



**New Partnership for
Africa's Development (NEPAD)
Comprehensive Africa Agriculture
Development Programme (CAADP)**



**Food and Agriculture Organization
of the United Nations
Investment Centre Division**

GOVERNMENT OF THE REPUBLIC OF ANGOLA

SUPPORT TO NEPAD–CAADP IMPLEMENTATION

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**NATIONAL MEDIUM TERM INVESTMENT PROGRAMME
(NMTIP)**

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Volume I: National Medium–Term Investment Programme (NMTIP)

Bankable Investment Project Profiles (BIPPs)

Volume II: Irrigation Rehabilitation and Sustainable Water Resources Management

Volume III: Rehabilitation of Rural Marketing and Agro–Processing Infrastructures

Volume IV: Agricultural Research and Extension

Volume V: Revitalization of Angola Forestry Sector

Volume VI: Integrated Support Centres for Artisanal Fisheries

ANGOLA:

NEPAD–CAADP National Medium–Term Investment Programme (NMTIP)

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Abbreviations

ADB	African Development Bank
ADRA	Angolan Association for Rural Development and Environment
ANGOSEMENTES	National Distributor of Seeds
API	Partnership Initiative for Angola
ARDOR	Agriculture Recovery and Development Option Review
AUP	Production Unit Complex
BCM	Billion Cubic Meter (or km ³)
BIPP	Bankable Investment Project Profile
CAADP	Comprehensive Africa Agricultural Development Programme
CAFANGOL	Angolan Coffee Export Company
CDA	Agrarian Development Cabinet
CSD	Cooperation Strategy Document
CSP	Country Strategy Plan
CTS	Country Transitional Strategy (WB)
DINAMA	National Supplier of Agriculture Inputs
DINAPROPE	National Distributor of Livestock Products
DNAPF	National Directorate for Agriculture, Livestock and Forestry
DNDR	National Directorate for Rural Development
DNHAER	National Directorate for Agriculture Hydraulics and Rural Engineering
DW	Development Workshop
EC	European Commission
ECP	Poverty Combat Strategy
EDAs	Agriculture Development Stations
EGRP	Global Poverty Reduction Strategy
EMRP	Emergency Multi Sector and Recovery Programme
ET	Territorial Enterprise
EU	European Union
Euron Aid	Consortium of European Non–Governmental Organisations
FAO	Food and Agriculture Organization of the United Nations
FAS	Social Action Fund
FEWSNET	Famine Early Warning System Network
FRESCANGOL	National Slaughterhouse Centre
FPPPR	First Priority Phase for Rehabilitation and Reconstruction Programme
GDA	Agrarian Development Cabinet
GDP	Gross Domestic Product
GF	Fund Management Company
GOA	Government of Angola
GUE	One–Stop Business Services Office
HDI	Human Development Index
IAS	International Accounting Standard
ICRC	International Committee of the Red Cross
IDA	Agrarian Development Institute
IDF	Forestry Development Institute
IDP	Internally Displaced Persons
IFAD	International Fund for Agricultural Development
IIA	Institute of Agricultural Research
IIV	Institute of Veterinary Research
IMF	International Monetary Fund

INABE	National Institute for Scholarship
INCA	National Institute of Coffee
INCER	National Institute of Cereals
INE	National Institute of Statistics
I–PRSP	Interim–Poverty Reduction Strategy Paper
IUCN	International Union for Natural Conservation
KZ	Kwanza (Angolan Official Currency)
LRRD	Link Relief to Rehabilitation and Development
MECANAGRO	National Enterprise for Agricultural Mechanisation
MINADER	Ministry of Agriculture and Rural Development
MICS	Multi Indicator Cluster Survey
MPLA	Popular Movement for the Liberation of Angola
t	metric ton
NEPAD	New Partnership for Africa’s Development
NGO	Non–Governmental Organization
NORAD	Norwegian Aid Development Agency
NMTIP	National Medium–Term Investment Programme
OGE	General State Budget
PESNORTE	Northern Fishing Communities Development Programme
PIP	Public Investment Programme
PRINF	Emergency Programme for the Rehabilitation of Infrastructures
PRODECA	Northern Region Food Crops Development Project
RDF	Rural Development Fund
SENSE	Seeds National Service
SONANGOL	Angolan National Oil Company
TCP	Technical Co–operation Programme
UGT	Units of Tropical Livestock
UN	United Nations
UNDP	United Nations Development Programme
UNITA	National Union for the Total Liberation of Angola
USAID	United States Agency for International Development
WB	World Bank
WFP	World Food Programme
WHO	World Health Organisation
ZT	Zoo–technical Stations

Preface

*In an effort to halt and reverse the decline of the agricultural sector in the continent, the African ministers for agriculture unanimously adopted, at the 22nd FAO Regional Conference for Africa, held on 8 February 2002 in Cairo, a resolution laying down key steps to be taken in relation to agriculture in the framework of the **New Partnership for Africa’s Development (NEPAD)**. As a follow–up to this resolution, they endorsed, on 9 June, 2002, the **NEPAD Comprehensive Africa Agriculture Development Programme (CAADP)**. The recent **Declaration on Agriculture and Food Security in Africa**, ratified by the African Union Assembly of Heads of State and Government during its Second Ordinary Session, held in Maputo between 10 and 11 July 2003, provided strong political support to the CAADP. During this session, the Heads of State and Government agreed to adopt sound policies for agricultural and rural development, and committed themselves to allocating at least 10 percent of national budgetary resources for their implementation within five years.*

*The CAADP provides an integrated framework of development priorities aimed at restoring agricultural growth, rural development and food security in the African region. In its very essence, it seeks to implement the key recommendations on food security, poverty reduction and sustainable use of natural resources, made at recent global conferences. The CAADP comprises **five pillars**:¹*

- 1. Expansion of the area under sustainable land management and reliable water control systems.*
- 2. Improvement of rural infrastructure and trade–related capacities for improved market access.*
- 3. Enhancement of food supply and reduction of hunger.*
- 4. Development of agricultural research, technological dissemination and adoption to sustain long–term productivity growth.*
- 5. Sustainable development of livestock, fisheries and forestry resources.*

As an immediate follow–up to the Maputo Declaration, representatives of 18 African ministries for agriculture from member countries of the NEPAD Implementation Committee, the NEPAD Steering Committee, the African Development Bank, the World Bank, the International Fund for Agricultural Development, the World Food Programme, FAO and civil society, participated in a meeting held in Rome on 17 September 2003, in order to discuss the implementation of the CAADP, and more specifically the:

- Methodology for the review/update of the **national long–term food security and agricultural development strategies**.*
- Preparation of **National Medium–Term Investment Programmes (NMTIPs)**.*
- Formulation of the related “**Bankable Investment Project Profiles**”(BIPPs).*

¹ Pillar 5 was initially not part of CAADP, but has been added in recognition of the importance of the sub–sectors.

