

EU Cooperation with Politically Fragile Countries: Lessons from Angola

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Foreword

This report largely reflects the situation observed and the information collected in Luanda in October-November 1998. At that time, the EU Delegation in Luanda had suffered from a long period during

which there was no EU Delegate. This absence of a high-level decision-maker significantly contributed to the difficulties pointed out by many of the EU's institutional partners.

Since this period, however, the situation has considerably improved. Under the orientation of the new EU Delegate, Mr Cardoso Mota, dialogue with the Government has become easier and it is being maintained on a regular basis. The human and material resources of the Delegation were also reinforced, thus increasing its working and answering capacity. We may therefore hope that the next steps in the cooperation between the EU and the Angolan Government will be easier.

Unfortunately, the military and political situation in the country has seriously deteriorated, and we may now speak again of a renewal of the civil war – a new phase of stress and destruction, killings, human misery and critical setbacks. This perpetual up and down movement, which is very discouraging, clearly highlights the hardness of the task of all those who are trying to facilitate the economic and social development of the country.

Many persons in Luanda kindly provided useful information and contributed to improve the quality of this report. I would like to extend my special thanks to the EU office in Luanda, which provided useful secretarial and documentation assistance, the World Bank, UNDP and UNICEF offices in Luanda, as well as the National Statistics Office, several ministries, embassies, international and national NGOs, and other resource persons who provided helpful documentation and clarifications.

Summary

Angola's performance in managing aid funds has been one of the poorest among ACP countries. Prolonged civil war, weak institutional and management capacity, and bureaucracy are the three main causes of this poor record.

The EU has tried to adapt its aid programmes to the changing situation in the country. The volume and the type of aid provided in recent years clearly reflects the EC's efforts to adjust its decisions and behaviour to Angola's rapidly evolving demands. Emergency and humanitarian aid have significantly increased and, as a rule, the implementation of rehabilitation and development projects has suffered from the chronic internal crisis.

The aim of this case study, undertaken within a wider ECDPM study on "*aid selectivity and performance criteria*", is to identify the underlying causes of Angola's poor performance and to draw lessons from the ways in which the EU has responded to its needs and situation. It also documents the different views and expectations of a wide range of actors on EU cooperation practices and, in light of the ongoing negotiations on a successor to Lomé IV, it presents some alternative cooperation strategies that may help the EU to improve its cooperation with politically fragile countries.

The report examines the following five key issues: (i) the origin of Angola's poor performance; (ii) past EU responses; (iii) lessons learned; (iv) the perceptions and expectations of the main actors, and (v) options for future EU support. Seven key lessons are drawn from past EU aid assistance to Angola:

- a) Food aid to Angola had undesirable side effects (on the attitudes of the population, as well as on the dynamism of the private sector) and should therefore be managed with greater sensitivity;
- b) There are important risks associated with premature development or rehabilitation projects. In this respect, a significant Government and/or community contribution towards the cost of rehabilitated physical and social infrastructures should be introduced, in order to develop both a sense of ownership and respect for the *res publica*;
- c) The present administrative aid framework and related procedures are far too complex and require radical simplification. The new EU proposal to rationalise the aid instruments (one global envelope for long term assistance, plus an investment facility managed by the EIB) may help to solve these problems. However, for countries like Angola, who chronically suffer from great instability, a five-year perspective, even when rolling programming is adopted, may actually appear utopian and inadequate. It is therefore suggested that, within the basic possible five-year period considered for the rolling programming, country reviews be carried out *every year* (and not, as in the general case, every two years). Moreover, in order to increase flexibility and to reduce delays, both the decision and management capacities of the EC Delegation in Luanda should be significantly reinforced;
- d) Direct budget aid should, under the present circumstances, be avoided. In spite of its formal advantages and its simplicity, direct budget aid is not, until the management of national resources is made more transparent and reliable, a credible option. It might be possible, however, to think of a progressive shifting to this more practical form of aid in the near future;

- e) For the time being, a set of **basic conditions** should be firmly maintained. These should include *the obligation for the Government to respect its contractual commitments*, namely those regarding its financial contributions and the timely payment of salaries to civil servants working within the aid system. The respect of these basic conditions should be regularly evaluated. In addition to encouraging Angolan authorities, civil servants and non-governmental agents to internalise reforms and norms to a greater extent, greater flexibility could be introduced to the aid process in the longer term by softening ex ante conditions and reinforcing ex post assessments. Nevertheless, such an option should be postponed for now. It is possible and desirable, however, to initiate a **progressive movement** in this direction, aimed at developing a sense of responsibility and raising the level of accountability of the national interlocutors. Higher levels of accountability could be rewarded by progressively increasing the confidence and trust capital and the room to manoeuvre awarded by the EC to their Angolan interlocutors;
- f) Administrative barriers met by foreign aid personnel and organisations (such as difficulties in getting visas, and high taxes required from the planes used to distribute emergency and food aid) cause unnecessary delays and should be reviewed and, as far as possible, softened or removed;
- g) There is a clear need to improve information flows (not only among the staff of the sectoral ministries and regional authorities, but also among the private sector and representatives of civil society) about the opportunities offered by the EU and about practical ways to seize these opportunities. At the same time, there is an acute need to **reinforce the dialogue** and the search for agreement between Government officials and the EU Delegation staff.

Introduction

This discussion paper summarises the results of a country case study on Angola, carried out in order to identify the main causes of the country's poor performance record with respect to the utilisation of EU aid funds and facilities, and in particular Lomé funds.

A 10-day field mission was carried out in Luanda in late October - early November 1998. During this field investigation, over 50 prominent personalities (from Angola as well as from the donor community) were interviewed. In addition, a brief questionnaire was submitted to a small sample of Angolan provincial Governors, with the helpful and kind assistance of the Ministry for the Administration of the Territory.

As a complementary source of information, a number of recent relevant documents were consulted. Careful attention was devoted to the collecting, checking and analysis of data, and the sources of information were chosen for their reliability. Moreover, an in-depth knowledge of the country made it easier to verify and assess much of the material gathered.

However, in spite of this permanent and strict concern with accuracy, some precautions should be taken by the reader about the numbers and interpretations put forward. Statistical and factual data relative to Angola still lack precision. In some cases, the verification of the numbers officially announced (for instance, on new refugees or displaced persons), or the checking of the facts reported (or explanations suggested) by independent resource persons, were difficult, or even virtually impossible. In a limited number of cases, different numbers or facts and divergent interpretations about the same issues were provided by distinct sources. As in many other sub-Saharan countries, the reliability and accuracy of the available data (official and non-official) describing the country's economic and social situation still constitute a problem.

This case study was designed within a broader and more ambitious context. As one of four country case studies of the ECDPM study on cooperation with politically fragile states, the aim is to provide helpful suggestions on how cooperation with these fragile countries can be incorporated in a future ACP-EU partnership.

The paper is divided into five main parts: (i) the origin of Angola's poor performance; (ii) past EU responses; (iii) lessons learned; (iv) the perceptions and expectations of the main actors, and (v) options for future EU support.

Origin of Angola's Poor Performance

Angola is a complex country, with many inter-linked dysfunctional aspects. It is not easy to reach a deep understanding of the obstacles that hamper the aid process and hinder the external aid flows, without a comprehensive view of the political, economic and social situation of this former Portuguese colony - which has not yet completed 25 years as an independent state. This is indeed a very short period during which the country was severely affected by almost continuous civil war and, in the regions under Movimento Popular de Libertação de Angola (MPLA) control, by unhappy centralised planning options in the seventies and the eighties. The following paragraphs offer a brief summary of the country's past and present position and concerns. It starts with an overview of Angola's main political and military problems (see box 1) and continues with a brief review of the country's key financial-economic and social problems.

Box 1: Historical Overview of Angola's Political and Military Problems

Pre-independence. The Portuguese established a settlement at Luanda in the late XVI century. Angola's present borders were determined by several treaties negotiated between the 1880s and the 1920s. Before independence (November 11, 1975), Angola was a prosperous Portuguese colony, considered by the Salazar regime as an overseas province (*provincia ultramarina*). It was a major exporter of sisal; the world's 4th largest coffee producer and the 4th world producer of diamonds. The manufacturing sector, which employed around 200,000 people, produced \$US 650 million worth of goods, and there was a flourishing fishery industry. However, the Portuguese were the main economic actors and beneficiaries in the country. Most Africans had minor jobs in the formal economy or stayed bound to subsistence activities. The distribution of wealth, education and citizen rights, even in the 1960s and 1970s, was strongly skewed.

