investment in these countries. In overall terms, Portugal's Direct Investment in Angola was estimated to be of 100,35 million euros in 1999, of 158,47 million euros in 2000 and of 110,10 million euros in 2001, (-31% that in the previous year and chiefly intended for Financial Activities and Building).

¹ *Evolução das Economias dos PALOP 2001-2002*, publication of the Bank of Portugal

3. **Strategy of Portuguese Public Aid to Development**

3.1. *Guiding Principles*

Development Cooperation is one of the strategic axes of Portuguese Foreign Policy, its prime objective being the strengthening of relations with the Lusophone Area – African Portuguese-Speaking Countries, Brazil and Timor – and the effective promotion of these partners' development, thus contributing to preserving the peace, preventing conflicts, reducing poverty and harmoniously integrating these countries in the world economy.

The Portuguese Development Cooperation Policy takes into account the development options of the recipient countries and the principle of partnership and improved coordination and coherence among the different bilateral and multi-lateral interventions, and is guided by sustainability criteria. It confers particular relevance to promoting partnerships in the most diverse areas, in such a way

as to promote economic and entrepreneurial cooperation and to contribute to the strengthening of the private sector, notably in line with the Portuguese trade policy.

The prime concern is for the aid to be efficient and contribute to support developing countries in the creation of the conditions required to prepare and implement strategies leading to the appropriation of their own development and the reduction of poverty (thus adjusting to the principle of ownership and responsibility).

² United Nations Millennium Declaration, resolution adopted by the General Assembly in September 2000

In light of its association to the consensus on Development Cooperation reached at international level, Portugal has adopted the internationally agreed goals contained in the Millennium Declaration², as a guiding principle of its Public Aid to Development, the Fight against Poverty constituting its main concern.

Indeed, it appears the main challenge the States, Multilateral Organisations and other players in international life are now facing in terms of Development, is that of reducing poverty in the world and of reducing the marked inequalities in the standards of living that characterise the planet at the threshold of the 21st Century. The urgency of this challenge is acknowledged by all the main donors, who have defined the creation of mechanisms centred on the goal of reducing world poverty as the primary task of Development Cooperation.

The Fight against Poverty, the core process of development, is understood not only for its goal of promoting measures to support the chronically poor, but essentially as a means of encouraging the development of recipient countries by promoting the improvement in the living standards of populations and by implementing the right to the development of the human being by building capacities and creating opportunities. Concrete actions and measures will have to be taken by the world leaders in order to make the MDO a reality over the coming years.

On the other hand, the recipient countries will have to develop efforts in the areas of good governance and of respect for human rights, by creating an environment encouraging foreign investment, private initiative and the generation of internal wealth and economic growth.

The Millennium Declaration identified clear and quantified goals to be attained by 2015 in terms of economic well-being, social development and of the sustaining and regeneration of the environment. Also established in this Declaration was the reduction of the population living in extreme poverty, the quantified improvement in health and education indicators and the definition of sustained development strategies.

Subsequently, in the Monterrey Conference, donors and beneficiaries debated issues relating to the monetary, financial and trade systems, at both national and international levels, through the quest for innovative and alternative sources of financing and the creation of a new spirit of partnership.

The commitments assumed by the European Union in the sense of the Community average attaining 0.39% of the GNI for PAD fall within the scope of the *Monterrey Consensus*. On the other hand, each of the Member States will be required, in the framework of their allocation of budget resources, to attain a minimum of 0.33% of their GNI for PAD by 2006, a target that Portugal will also be required to reach. This commitment by the EU corresponds to an annual additional increase of 8 billion euros between 2000 and 2006 that, in a scenario of limited economic growth, will represent at least an extra 23 billion euros over this period.

Another important point of the *Consensus* that shows *the observe of the coin*, is the insistence on it also being the obligation of developing countries to exercise good governance and on the idea that they are the main ones responsible for their own development.