It is within this context that the Government of Angola, in an effort to reinforce its interventions aimed at fighting poverty and food insecurity, has requested FAO to assist in preparing a NMTIP and a portfolio of BIPPs, with the aim to:

- *create an environment favourable to improved competitiveness of the agricultural and rural sector;*
- *achieve quantitative objectives and mobilize resources to the extent needed for the associated investment in agriculture;*
- *achieve the targeted allocation of national budgetary resources to this area, reflecting the commitment made in the Maputo Declaration; and*
- *create a framework for coordinated bilateral and multilateral financing of the sector.*

*The present NMTIP, which draws on work of the recent FAO/World Bank Cooperative Programme Economic Sector Work and is intended to contribute to the Poverty Reduction Strategy Programme (PRSP), was prepared by a team of consultants², under the overall supervision of the National Project Coordinator/NEPAD focal point in the Ministry of Agriculture and Rural Development³ and in close collaboration with the NMTIP Core Team from the Ministry of Agriculture and Rural Development, Ministry of Fisheries and Ministry of Planning. The team was assisted by experts from the FAO Investment Centre Division⁴ while the Office of the FAO Representative provided crucial administrative support. In the process of preparing this document, participation was sought from major stakeholders from government, development partners, farmer's organisations, private sector and civil society. Key to the finalization of the NMTIP was the **National Stakeholder Workshop** held on 15 December 2004, during which a draft of this document was discussed and validated, and project ideas for the BIPPs prioritized, based on agreed-upon selection criteria. **Five** of these were further developed into BIPPs, that are presented in a separate document.⁵ Lastly, the NMTIP and the BIPPs were reviewed by an FAO Virtual Task Force of technical experts.*

This document starts with a brief description of Angola's agricultural sector in the context of the country's economy and poverty and food security situation. This is followed by a review of national and development partner strategies and programmes, lessons learned, and an analysis of the principal constraints to, as well as opportunities for, the development of the sector. Based on this analysis and taking into account existing government strategies and the five pillars of CAADP, priority areas for investment have been identified. Finally, an attempt has been made to estimate the financing gap in terms of additional resources that would be required to meet the target of allocating 10 percent of national budget to the sector within five years, and a proposal put forward for monitoring and evaluation of the NMTIP implementation.

² Ms Henda Ducados and Mr Boubkar Essafi.

³ Mr Agostinho Kanga.

⁴ Mr Francisco Chimuco, Agricultural Economist, TCIS.

⁵ For the purposes of the present exercise, "Bankable Investment Project Profiles" are defined as documents elaborated in a format and with the information that could make them favourably considered by the financial institutions, donors and private investors foreseen in the Maputo Declaration. These documents should enable cooperating partners to make preliminary indications of interest, and of approximate level of funding commitment. Further feasibility analysis and subsequent processing through the concerned partner(s) regular project formulation systems would follow to obtain a project/programme proposal elaborated to the feasibility study level.

I. INTRODUCTION

A. The Country

I.1. **Background.** The Republic of Angola is the third largest country in sub-Saharan Africa with an area of 1,246,700 km² — larger than South Africa. The current population is estimated at 13.5 million (no census has been undertaken since 1970) 60%, of which are rural⁶ and with an annual growth rate of 3.1% over the period 1992–2002. Angola gained its independence from Portugal in 1975 following armed conflict, but civil war followed lasting until 2002, except for two brief peace periods in 1990–92 and 1994–98. Over one million people have been killed since 1975 and, at the peak of war, there were about 4.3 million internally displaced persons. Despite previous failures, the peace agreement signed between the Armed Forces of the Government of Angola and the military troops of the *National Union for the Total Independence of Angola* (UNITA) in April 2002 appears to have finally concluded all combat. No violations of the agreement have occurred to date and a return to the conflict is considered unlikely.

I.2. The reintegration of some 138,000 ex-combatants and their families, led by the *Government of National Unity and Reconciliation* (GURN) established in 1994 with the assistance of UN agencies, the World Bank and bilateral donors, is well underway. Some 3 million war-displaced persons and refugees have already returned home, thus creating conditions for the resumption of normal productive and social activities in rural areas. By the beginning of the 2002/03 agricultural season, around 600,000 families had benefited from the distribution of agricultural kits. The communities in which they have been integrated have generally allocated 1 ha of land per family but this is expected to be expanded in future seasons. The government has indicated that the Consolidated Appeal for 2003 will be the last and that future financing needs will be determined through the government planning mechanism for the transition, reconstruction and recovery period (2004/05).

I.3. Angola has the potential to set an example to the rest of Africa in eradicating food insecurity by attacking it on two fronts: Firstly, developing a stable system of production that would ensure a continuous supply to domestic markets and, secondly, by ensuring access for all Angolans to food in sufficient amounts and of adequate nutritional quality by providing opportunities for income generation and establishing adequate safety nets for the vulnerable.

I.4. **Poverty and Social Indicators.** Angola's economy remains severely affected by the 27 years of war and the massive destruction that this entailed in rural areas. Angola ranks 164th out of 175 countries, on UNDP's Human Development Index (HDI) for 2003. Per capita income is estimated at about US\$660 per year, but much of this wealth will be concentrated relatively in the urban coastal areas. Over two thirds of the population live in poverty with less than US\$2 a day and almost one in four Angolans is extremely poor, living below US\$0.75 a day. To keep these numbers from increasing, Angola's economy would need to grow at a rate of about 7.3% a year. Life expectancy stands at 47 years. Malnutrition is severely acute; about 45% of children under age 5 suffer from low height-for-age and 31% are underweight. One of six children born never reaches his or her fifth birthday. Malaria, respiratory infections, diarrhoeal diseases, measles, and cholera are the main causes of illness and death. The potential for an HIV/AIDS surge is high in light of the return of some 3 million displaced persons to their provinces of origin, the reinstallation of returnees from neighbouring countries (many with much higher HIV/AIDS infection rates than are currently observed in Angola), the resettlement of ex-combatants, and the opening up of roads and hence the movement of people in the countryside. Primary school enrolment is among the lowest in Africa. The destruction of schools and the flight of

⁶ It should be noted, however, that the most recent detailed survey, conducted in 2001 by UNICEF and the National Institute of Statistics, placed rural population at only 40% of the total population.

teaching staff from rural areas has left 70% of adult men and 80% of women unable to read and write, and seriously handicapped the nation's most important asset; its human capital base. In part, poverty in rural areas is a more serious phenomenon due to weak or non-existent basic social services. Health services cover only 30% of the rural areas, while only 38% of the population have access to potable water. Chronic malnutrition affects 45% of the rural population.

I.5. **Recent Economic Developments.** The Angolan economy depends heavily on oil-enclave production and a flourishing diamond sector. Its large water resources and agricultural and fishing potential remain largely underexploited. Real GDP grew by an estimate 15.3% in 2002 as a result of the peace dividend and increased oil and diamond production. In sectoral terms, oil increased by 22.1% and diamond by 6.6%, while other sectors such as agriculture, construction, manufacturing and services realized close to a double-digit growth rates. As a result of the destruction of rural productive capacity, oil and diamond production are currently the only significant source of foreign exchange and contributed 61% of GDP in 2002 (see '*National Accounts and Prices*' in Table 1, Annex 1). The share of the non-mining sectors in the economy, which has declined over time, is estimated today to be at 44%. However, the services sector has been steadily increasing its share in the non-mining economy, while manufacturing and agriculture have been decreasing.

I.6. Fiscal developments in 2002 and 2003 were characterized by government support to the peace process and to the resettlement of refugees. The demobilization process of the UNITA forces was a costly operation, in terms of both direct and indirect spending and was almost entirely supported by the national resources with very little contribution from the international community. This situation has significantly constrained spending in the social sectors and on the maintenance of infrastructure. The direct costs associated with the demobilization process represented much of the large increase in personnel costs and outlays on goods and services registered in 2002 and 2003. As a result of this unexpected pressure on the central budget, the overall fiscal deficit rose to 9% of GDP before declining to 5% in 2003, and was almost entirely financed by the accumulation of payment arrears and central bank credit. (see Table 1 in Annex 1). Revenues continue to be dominated by the petroleum sector, which accounted for about 77% of the total in 2002. Nevertheless, non-oil revenues, which have been on the rise since 1998, experienced further increase in 2002, particularly as a result of reforms implemented during 2000 and 2001, including the outsourcing of the customs administration to a private company, the creation of a large-taxpayers unit, and significant improvement in the collection of income and consumption taxes.