Internal conflict fuelled by cold war (1975-91). The war for independence (1961-74) ended with the exodus of over 300,000 Portuguese in 1974-75, draining the country of virtually all its skilled workforce. A transitional government was expected to rule the country after independence. Within the context of the cold war, and aroused by strong ethnic, ideological and interest rivalries, a harsh civil war broke out. The main opponents were the MPLA, supported by the Soviets and Cubans and UNITA-FNLA (supported by South Africa, Zaire and Western countries).

In the late 1970s the MPLA, led by Agostinho Neto, adopted a marxist-leninist ideology (1977). Aligned with the Soviet bloc, the People's Republic of Angola was ruled by the Party (single-party State). After Neto's death (1979), José Eduardo dos Santos replaced him as head of State, maintaining Neto's political orientations. The 1980s remained a period of central planned economy. With the end of the cold war marxist-leninist ideology was officially abandoned in December 1990 and a multi-party system was instituted (May 1991). Meanwhile, the devastating war against UNITA went on. It came formerly to an end with the signature of the Bicesse Peace Accords (May 31, 1991).

The new armed conflict and the Lusaka Protocol (1992-94). The country adopted a market economy and a democratisation process was decided. Presidential and legislative elections were organised in September 1992. The process was peaceful and the voter turnout was high (91%). The Party and its official ideology were largely discredited, and many of the MPLA leaders and supporters were convinced they would lose these elections. However, the results of the presidential election favoured Mr. Eduardo dos Santos who was officially credited with 49.6% of the votes (against 40.1% for Jonas Savimbi). UNITA refused to accept the results and the war resumed. Between October 1992 and November 1994, a second phase of civil war devastated the country. It was characterised by large scale fighting in and around broad urban areas, and was more damaging and destructive than the 16-year phase that had preceded the May 1991 peace accords (May 1991).

The Angolan conflict became one of the major focal points and sources of concern for the United Nations. Angola was one of the countries in the world where the humanitarian situation was considered worst (in 1993, the symbolic number of 1,000 deaths per day was put forward by national and international observers). Talks coordinated by the UN to put an end to the conflict began in Lusaka in November 1993. They finally led to the Lusaka Protocol of November 20, 1994, signed under strong international pressure. The peace process established in this new agreement should normally have been implemented within a period of two years and should have led to new presidential elections.

The difficulties of the peace process (1995-96). The peace process has been delayed, mainly because UNITA was unwilling to diminish its military capacity. UNITA is generally blamed for not having complied with the results of the September 1992 elections and is considered the main culprit by resuming of hostilities after the elections. As a consequence, it lost much international support.

US President Bill Clinton recognised the Angolan government in May 1993 and thus declared its sympathy to the government. The social, economic and political situation remained critical in 1995. A large part of the population needed humanitarian assistance, and most of the infrastructure was destroyed. Military expenditures remained high, causing severe distortions in the management of the country. Spiralling budget deficits, associated with accelerated government spending, credit expansion and money creation generated record levels of inflation (around 4 000%), multiplying downstream social and economic problems.

In August 1995, the UN, the World Bank and the IMF decided to improve their inter-agency coordination mechanisms in post-conflict situations, and Angola was chosen as a case. Much international attention continued to be devoted to the critical situation in the country. In September 1995, at a UNDP Round Table meeting in Brussels, the international donor community, in an effort to encourage internal political reconciliation, pledged around \$US one billion to finance a community rehabilitation programme (PRC) and national reconstruction. The demobilisation process was officially initiated after this meeting, but only begun in February 1996. The demobilisation operations came officially to an end on December 10, 1996 (about 70,340 UNITA soldiers had then been registered). These delays produced additional difficulties. The costs for the international community associated with the implementation of the Lusaka protocol were high. The UN deployed around 1,000 civilians and 6,500 blue helmets to supervise the operations. At a time when the United Nations suffered from severe lack of resources, the Angola peacekeeping assistance process was in 1996, together with the Bosnia settlement, the largest UN effort in the world. From 1994 to 1997, UN operations are estimated to have cost around \$US 900 million.

New tensions (1997-98). In 1997, UNITA, who already suffered from an embargo on arms and fuel sales, further lost power, influence and foreign political support. The change of government in neighbouring Zaire significantly weakened UNITA - Mobutu had provided UNITA with important rear bases and supply routes (namely for weapons and diamonds). In October, Pascal Lissouba (an ally of UNITA) was removed by Denis Sassou-Nguesso in the Republic of Congo Brazzaville, after a four-month battle and again with the support of troops of MPLA. In October, the UN imposed new sanctions on UNITA, whose offices abroad were closed. Meanwhile, the government got back several municipalities and extended its military control over the country.

UNITA military forces were reduced considerably, but can still deeply destabilise the country and hamper government action in several provinces. Skirmishes and armed attacks went on in several provinces in 1997-98. The situation worsened by mid-1998, in spite of a series of resolutions by the UN Security Council, and new serious attacks were reported in Oct-Nov 1998. In Dec 1998 – Jan 1999, open armed conflict resumed in several areas. Two UN planes were shot down in the regions controlled by UNITA, and there was a widespread feeling that the civil war had resumed again.

By mid-January 1999, UN Secretary-General Kofi Annan, recommended the withdrawal of the UN peacekeepers as peace could no longer be kept. At the same time, he warned of a humanitarian catastrophe. Reacting to his January report on the political and military situation in Angola, the UN Security Council reaffirmed that “the primary cause of the crisis in Angola is the refusal by UNITA to comply with the basic provisions of the Lusaka Protocol.” The Security Council also called on member states to support the peace process in Angola “through full and immediate implementation of the measures against UNITA,” and reiterated its readiness to take steps to reinforce the implementation of these measures.

Concerned with the impact of the deterioration of the situation on the population, the UN Security Council urged the international community to support the Government of Angola in fulfilling its “primary responsibility for the humanitarian needs of the Angolan people” and, in this regard, urged member states to fund generously the 1999 Consolidated Humanitarian Appeal of Angola.

Major Problems in Angola

In addition to the political and military problems mentioned above, created and fuelled by the lasting division of the country in two opposing political factions (MPLA and UNITA), and largely as a result of these problems, Angola faces several critical economic and social difficulties.

Economic and financial problems

Since the late eighties, Angola has experienced a triple complex economic transition (the country has evolved from war to a “neither war nor peace” situation, from a collectivist style of management to incipient market, and, moreover, there is a deeper concern to encourage the development of a more formal type of economy, mainly in the urban areas of the western regions). The challenge to be taken up is therefore a difficult one, and, with its limited management capacity, the country has been suffering from deep macroeconomic and financial imbalances.

Excessive oil dependence. In the 1990s, the Angolan economy, which has suffered from the persistent internal conflict, became more and more oil-dependent (off-shore oil production is away from the regions affected by war). The contribution of oil and gas production to GDP increased from less than 40% (37.7%) in 1992 to around 60% (59.3%) in 1996. Meanwhile (during the same four-year period), the agriculture, forestry and fishery contribution to GDP, largely affected by the conflict, was almost reduced by half (it fell from 13.7% to 7.5%). Non-tradable services followed a similar trend (their contribution to GDP dropped from 16.7% to 7.1%).

In this context, the country became excessively dependent on the performance of the oil industry. The part of oil taxes in the overall tax revenue rose from 76.7% in 1992 to 86.4% in 1997, and the recent decrease in oil prices (18 dollars per barrel in 1997, less than 13 dollars in 1998) deeply affected the export receipts and the national budget.

Like other countries endowed with important natural resources, Angola has benefited from a stable flow of foreign direct investment (uncommon in sub-Saharan Africa), and important new investments are planned in the next 5 years, however, almost exclusively limited to the oil and diamond industries.

Inflation. High inflation rates have also been a major problem. In the 1990s, they were a source of important difficulties and bias in the national economy. After the middle of 1996, the government has managed to fight hyperinflation and to reduce the gap between the official and the parallel exchange rates. However, the new tensions emerging in the country since the middle of 1998 will undoubtedly complicate the economic management tasks of the new government.

External debt remains important. Given the country’s weak economic management capacity, rescheduling of payments is an important issue to be dealt with in all future aid negotiations. This issue is, however, to be associated with the search for more transparency and accountability in the management of the country’s resources, and this has proven to be a very difficult problem to solve.

Economic growth. According to the World Bank, the average annual percentage economic growth in the period 1985-1994 was - 7%. This was obviously a very poor performance, especially when compared to the demographic growth rate in the same period (around 3%). Consequently, the country’s human situation suffered from a steady deterioration. Despite its huge natural resources, Angola ranked in 1993-96 among the countries with lowest HDI values in the UNDP world annual reports (160/173 in 1993, 165/174 in 1996). Real GDP growth rate estimates dropped to a critical negative value (- 25.1%) in 1993. The situation has improved since 1994, but this relative recovery has not had visible effects in the social situation of the country.