This idea was ripened at the World Summit on Sustainable Development in Johannesburg, where the main concern was to create an action plan that would include another type of initiatives / partnerships to be launched by governments, international organisations or other groups, in order to assist in better implementing the 21 Agenda and the Millennium Development Goals by securing "the fulfilment of present needs without compromising the capacity of future generations fulfilling their own needs".

The Portuguese policies and strategies in this domain have developed in the direction of intervention taking place in observance of these principles

and in effective coordination with the different bilateral and multilateral interventions.

3.2. *Priorities*

The limited resources and capacities of Portuguese Cooperation make it necessary to define intervention priorities for each period, in each partner country and in specific sectors. On the other hand, it is the generalised conviction that a detailed enumeration of policies and measures without indication of the priorities will not result in effective implementation and in obtaining workable solutions for the identified problems.

Indeed, the effectiveness that is sought to be impressed on cooperation policy demands greater concentration in criteriously selected sectors, an aspect that takes on particular relevance in the Portuguese case in which, traditionally, cooperation policy has been greatly scattered and involved multiple small actions of reduced impact and visibility.

Accordingly, a planned integrated and multisectorial approach is favoured, where priority areas are identified taking into account, on the one hand, the development needs and strategic guidelines of the partner countries and, on the other, the specific added values of Portuguese Cooperation, or in other words, the factors that endow it with accrued potential and have to do with a common language, historical knowledge and common legal and administrative systems. Moreover, the response capacity of the Portuguese cooperation agents is assessed. This approach seeks to avoid the scattering of resources, with its inevitable negative consequences in terms in both impact and visibility.

The priority sectors of Portuguese Public Aid to Development are Education and Training, Health and Institutional Capacitation, there existing availability to assist in situations arising in the area of Emergency Aid.

Where Education and Training are concerned, in addition to the added value of language and historical affinity, which are decisive factors in carrying out educa-

tional and training programmes, education is a priority in terms of creating the conditions required to access social and economic development. On the other hand, training, particularly vocational training, is vital to promote the growth of the private sector. This area of involvement includes the creation / maintenance of infrastructure, the training of teachers and trainers, the development of technologies and educational materials adjusted to specific situations, to name but a few undertakings.

The priority in the *Health* sector takes into account the goals improving social conditions and must include support in structuring health services at the level of primary care and particular attention to maternal and child care, family planning and differentiated / hospital care, as well as to the training of managerial staff (transversal in all the projects to be agreed upon for the sector) and to the fight against endemic and epidemic diseases. This last aspect is one where the development of investigation in the area of tropical medicine carried on in Portugal is an added value to be considered.

As regards *Institutional Capacitation*, it is essential in the development process to promote the modernisation of civil society and Public Administration, by creating the conditions required to sponsor Good Governance and create a feeling of reliability for the economic agents. This calls for actions geared to consolidating the structures of democratic political power and strengthening civil society, so that both may play their role of promoters in social and economic development, and to encouraging institutional capacitation at administrative level.

3.3. *Programming*

The implementation of cooperation policy is based on two essential documents. Firstly, Indicative Cooperation Programmes (ICP) signed with each of the partners and covering a triennium, which reflect the result of the bilateral consultation procedure in the area of aid to development for the period of time in question. Secondly, the Annual Cooperation Programmes (ACP), which coincide with the Budget, where the programming of the activi-

ties to be undertaken and the corresponding sources of financing are presented.

Medium-term programmes are those best adjusted to the nature of the development issue. In fact, multiannual public aid commitments make the task of the administrations of the recipient countries easier, as they are required to manage the financing of their own development programmes.

The identification of programmes / projects is guided by the sustainability of the interventions in the future, based on the concepts of *partnership*, or in other words, the reciprocity of advantages for both the donor and the recipient countries, and of *ownership*, by way of the recipient country defining its objectives and priorities.

4. Political and Economic Situation of Angola

In the decade between 1990 and 2000, the most important macroeconomic aggregates characterising the Angolan economy underwent the evolution that is succinctly described hereunder.

