



United Nations  
Development Programme



Ministry of Planning



United Nations  
Population Fund

**First regular session of the UNDP/UNFPA Executive Board  
20 to 27 January 2006**

**Post-conflict peacebuilding in Africa: the role of UNDP and  
UNFPA in Angola  
and the Democratic Republic of Congo**

**The Angola case study**

**Background note**

**HIV/AIDS and recovery and reconstruction / economic  
empowerment**

Luanda, 5 January 2006

## **Background**

Since April 2002 Angola has been living in a climate of peace, emerging from almost three decades of conflict that severely affected the human, social and economic fabric of the country.

Twenty-seven years of conflict resulted in the disruption of the economy, massive destruction of the social, economic and physical infrastructures of the country and the deficient delivery of basic social services such as education, health, housing, water and sanitation to the vast majority of Angolans.

The social and economic cost of so many years of war translate into extremely low social indicators, placing Angola among the least developed countries of the world in terms of human development, with a Human Development Index of 0,445 ranking the country 160<sup>th</sup> out of 177 countries, according to the 2005 Human Development Report. 2000-2001 estimates reveal that 68 per cent of the population were living below the poverty line (set at a value equivalent to \$ 1.7 per adult equivalent per day), while 28 per cent were in a situation of extreme poverty (set at a value equivalent to \$ 0.75 per adult equivalent per day).

In such a context, the major challenges faced by post-conflict Angola are the consolidation of peace; national reconciliation and the creation of an enabling environment for reconstruction; and the development of an integrated, self-sufficient national economy leading to the attainment of the Millennium Development Goals (adopted by the Government during the Millennium Summit held in New York in September 2000).

In July 2003 the Government launched the first “2003 MDG / NEPAD Report”, which provides baseline indicators against which progress will be measured until 2015.

During the first three-and-a-half years of peace, the strategic priorities of the Government of Unity and National Reconciliation were directed towards (i) the social and productive reintegration of demobilized soldiers and populations displaced during the war; (ii) improved delivery of basic social services to people throughout the country; and (iii) the macro-economic stabilization.

In order to provide a policy framework for the implementation of these priorities, the Government formulated a number of short-, medium- and long-term programmes, in particular the National Poverty Reduction Strategy (*Estratégia de Combate à Pobreza*, approved in January 2004) and the Biennial Programme for 2005-2006 (*Programa Geral do Governo 2005-2006*).

It is expected that these poverty reduction and national reconstruction programmes will allow the country to unleash all its potential, transforming Angola’s potential wealth into real wealth and benefiting the entire Angolan population.

## **The post-conflict context**

In view of the profound impact of the conflict on all aspects of social and economic life in Angola, the Government's first post-conflict challenges are related to the consolidation of peace and the promotion of social stability in order to strengthen the democratization process.

The Angolan post-conflict challenges are pressing by their nature, and include the elimination of pockets of extreme vulnerability; the extension of the State administration throughout the national territory with a view to facilitating and improving the delivery of basic social services; the rehabilitation of vital roads, bridges and social infrastructure; the reintegration of demobilized soldiers into civilian and productive life; the return and resettlement of internally displaced persons and refugees; and the removal of landmines and remaining unexploded ordnance. .

In order to meet these pressing demands, in April 2002, immediately after the signing of the cease-fire, the Government requested support from its cooperation partners to organize an International Donor Conference for Reconstruction. While the principle of the Donor Conference was agreed, it did not materialize at once due to various constraints, the most relevant one concerning a formal agreement between the Government of Angola and the International Monetary Fund (IMF). In order to respond to the various needs confronting the country, the Government has been using the bilateral cooperation mechanism (with China, Brazil, Portugal, etc.) to mobilize the resources required to fund its huge reconstruction efforts.

In the framework of the **Estratégia de Combate a Pobreza** and its Biennial Programme for 2005-2006 the Government intends to create the conditions for implementation of its medium term plan (2008-2010) and the establishment of a long term development vision (to 2025) that will support the attainment of sustainable development.

The key objectives of the biennial programme for 2005-2006 are: (1) Consolidating the peace and national reconciliation; (2) Laying the foundations for an integrated, self-sufficient national economy; (3) Reestablishing the State administration across the entire national territory; (4) Human resources development; (5) Harmonious development of the national territory; and (6) Consolidating the democratization process, including holding free and fair elections.