I.7. Inflation has been on a declining trend since the late 1990s: 1999 (329%), 2000 (268%), 2001 (116%), 2002 (106%) and 2003 (77%). However, the historic high levels of inflation have continued to fuel a move towards dollarization. In 2002, the deposits in national currency decreased by about 25%, while symmetrically deposits in foreign currency increased by around 24%. Also, by the end of 2002, 85% of total bank deposits were dollar-denominated, representing 26% of broad money, as compared to an average of 7% for the African continent. The high levels of inflation in past years resulted essentially from monetary expansion fuelled by large fiscal deficits. Associated with the expansion of the monetary base and the fiscal deficit, net foreign currency reserves declined to less than 1 month of imports at the end of 2002 but increased marginally in 2003, as the central bank adopted a policy of continuous intervention in the foreign exchange market to support the national currency (see Table 1 in Annex 1).

I.8. **Structural and Institutional Reforms and Transparency.** Despite receiving considerable political attention, only limited progress was made in implementing structural reforms in 2002 and 2003, largely as a result of the focus on consolidation of the peace process, as well due to serious constraints in human and institutional capacity. As a consequence, the *Privatisation Programme* was forced to delay several important measures in the areas of tax reform while fiscal and quasi-fiscal

expenditure controls remained largely unimplemented. Nevertheless, the authorities have moved ahead with the *Customs Modernization Programme* and have started to implement the *Public Finance Management Modernization Programme*. As regards the legal reform, the parliament recently approved a new *Investment Law* to replace the obsolete *Foreign Investment Law*. The new law establishes the principle of equal treatment for national and foreign investors, and simplifies administrative procedures for investment and profit repatriation. Simultaneously, the Parliament approved the *Law of Fiscal Incentives for Private Investment*, an important tool for promoting employment, fostering economic diversification and correcting regional asymmetries. More recently, the parliament also approved the new *Law of Commercial Firms* and established a ‘one-stop’ office (GUE) intended to simplify the juridical, administrative, and taxation procedures for registration of new companies.

I.9. The government has also taken important steps to improve fiscal transparency and accountability. In this connection, the Executive Summary of the inception report of the Oil Diagnostic Study was published in early 2004, and the government is committed to the implementation of an action plan for the completion of the remaining work of the study. This includes: (a) the publication of the results from the final report; (b) the creation of a unit in charge of managing the Financial Model and monitoring of oil revenues; (c) the recruitment of suitable technical assistance, and; (d) the initiation of a comprehensive training programme. Another initiative implemented to improve the management of the oil revenues is related to the auditing of tax declarations submitted to the Treasury by the national oil company, Sonangol, and by international oil companies, for which a new external auditor has already been selected. The government has also indicated their intention to use external auditing for conducting, on a regular basis, reviews of the financial accounts of the main companies affiliated to the group Sonangol and is moving forward with the introduction of International Accounting Standards (IAS) in the group. The Ministry of Finance is also compiling data and preparing the templates in view of initiating the publication, on a regular basis, of oil financial data in its own website. Finally, the adherence to the Extractive Industry Transparency International is also being reviewed by the government and discussed with the relevant parties in order to make sure that this will not conflict with the terms of the contracts approved with international oil companies.

I.10. The government has also recently introduced new budget legislation that requires all state revenues and expenditures to be declared in the national budget (OGE). In this connection, the 2003 and 2004 budgets encompass all quasi–fiscal operations previously carried out by Sonangol, as well as other government expenditures that were in the past carried out outside the budget, particularly those associated to the military sector. As recently stressed by the government to the IMF, with the peace genuinely entrenched, there is no longer a need to maintain the financial operations of the military sector in secrecy. Since 2003, all tenders for local and international supplies for the military sector are published in the press and results of the selection of bids are publicized as well. In addition, the Auditing Court created in 2001 has already started reviewing and auditing public expenditure allocations.

I.11. **Medium–Term Outlook.** With the end of war, the Angolan Government is faced with numerous challenges to move the country from the emergency situation to rehabilitation and reconstruction. Major economic indicators scenario for 2004–2008 look promising (see ‘*Medium–term Perspectives*’, Table 2 of Annex 1); there is a tremendous opportunity ahead to realize the hopes of all Angolans for a better life in future. To increase confidence from private investors and development partners, the government is committed to the implementation of strong economic growth and reforms to ensure good governance. To this end, the government is implementing a *Poverty Alleviation Strategy* (ECP) for the period 2003–2006. The strategy calls for the achievement, among others, of the following macroeconomic goals by 2005–06:

- annual inflation rate not exceeding 5.0%;
- overall budget balance on a commitment basis not exceeding 2.8%;
- budget revenues as percentage of GDP of 37%;
- budget expenditures as percentage of GDP of 34%;
- expenditures directed at priority areas of ECP of 11–17% of GDP.

I.12. The government has recognised its limited capacity to produce accurate data and is receiving technical assistance from the World Bank and the International Monetary Fund to (a) establish a programme of annual monitoring of poverty and poverty policy measures and indicators; (b) build capacity to monitor statistical trends based upon time series analysis; and (c) provide data for external analysis and studies to build capacity for analysis of economic and social statistics which are instrumental to design and implement sound economic policy management.

B. The Agricultural and Rural Sector

I.13. **Contribution to the Economy.** Prior to independence in 1975, Angola was self-sufficient in all key food crops except wheat. Agricultural exports accounted for nearly 60% of total exports and were composed of coffee (48%), sisal (5%), maize (2%), and a number of other agricultural products including bananas, tobacco, cotton, beans, sugar, palm oil and rice. By 1990, however, all these export commodities had virtually disappeared. The decades of civil war, and a failure to reactivate the agriculture sector production during the 80s and 90s led to a drastic fall in agricultural output, and made Angola largely dependent on food imports.

I.14. Presently, agriculture, livestock and forestry together contribute around 8% of total GDP and 42% of total employment, with women providing 70% of the labour force. The contribution of exports crop is now almost nil. The sector's recovery is seriously hampered by a number of factors: the isolation of the countryside due to the collapse of the roads system and bridges; reduced access to cultivable land due to the widespread presence of unmapped landmines; the collapse of the internal trade and distribution network; insignificant levels of domestic credit available to agriculture and livestock sectors; and weak institutional support.

I.15. Historically Angola has a heavily rural population, with as much as three quarters of the population in the countryside. However, the impact of the war on demography appears to have been profound. By 1996, the *Mother Infant and Child Survey* (MICS) conducted by UNICEF and the *National Statistics Institute* (INE) found a reduction to 66% of the population in rural areas, and this accelerated sharply as the conflict intensified. In 2001, according to the 2001 MICS survey undertaken in that year, 66% of the population was in urban areas and only 34% in rural areas. This undoubtedly reflects the large population movements towards urban areas that occurred between 1996 and 2001. Changes have also been observed in the male/female ratio. The masculinity index is slightly higher in urban areas (92%) than in rural areas (90%), which probably reflects more intense male migration towards urban areas for safety and economic reasons and a greater impact of the war in rural areas. However, much greater differences exist for areas of conflict, particularly among young adults. For the age group 20 to 24, for example, the Centre–South Region had on average only 55 young men for every 100 young women of the same age. In comparison, in the Capital Region the masculinity index in this age group is 83%. This finding is probably related to a greater impact of the war in the Centre–South Region, which includes the most war-affected provinces (Huambo, Bié and Kuando Kubango). Other main demographic characteristics of the population, are:

- The Angolan population is very young: almost 50% are under age 15 and 60% under age 18;
- Angolan households average 4.8 people; however, rural households tend to be smaller with an average of 4.3 members against 5.1 in urban areas;
- 27% of Angolan households are headed by women.