Despite having registered very slow growth, the Gross Domestic Product nonetheless increased at an annual average rate of approximately 0.3%. The average GDP per inhabitant reached 602 dollars, the average annual variation rate being of -3.33%, no doubt influenced by the high demographic growth rates recorded for the decade.

In 2002 the GDP growth rate attained 15.5%, 25% of which was generated by the oil sector and 9% by the non-oil sector. It is anticipated that in 2003 the GDP will increase to the tune of 4.3%, the oil sector accounting for 4.3% and the non-oil sector for 8% of this growth.

Average annual exports attained 4388 million dollars, this corresponding to an average annual variation rate of 8.94%. Average imports in the decade ascended to 5545.5 million dollars, i.e., 26.4% above exports on average.

The balance of current transactions showed a deficit throughout the decade, the sole exception being the year 2000, in which for the first time a positive balance was registered. This apparent inversion of trend was caused circumstantially by the 56% increase in the price of oil between 1999 and 2000.

Throughout the period under analysis, the budget deficit registered a clear slow-down trend, well reflected by the average variation rate of -13.4%. The turning point in its behaviour occurred in 1995, as the budget balance progressed from -28.7% in that year to -9.8% in 2000, this reflecting the positive effects of a number of macroeconomic and institutional reforms.

The exchange policy was one of those that registered the best results in this decade, the difference in the parallel and official exchange rates having dropped from 1298% in 1991 to 5.11% in 2000, this practically corresponding to the stabilisation of the market.

Inflation revealed a positive tendency in the reduction of its variation dynamics. However, although the annual accumulated inflation rate registered the tendency to drop in the last three years – from 328.0%, in 1999 to 116.1% in 2001 – it is still high. At the end of 2002, the accumulated inflation rate was of approximately 105.5%.

GROSS DOMESTIC PRODUCT 2000-2002

	2000	2001	2002
Gross Domestic Product (GDP) at Nominal Market prices (trillions of kwanzas)	90,5	194,68	423,10
Real growth rate (prices for the previous year)	3,6	5,2	15,5
Oil sector	0,4	-1,00	25,0
Non-oil sector	6,8	9,6	9,0
Composition (%)			
Agriculture. Forestry and Fisheries	5,7	8,6	9,2
Extractive Industries	67,3	58,1	55,7
Crude Oil and Gas	60,8	51,8	49,5
Other	6,5	6,2	6,3
Manufacturing industries	2,9	4,1	4,3
Electrical power	0,0	0,0	0,0
Building	2,8	3,8	4,0
Trade Services	6,5	6,2	6,3
Non-trade Services	6,7	10,2	10,9
Import Duties and Fees	0,0	0,1	0,1

Source: National Statistics Institute of Angola

4.1. *Public Finance and Fiscal Policy*

Between 1993 and 2000, the budget income increased at an annual average rate of 7.8%. The tax revenue from oil registered a far greater average growth, estimated to be approximately of 8.3% per annum.

Non-oil tax revenue evolved positively, as it registered an average growth of 5.9% during the period in question.

In all the budget income, income tax and corporation tax were those that experienced the greater annual rate of growth, approximately 20%.

Customs duties contributed on average with approximately 113 million dollars per year and between 1993 and 2000, registered an average variation rate of -1.77%.

With regard to total expenses, over the last decade these suffered significant oscillations between 1993 and 2000, the average variation rate having been of 2.7% per annum.

Operating expenses arrived at 1,933,830 thousand dollars per year and their annual average variation reached 10%. The State capital expenditure, including its main heading "public investments", accounted for an annual average of 350 million dollars and grew at an average annual rate of 5.2%.