Over the past three-and-a-half years, Angola has overcome some of the obstacles that impeded development during the period of war, and significant progress has been made in the political, economic and social spheres since April 2002.

*At the political level*, a climate of tolerance and democratic sociability has been reestablished between the political parties, with emphasis on the right to engage in political activities effectively and freely throughout Angola. The country is getting organized to hold free, fair and transparent elections in 2006/2007; the electoral legislative package was approved by the National Assembly in July 2005; and a National Electoral Commission has been established and staffed and is now fully operational.

Conditions are being created to start the electoral registration process and guarantee that citizens can move freely and safely throughout the national territory.

*From an economic point of view*, significant improvements have been achieved in terms of monetary and financial stabilization, and some statistical data illustrate the progress: in the period 2002 – 2004 the GDP growth rate was 10 per cent, and it is expected to be close to 16 per cent in the coming years. The average annual inflation rate declined from 105.6 per cent in 2002, to 76.6 per cent in 2003, 31.02 per cent in 2004 and 18.23 per cent for 2005, and is projected at 10 per cent for 2006, as shown in **Table 2** of **Annex 1**. The exchange rate of the national currency versus the U.S. dollar has been stable since 2003. The fiscal deficit has been declining from 7.8 per cent in 2003 to 0.6 per cent in 2004, and a surplus of 2.7 per cent is expected for 2005.

*At the social level*, approximately 4.5 million inhabitants have been reintegrated in their areas of origin or choice, resulting in more pressure on social services in these locations. To respond to the demand, the ‘peace dividend’ is being used to progressively increase the allocation of resources to the social sectors, even though further efforts must be made to allocate sufficient resources to rebuild the social sector rapidly and effectively throughout the country.

Since the end of the conflict, the share of budget allocated to the social sector has increased sharply, from 12.7 per cent in 2003 to 25.4 per cent in 2004, 29.6 per cent in 2005 and 30.4 per cent in 2006. From 2005 to 2006, the social sector’s share of the State budget has increased by 60 per cent, including the reintegration of demobilized soldiers.

### **United Nations response**

The United Nations Country Team is committed to support the Government’s reform efforts and responded positively to Angola’s post-conflict challenges by conducting its first-ever Common Country Assessment (between September 2001 and June 2002), followed by the United Nations Development Assistance Framework (UNDAF) for Angola, covering the period 2005-2008 (between July 2003 and September 2004).

The 2005-2008 UNDAF acknowledges and observes the priorities highlighted in the *Estratégia de Combate a Pobreza* and other national medium- and long-term development programmes in order to assist Angola and its people to consolidate peace and move resolutely from humanitarian assistance to reconstruction, recovery and development.

In the framework of the three strategic outcomes identified in the UNDAF, the United Nations Agencies represented in Angola – including UNDP and UNFPA – have started to evolve from their past short-term emergency assistance to medium- and long-term development-oriented programs to support fast post-conflict recovery and sustained growth.

Three UNDG organizations – UNDP, UNICEF and UNFPA – have harmonized their programming cycles and adopted new country programme documents (CPDs) covering the period 2005 – 2008 in line with the UNDAF areas of intervention and outcomes. The

three organizations signed their respective Country Programme Action Plans (CPAP) with the Ministry of Planning in a joint ceremony that took place on 8 June 2005.

### **UNDP and UNFPA support to Angola's post-conflict peacebuilding efforts**

While both the UNDP and UNFPA programmes covering the period 2001 – 2004 focused on wartime humanitarian assistance and served to a certain extent as bridges to medium- and long-term development, the new 2005 – 2008 CPDs were designed in a rights-based approach for a post-conflict context in order to build stronger, more efficient institutions capable of implementing national development programmes supporting the fight against poverty and environmental degradation, promoting gender equity and equality, reproductive health and the struggle against HIV/AIDS, and ensuring that public resources are used efficiently to put the country on a faster track to meet the Millennium Development Goals.

Both programmes are consistent with the Global Conferences and Summits, in particular the International Conference on Population and Development (ICPD, 1994), the Millennium Declaration (MDGs, 2000) and the World Summit for Sustainable Development (WSSD, 2002).

