



**Global
Partnership**
for Effective Development
Co-operation

Country brief

Angola

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DISCLAIMER

This report is essentially based on UNDP's Assessment of Development Results in Angola in 2013.

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A. Introduction and Purpose of the Brief

Although a signatory of 15 UN conventions and a series of other international protocols, treaties and accords, Angola has not signed the Paris Declaration of Aid Effectiveness of 2005. Having just emerged from 27 years of civil war, the country did not participate in the first high level Forum on Aid Effectiveness held in Rome in 2002 – during which the principles of aid effectiveness were defined and adopted. Furthermore, Angola was not a participant of the second Forum held in Paris in 2005; nor was she present in the Accra and Busan meetings of 2008 and 2011. However, Angolan representatives took part in the High-Level Meeting on Effective Cooperation held in Mexico City on 15-16 April 2014.

Consequently, the Government of Angola has not implemented the recommendations of these meetings or instituted the recommended institutional framework. The Ministry of Planning is responsible for negotiating, coordinating, implementing, and monitoring Angolan technical cooperation programmes and projects in the area of development, which are based on agreements with other countries and international agencies, including the UN System. Presently, the major comprehensive sources of aid data are being prepared by the UN System.

In spite of almost three decades of civil war, Angola was able to sustain high growth rates and, consequently, was able to eliminate or significantly reduce the relative importance of aid. The country is now facing declining levels of official development assistance (ODA), and is moving towards self-sustained development, and thus gaining access to private international finance.

The purpose of this Brief is to analyse the current situation of development cooperation in Angola.

B. Country Context

The Republic of Angola occupies a total area of 1.246.700 km² and has a population of 24.3 million (INE, preliminary results of National Census, September 2014). Since the end of the 27-year civil war in 2002, the country has registered rapid economic growth. Reconstruction has been largely self-financed by receipts from the oil and diamond sectors. The Angolan economy's high growth rates is due, primarily, to the establishment of an environment of peace, the good performance of the oil sector which represents about 46% of GDP, 80% of state revenues and more than 96% of exports – and the effectiveness of the economic stabilization strategy of the GoA. The economic growth in 2013 was estimated at 6.8%, and it is projected at 3.9% despite a decline in oil output. The inflation is projected to reach 7½ percent by end 2014, well within the National Bank (BNA) estimates. Angola's international reserves remain at an equivalent of 7¾ months of imports.

Implementing the strategic vision Angola 2025, GoA adopted the National Development Plan (NDP) for 2013-2017 in December 2012. The Plan embodies a change of focus from a project approach to a programme approach, indicating Angola's entry into the phase of transition from rehabilitation to modernization and economic sustainability. The NDP focuses on economic growth and diversification, graduation from least developed country status to a middle income economy, bridging inequities and improving service delivery.

In addition, GoA has put in place a set of measures aimed at enhancing the resilience of the Angolan economy. It has created a sovereign wealth fund (Fundo Soberano Angolano), which can help to protect the economy from oil-price shocks, allow for productive investments of oil revenues, and saving a portion of the revenues for future generations. GoA is deepening the process of “de-dollarization,” especially with the new foreign exchange law that requires oil companies to undertake financial transactions in local currency through domestic banks. GoA is also seeking to foster national ownership of economic activities, pursuing policies aimed at the “Angolanization” of the economy

According to the 2014 State budget, economic growth is projected at 8%, though the IMF has recently reduced growth projections to around 4%, largely due to a fall in the production of oil. Though Angola is perceived as resource rich and not a priority for ODA, budgetary financing has been largely through access to oil based credit lines, as exemplified by relations with the People's Republic of China. The country is now looking at other mechanisms for financing its budget and investment programmes, including the first ever budget support facility of \$1b recently accessed from the African Development Bank (AfDB) for infrastructure and energy.