Social problems

As pointed out above, the social situation in the country is very critical. In spite of the commendable

efforts by international organisations and NGOs, the living conditions of the population have not significantly improved. In some cases and regions, the situation is even becoming worse. The action of the international aid has mainly helped to avoid rapid deterioration. The sections below offer a brief illustration of the problems met.

Income Distribution and Poverty. Income distribution in Angola is strongly skewed. A restricted group of the population benefits from very high or high income, while most Angolans suffer from deprivation. In 1997, the UNDP adapted for the country a specific indicator of human poverty (*privation indicator*). This indicator, which took into account the available statistical data, integrated key information about longevity, knowledge and basic living (surviving) conditions. It was used to evaluate the extension of poverty and destitution. According to the results of a national inquiry carried out in 1995, **around six Angolans out of ten** (59% in the inquiry) **were found to suffer from several forms of poverty**. The situation was worst in the rural areas (the proportion of the population suffering from poverty reached 64.2%, against 53.2% in the urban zones), but in both cases poverty affected more than half of the population.

There are also significant differences among the regions. The most critical social situations were met in the Eastern provinces [Lunda Norte, Lunda Sul, Moxico], where, on average, the proportion of poor reached 68.2%. The Northern provinces [Zaire, Uige, Malange, Kwanza-Norte] (with an average of 63.3%), as well as the Central-Southern provinces [Huambo, Bié, Kuando-Kubango] (62.8%), and the South [Huíla, Cunene, Namibe] (62.6%) occupied intermediate positions. The situation was comparatively better in the West [Benguela, Kwanza-Sul] (57.5%) and in the three other provinces [Luanda, Bengo, Cabinda] (52.9%).

Water and Sanitation. Only one third of the population (32%) has access to clean water, and less than half (40%) to sanitation facilities. Access to safe water, even in the Luanda urban area (where around one fifth of the country's population is believed to live), has suffered from frequent interruptions and faecal contamination. In the shanty towns that surround the country's main cities, water supply and sanitation facilities are very poor. In many rural areas, where wells and water pumps were destroyed by civil war, the situation is even worse. In Luanda, however, during the last two years, a successful effort has been carried out to improve somehow the city's water and garbage situation.

Health. Health services and infrastructures also suffered severely from the war. The situation had begun to deteriorate significantly in the late 1980s. According to available official statistics, population per doctor raised constantly during the 1989-96 period, from over 13,000 in 1989 to over 15,000 in 1991, over 17,000 in 1993 and around 20,000 in 1995. Compared to the overall average for the sub-Saharan countries, in 1989 Angola was in an advantageous position, but this position was lost in more recent years (the situation is now reversed). This is the result of a rapid increase in population and a simultaneous decrease in the number of doctors (according to INE data, the number of Angolan doctors in the public service, which was 662 in 1991, had fallen to 630 in 1993). In this same period (1991-93), during which the civil war resumed, the number of nurses decreased from 9,145 to 5,780 (a drop of almost 40%). Furthermore, health facilities are very unevenly distributed. Although Luanda is estimated to host around one fifth of the overall population of the country, three out of four (76%) of the best qualified doctors and nurses, according to a recent report of the Ministry of Health (1997), operate in the capital, and it is also there that the medical equipment and financial resources are mainly concentrated.

The direct financial effort of the Government to reverse this critical situation remains modest. Malaria, tuberculosis, sleeping sickness, leprosy and AIDS are dangerously progressing in several regions. New epidemics of meningitis struck in 1998 and measles remains a permanent threat. The situation of the children, in particular, is very critical (infant mortality rates are among the highest in the world).

Education. Only around half of the overall population aged 5 to 18 (53% of boys, 47% of girls) is enrolled in schools. Over 750,000 children (some official estimations mention a significantly higher figure : 1,200,000) have no access to formal education. Equipment and books are missing, and drop-out rates are high. Many schools were severely damaged, destroyed or closed during the war. In rural areas, in particular, the situation has become very critical. Partly as a consequence of that, existing schools are overcrowded (in 1995, classroom sizes averaged 140 students). A great number of schools operate a three-shift system to accommodate the overflow of students. The situation is made worst because many teachers have turned to other activities and also because malnutrition among children is widespread. Even in new schools, infrastructures and working conditions are often deplorable. Internally Displaced Person (IDPs), in particular, are dramatically hit by these deficiencies.

Vulnerable groups. IDPs are among the most fragile groups of population in the country. Other vulnerable groups who have also been most adversely affected by the present crisis are children, women, handicapped persons, refugees and the elderly.

Angola is One of The Poorest ACP Performers

Angola signed the Lomé III Convention in 1985. Its first NIP was negotiated in 1986. The country aid implementation rate, measured in terms of financial decisions, was already weak (below ACP average) during the 1986-92 period.

At the end of 1992, Angola was severely struck by the violent resumption of civil war (1992-94), and since this period delays in aid decisions, commitments and payments significantly increased, showing a perverse tendency to accumulate. The country is now said to be one of the least performing within the 71-country ACP group, as regards uptake of EU aid.

By the end of the third quarter of 1997, Angola had still not completely used the funds committed to the NIP under the 6th EDF [1986-89] (the remainder amounted to 12%). As far as the 7th EDF [1989-94] was concerned, the remainder reached nearly 80%.

Progress in implementation has also been slow when *regional* programmes under the responsibility of Angola are considered. Excessive delays in decisions, commitments and payments were also observed in this complementary aid sector since the Lomé III Convention.

War, Institutional Weakness and Bureaucracy are to Blame

War is one of the main causes of this critical situation. The country has suffered from a chronic state of internal conflict since 1961. Moreover, Angola suffers structurally from many of the usual institutional weaknesses and syndromes found in most sub-Saharan countries. Despite a recent effort to strengthen the managerial and technical skills of political leaders and civil servants, national and regional economic and social management capacities are still very poor.

Inefficiency and ineffectiveness in public administration are widespread throughout the country. Civil servants, whose low salaries are frequently delayed, show, as a general rule, an obvious and chronic lack of motivation and participation. Absenteeism and poor performance remain high, in spite of some modest efforts of the Government to reform the status of the human resources within the national administration. Only 3.6% of civil servants have tertiary education qualifications, whereas 80.5% of them do not even have secondary qualifications. Furthermore, the geographical, sector and institutional distribution of the civil servants are strongly biased. This general lack of qualification and motivation, added to significant geographical and sector distortions, acts as a supplementary factor that frustrates the implementation of the aid and cooperation programmes.

Institutional weaknesses affecting, in varying degrees, other important actors of the aid process are also partially responsible for these delays. Management capacity, mainly as a result of understaffing, appears to be insufficient in the EC Delegation in Luanda. National NGOs, apart from a few (ADRA, AAD, in particular, and a few others, such as OKUTIUKA), obviously lack skills and resources, and many appear to have been set up mainly as a means of livelihood for their own staff.

The beneficiary population and the private sector are not usually aware of the possibilities offered by the cooperation programmes between EU and the Angola Government, and they also ignore, as a rule, the procedures required to benefit from these programmes.

In addition to these weak points within the different organisms that play a central role in the aid process, current procedures and practices, as well as the administrative requirements related to them, deeply discourage the Angolan civil servants that are in charge of the monitoring of the aid files. The procedures imposed by the EC are perceived as too complicated, the delays appear too long, and it is widely felt that a true dialogue is missing. Finally, as in many similar cases, some difficult interpersonal relations create additional problems that contribute to extend delays.

Past EU Responses

Key Options and Priorities in EC Aid Policy

Angolan governments have experienced difficulties in defining and implementing a clear long-term development policy for the country. Several official documents have tried to point out the expected direction of the country's development. In February 1996, for instance, a report of the Ministry of Planning recommended special attention to six priority sectors: agriculture, industry, infrastructure, exports, education and health. However, as the country's situation has remained uncertain and threatening, the only real priority in the national budget has been, until now, defence.

To orient and help implement mid-term policies, several ministries have sectoral strategic plans, sometimes prepared with external assistance. And there is also a more comprehensive reference document: the *Programa de Estabilização e Recuperação Económica de Médio Prazo*, currently updated for the period 1998-2000. In spite of all these guiding documents, however, the Government has not been able, even in the late nineties, to devise and implement with determination a coherent development policy.

The absence of this long-term development policy, which would allow the definition of a clear aid policy, explains some of the difficulties met by the aid partners of the country. The agreements between the EU and the Angolan Government, as well as those set up with other aid partners, reflect this lack of clear orientation.