I.16. **Physical.** Angola is favoured with an excellent resource base for agricultural, livestock, forestry and fisheries production. Climatic conditions vary widely, from semi–equatorial forests and humid tropical lowlands in the North and Northeast, to dry temperate highlands in the Central Plateau, and desert in the South border with Namibia. Altitude increases from the coast, from 200 m to 2,000 m above sea–level on the Central Plateau. Most of the country falls between 1,000 m and 1,500 m altitude. Rainfall varies immensely from 1,500–2,000 mm p.a. in the high plateaus in Central Plateau to 100–1,000 mm p.a. in the South.

I.17. The Central High Plateau is a natural water tower from where the major home rivers descend either to the Atlantic coast (creating large irrigated river valleys such as the Kwanza, Keve, Catumbela, Kunene, among others) or forming a dense river network in the Southeast (including the Kuando Kubango, and Kuito rivers) before draining into the Okavango Basin. The Congo river and its tributaries in the North and Northeast, and the Zambezi river and its tributaries in the East, complete the vast water surface and underground resources. In total, Angola contains 47 river basins of which 26 are permanent rivers and the remaining (mostly in the south–west) are intermittent, flowing only in the rainy season.

I.18. Soils vary immensely with location and altitude. The soils of the south–east are derived from the sands of the Kalahari, and provide little basis for agriculture. Granite formations and gneisses predominate in the higher regions and provide the most important soils for agriculture. Soils in this group include oxisoils, which are low in organic content and fertility and high in acidity, and are often affected by aluminium toxicity, which requires the use of lime. However, there are also vast areas of alfisoils and utisoils suitable for agriculture. Ferralitic and paraferalitic soils, suitable for agriculture are spread over huge areas, both in the Central Plateau and the north–east of the country. The sandy soils of the coastal plains and some of the pre–mountainous soils are low in fertility, do not retain water and tend to salinity.

I.19. Agriculture is almost entirely rain fed. The global renewable surface water availability in the country is estimated at almost 184 BCM/year (or km³/year), equivalent to around 17,200 m³ per inhabitant per year. Currently, much of the surface water drains into the Atlantic, which receives 41% of annual flows, and the location of water resources does not match well with the main areas of water demand for agriculture, livestock and domestic use. However, the sharp decline and rapid transition between the Central Plateau and the low coastal plains provides a great number of potential sites to establish reservoirs and major diversions structures to regulate flows and to irrigate the plains below. Equally, the smooth transition of the Central Plateau to the swamps and low plains in the east offers good potential for small river diversions structures and small storage tanks. Renewable groundwater resources have been estimated at 72 BCM/year, with water table depths ranging from 10–30 m in the Central Plateau, 5–30 m in the coastal zone and over 200 m in the semi–arid areas of the South and South–east where around 70% of the country's livestock is located.

I.20. Land can either be cultivated or used for productive grazing. Of the total surface area of 124 million hectares, 35 million ha are classified as potentially arable, of which 30 million ha is virgin land while the remaining 5 to 8 million ha is land that has been previously cleared and cultivated. Of

this latter amount, only 2.5 million ha are estimated to be currently in use. Soils are fertile in the northern region and central highlands, where annual rainfall normally exceeds 1,000 mm. More than 40% of the land area of Angola is covered with some form of woody vegetation (about 50 million ha), but only 18.5% of that area (about 23 million ha) is classed as natural forest. Vast deposits of agro-minerals including phosphates are available which can be utilized in the correction of soil fertility.

1.21. Structure of the Agriculture, Livestock, Forestry and Fisheries Sectors. There are three main agro-ecological zones in Angola: (a) the tropical humid North and North–East with extensive forest cover; (b) the cooler sub-humid central highlands, and; (c) the semi-arid and arid areas of the West coast, South and South East. Most farming is undertaken by traditional peasant families and smallholders to meet their own food requirements and to trade small surpluses on rural markets. Shifting cultivation methods are extensively practiced (during rain seasons areas at the foot of mountains are favoured, while in the dry season there is a move to river shores) and rudimentary, manual soil preparation practices. It is estimated that traditional peasant farmers are responsible for 80% of production, with 18% for medium-size farmers, and the remaining 2% for large commercial farmers. Total cultivated area covers around 2.5 million ha which is distributed among the major crops. The matrix below presents the main characteristics of existing local production systems.

Traditional Peasant	Smallholder	Medium-size Farmer
<ul style="list-style-type: none"> • Subsistence production • Without technology • Manual instruments • Ungraded seeds • Low planting density • Family labour • Need assistance • Very low productivity • Does not use other inputs 	<ul style="list-style-type: none"> • Produces little surplus • Uses little technology • Manual tools and animal traction • Graded or ungraded seeds • Low productivity • May use other inputs 	<ul style="list-style-type: none"> • Produces surplus • Uses differing technologies • Uses animal traction and simple mechanization • Adequate planting density • Family and paid labour • Uses other inputs

1.22. The three major agro-ecological zones give rise to five principal farming systems in Angola: (i) cassava-based and small ruminant food production; (ii) coffee-based highland farms; (iii) maize based with horticulture near urban centres; (iv) sorghum/millet farming and agropastoral activities; (v) intensive systems of vegetables and fruits based on irrigated and lowland water conservation systems. Subsistence and smallholder farmers associate crops such as manioc/maize; manioc/maize/rice; maize/beans/manioc; groundnuts/beans/manioc. The better-off commercial farmers tend to avoid association of crops, which make mechanization difficult. As for crop-rotation and conservationist practices such as planting on level ground, erosion control, use of green fertilizer, commercial farmers make use of these practices more often in all regions where rainfalls are adequate to the farming season. The use of technology is very dependent on investment, knowledge, technological adaptation and the credit system. Hence only farmers who can call on this support are in a position to increase productivity and obtain financial returns.

1.23. Cereals. Maize is a basic staple food of local populations and is cultivated across the entire country, with a total estimated area of 985,000 ha. Maize is produced both by traditional and smallholder farmers (90–95%) and larger commercial operators (5–7%). The average crop grain yield varies between 25–700 kg/ha among subsistence farmers and 1,500–2,500 kg/ha for commercial farmers. The traditional areas for maize are:

- Lowland maize: low tropical area encompassing the agro-ecological zones characterized by altitudes between 0 to 1,000 m a.s.l., annual average rainfalls in the range of 0– 500

mm, and average temperatures between 27–30° C. This corresponds to the coastal and southern regions;

- Highland maize: high tropics encompass agro–ecological zones characterized by altitudes between 1,000 to 1,500 m a.s.l., annual average rainfalls in the tune of 600 to 1,500 mm, and average temperatures between 17 to 24°C. This corresponds to the Central Plateau, and north and east regions.

I.24. Maize is predominantly farmed in the central provinces (69%) with remaining areas evenly distributed by the northern provinces (Uige, Malange, Kwanza Norte, Luanda, Lunda Norte, Zaire, Lunda Sul, Bengo and Cabinda), and southern provinces (Huila, Kuando Kubango, Namibe, and Kunene). Approximately three quarters of total maize area is concentrated on four provinces: Huambo, Huila, Benguela and Bié. Average yields for maize (above 500 kg per hectare) are very low, due to joint cultivation with other crops, poor seed quality, low levels of soil fertility, inefficient fertilization, soil acidity, inappropriate sowing seasons and cultural practices.

I.25. *Millet and sorghum* are mainly cultivated in the provinces of southern region (Kunene, Huila and Kuando Kubango), and central region (Huambo, Benguela, Bié); however, sown areas have been expanding rapidly in recent years in the provinces of Namibe, Moxico and Kwanza Sul. Total cultivated area is estimated at 339,000 ha. Four provinces account for 92% of total sown area: Huila, Kunene, Huambo and Benguela. Average yields are of 350 kg per hectare

I.26. *Rice* total cultivated area is estimated at 5,700 ha covering the provinces of Bié, Moxico, Lunda Norte and Lunda Sul. Average yield are of 3,520 kg per hectare. The Central Plateau as well as the south and east of Angola have favoured conditions to grow wheat and rice; however, the provinces of Uige, Malange and Benguela also deserve special consideration.