The UNDP and UNFPA 2005 – 2008 CPDs are congruent with the UNDAF and the main ECP/PRSP goal of *“Peace consolidation and promotion of national unity through sustainable improvement of the living conditions of the most needy and vulnerable Angolan citizens, motivating them to actively participate in the process of economic and social development”*.

The UNDP and UNFPA programmes include programmatic areas of support to the Government that are relevant to the two areas of focus selected by the UNDP/UNFPA Executive Board to showcase Angola's post-conflict peace building interventions in the focus areas of *HIV/AIDS* and *Recovery and Development/Economic Empowerment*.

### ***HIV/AIDS***

According to UNAIDS 2004 *Report on the Global AIDS Epidemic*, the HIV prevalence in Angola is 3.9 per cent, although recent data from a national sero-prevalence study amongst pregnant women receiving antenatal care in all of the provinces showed a prevalence of 2.8 per cent. Both sources confirm a prevalence rate below 5 per cent – a level that is markedly lower than every other country in Southern Africa.

However, it is important to look at these data with some caution, since the ante-natal care coverage in the country is estimated to be less than 40 per cent and there is a wide geographical spread in prevalence rates, with HIV prevalence of 9.1 per cent in Cunene and only 0.76 per cent in Bié. Many believe that the overall low prevalence rates are largely a result of the decades-long conflict that closed off the borders, limited the internal mobility and may have slowed down the spread of the virus.

In terms of the HIV/AIDS epidemic, Angola has a unique opportunity to control the spread of the virus and avoid the consequences inflicted by the pandemic in neighboring, high-prevalence countries. However, if the containment/prevention measures do not produce the expected results, it is feared that HIV will have many opportunities to expand exponentially in Angola during the coming years, as the peace context makes the country more attractive and favours internal and cross-border mobility.

With strong Government leadership and a focus on prevention, the country will be able to seize this “window of opportunity” and respond to the pandemic. Therefore there is a clear need to scale up HIV/AIDS response and prevention in the context of national development plans.

In an effort to control the HIV/AIDS epidemic the Government has created a number of legal instruments to organize the national response, in particular the HIV/AIDS law (*Law n° 8/04 of 1 November*) and the decrees establishing the National Commission to Fight HIV/AIDS and Great Endemics (*Decree N° 1/03 of 10 January*) and transforming the National HIV/AIDS Programme into a National Institute to Fight HIV/AIDS and Great Endemics (*Decree N° 7/05 of 9 March*).

However, these legal instruments have not yet had the expected impact due to a lack of appropriate regulations, which impeded the effective implementation of the law and the full functioning of both the National Commission and the Institute to fight HIV/AIDS.

Civil society organizations have been actively complementing Government efforts in all the areas of intervention – prevention, treatment and care – even though they are confronting problems related to limited capacity and financial resources, constraints which are expected to be overcome with support from the Government and the donor community.

To complement the state budget allocated to the fight against HIV/AIDS and Great Endemics, the Government submitted proposals to the Global Fund that were assessed positively by the Board in Geneva, resulting in the mobilization of financial resources to fight HIV/AIDS, Malaria and Tuberculosis.

Hence, HIV/AIDS in Angola has become a major challenge for the Government in achieving recovery, especially among the 42 per cent of the population who are under 24 years of age. The fight against HIV/AIDS is a central activity of the majority of the development partners, including UNDP and UNFPA, which contributed to the development of the National Strategic Plan for HIV/AIDS formulated in 2003.

Built on the successful experiences of the JIRO project (Informed, Responsible and Organized Youth), an HIV/AIDS prevention programme designed for war-affected youth was launched as part of the Southern Africa Youth Initiative funded by the United Nations Foundation (UNFIP) and implemented in the provinces of Luanda, Huila and Benguela, covering an estimated population of 450,000 adolescents and young people (10 to 24 years old) in those provinces. The project reached approximately two-thirds of the project target population and so far, about 300,000 adolescents and young people between 10 and 24 years of age have been reached since the beginning of project

implementation in 2001. In 2004, around 70,000 youth were mobilized to access services from the project in the 13 Youth-Friendly Services Health Services (YFHS), corresponding to an average of around 400 observations per month and centre. Voluntary Counseling and Testing (VCT) has been integrated into all YFHS. Counselors receive ongoing support and training, and around 40 social mobilization activities were held within the communities, making a significant contribution to the project by providing advice and support to develop life skills, encourage youth to take advantage of YFHS and VCT services, promote discussion and attitude change on gender equality, and motivate behavioral change overall.