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Official priorities in the National Indicative Plans

Agriculture, breeding and the farm-produce industry, as well as *fishing*, were considered priority sectors in the National Indicative Plans (NIPs) signed under Lomé III and Lomé IV. The 7th EDF NIP (Lomé IV) also paid

special attention to *services to rural and fishing communities* and *environment*. More recently, the 8th EDF NIP (Lomé IV bis) identified four main priorities for the EU-Angola cooperation:

- a) development and consolidation of democracy, establishment of the rule of law, respect for human rights and consolidation of the fundamental individual guarantees of freedom;
- b) the fight against poverty;
- c) sustainable economic and social development, with special attention granted to the development of human resources, environment protection and equality of opportunities for men and women;
- d) integration of the country in the world economy, in particular through the promotion of the private sector and the development and liberalisation of inner and foreign trade (including the transportation sector).

Regional priorities (SADC)

As regards regional cooperation, the two focal areas of concentration selected in the Second Protocol of the Lomé IV Convention between SADC and the EC were (a) *infrastructure and services* and (b) *trade, investment and finance*. A total indicative amount of 65% of the available resources was devoted to these two main areas. In the regional indicative programme for SADC, human resources development was also considered as an essential tool for development:

“SADC and the Commission agree that human resources development remains crucial for the fulfilment of the goals assigned to each of the Sectors listed below. Therefore, within the percentages allocated for each Sector, it is intended to devote an appropriate share to human resources development activities. Overall ten percent of the global indicative envelope shall be devoted to sectoral human resources development activities. In addition, another ten percent of the global indicative envelope will be devoted to cross-sectoral human resources development activities.”

Moreover, it was explicitly recommended in the Protocol that regional cooperation programmes and projects be integrated, as much as possible, into sectoral strategies at the regional level, and consistent with those at the national level.

Factual constraints

In general, the EC has tried to adjust its behaviour as aid partner to the fast evolving situation of the country, in an environment where visibility over the future remained, in general, limited.

EU Aid Responses to Tensions in the Country

The EU has responded to the situation in the country by trying to adapt in volume, in nature, and in type the aid provided. In some critical periods, humanitarian aid could not reach the expected beneficiaries (those who were most suffering from the conflict).

After the May 1991 Peace Accords, the European Community, as well as its member states, agreed to make a special effort to help the country. A *Community Aid Platform* was decided. The EC resolved, in particular, to increase the aid volume and to improve the overall aid management. The Platform revealed two main concerns and objectives: support to the democratisation process and to social stabilisation.

However, after the resumption of the civil war (October 1992), many development projects were suspended or postponed. Non-programmed aid became comparatively much more important. Humanitarian and food aid dramatically increased as a response to the distress of a large part of the population and, more generally, to the critical social situation in the country. In 1993, emergency and rehabilitation actions accounted for over 45% of the value of the committed funds of the 7th EDF (the corresponding value for the 6th EDF was less than 17%).

As mentioned above, agriculture and the farm-produce industry represented one of the priority sectors of both Lomé III and Lomé IV Conventions. In December 1993, the overall accumulated *primary commitments* for this weighty sector accounted for nearly 50% of the 6th EDF NIP total commitments. Still, at the same date, they represented less than 0.25% of the 7th EDF NIP commitments. This strongly biased situation was, of course, largely due to the resuming of conflict and to the massive exodus of a large part of the rural population, which disrupted economic activities in many regions. In a similar way, whereas infrastructure and sanitation projects accounted together, at the end of 1993, for nearly 20% of the 6th EDF NIP commitments, they represented then less than 1% of the 7th EDF NIP commitments.

In 1993 (one of the most critical war periods), out of a total of about 52.7 Million ECUs *committed*, less than one third (31.1%) corresponded to the 6th and 7th EDF NIPs. In compensation, food aid accounted for nearly 40%, and (7th EDF) non-programmed aid exceeded 14%.

This trend (reduction of aid to development projects, increase of humanitarian and food aid), emerging as an immediate response to the rapidly deteriorating situation in the country, was accentuated in 1994. Compared to the previous year, EC aid nearly doubled in volume. Food aid (47% of the total aid flow) and aid to rehabilitation projects (25.5%) increased significantly, while aid to development projects (8.7%) lost momentum.

In the period 1993-94, the *disbursements* relative to the 7th EDF were considerably delayed by the war. After the signature of the Lusaka Protocol (November 1994), there was hope that the country would finally benefit from peace and take the road of development. As a consequence, in spite of those delays, the overall volume of EC aid, which had already substantially increased in 1994 (by as much as 90.8%, as compared to the previous year), rose again. In 1995, the aid volume registered a substantial increase in value (143% more than in 1993). Angola became in 1994-95 one of the major recipients of EC aid, with a 1.6% share of total EC aid committed, ranking 8th in the list of the EC aid recipients). This was in line with the attitudes of other donors. At the Brussels conference of September 1995, about one billion \$US was pledged to Angola by the community of donors.

This steady and significant increase in value was not the only striking feature of the evolution of the aid flows. The sectoral orientation of aid was also deeply changed by the evolving situation of the country (post-war period).

Food aid, which had accounted in 1994 for 41% of the aid volume, fell to 27%, whereas the amount devoted to *rehabilitation* projects, whose absolute value was multiplied by 2.6, rose from 26% to 54%. *Humanitarian aid* also dropped significantly. Together, the combined part of food aid and ECHO actions shrank dramatically (it accounted for about two thirds of aid value in 1994, but only 40% in 1995). Finally, *development* projects, which already accounted for less than 10% of the aid amount in 1994, fell down to a reduced weight of around 6%.

Long-standing war and the subsequent signature of the Peace Accords were the main reasons for this biased distribution. Globally, since the beginning of the 7th EDF, the value of emergency and rehabilitation actions reached, at the end of 1995, two thirds of total primary commitments. In compensation, development actions were weakly represented. They were generally carried out only in safe areas, most of them in the health and education sectors.

War was also largely responsible for a significant delay in aid consumption. By the end of the year 1995, *primary commitments* of the 7th EDF reached a percentage of around 85%, whereas *disbursements* remained at a very low level, under 10%. Delays also affected the negotiations for the new NIP. The signature of the last NIP (under the Lomé IV bis agreement / 8th EDF), formerly expected in the first semester of 1997, only took place in February 1998.

The EC also adapted its aid to Angola by deciding to support the peace process. Since November 1995, the EC participated in the *Demobilisation and Reintegration Programme* prepared by the UN in cooperation with the Government and managed by the Humanitarian Assistance Coordination Unit (UCAH). Moreover, the EC supported work by the Human Rights Unit of UNAVEM III and financed a workshop on civic education and the publication, in four native languages, as well as in Portuguese and French, of the Lusaka Protocol.

Humanitarian aid went on in 1997. ECHO was allocated an amount of 14 Million ECUs. These funds were used to support actions in three main sectors: *Health, water and distribution of first necessity goods*. The main problems met until now by ECHO are related to logistic and administrative aspects: the great distances between communes and municipalities, poor quality of roads, obstacles to the circulation of persons and goods, presence of mines, administrative barriers to the use of air transportation. Food security also remained as a priority concern, but the EC strategy in this area in 1997 was to shift from emergency aid to development projects in the sectors of rural development and agricultural production. An *Assistance Programme to the Revival of Agricultural Production* (PARPA) was launched in March 1997, and 61 microprojects had been approved by December. Furthermore, the EC funded other projects submitted by NGOs and a diagnosis of the food security status of the country was completed.

Several rehabilitation operations were also carried out in 1997. Although no new action related to article 255 of the Lomé IV Convention was financed, two EC budget lines were used to fund a series of rehabilitation actions in five domains: demining, rural development, health, vocational training, and assistance to abandoned children. Other rehabilitation actions were carried out within the broad framework of the current NIPs.

By way of contrast, most of the development projects were either frozen or pursued at a very slow pace. These longer-term projects are related to the development of five areas: infrastructure, the fishing industry, technical education and vocational training, national institutional capacities, and national culture.

The 8th EDF was discussed in 1997 and signed in February 1998. Whereas the 7th EDF NIP for Angola had been allocated a global sum of 115 Million ECUs, the corresponding value of the 8th EDF reached 167 Million ECUs (45% more). As the 6th EDF was not yet entirely used in 1998, there were, at the end of this year, three EDF being managed by the EC Delegation in Luanda.

EC Partners and Internal Circuits

As a rule, ECHO worked directly with several international (mostly European) NGOs, which in turn subcontracted to national NGOs and other aid operators. Rehabilitation and development projects discussed and agreed upon with the Government were implemented by a great variety of actors, including a number of European companies (from Portugal, Spain, France, Belgium, Germany, the UK, Ireland, Italy and Greece), a few Angolan consulting firms, and some international and national NGOs.