I.27. *Roots and Tubers. Cassava* (manioc) is a typical crop of the northern provinces of the country; though it is currently cultivated in all provinces excepting Namibe and Kunene in the South, and covers a total estimated area of 644,000 ha. The Northern provinces account for 79% of total farmland area (Uige, Malange, Kwanza Norte, Zaire, Lunda Norte, Lunda Sul, Bengo, Cabinda and Luanda). The central provinces of Huambo, Bié, Benguela, Kwanza Sul and Moxico account for 16% and the southern provinces only 5%. Approximately two thirds of total cassava production by area is concentrated on five provinces: Uige, Malange, Kwanza Norte, Zaire and Lunda Norte. The local varieties of cassava need 15–18 months to mature, although harvesting can be put off until 24 months. Yields are low, typically averaging no more than 8–10 tonnes per hectare. The main reasons for this low productivity include poor quality genetic material, low soil fertility, and poor control of pests and weeds.

I.28. *Sweet potatoes* are estimated to be cultivated over an area of 52,000 ha in the Northern provinces, 45,000 ha in the central provinces and 12,000 ha in the southern provinces. Uige, Huambo, Benguela, Malange and Huila account for 56% of total cultivated area. Sweet potatoes are usually grown in conjunction with cassava and beans. Yields for sweet potato vary between 2,500kg and 4,000kg per hectare.

I.29. *Irish potatoes* are cultivated over a total area of 42,000 ha nationally, mainly distributed in the provinces of Huambo, Bié, Huila, Uige, Kwanza Sul, and Malange, which together represent around 95% of total sown area.

I.30. *Vegetables and Horticulture. Beans* are cultivated over a total area of 240,000 ha throughout Angola. Common beans and *macunde* beans are predominantly farmed in the central provinces of

Huambo, Bié, Benguela, Kwanza Sul and Moxico (54%). The Northern provinces (Uige, Malange, Kwanza Norte, Zaire, Lunda Norte, Cabinda, Lunda Sul and Bengo) account for 32% of sown area; and, the southern provinces account for the remaining 14%. Some 70% of total sown area is concentrated in six provinces: Huambo, Bié, Uige, Huila, Malange and Kwanza Sul. Average yields for beans are in the region of 220 kg per hectare. Beans are important sources of protein in the diet of local populations.

I.31. *Groundnuts* cover an estimated 86,000 ha nationally, of which 55,000 ha are in the Northern provinces, and 27,000 ha in the central provinces. Uige, Malange, Kwanza Norte, Kwanza Sul, Bié and Benguela account for two thirds of the sown area. Average yields average 390kg per hectare. Groundnuts are a popular a source of cooking oil.

I.32. *Traditional horticulture* produce includes tomatoes, pepper, aubergine, paprika, cabbage, onion and garlic, among other crops. Vegetables are cultivated by smallholder farmers and medium to large commercial farmers throughout the country, with watering, in greenbelts, to supply the large cities in the provinces of Luanda, Benguela, Kwanza Sul, Bengo, Cabinda, Namibe, and Central Plateau provinces of Huambo, Bié, Malange and Huila. These food crops are normally cultivated in small areas. The average smallholder working the soil with hoes can cover an area of 2–3 hectares on rainfed plots. Vegetable production is often followed by fallow periods of from 3 to 5 years, although this period will be shorter in areas where arable land is scarce. In regions with irrigated land the average plot is usually no more than 0.2 hectares per smallholder.

I.33. *Fruits*. Common tropical fruits cultivated in Angola include mango, banana, citrus, pineapple, avocado, papaya, guava, passion fruit; and, while temperate fruits include apples, pears and grapes. Tropical fruits grow throughout the country whereas temperate fruits are generally restricted to the highlands of Huila, Huambo and Bié. Grapes are found in the coastal provinces of Namibe and Benguela where a Mediterranean–type climate is available.

I.34. After independence, the State nationalised large and medium–scale commercial farms vacated as the Portuguese settlers fled the country. These were restructured into *production unit complexes* (AUPs) in charge of producing basic food and industrial crops, and *territorial enterprises* (ET) for coffee. However, a lack of management expertise and appropriate economic incentives resulted in sharp declines in production. Industrial crops such as coffee, sugar, tobacco, sisal and cotton are no longer commercially relevant and their contribution to the agricultural sector output and exports is minimal. Small and subsistence farmers also suffered from the poor policy environment and a lack of inputs, resulting in declining production in this sector as well. The lengthy civil conflict worsened this situation; the production of food crop crops fell dramatically and in the 1980s the country became dependent on food aid. It still imports most agricultural production with the exception of cassava.

I.35. Since 2000/01 however, agriculture production volume has been rising, with an estimated doubling of output during the 2002/03 crop season alone (the first after the peace accords were signed). In this season total estimated output grew from 8,066 t to 18,283 t. Cassava, a typical rainfed subsistence crop, increased from 6,628 t to 15,373 t, while Irish potatoes, a typical smallholder irrigated crop, increased from 179 t to 472 t. All other crops grew steadily during this period (details of past crop volumes are presented in Table 3 of Annex 2).

I.36. *Livestock*. In 1970 Angola had over 6 million head of livestock, comprising 3,160,000 cattle, 1,667,000 goats, 1,108,000 pigs and 227,000 sheep. Cattle thus accounted for about 51% of the total, while 31% were small ruminants and 18% pigs. Since 1970 there has been no further livestock census, but estimates from 2002 are 4,000,000 head of cattle, 1,667,000 goats, 1,500,000 pigs, and 227,000

sheep. These estimates would suggest that there has been remarkably little deterioration, in spite of over 27 years of war and economic collapse.

I.37. The majority of the entire cattle herd is concentrated in the south and southwest provinces of Huíla, Cunene, Namibe and Benguela, which also have more than 60% of the small ruminants. Potential areas for intensive commercial cattle and dairy production include Cela–Waco Kungo (Kwanza Norte) and Camabatela (Kwanza Norte). Livestock are of significance for traditional producers and small farmers as sources of food, draft power and income. Livestock is generally reared in extensive production systems with transhumance widely practiced to cope with seasonal scarcities of water and pasture. However, transhumance is increasingly generating conflict with medium to large ranchers the latter restrict access to water and forages. Apart from pastoral systems in the south, most small stock are reared in households with holdings consisting of a few heads of goats, sheep, pigs and chicken. (details of livestock production are presented in Table 3 of Annex 2).

I.38. According to FAO figures for 2003, per capita consumption of milk and beef in Angola was 12.7 kg and 7.6 kg per person per annum, respectively. Pork and poultry consumption were 3 kg and 3.1 kg per person per annum respectively, and of eggs, 2 kg. In all instances, these figures are well below the daily intake recommended by WHO and indicate the extent of the challenges to be faced by the agriculture and rural sector.

I.39. **Forestry.** Angola has a wide range of ecosystems, however much of the surface area is covered by bushes and savannah, with humid savannah forest accounting for only about 16% of the total land area. Humid tropical forest in Angola is largely restricted to the interior of the enclave of Cabinda, with some patches in the provinces of Zaire, Uíge, Kwanza Norte and Kwanza Sul. These areas are important for their biodiversity and require protection. There are also an extensive but fragmented series of distinct forests from Dondo on the river Kwanza up to Quilengues, north of Huíla. These vary in size from a few hectares to thousands of hectares and, following the trend of declining altitude, form a continuous dry forest of tangled bush to high humid forest. Plantations cover an area of approximately 150,000 hectares, and consist mainly of rapidly–growing exotic species, mostly *Eucalyptus* sp. The biodiversity of Angola’s mountain forests is of considerable importance, although today they are only represented by a few isolated areas in the “protected” slopes of mountains in the provinces of Huambo, Benguela, Kwanza Sul and Huíla.