2000	2001	2002	
Income (GDP%)	49,2	44,3	38
Oil	43,8	35,7	26,4
Non-oil	5,1	8,3	6,4
Expenditure (GDP%)	58,9	50,4	47
Current	52,8	44,1	33,5
Capital	6,1	6,3	6,3
Current Balance (GDP%)	-3,6	0,2	-0,2
Overall Balance (GDP%)	-9,8	-6,1	-6,5

Source: Finance Ministry of Angola

4.2. *Monetary and Exchange Policy*

Monetary policy has been undergoing significant changes over the past years and the in late years of the last decade has registered adjustments in accordance with the macroeconomic stabilisation goals that the Government is strongly committed in attaining. The main objective of monetary policy has been de deceleration of inflation.

4.3. *External Accounts*

A number of comments can be made in respect of the behaviour of certain headings of the balance of current transactions during the nineties:

Total exports and oil exports grew at exactly the same pace over this period: 10.9% and 10.42% respectively, which clearly shows how the oil economy is also dominant in this domain.

As of 1996, the exports relating to the remainder of the economy, particularly diamonds registered significant growth when compared to the previous years: in 2000, non-oil exports proved to be 143% higher than 1996.

Total imports increases only 7.176% on average between 1990 and 2000, although the peak occurred in 1996.

Imports of goods registered an average annual variation of approximately 10.8%, a percentage clearly higher than that of total imports and practically identical to that of total exports.

Over this period, interest on the external public debt (including interest on arrears) represented 7.11% of the Gross Domestic Product, whereas the country's total external debt was of approximately 9.5 billion dollars in 2000, the corresponding service representing 20% of its GDP and 22% of its exports.

On the other hand, the external debt stock ratio attained an average of 155.17% of the Gross Domestic Product and 224.61% of the total value of exports.

	1999	2000	2001
External Debt (GDP%)	155,17	100,59	82,72
BCT Balance (GDP%)	-27,96	9,8	-14,44

5. Development Policy and Strategy for Angola

After close to four decades of war, Angola is at the threshold of a new and particularly crucial stage of its history, in which it finally has the opportunity of redirecting its energies to the performance of national construction tasks.

From the standpoint of re-establishing peace conditions and to consolidate the peace, it is urgent to define strategic goals that will guide national development policies. These will be formulated in the context of the serious consequences of war, notably:

1. disintegration of the institutional system;
2. precariousness of conditions to enhance the national potential in human resources, marked by the fact that over one-third of the population is displaced and there are approximately 50,000 war orphans, 100.000 disabled civilians e 150.000 demobilised troops;
3. disarticulation of the national productive system and worsening of provincial asymmetries;
4. destruction of countless economic and social infrastructures and consequent loss of a huge number of jobs;
5. disintegration of the national economic area and state of isolation in which many regions of the country find themselves, as well as the resulting atrophy of the domestic market;
6. profound mental and spiritual trauma of large sectors of society.

The following are the main objectives of the Government's Peace Plan under implementation, within the emerging new context:

5.1. *Political Objectives*

- a. promote the construction of the Nation and consolidate National Unity;
- b. ensure the country's territorial integrity;
- c. guarantee political and social stability;
- d. secure safety conditions throughout the national territory;
- e. promote social fairness and equal opportunities for all citizens;
- f. promote Angola in the concert of nations.

5.2. *Economic and Social Development Objectives*

- a. promote the rational use of the national resource potential;
- b. boost the pace of economic and social development;
- c. promote the country's economic stability;
- d. improve the distribution of the national income and reduce the poverty level;
- e. reduce regional asymmetries.

5.3. *The Angola Cooperation Strategy with Portugal*

The materialisation of the objectives defined in the Country's Development Strategy, within the newly emerging context, will only be possible if instruments that already exist or are under preparation are implemented, with the involvement of the International Community.

Taking this as a starting point, cooperation must take form in a privileged instrument for the establishment of partnerships allowing to overcome the lack of resources required to materialise the objectives the Government is proposing to attain.

This aspiration can only be accomplished by the articulation between the objectives of medium and long-term development strategy and a defined cooperation strategy.