Women Parliamentarians were sensitized about adolescent reproductive health and HIV/AIDS and supported approval of the HIV/AIDS Law by the National Assembly. UNFPA supported the establishment of a telephone counseling service called “TELECAJ – the only telephone information service about family relationships, contraception, sexuality, gender and sexually-transmitted infections, and HIV/AIDS throughout Angola, being operated by the national NGO “CAJ – Youth Support Center”. Between July and December 2004, a total of 1,068 telephone calls were received, 52 per cent of which were made by men and 48 per cent by women.

In the Population and Development programmes efforts are directed towards promoting policy dialogue on population and development, gender and HIV/AIDS, while in the reproductive health programmes prioritize the implementation of activities aiming to address HIV/AIDS prevention issues throughout Angola. In this context, support is being provided to the Government to (i) enhance the capacity to formulate, implement, monitor, and evaluate adolescent and youth health information services and development policies in 32 targeted Municipalities, and (ii) increase the availability of adolescent and youth-friendly reproductive health information and services, particular attention being given to preventing sexually transmitted infections and HIV/AIDS.

Special attention will be given to the following key activities: (i) training service providers in the delivery of AYFS (Adolescent Youth-Friendly Services); (ii) integrating AYFS into existing health facilities; (iii) establishing and implementing a sustainable sexual reproductive health referral system for AYFS including on sexually transmitted infections and HIV/AIDS and voluntary counseling and testing services; (iv) establishing centers for the provision of information and services for youth at the community level; (v) training peer educators to support the activities of the youth centers within the communities; and (vi) maintaining and creating new telephone lines for information and support for adolescents and youth on sexual reproductive health, gender-based violence and harmful traditional practices.

The Government, supported by its development partners, is also actively engaged in preventing and mitigating the spread of HIV/AIDS through (i) the implementation of operational action plans at the provincial level; (ii) the integration of an HIV/AIDS awareness curriculum into the formal and informal educational system; and (iii) operationalizing the legal instruments created to fight the HIV/AIDS pandemic, in particular the HIV/AIDS Law and the National Commission headed by the President and the National Institute to Fight HIV/AIDS.

Thanks to these programmes, prevention campaigns are being designed with culturally relevant references for the different communities of Angola, thereby increasing the outreach. Awareness and sensitization materials have been included in the curricula of the Angolan Educational System and are currently being tested in pilot schools for subsequent integration in the national educational system countrywide. Draft regulations for the HIV/AIDS legal instruments have been submitted to the Government for review and subsequent approval by the Council of Ministers and the National Assembly.

UNDP Angola has been entrusted with the responsibility to become the Principal Recipient of the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), thereby managing the substantial resources made available to Angola for the three components of the Global Fund programme.

UNDP took over the challenge and started working with the Government and all partners involved for the successful implementation of the programme with the aim of fighting these three endemic diseases effectively and strengthening the capacities of the Ministry of Health to gradually take over the Principal Recipient responsibility in the course of 2007.

To that end, a Global Fund Management Unit was established within the Country Office in February 2005. The Global Fund Unit consists of 18 UNDP staff members and is responsible for coordinating the delivery of \$ 63.5 million on the HIV/AIDS, Malaria and Tuberculosis projects of the Global Fund.

The HIV component of the Global Fund grant started in October 2005, with \$27 million programmed for the two-year period. In the first three months, ARV lines to be procured were defined together with UNAIDS and the Ministry of Health and subsequently ordered through the International Drug Agency. The order covers needs of 2,250 adults, 500 children and 1,200 pregnant women. Equipment for five laboratories was ordered, including CD4 count machines. International bidding for a purchase of 20 million condoms was carried out. Needs assessment and specifications for day clinics treating opportunistic infections and sexually transmitted diseases were finalized and an order for these drugs was placed.

Public bidding for Angolan NGOs was announced in order to identify good project proposals in the area of awareness building and primary prevention. As a further part of this effort, a search for a mass media partner is being conducted. Operational plans for the Global Fund project's main stakeholder, the National Institute to Fight HIV/AIDS, were drafted and personnel executing the HIV project at Ministry of Health were contracted. A monitoring and evaluation plan has been prepared and is under implementation.