I.40. Out of the 53 million hectares of natural forest, the productive area is calculated at 2.4 million hectares, with valuable timber resources in the forest of Maiombe in Cabinda and the Dembos forest in Kwanza Norte. About 150,000 hectares of exotic trees, mostly eucalyptus and pine, were planted along the railway line during colonial times. Production of logs reached 555,000 m³ in 1973, of which 185,000 tonnes were sawn up, and 33,000 tonnes were exported. Eucalyptus was mainly used for the Benguela Railway and to supply the former pulp and paper mill in Alto Catumbela (Benguela). After 1975 the timber industry went into decline. Almost all sawmills were destroyed, with the worst damage occurring during the last two phases of the conflict. The timber processing industry almost ceased operations a few years ago, and national timber production fell from 20,800 m³ in 1990 to 12,400 m³ in 1993 while sustainable production is estimated in at least 326,000 m³ per month. (details of timber production are presented in Table 3 of Annex 2).

I.41. With 275 species of registered mammals and 900 species of birds, Angola is home to one of the highest wildlife diversities in Africa. According to IUCN, the preservation of the rich diversity of species living in the humid forests, particularly chimpanzees and gorillas, is a priority. Around 20 species of amphibians are endemic to Angola. The country has a very diversified fauna, with about 900 species recorded. The forests of Angola’s hills are particularly rich in fauna. In a study of the 75 main forest birds in Africa these hills were classified as the tenth most important area.

I.42. **Fisheries.** Angola is endowed with a vast marine and river resources. With a coastal line stretching 1,650 km, it has some of the richest fishing waters in Africa. Before independence, marine fishing was a major industry in the south–western provinces of Namibe and Benguela. There were numerous fish meal and fish oil factories, and facilities for drying and semi–curing fish, and freezer and canning plants. Fish are most prolific in the southern coastal zone. There are large shoals of small pelagic fish such as sardinellas and mackerels, as well as the large pelagic tunas, in addition to valuable stocks of shellfish and crustaceans.

I.43. The fishing processing facilities were privatised during the 90s, but lack of expertise and inputs, and inadequate funding combined with unrealistic price fixing brought performance down to extremely low levels. One of the canned tuna processing plants ceased to operate in mid–2000 as it was unable to compete with imports. The annual average catch has fallen below 300,000 tonnes during the last two decades. Artisanal fishing has contributed 10% of this total, and foreign fleets approximately the same percentage. With 177 major watersheds plus lakes and lagoons covering a large surface, inland fishery resources abound and can play an important role in food security by providing much of the calories needed by the people living in countryside as well as a source of income generation, especially if aquaculture and post–harvesting techniques are disseminated through the development of extension programmes.

I.44. **Institutional and Services Support.** The government entity responsible for the definition of policies and strategies for the agricultural and rural sector is the *Ministry for Agriculture and Development of the Rural Sector* (MINADER). It consists of a general secretariat and three national directorates: *Agriculture, Livestock and Forestry* (DNAPF); *Rural Development* (DNDR); and, *Agriculture Hydraulics and Rural Engineering* (DNHER). Additionally, there are two research institutes: the *Institute of Agricultural Research* (IIA); the *Institute of Veterinary Research* (IIV), and the following development and specialized services: The *Forestry Development Institute* (IDF); the *Agriculture Development Institute* (IDA); the *National Institute of Coffee* (INCA); the *National Institute for Cereals* (INCER), the *Seeds National Service* (SENSE).

I.45. At municipal level, there are rural extension stations responsible for agricultural extension services called *Agrarian Development Stations* (EDAs). At present there are EDAs in operation in the following provinces: Bié (three); Kwanza Sul (three, at Waco Kungo, Ebo, and Seles); Huíla (three); Huambo (three); and Kwanza Norte (one). There are also *Agrarian Development Cabinets* (GDAs) for the promotion of agriculture and livestock production in small, medium and large scale irrigated perimeters located in the major river basins. To date the following GDAs have been established: Humpata and Matala (Huíla); Manquete (Kunene); and Kikuxi, Bom Jesus, Caxito and Quiminha (Bengo). Both EDAs and GDAs are under the authority of the Province Government through the Provincial Directorates of MINADER.

I.46. Parastatal companies were created by the government in the wake of the independence to provide input support and technical assistance to the agriculture and fisheries sector, and to distribute and market their produce. Many of these have now ceased to operate, or have been privatised. Among these are: FRESCANGOL, DINAMA, ANGOSEMENTES, DINAPROPE, EDIPESCA among many others. ENAMA, the mechanization company, has been restructured as a public limited liability company and renamed as MECANAGRO. PROCAFE and CAFANGOL have been maintained to continue providing support to coffee inputs supply and exports, respectively.

I.47. The disappearance of public sector input supply and marketing firms has been compensated for, to some extent, by the growth of small and medium scale private firms. These private operations now offer input services especially in the main agricultural centres (Huila, Benguela, Huambo, and

Luanda) including farming implements, agro–chemicals, pumping and irrigation equipments among others.

I.48. **Financing.** Despite the high potential of the agricultural sector, the government allocation to the sector is still very low. The share of the government budget is still not commensurate to the necessity to convert the enormous potential agriculture resources into effective food security and poverty reduction. Financing for sectoral investment (at 1.8% in the 2004 budget) is higher than for recurrent expenditures (see table below) but is largely allocated to ‘perimeter’ irrigation works around urban areas. The commitment to achieve allocations of 11% to 17% of budgetary resources towards the priority sectors of the ECP is far away from the share of the government budget over the past years, which are given below:

Share of Government Operating Budget for the Agriculture Sector			
	2002	2003	2004
Total government budget (amount in million of KZ)	1,289.6	2,856.7	4,850.7
Share of the budget for the sector (%)	0.65	0.53	0.73
Source: <i>Diário da Republica</i> , OGE for 2002, 2003 and 2004 Vol.1			

I.49. **Impact of Macroeconomic and Sectoral Policies in Agriculture.** Despite recent progress in designing policies directed towards increasing the role and contribution of agriculture and the rural sector in the overall economy, there is still a considerable gap to be bridged between policy objectives on the one hand and the instruments, resources and means assigned to this task on the other, as well as a lack of coordination to ensure the effective implementation of approved strategies and programmes. Key agriculturally related policy issues include:

- Although the ECP (equivalent to the PRSP) provides strong policies for agricultural and rural development, including a call for a significant increase in rural investment, there currently appears to be only a limited linkage between targets of ECP and annual budget/PIP program, and it is not possible to determine which government programme/activities are ECP–related;
- The official statistical database provides very little or no information at all on most aspects of the agricultural sector. Basic missing data areas include sown area; production volume; yield; producer, wholesale and retail prices; size and number of holdings; use of inputs; subsector contribution to GDP. No agricultural census has been held for 35 years, while traditional patterns of production in many parts of the country have been severely disrupted over long periods of time by the armed conflict. As a result current sector estimates are usually of limited reliability and effective policy making is seriously hampered;
- The tremendous destruction of physical infrastructure (social and production–related) caused by the war has led to strong competition for limited public budget investment resources. The resulting pressing calls from the population and civil society for increased expenditures in the education and health sector inevitably compete for budget allocations to agriculture;
- The high levels of subsidies implicit in the price of oil derivatives and other public utilities are generally accessible only to those living in the urban centres. Despite a continued policy of subsidizing “green fuel” used for agricultural purposes (of benefit

primarily to mechanized farmers) rural populations and agriculture benefit little from these subsidies, which reduce budget availability for other priority areas;

- High inflation rates and an overvalued currency, supported in forex markets by oil revenues, continue to distort local market prices, and contribute to the attractiveness of imported goods, including foodstuffs;
- Agricultural firms are exempted from corporate tax, goods and service tax for unprocessed goods, and income tax for casual agriculture labour, while tax incentives for investment in rural areas have also been introduced. However, such measures require an efficient tax administration capable of implementing these measures effectively and fairly and, in any case, will be of little direct impact on tradition and small–scale producers;
- Banking credit and micro–credit services available to the agriculture sector are hampered by the lack of stability in the exchange and price systems, which favour short–term finance concentrated on trade of imported goods and urban centres. Total banking credit allocated to the sector was US\$6.3m in 2002 (1.2% of total loans). Micro–credit services lack the appropriate legal and regulatory framework to allow for the expansion of services.