In the long run, cooperation must encourage Angola's more active insertion in the World Economic System, create alternatives to the country's dependence on PAD, or in other words, create a virtuous cycle and not a vicious cycle (cooperation promoting cooperation), encourage the elimination of regional asymmetries and succeed in ensuring self-sustained economic development.

It is within this context that the prospects of cooperation with Portugal must fall, the starting point being the traditional historical, cultural and economic ties existing between the two countries.

To this end, it is vital to adopt mechanisms and methodologies adjusted to the present cooperation philosophy, based on a strategic partnership.

6. Broad Guidelines of the 2004-2006 ICP

6.1. *Strategic Axes*

With Peace having been reached and the progressive normalisation of the political and social situation in Angola, a vast field for the qualitative and quantitative development of the Luso-Angolan cooperation bilateral relationship has been created. In the strenuous task of reconstructing Angola, Portugal must wage on integrated intervention, by supporting structuring projects, or in other words, projects involving the reconstruction and rehabilitation of infrastructure and the training and capacitation of managerial staff at different levels and in different sectors, and contributing to the re-launching of the economy. Therefore, it is to be expected that the public aid to development financing may be a factor that will promote economic activity and enhance bilateral economic cooperation.

Given the size of the Angolan territory and the countless tasks required to reconstruct the country, as well as the response capacity and available resources of the Portuguese Party, it is vital to clearly outline the top priority areas, with the flexibility that the rapidly changing situation recommends.

The priorities will be in line with the Development Strategy established by the Angolan Government and with the Interim Strategy for the Reduction of Poverty, in which poverty is considered to be a multidimensional and complex phenomenon, the reduction and eradication of which requires an integrated and systematic action. The reduction to normal values of the levels of poverty in Angola is seen as a "task for a generation"³. The Angolan authorities are aware that the process to reduce poverty is crucial to maintaining the peace and social cohesion. The fight against poverty is understood as a transversal axis for development in tight articulation with other human development strategies, particularly in the social area, as well as in the areas of health, education, agriculture and of the environment.

³ Interim Strategy for the Reduction of Poverty – Summary (Provisional Document)

Portuguese Cooperation considers the Fight Against Poverty to be a strategic priority, given that it is transversal, which falls within the scope of sectorial strategies for human development, such as education and health, actions in the areas of social protection (aimed for example at children and young people at risk), of support to associative or cooperative activities in the production and / or sale of goods and services, or also of programmes/projects for insertion in working life, integrating vocational training and support to the creation of employment and self-employment.

Considering the transition period that is still being lived in Angola, this ICP may envisage the possibility of providing emergency and food aid to the population.

The concentration of Public Aid for development for the 2004-2006 triennium, identified in accordance with the above referred criteria, will be based on the following priority areas:

- **Social**
 - Improvement of Health conditions
 - Improvement of Education conditions
- **Institutional Strengthening**
- **Training/Improvement of Human Resources**
- **Social Reintegration and Promotion of Employment**

6.2. *Areas of Assistance*

6.2.1. SOCIAL AREA

6.2.1.1. Improvement of Health Conditions

Social and health conditions in Angola are alarming after years of civil war, of displacement of the population – among displaced persons and refugees – and their concentration in places lacking reception conditions and of dismemberment of the health care structures.

It is estimated that approximately half of the Angolan population suffers from under nutrition, 45% of which suffer from chronic malnutrition. Few have access to drinking water, sanitary installations or electricity, these factors having a direct and very marked influence in terms of human development. The rates of child mortality (the probability of dying before the age of 5 is of 30%) and of mortality are the highest in the world. Malaria is one the main cause of child mortality. The HIV/AIDS incidence rates are not know and there is little knowledge of the means to avoid the disease.

The health status of the population is characterised by generalised shortages, in particular insufficient and poor quality medical services (only $\frac{1}{3}$ of the Angolan population has access to health services), inadequately qualified staff (doctors, nurses and other health professionals), defective functioning of the existing hospitals, deficient management of financial, material and human resources, lack of coordination between the private and public sector and low efficiency of programmes to fight against the major endemic diseases.