This list of partners is not exhaustive. Some basic organisations within the communities were associated with the microprojects programme. FAO and the International Organisation for Migration, as well as the Ministry of Agriculture and Rural Development and the Ministry of Planning also participated in some actions (reintegration of qualified Angolans, organisation of seminars and workshops).

The current coordination and supervision of the aid actions is carried out jointly by the EU Delegation and the Technical Support Unit (Unidade Técnica de Apoio) attached to the Ministry of Planning. There have been, however, some disagreements, and even dissension, between the UTA and the EC Delegation, and the tensions generated by this situation have negatively affected the implementation of the aid programme. They also contributed to lower the quality of the dialogue between nationals and EC officials.

In the recent past, most decisions were taken in Brussels (for several months, the EC Delegation in Luanda had no regular Head of Delegation), and this was a cause for supplementary delays. The present administrative system is said by Angolans and other EC partners to be by far too centralised.

Coordination with Other Donors

Coordination between the EC and its member states, as well as among the EC and UNDP, World Bank, FAO, WFP, UNICEF, other UN agencies and USAID, has been maintained. In 1998, as the political and military situation threatened again to deteriorate, the prevailing feeling among donors - based on past experience - is that, as long as peace is not definitively secured and macroeconomic indicators significantly improved, development projects should, in general, be frozen (or, at least, kept at a slow pace). A cautious and widespread "wait and see" is now the most frequent attitude within the donor community.

Lessons Learned

Each of the main types of aid currently distinguished by the EU within the framework of the Lomé IV Convention (*humanitarian and food aid, rehabilitation projects, NIPs / RIPs, and the more flexible budgetary support*) has been useful in cooperation/aid protocols and agreements between the EU and countries afflicted by dysfunctions similar to those presently met by Angola. A few comments, however, based on past experience, may be profitable in order to point out some practical difficulties and obstacles met. These comments are also intended to highlight the specific concerns to bear in mind when such "dysfunctional" countries are being considered, and when there is a concern to choose an adequate strategy for the implementation of the emergency-rehabilitation-development continuum.

Food and Emergency Aid

As long as armed conflicts strike the population, humanitarian and food aid tend to become a priority concern, as they both offer a more adequate response to the acute crisis situation in the country. One

of the problems met under these circumstances is the access to regions where the population assistance needs are strong, sometimes even critical, but where danger, threats or barriers to free circulation of persons and merchandises prevent the implementation of aid actions or make it difficult. Reinforced partnership with selected national NGOs (operating more freely in the field) and with the Red Cross (ICRC) are among the best options in such cases, which also demand a permanent dialogue with local authorities, political leaders, and other possible actors, such as UN specialised units.

Apart from these difficulties resulting directly from a situation of internal conflict, there are two major problems that deserve special consideration.

First, food aid in Angola had two undesirable side effects (on the attitudes and behaviour of the population, as well as on the dynamism of the private sector) and should therefore be managed with great sensitivity. Furthermore, there is a need to preserve local food traditions (this was also a source of difficulties, in particular in the Bengo province). The practical ways to support food security should be explored more thoroughly, in an imaginative and open-minded manner.

The other problem is related to administrative barriers met by foreign personnel and organisations (like ECHO, for instance), acting in the humanitarian and food aid sectors. The most visible of these barriers are difficulties in getting visas and high taxes required from the planes that are used in distributing emergency and food aid.

Risks of Premature Development or Rehabilitation Projects

In spite of a legitimate concern not to extend unduly humanitarian and food aid, rehabilitation and development projects - mainly those requiring important financial and human resources - should not be launched in regions where a reasonable level of lasting security is not yet guaranteed. Many unfortunate cases of premature shifting to rehabilitation and development projects illustrate the risks of strategies with untimely (precocious) reconstruction objectives. Moreover, a Government or community contribution towards the cost of rehabilitated physical and social infrastructures should be instituted as a general rule, in order to develop both the sense of ownership and the respect for the *res publica* (ideally, this contribution should reach at least 20 to 30%). In other words, rehabilitation and development actions should intimately (and financially) involve both the Government and the ultimate beneficiaries (including, of course, the private sector). Only in this way can a sound and sustainable dynamic of reconstruction - with aims and rules known, shared and actively supported by every partner, and with lasting and visible results - be created and/or reinforced.

The Present Battery of Instruments is too Complex

Moreover, and more generally, a simplification of the set of instruments currently used in the aid process is clearly needed and asked for by all EU interlocutors in Angola. The present administrative framework for aid, as well as the procedures that are associated with this framework, are too complex, too rigid and too centralised, and the current aid instruments are too scattered and difficult to manage.

The most recent EU proposal to simplify and rationalise the aid instruments (one global envelope for long term assistance, plus an investment facility managed by the EIB) may help to solve these problems. However, for countries like Angola that still suffer from great instability, a five-year perspective, even when rolling programming is adopted may, in practice, appear utopian and inadequate. This very attractive technique of rolling programming, which we have been recommending to Angolan members of the Government and provincial governors since July 1995, and strongly advocating in other circumstances¹, is indeed of great interest, but only when the length of the periods considered is well adapted to the real situations.

¹ See, for instance: Cauden, J. and A. Sanches. 1998. *Gestion des Ressources Humaines*. Paris: Berger-Levrault.

In the case of highly unstable countries, and when managing highly uncertain and unpredictable situations, the length of the periods adopted as reference time units *must be shortened accordingly*. Otherwise the technique will lose its effectiveness (and also, consequently, its interest). This will immediately become apparent if we look backwards at the recent past and bear in mind the true historical events. All possible five-year well-scheduled programmes adopted in Angola in 1990 or in 1995 were condemned to be of little interest. Such programmes may have provided some comfort to the minds of the planners, but they were of little value as managerial instruments.

For these reasons, and in order to guarantee a reasonable degree of coherence with the current and interesting EC proposal (as well as with obvious administrative requirements and practical constraints of uniformity and simplicity), it is suggested that countries like Angola have annual country reviews (and not, as in the general case, every two years), within the basic five-year period considered for the rolling programme. These more frequent updates of the five-year programme would introduce a higher number of degrees of freedom. They would make the new set of instruments more suitable, without breaking its coherence.

Furthermore, in countries that are trapped in a state of chronic, latent or recurrent war, or are divided into regions that are under distinct and hostile political and administrative authorities, the current division of aid situations into “emergency”, “rehabilitation” and “development” phases, with separate rigid EU administrative structures for the management of funds, appears inadequate. Even the *relief-rehabilitation-development continuum* concept is of poor relevance and usefulness, because there are, unfortunately, too frequent (and unpredictable) fluctuations, with alternate forward and backward movements, and also because the different regions of the country are, most frequently, in dissimilar situations. Under these circumstances, the differentiation of the three phases is neither easy nor, in practice, very helpful.

A better approach would be to carefully take into account, in the annual country reviews (and even in the intermediate biannual assessments), the fast changing realities on the ground, and to rapidly adapt the aid to the real situation in the country, using a much more flexible conceptual and administrative framework. This would require the adoption of a comprehensive but malleable country specific approach.

Direct Budget Aid Should be Avoided

In spite of its formal advantages and its simplicity, direct budget aid is not, under the present circumstances - and at least until the management of national resources is made more transparent and reliable - a credible option. The country has not yet accepted the conditions recently submitted by the IMF, and persistent lack of transparency and effectiveness in national resource management, despite some efforts carried out by the present team in the Ministry of Finance, advise against such an option.

It might be possible in the future, if the management of national resources becomes more transparent and an agreement with the IMF is signed, and if the political dialogue between Angola and the EU becomes more effective and satisfactory, to think of a progressive shift to this more practical form of aid.

Conditionalities Should, for the Time Being, be Maintained

A similar comment may be added regarding the conditionality issue. In addition to encouraging Angolan authorities, civil servants and non-governmental agents to internalise reforms to a greater extent, it would be, in the long run, desirable to introduce greater flexibility in the aid process by softening the conditions and reinforcing the global assessments. A contractual approach should, in the

future, be preferred.

Nevertheless, for reasons that are close to those exposed above, and linked to a clearly insufficient degree of accountability, such an option should be postponed for now. It is possible and desirable, however, to initiate a progressive movement in this direction, aimed at developing the sense of responsibility and rising the level of accountability of the national interlocutors. As happens in many other organisations, groups and situations, higher levels of accountability could be rewarded within a negotiated “qualification course” (with stages and thresholds defined by clear criteria), by progressively increasing the *confidence and trust capital* and the *room to manoeuvre* awarded by the EC and other donors to their Angolan aid interlocutors.