C. The Strategic Framework

(i) Government Objectives and Strategy

I.50. The government strategic framework for 2003–2010 is outlined in the ECP for 2003–2005 and the *Global Poverty Reduction Strategy* (EGRP) for 2006–2010. The ECP global objective consists of consolidating peace and national unity through sustainable improvements of living conditions for the most vulnerable people, and creating the conditions for their active participation in the economic and social development of the country. There are ten priorities areas of intervention in the ECP that are all supported by relevant national programmes. These are: social reinsertion; demining; food security and rural development; HIV/AIDS; education; health; basic infrastructure; employment and vocational training; governance and macro economic management.

I.51. From these priorities, the ones that have direct relevance for agriculture and rural development sector and articulate with the CAADP pillars are: (i) **Social reinsertion**. This activity has the objective of supporting the reintegration of displaced populations, refugees, and demobilised troops and their families into productive and social activities in their communities; (ii) **Demining**. This addresses the issues related to the proliferation of land mines while also aiming to ensure the safe movement of people and goods as a means to contribute to the normalisation of social and economic activities, with special emphasis on fifteen provinces; (iii) **Food security and rural development**. This focuses on the development of the traditional and small farmer sector as the basis for food security at local and national level and is closely linked to the reintegration of displaced population in their areas of origin. In achieving these objectives, the reestablishment of production capacity — especially in relation to food crops and continental fisheries — the rehabilitation of the EDAs (agrarian development stations), and the reestablishment of rural market systems are considered vital; (iv) **HIV/AIDS**. This programme is centred around three main objectives: strengthening nation–wide capacity to respond to the HIV pandemic; contain transmission through prevention methods; and mitigate the socio–economic impact at the individual, family and community level; and (v) **Basic infrastructure programmes**. Those that are of most relevance for the sector include: the rehabilitation of roads and bridges to re–establish the circulation of people and goods, as well as to facilitate the return of displaced populations to their places of origin and ensure the transport of agriculture

production for the market; and; repair and reconstruction of water production and distribution systems, with a strong focus on water management and irrigation.

I.52. The overall strategic framework is complemented by the following nationwide programmes that reflect the overall priorities of the country during the transition from emergency to rehabilitation and reconstruction.

I.53. ***Agriculture Recovery and Development Options Review (ARDOR)***. This programme aims to determine appropriate agriculture sector policy options, strategies and development objectives. The primary objectives of the programme are: (i) to increase agricultural production; (ii) to promote rural trade and processing of agriculture product; (iii) to minimise rural poverty and food insecurity; (iv) to manage natural resources in a sustainable manner and minimise the causes of conflict over natural resources. The strategies include consideration of options to: (i) guarantee the free circulation of people and goods in rural areas; (ii) remove price distortions; (iii) increase household agricultural production; (iv) promote agroindustries and rural trade; (v) adjust the food aid programme; (vi) promote an early warning food information system; and (vii) promote food educational programmes.

I.54. ***Food Security National Programme***. The primary objective of the programme is aimed at improving food security in both rural and urban areas of Angola by: increasing agricultural production; facilitating access to food for vulnerable groups, and; safety net interventions over the period 2004 and 2005. The main components are: Urban (school feeding and development activities); Rural (support to vulnerable groups and development activities); and Food Security Surveillance.

I.55. ***Rehabilitation and Reconstruction Programme – Priority Phase: 2003–2005***. This programme, formulated with assistance from the World Bank, has the following objectives: (i) to consolidate peace; (ii) to strengthen national reconciliation and improve security by extending state administration to all areas of the country; (iii) to achieve rapid improvements in food security and living conditions for the most–vulnerable and war–affected groups, especially those suffering from malnutrition and disease; (iv) to create safe and adequate conditions for the return of displaced people to their regions of origin; and (v) to pursue the reconstruction of social services. There are four implementation components: (i) social sectors and rural development; (ii) priority rehabilitation of critical infrastructures; (iii) capacity building, institutional strengthening and sector development strategies; and (iv) management and monitoring of the programme and preparation of the second phase.

I.56. ***Rehabilitation and Reconstruction Programme – Stabilization and Recovery Phase: 2006–2010***. The stabilization and recovery phase follows directly from the prior Rehabilitation and Reconstruction Programme and is intended to be a Medium–Term Development Programme which addresses the specific stabilization measures required to enable the country to undertake the transition from post–war recovery to full economic growth.

I.57. ***Other Programmes***. These include specific provincial emergency programmes, the programme for the resettlement of populations directly affected by the armed conflict, and the emergency programme for the rehabilitation of production–related infrastructures (PRINF).

(ii) Major Donor Strategies and Priorities

I.58. ***The World Bank***. The World Bank’s 15–month *Transitional Support Strategy* (TSS), which was approved in March 2003, marked the Bank’s post–conflict reengagement with Angola. It is based on three pillars: (i) enhancing the transparency, efficiency and credibility of public resource management; (ii) expanding service delivery to war–affected and other vulnerable groups; and

(ii) preparing the ground for broad-based pro-poor growth. To this end, the World Bank provided technical assistance in the elaboration of Angola's *Post-conflict Rehabilitation and Reconstruction Program*. The stabilization phase of this Program encompasses activities of the Bank's *Emergency Multisector Recovery Project* (EMRP) for 2004–2007 and the expansion of the *Social Action Fund* (FAS III). The EMRP is in the process of being approved and is expected to be a major element in the World Bank's future strategy for Angola. The sectors of intervention include: agriculture, health, education, transport, roads and bridges, electricity, water and sanitation, infrastructure and urban services.

I.59. In terms of the agricultural sector, the EMRP's activities are to: (i) increase production and multiplication of basic and pre-basic seeds; (ii) support distribution of seeds and vegetative planting materials; (iii) rehabilitate some 800 km of rural road network; (iv) prepare specific strategic studies, including a study focused on producer organisations for rural road maintenance; and (v) capacity building and institutional strengthening.

I.60. **The European Union.** The Government of Angola and the European Commission have agreed on a *Cooperation Strategy Document* (CSD) for the next five years, in which food security is the main priority. As part of a strategy that links the emergency to rehabilitation and development (*Link Relief to Rehabilitation and Development*, LRRD), the EC intends to provide support to the GOA with the objective of reducing food insecurity and, in parallel, reactivating agriculture and livestock activities and providing structural support to the private sector. Activities related to the EC programmes, include the supply of seeds, agricultural tools and fertilisers to be distributed to war-displaced people and other vulnerable groups through a consortium of European NGOs.