In the triennium, preference will be given to support to hospital management and specialisation of health executives and technicians, by supporting trainer training and training in public health, mental health, nephrology and general and family medicine in Angola and offering specialisation courses in Portugal. Also considered will be the establishment of strategic partnerships between Portuguese and Angolan hospitals and actions within the scope of the Public Health National School.

6.2.1.2. Improvement of Education Conditions

According to the data in the UNDP Report on Human Development for 2003, Angola has a 0.38 ratio on the Education Index (one of the indexes comprised in the Human Development Index), a very low figure considering the average of the "Sub-Saharan Africa" and "Developing Countries" groups, which is 0.56 and 0.70 respectively. Indeed, only three other countries in the world (Niger, Burkina Faso and Mali) attain lower levels.

The pressure on school infrastructures is tremendous, as the majority of the schools were destroyed during the war. Over the last years, the sector registered an increase in supply, although not accompanied by a budget cover adjusted to its fundamental role in structuring human capital.

The aspects linked to the improvement of teaching quality will therefore be covered by the ICP by providing support to the teaching systems and strengthening institutional capacity. Accordingly, it will promote the integration of teaching and technological materials adjusted to the Angolan reality and reformulation of the curricula, as well as improvement in the quality of teaching, the training of trainers and the rehabilitation and creation of teaching infrastructures.

To be continued is the support that has come to be given to higher education, either within the scope of agreements, covenants and protocols between the universities and polytechnics and their counterparts in Angola, or within that of projects for the creation and consolidation of undergraduate, higher education and post-graduate courses in areas considered to be strategic.

Another priority is technical and vocational education. Therefore, support must be given to the creation of the conditions required to access qualification by acquiring specific competences and skills allowing notably for the integration of young people on the labour market.

A policy of scholarships and support to the Portuguese School of Luanda, which is recognised by the Portuguese Education System, will be undertaken.

6.2.2. INSTITUTIONAL STRENGTHENING

One of the priority axes to implement the general objectives to improve the human development index and reduce poverty in Angola is that geared to insuring development, stabilisation, reforms, social cohesion and democracy. In other words, ensure the sustainable development of the economy, together with macro-economic stabilisation. This goal presupposes that the macro-economic management will be improved, that institutions will play their role and the public administration will function efficiently, in observance of Good Governance, thus creating a feeling of reliability for private agents.

In this area to be enhanced will be the added value of sharing common legal and administrative systems, this being a traditional axis of Portuguese cooperation, by involving many of the sectors of Angolan Administration. The insight of including it in this ICP is directly associated to its importance within the scope of Good Governance and strengthening of the public administration and to the challenges now facing the Angolan Administration in an environment of peace and normalisation of society in social and economic terms.

Therefore, the intervention in the 2004-2006 triennium must cover the following major areas: the support to the drafting/review of the main legal instruments and specific sectorial legislation; the strengthening of administrative capacity in terms of both technical assistance and training, notably in central, regional and decentralised management; the support to intervention by civil society.

The intervention to be developed will have to contribute to promoting the quality of the services provided and the efficient performance by the State of its essential functions.

6.2.3. TRAINING / IMPROVEMENT OF HUMAN RESOURCES

Vocational training is a fundamental instrument of any development policy waging on the competitiveness, profitability and development of its human resources and on the innovation and updating of technologies, and management and production methods. The acquisition of competences to meet the needs of the mar-

ket and of the citizen himself is strategic, as it contributes to improved productivity, generates new opportunities and creates new needs, thus stimulating all economic and social activity.

The degradation of the Angolan human capital has been one of the greatest obstacles to the country's development, the requalification and revaluation of human resources allowing for the promotion of the country's economic and social development having therefore become crucial.

In this area, the ICP will focus particularly on the training of labour in order to adequately equip it to meet the needs of the market and on enhancing the value of human resources, from a transversal perspective, thus improving their performance and adjusting their knowledge and techniques to modern procedures.