Beside their specific support to the Government in the fight against HIV/AIDS in line with their respective mandates, UNDP and UNFPA have also actively participated in the joint efforts of the United Nations Country Team to fight the pandemic in Angola, in particular participating in the Technical Working Group on HIV/AIDS chaired by the World Food Program (WFP) that intends to create more coordination related to United Nations organization interventions in the area of HIV/AIDS.



To ensure increased coordination between all the stakeholders involved in the fight against the HIV/AIDS epidemic, the National Institute to Fight HIV/AIDS (INLS), the Angolan Network of AIDS Organizations (ANASO) and the UN Technical Working Group on HIV/AIDS – including representatives from UNDP and UNFPA – started organizing joint missions to the provinces to define a strategy and concrete action plans to strengthen the provincial response to HIV/AIDS. Two missions have already been organized, to the provinces of Cunene and Benguela.

As a result of those missions, a Joint Programming exercise is under formulation in the area of HIV/AIDS in order to complement the ongoing interventions to fight HIV/AIDS, in particular the work being developed by the Global Fund, the World Bank (HAMSET project), the European Commission (PASS project) and other initiatives being implemented to support the National Programme.

In addition to the Joint Programming initiative, the missions to Cunene and Benguela resulted in concrete actions being implemented by Government, Civil Society Organizations and United Nations organizations to scale up the response to the epidemic by (i) reinforcing the epidemiological surveillance systems; (ii) increasing access to voluntary counseling and testing; (iii) ensuring access to antiretroviral therapy; (iv) developing antenatal care and medical services – general practitioners, tuberculosis and sexually transmitted infections clinics – to become the entry points for access to ARV therapy; (v) implementing the ‘mother-to-child transmission plus’ (MTCT+) programme; (vi) reinforcing activities related to Information, Education and Communication from a human rights perspective, with emphasis on the dissemination of the HIV/AIDS legislation and regulations, including in connection with HIV/AIDS in the workplace; and (vii) building the capacity of local NGOs.

## ***Recovery and development / economic empowerment***

The major post-conflict challenges faced by Angola and its development partners are to progressively consolidate the transition and macroeconomic stabilization processes and definitively move from emergency to recovery and economic development.

In the framework of their 2005 – 2008 Country Programme Documents, UNDP and UNFPA are supporting the Government’s efforts to fight poverty, rebuild the social sectors and improve good governance. Major areas of support include capacity building and the establishment of key Government institutions at the central and local levels as effective means to support reconstruction, recovery and economic development.

On the reintegration front the Government has achieved fast and significant results by reintegrating 4 million internally displaced citizens, almost 500,000 refugees and more than 100,000 demobilized soldiers in less than four years. Some development partners supported the Government in these huge reintegration efforts, although limited resources from the international community supplemented the national resources.

To avoid conflicts and ensure the stability of traditional rural communities in the framework of the reintegration process, a new Land Law was formulated through a participatory process and approved in 2004, in order to guarantee access to land and clarify the legal framework of land ownership – including the traditional rights regulating land use.

As a result of decades of conflict, mine infestation poses a major threat to life and constrains economic recovery in numerous regions of the country. Bearing in mind that demining constitutes a prerequisite for recovery and development, the Government initiated far-reaching reforms of the national institutions in charge of Mine Action at both the policy and the operational level.

The United Nations organizations operating in Angola played a critical role in supporting the sound and effective establishment of the *National Inter-sectoral Commission for Demining and Humanitarian Assistance to Mine Victims (CNIDAH)*, at a time when very few development partners were supporting this newly established coordinating body. Today, after only three years of existence, CNIDAH established itself as *the* institution defining national mine action policies and planning and coordinating the work of all national and international mine action actors throughout the country.

Thanks to the technical assistance provided to CNIDAH, appropriate coordination mechanisms for all mine action actors are now established and operational in all provinces; provincial mine action plans have been adopted in 17 provinces as strategic management tools of all mine action facets – including priority setting; a Rapid Response Fund has been established to respond to the most urgent short-term emergency de-mining needs at the provincial level; and an Information Management System for Mine Action has been established, supported by Mine Action Operation Rooms (with basic IT communication equipment and transport) that are functional in 14 of the 18 Angolan provinces.