Angola still ranks 149th on the Human Development Index (HDI, 2014). Gross National Income (GNI) per capita is currently estimated at US\$6,323, which places Angola in the upper Middle-Income (MIC) category, according to World Bank classification. Despite the country's impressive growth and the Government's focus on social spending (30%), its socio-economic indicators are lagging behind. With more than 36% of the population living below the poverty line, life expectancy at birth is 51.1 years, and under-five mortality is 161 per 1,000 live births. Angola is on track to achieve some targets of Millennium Development Goals (MDGs) 1, 2, 3, 6, 7 and 8, but is unlikely to accomplish goals 4 or 5. There is progress on infant and under five mortality rates, malaria control, and secondary education, but as current trends indicate, the country is not on track to reach the 2015 goals.

Angola is increasingly recognized as an important political and economic player, at the regional (SADC, ECCAS, AU) and international (CPLP, PALOP, UN) levels. Since January 2014, Angola has assumed the presidency of the ICGLR (International Conference of Great Lake Region) and has been proactive in driving the peace and stability agenda in Eastern DRC and the Central Africa Region. On 16 October 2014, Angola was elected to a non-permanent seat in the UN Security Council, and a week later (24 October), the country assumed the presidency of the Association of Attorneys General of Africa (Associação de Procuradores Gerais de Africa). In November this year, Angola will assume the presidency of the Kimberley Process, currently held by China.

C. Development cooperation and partnership framework

There is no formal mechanism for aid coordination in Angola given that total ODA represents less than 0.5% of National Budget. With the economic transformations taking place in the country, there is the assumption in the international community that Angola no longer needs external assistance. This assumption is reflective of the insignificant size of ODA to GDP (0.03) rather than on the role of ODA in poverty reduction and the overall achievement of MDGs.

ODA to Angola has steadily declined over the past 10 years. Currently, total ODA is estimated at US\$239 million, or 0.2% of GNI. The international community has come to recognize the wealth of the nation and that GoA budget is able to finance its national development goals. The decisions made by the international community are largely predicated on the revenues collected by the Government from the massive petroleum industry, which accounts for 80% of government income. Consequently, the primary role for the international partnerships is to promote knowledge and strengthen systems and capacities to ensure equity, cost-effectiveness and value for money. Therefore, the international partners are focusing on providing strategic up-stream policy advice, capacity strengthening, and technical assistance.

Angola is able to source finance and technical assistance, further reducing the perceived importance of traditional ODA. Angola maintains cooperation partnerships with the World Bank, IMF, AfDB, EU, USA, Brazil, Japan, and Spain, as well the United Nations system. Traditional partners such as the Nordic Countries and Britain have almost reduced their aid programmes due to the high GDP and rich resource base of Angola.

The new UN Partnership Framework (UNPAF) has an important pillar on inclusive sustainable economic growth, providing clear opportunities for the UN agencies to support the GOA in

addressing important issues for sustainable, more inclusive economic growth, including youth employment, food security, diversification of the economy, social protection, environmental sustainability, and building resilience. Additionally, at the Government's request, UNDP and UNCTAD are providing technical support for the country's graduation process.

Angola has, and is likely to continue to, largely finance its own development, with total ODA in 2014 accounting for less than 1% of the national budget. Although ODA is small, there is an increasing openness and engagement of the GoA with the UN, WB, IMF and AfDB. Currently, bilateral ODA is mainly from Japan and USA, with Cuba representing an increasing South-South cooperation, especially with those within BRICS.

There is no formal partner's coordination system, except in some sectors such as health and education but the UN has used its convening role to maintain periodic Partners Meetings. In addition to mandatory contributions to UN agencies, GoA has also co-financing modalities (GEF/UNDP, support for Polio eradication, FAO, etc.).

Given the particular context in Angola, and as the country moves forward in the graduation process, the UN has an opportunity to engage with GoA on the sustainable financing of development - both domestic and international - and to look at more joint-funding. In addition, the improved opportunities for South-South cooperation using the UN's facilitating role should be explored.

D. Progress in Effective Development Cooperation

As noted earlier, GOA has not formally endorsed the Paris Declaration. As far as we know, in terms of participation, the High-Level Meeting on Effective Cooperation held in Mexico on April 2014 was the first meeting at which Angola was represented.