Perceptions and Expectations of the Main Actors

Perception of EC Aid by Angolans

EC aid is, in general, insufficiently known by nationals. Moreover, as already pointed out, EC procedures are perceived as too complicated and discouraging by virtually all the EC interlocutors in the country.

The perverse side effects of humanitarian (and, more particularly, *free food*) aid distributed by the EC are also reported both by the Fundo de Apoio Social (FAS - Social Action Fund) and by the Associação Industrial de Angola (AIA). On the one hand, free food aid makes it more difficult for FAS to get the usual (reduced, but critical) monetary contribution from its social project beneficiaries. On the other hand, according to AIA, products made available without financial counterparts tend to disorganise (national and regional) markets and they have allegedly contributed to the bankruptcy of a significant number of Angolan Small and medium-sized enterprises (SMEs).

The Government

Government officials would like to benefit more from the aid provided by the EU. They generally complain about the complexity of the procedures and delays, and in some cases they find that the conditionalities imposed by the EU are too heavy and do not allow quick answers to urgent problems. A more direct dialogue between the EC Delegation and the sectoral ministries benefiting from the aid, a reduction of EC aid bureaucracy, and the adoption of more flexible procedures, are perceived as desirable improvements by all the sectoral ministries consulted.

These ministries would also value additional information and training programmes for their own staff about EC aid management, greater autonomy of the EC Delegation in Luanda (contributing to reduce delays in decision making), as well as a reinforced management capacity within this delegation, and also more frequent contacts with the Brussels units and teams involved in the aid decisions. Some high-ranking government officials (Ministers, Vice-Ministers) who have extensively worked with the World Bank and the European Union in the aid area do not hesitate to compare their different styles of management. They all credit the World Bank with a more efficient way of managing the aid process. Missions come from Washington more frequently, the staff and consultants carrying out these missions are usually highly competent and aware of the national problems, and the World Bank teams usually maintain, furthermore, a permanent and close contact (by phone, e-mail or fax) with their partners in the country.

Finally, there is a demand for a more **participatory** way of organising the aid process. The Government (central government, regional authorities) would like to have national representatives participating more actively in the process of making decisions regarding the choice and definition of the aid programmes (options about sectors, regions, management and operating rules), in the implementation process (there is a demand for larger use of national consultants and national staff),

and also in the monitoring and evaluation phases. On the other hand, and at least as far as regional authorities are concerned, local technical assistance in the places where the projects are implemented is perceived, in some cases, as insufficient.

The EC Delegation in Luanda

Within the EC Delegation in Luanda there is a feeling that the dialogue with the Government has not always been easy. In 1998, this happened, first and foremost, at the political level (consultation with the Minister of Planning was then difficult and, to make things worse, the EC Delegation had no Head of Delegation for several months). In some cases, the dialogue was also painful and tense at the coordination level (this occurred, in particular, between national officials working at the Delegation and the national unit of the Ministry of Planning managing the coordination of the aid process). These tensions within the aid circuits, reinforcing the effects of the delays observed between Luanda and Brussels, contributed to create additional problems and to hold up the aid process.

The EC Delegation would like henceforth to establish a more **regular dialogue** at the political level (this could be done, through bi-annual meetings between the EC Delegate and the Minister of Planning, the National Authorising Officer, and quarterly meetings with the Vice-Minister of Planning in charge of the aid files). The Delegation would also like to have discussions with the Government in order to simplify and clarify the circuits and procedures linking its officials to the national partners working at the coordination and operation levels. A more direct contact with the sectoral ministries, in particular, is now envisaged and desired by the Delegation.

There is also a feeling that the available (human and material) resources are insufficient. Finally, ECHO, whose work is sometimes made harder by governmental decisions or administrative constraints, wants additional support from the Delegation in its dialogue and discussions with the national administration.

Other Aid Actors

International and national NGOs also complain about the complexity of the procedures and excessive delays in the responses given by the EC to aid files. International NGOs and churches operating in the country would appreciate less bureaucracy, and they hope to benefit in the future from a deeper and more frequent dialogue with the EC Delegation. Some of them find that this dialogue is not easy, partially because of the problems met by the EC Luanda delegation, which is understaffed.

A few national NGOs with recognised capacity would like to work directly with the EC. More generally, national NGOs wish to benefit from capacity building or reinforcement programmes, and from a more participatory style of partnership (they would like to be more carefully listened to, and recognised as true partners).

Foreign governments, as well as international organisations operating as EC partners in the aid process, are, in general, discouraged by Angola's recurrent state of civil war. The 1994-98 period is sometimes referred to as "neither peace nor war", and most of the donors have adopted a cautious and conservative attitude towards the aid process. As mentioned above, FAS - one of the best managed World Bank funded social projects in Africa - complained about the perverse side effects of EC free aid. People accustomed to get aid with no personal effort or counterpart are much more reticent, afterwards to finance or support local development projects.

The Private Sector

The private sector in the formal economy is eager to know more about EU aid and how to benefit from it. There is a strong demand for ongoing (clear and updated) information concerning these two points, and there should in the near future be an adequate response to this demand. Some past problems are also mentioned. AIA straightforwardly blames EC free aid for the bankruptcy of several national SMEs, and there is a general demand for a more open dialogue and more frequent consultation between the EC, the Government and the national entrepreneurs.

The private sector would also undoubtedly benefit from a programme of information and training concerning the management of companies in a market economy. Some ancient reactions and habits of state regulation and over-protectionism of the national enterprises are still at work, and the dialogue between the Government and the entrepreneurs associations suffers from this situation.

Options for Future EU Support

Four problems currently met by Angola are interfering in a negative way with the aid process:

- a) First, as in many other developing countries, national capacity to act as a proficient interlocutor in aid negotiations is still very weak within the Government, as is the (political, institutional and technical) capacity to manage the aid process. Furthermore, it must be pointed out that some civil servants with high responsibilities do not fully understand the aid process. The sense of personal, institutional and national responsibility for the results is not really widespread. Some Angolans feel that the donors bear responsibility for inadequate results, that they do not provide enough assistance, or that they impose too many conditionalities or constraints²;
- b) The civil war not only created *physical destruction* and *physical obstacles* to the circulation of aid and persons, disrupting economic activities and adding serious economic and social problems (it accentuates, for instance, economic bias and monetary problems, like inflation, and generates a great number of displaced persons, refugees and other victims of war), it is also a source of great and permanent *psychological tension*, *diversion of efforts and resources*, *budget distortion* (polarisation of national resources on defence and maintaining order), and *increased instability in the political and economic orientations* decided by the Government. Moreover, it encourages legal and illegal activities oriented towards high short-term profit, as well as corruption, and even looting and physical abuse in the geographical areas struck by conflicts;
- c) Under these circumstances of high psychological stress and general polarisation of thoughts and feelings, the dialogue between the Government and the donors is often coloured or biased by strong ideological (party), political or even military concerns. International aid is not always regarded (in a neutral way) as a means to help the population of the whole country to live better, or to assist in the reconstruction and development process of the entire country, but as a means to help fight the enemy, who is causing trouble. Most often, allegiance to the ruling party and strong partisan concerns prevail in the minds over more detached national feelings or genuine care for the well-being of the whole country's population;
- d) Finally, the operational capacity of the EU delegation appears to be too weak, when compared to the challenges posed by the country's situation.

Bearing in mind these obstacles, the lessons provided by past EU aid experience, and the opinions expressed by the many actors in our interviews, we now discuss some of the options currently envisaged for future EU-ACP cooperation agreements, to see to what extent they may apply to countries like Angola. We will focus our analysis on six main issues:

1. Increasing political dialogue
2. What types of aid?
3. How should the content of the aid programme be defined?
4. Which channels are to be preferred?
5. What criteria for aid to countries like Angola?
6. What short-term corrective actions could be carried out?

Increasing Political Dialogue

Creating new forms of ACP-EU partnership, involving increased political dialogue between the European Union and each ACP country, is one of the fundamental orientations envisaged for future

² For instance, there was recently an urgent need for a competent captain, able to pilot a foreign ship that had been boarded, inspected and apprehended. The Ministry of Fishing sought help at the Swedish Embassy, because, according to the Minister, other donors, including the EC, could not have reacted quickly enough.

ACP-EU cooperation.

A more explicit and genuine political commitment, leading to cooperation contracts characterised by reliability and predictability, is expected. Moreover, in order to limit the disastrous effects of armed conflicts in sub-Saharan Africa, the European Commission has drawn up a *European conflict prevention and settlement policy*. In the case of Angola, are these options (currently under discussion) realistic?