Angola is actively engaged in complying with the Ottawa convention that was ratified by the Government in July 2002, thereby confirming the country's commitment to mine-action and opening new perspectives for consolidating security, peace and development.

To sustain the transition process and lay the foundations for recovery and development, the State administration has been reestablished in all the municipalities and communes of the country and conditions are being created to improve the delivery of basic social services to all Angolans.

In order to support reconstruction and recovery efforts throughout the country, the Government updated the 1995 socio-economic profiles of all 18 provinces, providing a detailed diagnosis of each province with baseline data on their respective economic and social situations and potential areas for investment by national and foreign investors.

The policy dialogue that is being pursued with the Government and other stakeholders on the relationship between population growth and development and the integration of population and gender variables into national policy formulation and programming is

creating an enabling environment for an improved socio-economic status for women, promoting women's rights and curtailing gender-based violence.

The support provided to the Government in its efforts to conduct the first comprehensive population and housing census after the one done in 1970 will result in updated, reliable baseline data for the monitoring and evaluation of socio-demographic and economic indicators, including the *Estratégia de Combate a Pobreza* and the *MDGs*.

Improved delivery of basic social services is being achieved through continuous policy dialogue with national decision-makers to ensure that a greater share of the State budget is devoted to the social sectors. Support will also be provided to guarantee the increased use of integrated reproductive health services at central and provincial levels and the inclusion of HIV/AIDS sensitization and awareness curricula in the educational system.

The increase in State budget resources allocated to the social sector since 2002 made possible the rehabilitation and construction of health posts and schools in numerous municipalities and communes throughout the country, expanding access to health and education. The recruitment of almost 30,000 teachers in 2003 increased the enrolment of children in the primary schools from 1.5 million in 2002 to 2.7 million in 2003 and 3.9 million in 2004. The Government also made efforts to integrate the duly qualified health personnel and teachers that used to operate in the national health and educational systems in the formerly UNITA-controlled areas.

To promote a participatory democracy and improve the local authorities' capacities to plan and manage resources at the local level, support is being provided to the Government to establish a legal and institutional framework clarifying the functional and fiscal relations between the different tiers of local government as a means to decentralize the public administration. To that end, pilot programmes have been started in four municipalities and a first model of fiscal decentralization will be implemented through the pilot experience of a Municipal Development Fund in 2006/2007. In September 2005, capacity building of 30 technical civil servants from local administrations started through a course in local development planning and management.

In order to provide a favorable environment for recovery and development, the Government of Angola pursued the reform of its public administration with a view to strengthening national capacity to manage public affairs and improve delivery of public services in a transparent, coordinated and accountable manner. Particular emphasis was placed on civil service reform and modernization of the judicial and the public finance systems.

Thanks to these efforts supported by the Government's development partners – including UNDP and UNFPA – progress has been achieved in terms of civil servants' salaries, careers and promotion policies based on objective performance criteria as a means to strengthen the effectiveness of the executive branch.

In terms of judicial reform, a national task force that benefited from UNDP technical assistance prepared the Judicial Reform Strategy and Action Plan that entails short-, medium- and long-term interventions. The strategy and action plan were formally

approved by the Council of Ministers in August 2005 and will be implemented by the Government with the support of development partners, including a Joint Programming initiative currently under formulation by the United Nations organizations.

The public finance modernization programme represents an important step towards good governance, accountability and transparency in the use of public resources. This has already resulted in a steady increase in non-oil fiscal revenues, which rose from \$0.7 billion in 2001 to \$1.5 billion in 2004, thanks to improvements in the fiscal management that resulted in increased collection of customs revenues and income taxes. Customs receipts rose threefold within three years, from \$215 million in 2000 to \$723 million in 2003, even though at the same time the median custom tariff was reduced.

As mentioned earlier, significant progress has been made towards macro-economic stabilization which is reflected in the country's economic growth, with real GDP growth reaching 11.7 per cent in 2004, while in 2003 the level of growth was only 3.4 per cent; it is expected to reach 16.1 per cent in 2005, representing one of the biggest growth rates in Africa. While the economy still relies heavily on its oil production (accounting for more than half of GDP), the non-oil sector continued to expand over the past three-and-a-half years, with an estimated growth of 9.1 per cent in 2004, the main sources of growth being agriculture, construction, and public utilities such as new banking institutions. Economic diversification constitutes one of the strategic priorities of the Government's development goals. Key macroeconomic indicators for the period 2000 – 2004 are presented in *Table 1 of Annex 1*.