Notwithstanding the concentration objectives, the support in the area of training and institutional capacitation – in respect of which Portugal possesses significant added value – must be viewed from a transversal perspective in different sectors, thus contributing to the heightened efficiency and complementarity of Portuguese Public Aid to Development, in areas where other development partners present in Angola meet with accrued difficulties (in terms of language and systems).

6.2.4. SOCIAL REINTEGRATION AND PROMOTION OF EMPLOYMENT

Employment and vocational training play a vital role in reducing poverty indexes, in light of their direct contribution to revenue generating activities and because they increase the capacity to resist periods of economic crisis.

In Angola, these play an even more important role, given the number of displaced persons living off humanitarian aid and suffering from disabilities caused by the war. These areas are of capital importance, seeing that the national reconciliation and peace consolidation process also involves the capacity of promoting the resettlement of the population, duly coupled with creating the necessary conditions in the field for food security, mine clearance, education and social reintegration of the displaced persons.

Also vital are the specific measures aimed at young people and children "of the street" and "in the street".

Underlying the intervention envisaged in this ICP must be the creation of measures to promote employment and self-employment and of measures to support the specialisation of labour, notably of young people, in order to equip them to commence an activity and / or take self-employment initiatives, thus allowing them to take on their responsibilities in social and family life.

Social reintegration and promotion of employment will also involve the literacy of children, young people and women, to be achieved by way of integrated and sustainable interventions, which will include, in addition the literacy programme, notably the recovery old local structures, the creation of new educational spaces, the supply of water and toilets and continuing training of the local managerial staff.

6.3. *Programming, Monitoring and Assessment*

The 2004-2006 Portugal-Angola ICP will be materialised in an Action Programme where the sectorial programmes to be developed within the scope of the established priorities will be identified, as will the corresponding financing plan.

In this Action Programme, procedures allowing for the improvement and strengthening of the monitoring and assessment of the cooperation and public aid to development programmes/projects to be agreed upon will be adopted, in order to increase the efficiency, effectiveness and sustainability of the interventions.

In this context, particular importance will be given to the drafting and preparation of the projects, by adopting the Project Cycle methodology, thus allowing for the adoption of methodologies and procedures for their implementation and monitoring, based on mechanisms and indicators within a logical intervention framework.

In light of the above, the monitoring of the Action Programmes will be made by holding bilateral meetings to analyse their progress of their implementation and agree on the adjustments that reveal to be necessary.

These bilateral meetings must be preceded by missions to assess the structuring programmes/projects that, based on the above-mentioned methodologies, mechanisms and indicators, identify the existence of deviations and their causes, as well as possible adjustments allowing for the fulfilment of the initially set objectives.

However, the continuous monitoring shall be guaranteed in the field by the coordinating structures of both countries that, at least once a year and in respect to each project, will prepare an Annual Monitoring Report describing the implementation status (progresses and constraints) and determining the sustainability of the project in question. This Report will be examined in the above-mentioned bilateral meetings.

To conclude and given that the ICP is a central instrument in cooperation management, Assessment takes on an important role and will be given particular importance. Assessment will be based on four fundamental principles – independence, impartiality, credibility and usefulness – and will obey basic criteria of relevance, efficiency, effectiveness, impact and sustainability.

Each assessment will weigh the impacts of the project, its contribution to the attainment of the objectives and the corresponding reports



will contain recommendations on the intervention and on similar projects to be implemented in the future.

6.4. ***Budget***

The indicative budget foreseen for the execution of the herein defined Indicative Cooperation Programme is of 42 million euros, distributed among the 3 years of its term, to which an additional effort of 6 million euros being required.

For the Republic of Portugal

Manuela Franco
*Secretary of State for Foreign
Affairs and Cooperation*

For the Republic of Angola

Francisco Romão
*Vice-Minister
of External Relations*

*Made in Luanda, on 27 October 2003, in two counterparts
in the Portuguese language, both of which are equally valid.*