In spite of some foreseeable obstacles, a modern cooperation strategy that is intimately integrated into political and development levels, oriented towards *structural stability* (and including, in particular, preventive diplomacy, ongoing political analysis and broader political cooperation and dialogue), could be envisaged and developed in Angola, both at national and regional (SADC/PALOP) levels. This new and deeper type of cooperation is moreover, for a variety of reasons, highly desirable. It would require, however, some important consensual changes in the present framework of institutional practices and procedures linking the country to the EU and a careful clarification of the operational criteria and procedures used to implement the clauses of the new EU-Angola agreements implying, in some way, political judgement.

A more open and franker dialogue on critical political issues, such as good governance and democratisation, already initiated by UNDP, is needed because these issues are inextricably and closely linked to the ultimate purpose of the aid process. Indeed, although important and necessary, traditional evaluation aid criteria such as *effectiveness* (measuring the importance and quality of the results gathered, as compared with the objectives formerly set up), *efficiency* (allowing a useful assessment of the ratio linking the results obtained to mobilised resources), and *economy* (assessment of the resources/costs ratio) are not sufficient, and remain, in any case, too “peripheral”. It is obviously possible to get combined high levels of effectiveness, efficiency and economy in programmes where the key objectives set up are *inadequate* (or, at least, *incompatible* with the fundamental values of political freedom, social justice and human rights and environmental protection that orient EU external and aid policies).

Political dialogue, backed and guided by explicit consensus on some very fundamental values and norms appear to be a necessary prerequisite in order to ensure a sound orientation to the cooperation and aid efforts. It is important to know beforehand what the fundamental agreements and the key commitments are, in the long term, in order to be in a more comfortable position to build a strong and unambiguous *sense of direction* for the cooperation process. Ideally, the aid process should appear as a means to help the country to reach long and medium term development objectives discussed and agreed upon by both parts, within a broader and lucid cooperation framework. Aid negotiation, monitoring and evaluation should therefore become more closely linked to the results of this permanent political contact between the EU and Angola.

One of the practical contributions that the EU might envisage in Angola, where a peace protocol was signed between the belligerents but is not being respected, would be to act more decisively in order to help these accords to be implemented.

In the long run, a **permanent dialogue at the political level** can and should be established between the EU and the Angolan Government. This permanent exchange would probably be more fruitful if, on a number of critical and pivot points for the country (such as the search for peace, macroeconomic stabilisation, institutional support and assistance to socio-economic development policies), the EU conducted this dialogue in closer consultation with the IMF, the World Bank and the UNDP. There would also be a need, of course, to take more into account the aid policies and concerns of other donors, in particular those of the European member states, and the United States.

Moreover, the participation of representatives of the private sector and other civil society actors and beneficiaries in the national political dialogue, as well as in the planning and design phases of the aid process, is highly desirable. However, as there are already some internal problems in the current

exchanges between the government and some of those actors, and even some communication and coordination difficulties between the central government and regional authorities, this participation requires very careful preparation.

What Types of Aid?

Aid programmes to the country should encompass an important assistance component to the public sector as well as direct assistance to non-governmental agents (the private sector, civil associations and consumer/community organisations, NGOs and churches providing social assistance in the field). An important allocation designed to cope with emergencies and very short-term measures remains, of course, necessary.

We have already dealt with some issues that may help to enlighten the type and the specific forms of aid that seem more suitable for Angola. We have mentioned some critical problems raised by food and emergency aid, underscored the risks associated with premature development and rehabilitation projects, pointed out the complexity of the current aid system, instruments and procedures, suggested higher frequency for future country reviews, and advised against immediate direct budget aid.

Here, we consider two vital needs that must be addressed in future aid and cooperation agreements. A fundamental (cross-sectoral) need for capacity building (in economic, social and administrative areas), and, more particularly, a critical need to develop a much larger and diversified fabric of well-managed enterprises. There is also an obvious need to develop a more comprehensive aid programme for vulnerable groups and demobilised soldiers, and to consider debt relief and trade promotion.

Capacity building is needed

Regarding the evolution of the global aid objectives, a balanced aid policy is needed to first, reinforce national capacities to run the economy and to manage the public sector, and second, to provide sectoral and institutional support at the national and local levels.

This aid policy should devote special attention to the critical issues of national and regional capacity building. One of the priorities to be considered in such a programme is the reinforcement of the capacity of organisation of non-governmental actors and of their ability to play a more proactive and constructive role in the aid process.

SMEs and foreign investment need support and encouragement

Developing a sound fabric of national SMEs and building the confidence of foreign investors outside the specific sectors of oil and diamonds are two other critical issues in the country. National SMEs need to be more numerous and to better develop their managerial and technical know-how. On the other hand, foreign investment may offer the country significant benefits in the national and international economic game and boost the country's economic performance, thus allowing a needed improvement of the living conditions of the population.

The country does not yet offer, however, a reliable ground for national entrepreneurs, and confidence of foreign investors is difficult to enhance for different reasons. The guarantees secured by the judicial system are obviously insufficient. Physical insecurity, arbitrary decisions, as well as corruption, remain too frequent and widespread. The rule of law is yet to be established and guaranteed, and political and economic interests and actors are, as yet, far from being clearly differentiated. In addition, the temptation of protectionism and State regulation - a reminder from the collectivist past - is still too frequently present.

Until the confidence of foreign investors is restored, and as long as foreign know-how, capital, technology and economic dynamism cannot help to revitalise the country's fragile economy, Angola will remain dependent on its oil sector, and therefore highly vulnerable to fluctuations in oil prices and

to changes in the financial interests and policies of oil companies and operators.

Box 2: Improving National Capacity to Monitor Aid

Rehabilitation and development projects will be more effective if they are more regularly discussed between the Government, local authorities and other stakeholders, and the community of donors. Ideally, the commendable work carried out by UCAH³ **should be done by a team of national experts**, on a regular basis, and in light of a medium-term well-monitored aid policy linked to the country's overall development strategy. It should progressively become a *national initiative* designed as an instrument to help national and regional socio-economic development.

This national effort must encompass rehabilitation and development projects, as well as emergency aid. The list of projects identified by this national team, once officially endorsed by (and financially supported by) the Government, could then be regularly discussed with the donor community.

The choice of the concrete projects to be funded (and who would fund them), the implementation conditions, and the roles and responsibilities of the partners, as well as the monitoring and evaluation methodology, could be decided with the active participation of all stakeholders.

Moreover, to cope more comfortably with high uncertainty due to war and political hazards, ongoing (rolling) programming should be used and adapted, with shortened intermediate periods. The projects included in the national global programme, as well as the related timeframes would normally be re-examined, assessed and adjusted every semester at the operational level, and the contents of the programme for the biennium or the triennium could be more deeply revised and updated every year. Country reviews should be annual.

Under these circumstances of **national initiative** and **permanent global dialogue, cooperation and transparency**, each donor could more effectively and more efficiently contribute to the national programme of socio-economic development, despite uncertainty and political or military threats. Moreover, the practical results of the coordinated effort involving the EU, the main multilateral donors (UNDP and the Bretton Woods institutions), as well as important European and other bilateral donors, might thus be significantly improved. The establishment of such a fruitful dialogue, where the main initiative (at the political and operational levels) would progressively switch to Angolans, requires however, as a priority action, a solid programme for the **reinforcement of national capacities** in the area of aid monitoring.

A decisive action programme to assist the country in the development of an independent diversified national private sector and to help rebuild confidence of foreign investors is thus one of the main components of any future serious cooperation aid protocol.

³ UCAH prepares annually a *UN Appeal for Angola* addressed to the community of donors.

This will require, first and foremost, four types of actions:

1. Technical aid to the formulation, implementation and evaluation of *SME promotion policies*, complemented by technical and financial aid to the development and improvement of the working capacity of the existing network of national, regional and sectoral *organisms devoted to assist national enterprises* (organisms and institutions offering managerial, technical and administrative training, information, consultancy services, as well as credit, export and operation facilities);
2. The development of a more favourable legal and fiscal environment for national and foreign companies, and of adequate general physical infrastructures asked for, in general, by entrepreneurs (mainly in the critical fields of *transportation* and *communications*);
3. The creation of a *credible system of warranty* protecting foreign new investors against losses due to the unstable and risky internal situation of the country and the restoration of the image of responsibility and reliability of the country among the international community of entrepreneurs and potential investors. This could be done by establishing an *equitable system of compensation* for dispossessed European entrepreneurs and investors;
4. A large sensitisation and training programme addressed to civil servants operating at the national and regional levels, explaining the importance of reducing barriers and assisting the private sector, and giving them the capacity, will and means to do so.