In order to promote the development of the private sector – particularly the domestic private sector – in July 2003 the Government enacted a new regulatory framework on private investment with a view of simplifying enterprise creation and attracting more diversified ventures through fiscal and customs incentives. A 'one-stop shop', the National Agency for Private Investment, has been created to encourage foreign and domestic entrepreneurs to invest in Angola.

In order to open up the delivery of goods and services in the oil sector to national entrepreneurs, the Government – through the state-owned oil company SONANGOL – launched the "Local Content Programme", which aims for the progressive "Angolanization" of service providers to the major oil operators in Angola, currently almost exclusively serviced by foreign companies.

Support is being provided to developing the domestic private sector through a Public-Private Partnership established in 2002 between the Government of Angola, the Chevron Corporation and UNDP, within the framework of the Angola Enterprise Programme. After 18 months of operations, a microfinance development unit has been established in the Central Bank (Banco Nacional de Angola) and entrepreneurial training has been provided to more than 200 Angolan entrepreneurs by the Business Development Service Centres established in the capital city, Luanda, and in Benguela. To further support the sound, sustainable growth of innovative and dynamic entrepreneurs, a Business Incubator is under installation and will start operational activities in the first semester of 2006.

## **Challenges**

One of the major challenges of post-conflict Angola is to establish a frank and open dialogue between the Government and the international community – including the Bretton Woods Institutions – to find cost-effective means to spur national recovery and development efforts in order to rapidly reduce poverty levels and improve the well-being of all Angolans.

While implementation of the **Estratégia de Combate a Pobreza** covering the period 2002-2007 is estimated to cost approximately \$3.17 billion – to be funded essentially from the State budget with limited external assistance – many additional resources will be required to fund the national medium-term development plan (2008-2010) and the strategic long-term vision (to 2025) currently being finalized by the Government.

A broad mechanism for funding reconstruction and development will be required to accelerate growth and social development in the framework of the Government's long-term development program "**Vision 2025**".

**Vision 2025** defines the far-reaching reforms that Angola needs to implement in the two decades to come, including global reforms (essentially of a macroeconomic nature), sectoral reforms (development of strategies for the different sectors) and an innovation called the "reform matrix" that addresses various critical subjects such as poverty, hunger and human capital, as a combination of policies that have to be implemented under the responsibility of various ministries.

The recent announcement by the President of the Republic of the creation of the Angolan Development Bank to finance the reconstruction and grant credits to the private sector to revitalize the productive sector and reduce imports is a sign of the Government's commitment to creating an internal framework conducive to recovery and development.

Another major challenge will be to establish monitoring and evaluation mechanisms to assess progress towards the goals established by the medium- and long-term development plans, in particular the ECP and the MDGs. The Joint Assessment of the ECP to be conducted by the World Bank and the IMF in the first quarter of 2006 will constitute a good opportunity to develop a reliable, timely monitoring and evaluation system for key economic, social and demographic indicators.

The reversal of current poverty levels and the attainment of the MDGs by 2015 constitute a challenge that the Government expects to meet as per the projections provided by the Ministry of Planning in December 2005 (Table 3 of Annex 1). To that effect a new impetus will be given to the productive sectors of the economy, in particular agriculture and industry, in order to effectively pursue the fight against hunger and poverty. The Public Investment Programme, which complements the 2005-2006 Biennial Programme, clearly reflects the importance given to incentives to economic growth through the rehabilitation of strategic infrastructures.

The development of a capable, professional human resource base throughout Angola in both the public and private sectors to support the country's reconstruction and

development efforts is another challenge faced by post-conflict Angola. To cope with the demands of the economy and entrepreneurs, educational reform is based on the objective of training technical staff to meet internal demands, and this is fully integrated in the global reconstruction and development strategy of the country. The civil service reform programme will also include a strong capacity-building and training component to guarantee an effective, modern and professional public administration at the service of its citizens and the development needs of the country.

The United Nations system in Angola, through the Resident Coordinator system, stands ready to support the Government in its efforts to successfully implement all these challenging reforms to the benefit of the country and its people.

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