UNDP has contacted the Ministries of Planning and External Relations (MIREX) about the progress made by Angola following the Mexico meeting. We were unable to obtain any substantive information on actions taken or planned as follow-up to the conference.

Special initiatives at national level. Participation on Building Blocks:

According to the OECD, Angola receives US\$200 million of ODA per year, from several bilateral and multilateral donors. These include: USA, EU, Japan, Korea, Portugal, Global Fund, Norway, IDA, Spain, and the United Kingdom.

Top Ten Sources of ODA, 2011-2012 (USD)		
1	United States	74
2	IDA	31
3	EU Institutions	27
5	GAVI	13
6	Korea	13
7	Japan	13
8	Norway	13
9	Global Fund	9
10	Spain	8

Sources: OECD - DAC

Receipts	2010	2011	2012
Net ODA (USD million)	238	194	242
Bilateral share (gross ODA)	68%	66%	58%
Net ODA / GNI	0.30%	0.20%	0.20%
Net Private flows (USD million)	1 344	2 951	-100

For reference	2010	2011	2012
Population (million)	19.5		
GNI per capita (Atlas USD)	3 870	3 970	4 580

Bilaterally, the largest net donor in recent years has been the U.S., followed by Portugal. The United Kingdom, Japan, Spain, Italy, Norway and Germany are also important bilateral donors. In the multilateral context, the support of the European Commission, IDA, the Global Fund and the UN systems are noteworthy. In terms of sectors supported externally, the country enjoys wide-

spread support in macro-economic strategies, financial management and governance. However, most of the technical assistance can be tracked to education, health and other social sector.

As in other African countries, cooperation between Angola and China has evolved significantly since 2000. Relations between the two countries have intensified particularly since 2004 with the signing of the first loan agreement with China's EXIM Bank for a loan of US\$ 2 billion, followed by some other credit enhancements. According to the OECD, the cooperation is focused mainly on energy and water, education, health, public works and agriculture, but it has gradually expanded to other economic sectors in the country. They are also massively participating in the construction of Angola's physical infrastructure (roads, railways, ports, schools, hospitals, social housing, government offices, etc.).

In terms of South-South cooperation, there is growing Angolan participation in regional frameworks, including actions within the scope of the SADC, ECCAS, the Gulf of Guinea, and the International Conference for the Great Lakes (ICGL), among others. At the SADC level, Angola has been increasing its participation, particularly in matters related to cross-border organized crime, including terrorism and genocide. The south-South cooperation with Brasil is planned in the water and sanitation sector, agricultural research and rural development and social safety and protection.

Areas of regional cooperation have been extended to a wide range of themes, including food security, land and agricultural infrastructure, trade, finance, investment and mining, social and human development, special programmes, science and technology, natural resources and environment, social welfare, information, culture, politics, diplomacy, international relations, peace and security.

Furthermore, within the CPLP, Angola participates in a wide range of partnerships for development and cooperation. The number of bilateral and multilateral partnerships with countries in the South within this bloc has increased through global programmes and projects. Angola's main areas of cooperation with this Lusophone organization, the result of signing several protocols and accords, include agriculture and food security, science and technology, sports, education and human resources, youth, environment and renewable energy, migration, the strategic plan for East Timor, health, telecommunications, e-government, labour, and social solidarity. Civil society organizations, including NGOs and Angolans abroad have played a highly visible role in the country. Fewer organizations have consolidated their work in specific areas such as human rights, HIV-AIDS, education, health and agriculture.

E. Development Effectiveness Agenda

Upcoming actions not known due to the non-institutionalization of a follow-up national mechanism.

F. Conclusions and recommendations

- Raise government awareness and support on the endorsement/implementation of the Paris Declaration
- Assist GoA develop a development cooperation strategy and framework for implementation of the Busan Protocol and Accra Plan of Action, including coordination mechanisms for development dialogue
- Support GoA to undertake an evaluation of the impact of ODA in the country; produce a clear mapping of ODA by source, sectors and beneficiaries and by amounts.
- Explore new partnerships for development financing relevant to their MIC status

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