A comprehensive programme for vulnerable groups and demobilised soldiers

Women account for more than half of the population, and children and young Angolans (under 15) of both sexes account for over 45% of the country's global human resources. The living conditions of women and children are, as a rule, very poor throughout the country.

Concerns with the promotion of women and children's living conditions should be therefore taken into consideration much more attentively. This can be done in two ways: As a transverse obligation cutting across the whole range of aid programmes and projects, and as a source of inspiration in the formulation of specific programmes targeted on their fundamental needs. Closer cooperation with UNICEF should be considered as an important added value in the organisation of aid to Angolan families. A similar strategy can be recommended when dealing with the problems raised by aid to demobilised soldiers and handicapped persons.

Debt relief and trade promotion

Finally, debt relief and trade promotion also remain two critical concerns in any future aid and cooperation protocol with the country.

Determining the Content of the Aid Programme

Ideally, the content of the aid programme should:

- a) derive from a *governmental aid policy*, carefully designed in accordance with (and in support to) the *national strategy for social and economic development* decided by the Government; this aid policy should take into account, not only the results of periodic national and regional assessments of the socio-economic situation and the central and local institutional capacities in the country, but also the level of opportunity and risks of failure associated with the implementation of the different options being weighted, as well as the specific observations, sensibilities and attitudes of the donors;

- b) be negotiated and concluded through an open dialogue involving the Government and the community of donors;
- c) be accompanied by a simple and clear set of agreed rules defining the responsibilities of each partner and the consequences for not complying with these rules;
- d) nominally specify the persons in the Government (central, local) who will accept responsibility for the timely implementation, within the budgetary constraints and norms, of each component of the programme (each of these components being, of course, associated with a specific cluster of objectives). As a general rule, whatever the choices regarding the new aid typology might be, this national responsibility should be shared by :
 - the minister (or ministers) in charge of the sectors benefiting from the aid programme component (*sectoral responsibility*);
 - the ministers of finance and planning (they should assume *responsibility for the timely and adequate provision of funds*);
 - the Prime minister (*responsibility for Government decision*).

Aid in areas occupied by UNITA

UNITA was several times held responsible by the UN Security Council, as well as by the EU and other international bodies and foreign embassies, for delays in the implementation of the Lusaka Protocol and for the deterioration of the situation in the country.

In the areas occupied by UNITA, and as long as the rebel movement does not comply with its fundamental commitments and does not ensure a peaceful environment, rehabilitation and development aid should be suspended, as an additional means of pressure.

Humanitarian and emergency aid could be provided mainly through the Red Cross and national NGOs well adapted to field operations.

In conflict situations like these, where a peace agreement is being violated, it is important that the EU take (periodically, and after critical events) a clearer official position, in consultation with other donors and, more specifically, with the European member states and the broad UN system agencies. The type of aid awarded in the areas controlled by the belligerents (emergency, rehabilitation, development) can thus be decided and monitored in a clearer way (this is in line with the EU explicit concerns with peace building and reinforcement of structural stability).

Choice of Aid Channels

In the field, NGOs and churches remain privileged partners, especially when emergency aid is considered. Local authorities, sectoral ministries and private initiative (companies, associations, communities) should be more closely linked to the aid process (at its successive stages: formulation, implementation and assessment of the aid programmes), both in the case of *emergency* and *rehabilitation-development* aid (whatever the new conventional classification of the aid flows may become).

It is tempting to think of a network of regional authorities performing critical coordination functions, and acting both as key channels and leading partners. Unfortunately, for the time being - probably apart from Cabinda (and possibly a few other more dynamic or less deprived provinces, such as Benguela, Luanda and Bengo) - the operational capacity and the room to manoeuvre of the regional authorities are, in general, still too weak to allow them to soon become key partners and efficient channels in the overall aid process. Regional competence is lacking dramatically. Moreover, accountability cannot be guaranteed everywhere.

There are also communication and coordination problems. Despite commendable actions to improve the performance of regional authorities and to improve the organisation levels and communication links between the regional authorities and the central administration, the coordination between the central administration and the regional authorities is still faulty and problematic. This issue is made harder by frequent obstacles to communication and by the coexistence of different types of links (these encompass the usual connections between the central and regional administration, but also other ties created by various national aid programmes and initiatives). It will undoubtedly become even more critical with the possible implementation of a currently discussed decentralisation programme⁴.

Coordination between the central Government and regional authorities, on one side, and NGOs and aid operators, on the other, also constitutes a problem. In spite of the efforts of UCAH and UNDP during the past few years, there still remains a clear need in the country for better regulation of the activities of NGOs and, more generally, for improved coordination of the responsibilities and contributions of the different aid actors. A legal and regulatory framework should be established, taking into account the confrontational remarks and observations of local authorities, international and national NGOs, and representatives of the beneficiaries and of the private sector. This should be accompanied by an awareness and training campaign in favour of the main actors involved. A more complete and informative directory of the NGOs operating in the country is also necessary.

The roles of the different aid partners, and the fundamental rules for them to abide by, should be more thoroughly discussed and established *at the political level*, between the Government and the community of donors. This should take into account the lessons provided by experience, especially during the past three years (since the Brussels Round Table, where a division of responsibilities had already been envisaged and experimented with).

Possible Aid Criteria for Countries Like Angola

The EU currently uses five main criteria as a general framework for the evaluation of aid programmes: (a) *relevance*, (b) *impact*, (c) *sustainability/ reproducibility*, (d) *effectiveness* and (e) *efficiency*. These widely-accepted criteria are inspired by sound practices in project management (and, more particularly, in project evaluation), and they are therefore very close to those used by other donors. Are they also relevant for the evaluation of EU aid in the case of countries like Angola?

The answer to this question is definitely yes, because there is no way to make sense of aid actions without referring to such a basic barometer. However, as we have already pointed out, although obviously *necessary*, these criteria are *not sufficient* to guarantee convenient monitoring and evaluation of aid actions. This happens, in particular, when the beneficiary countries do not have a well-established State controlling the national territory and the national population. Some comments ought therefore to be added in order to allow us to define a methodology of aid evaluation better adapted to the peculiar situations met by these “dysfunctional” states.

Three additional criteria - closely related to the *process* of cooperation, and useful at every stage of this process - acquire increasing relevance when “dysfunctional” states are being considered, and should therefore be regarded as material for further reflection:

1. *opportunity* of the aid programmes and actions (was it the *right moment* to launch an aid operation or project, when risks or other types of threats, were obviously high?). Similarly, the *relevance* and adequacy of the rehabilitation and development projects and actions to be included in the cooperation agreements should be more thoroughly investigated, not only in relation to the *priority*

⁴ It might be interesting to envisage a short-term field investigation (a parallel pilot study in Cabinda, Benguela and Cunene, for instance) to discover how, in practice, the Angolan regional authorities might be helped in their efforts to become more central and effective partners in the aid process.

needs identified in the country and to the *EU fundamental aims, values and norms*, but also bearing in mind the *operational capacity* of the beneficiary country (*its effective resources, extent of control, room to manoeuvre, and warranty of sustainability*). This practical and important concern should be present from the moment when negotiations begin and also, of course, when the aid actions are decided;

2. *capacity and will to comply* with the rules and commitments settled and accepted by the parties that have signed the convention, and more particularly with the specific norms establishing the financial contributions and obligations of each contractor (have both parties decided to behave as responsible, reliable, adult partners?). There should be, as in every sound contractual relationship, a periodic evaluation of this capacity and will of the partners to fulfil their duties, and timely corrective actions should be taken when this is not the case; these actions could encompass, when needed, suspension of the aid flows;
3. *accountability* of the aid partners and actors and *transparency* of the procedures (especially those concerning financial flows). These procedures should, on the other hand, be made simpler and modified in order to allow greater flexibility.

More generally, national and local capacity to create stability and trust, to encourage economic activities, and to effectively deal with critical social issues should be retained as key criteria in the evaluation protocols.

Corrective Actions Recommended

Some immediate (short-term) actions might help to improve the current situation in Angola as regards the country's utilisation of EU aid:

- a. A campaign of information about EU aid that clearly explains the types of aid available as well as the methods and procedures to follow in order to be eligible;
- b. The response capacity of the Luanda delegation should be significantly reinforced. A specific and comprehensive programme of internal training in the areas of management and team work also appears to be desirable;
- c. One or two well designed and well managed workshops, open to those who find it difficult to work within the framework of EU aid, or to clearly understand it, and combining technical information and room for debate, could help participants get a better understanding of current EU aid goals and procedures, improve the relations between the EU delegation and its institutional partners, and make aid consumption more responsible and more fluid. These workshops could also pave the way for future fruitful dialogue, at the political level, between the EU and the Angola Government.

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