I.61. **The African Development Bank.** In its *Country Strategic Plan* for 2002–2004, the ADB assigned priorities in line with the ECP and indicated its intention to allocate resources to rehabilitation and reconstruction programmes. Specifically, it will (i) support the improvement of human resources and the development of basic socio-economic infrastructure in rural areas; (ii) strengthen production, sector competitiveness, and promote income generating activities among the rural population; (iii) encourage the diversification of agriculture activities; (iv) support the development of the inland fisheries; (v) support the sustainable management of natural resources. ADB resources will be allocated to rehabilitation and reconstruction programmes for vocational training and agricultural sectors.

I.62. **International Fund for Agriculture Development.** The development objectives of IFAD follow the lines of the MINADER agricultural sector objectives. IFAD's activities are implemented by the participation of NGOs. The current PRODECA project focuses on increasing small farmers' food security in the province of Malange, while the PESNORTE project focuses on implementing activities for rural communities whose livelihoods depend mostly from inland fishing in Zaire province.

I.63. **United States Agency for International Development.** USAID's mission goal for the next five years is: for households and communities in targeted areas improve their food security, their health status, and their participation in the political process. In the agricultural and rural sector, current USAID programmes relate to (i) expanded seed multiplication to support the resettlement of displaced rural populations through access to seeds of sufficient quantity and quality; (ii) development assistance programmes that include provision of seeds and tools, agricultural extension, and food-for-work for the rehabilitation of roads, bridges, irrigation canals and other rural physical infrastructure; (iii) rural group enterprises and agricultural marketing activities, that aim to identify market opportunities and develop approaches to help farmers establish farming enterprises on a cost-effective basis. The activities will encompass groups such as producer associations, women's groups, local agricultural and

health units, civic NGOs, community, media, and professional associations with the aim of helping them lead changes in household and community capacity related to the above five year goal.

I.64. **World Food Programme.** The WFP has shifted its recovery approach to support return and resettlement initiatives. The WFP aims to develop and continue strategic partnerships with other UN agencies in food security related sectors. In partnership with FAO, WFP has used the *Food for Work Programme* to support the production of food and other agricultural products. It also takes a key role with respect to access by beneficiaries to markets and social services. The setting of priority areas is based on community vulnerability assessments conducted during the transition period (2002–2005) by the WFP *Vulnerability Assessment Management Unit*. Resettlement in rural areas is being supported through the provision of monthly food distributions for a limited period of time (usually until the first harvest), in order to cover the basic needs of rural populations while they re-establish their households. It also enables them to engage in reconstruction and productive activities such as cultivation of land, planting, building of shelter etc, thus accelerating the establishment of productive, sustainable and stable livelihoods.

I.65. **Food and Agriculture Organization.** FAO's strategy is to provide support to the GOA in achieving food security, especially among rural populations. The strategy is supported by FAO core and non-core funding activities and includes a two pronged strategy: (i) an emergency component for 2004/05 to support transition activities such as livestock and small animal restocking, strengthening actual seed multiplication activities, reinforcing food security analysis, and expanding MINADER's capacity for coordination of interventions in the agricultural sector; and (ii) a development component to support MINADER in the analysis of the agricultural sector with the objective of preparing and formulating strategies to promote sustainable development of the rural sector after the transition phase. In the area of land management, FAO expects to continue supporting the efforts of government on land registry and delimitation in selected communities and training on land use and management.

I.66. FAO has recently initiated discussions with the government concerning the possible establishment of a *Rural Development Fund*, which would channel a small portion of petroleum revenues towards investment in the rural sector.

I.67. **Bilateral Donors.** Essentially, bilateral donors channel their funding towards the agricultural sector through major international development partners such as World Bank (NORAD), WFP (France), EU (Italy, France, Spain), among others.

(iii) **Other Development Partner Initiatives**

I.68. **Chevron–Texaco Corporation,** a United States–based multinational oil company, along with other partners such as USAID, is also contributing to the agricultural sector through an integrated development programme (*Angola Partnership Initiative, API*) that aims at: (i) promoting rural development through a variety of actions including: food relief; re-integration of IDPs, ex-combatants, and refugees; promoting food production and seed multiplication; and rehabilitation of basic infrastructure (ii) promoting small and medium rural enterprise development through micro-finance, vocational training and business development, and; (iii) supporting the rehabilitation of the education sector. The agriculture component of the overall programme is estimated at \$58m and utilises international and local agencies and NGOs specialised in agriculture and rural development as implementing agencies. Examples include CARE, World Vision, ADRA–Angola and FAS.

I.69. **Non–Governmental Organisations.** NGOs have played an important role during the emergency phase through the delivery of humanitarian assistance in remote areas lacking local

institutions. The scope of their programmes is now adapting to the transition to rehabilitation and reconstruction, and many NGOs are involved in the delivery of basic social services, agricultural inputs, infrastructure, health services, and microcredit to rural areas. ADRA, OIKOS, CLUSA, DW, *World Vision*, CARE, CONCERN, *Save the Children Fund* (UK and USA), ICRC, and *Médecins Sans Frontières*, are among the most active in the rural municipalities. These NGOs implement their activities with bilateral funds and their agriculture programmes are very often managed by ex–staff from MINADER. In the absence of other actors, a number of NGOs, particularly the Halo Trust, have played a key role in demining operations in rural areas.

(iv) ***Project Pipeline and Linkage with CAADP***

I.70. ***Government Project Pipeline.*** Section A in Annex 4 shows the government ongoing and pipeline projects and linkages between the proposed policy thrusts and the five pillars of CAADP.⁷ Annex 3 shows ongoing and pipeline donor projects/programmes, based on the information made available. Table B in Annex 4 shows the relevance of donor projects available in relation to the five CAADP pillars.

D. Lessons Learnt/Lessons for the Future

I.71. Lessons drawn from past experiences can be summarized as follows:

- Internal conflict, the destruction of infrastructure and the abandonment of rural services led to a massive exodus of people from countryside, thus weakening the labour and productive base for agriculture, and made urban populations largely dependent on the petroleum–related income and humanitarian assistance for food;
- The lack of appropriate macroeconomic and sectoral policies contributed to the collapse of production in all sectors, excepting oil, weakened the business environment and contributed to food insecurity;
- NGOs have played a crucial role in supporting rural populations over the years, especially when their activities were coordinated with government and donors;
- The recognition of the importance of transparency and good governance by government is a key factor for a constructive dialogue between the government and donors that is expected to open doors for the external lending and private investment necessary for the reconstruction of the country;
- The ECP provides a strong base from which to build partnership for attracting foreign assistance to Angola, although greater linkage to annual GOA planning and budgeting procedures is still required;
- The MINADER must undertake institutional reform and implement capacity building and human development programmes if it is to face the challenge of designing and implementing better agriculture and rural development policies;
- The government is displaying increasing ownership of technical cooperation and investment projects and has made efforts to provide adequate counterpart focal points, make available all required technical studies, and expertise, as well as commit to agreed upon contributions to projects. However the timeliness of support is not always adequate and low pay levels for government staff keep motivation and commitment low.

⁷ See *Preface*.

II. CONSTRAINTS AND OPPORTUNITIES

A. Constraints

II.1. Many of the key constraints to rural development and food security in Angola result from the physical, political and humanitarian impact of decades of civil war and conflict. The consequences are tremendous and have affected all aspects of economic and social life, resulting in widespread poverty, dissemination of landmines, massive displacement of persons, isolation of vast areas of the country, civil insecurity, weak governance, and misallocation of resources among others. To these can be added inappropriate policy, legislative and institutional environments and low priority of the sector in government investment and recurrent expenditures. These are considered briefly below.

II.2. ***Destroyed Rural Infrastructure, Social Services and Productive Capacity.*** Economic and social infrastructures such as roads, power, water, sanitation, education and health were severely destroyed or rendered non–operational due to the lack of investment and maintenance during the period of conflict. Together with the post–independence loss of skilled personnel and the collapse of rural finance and marketing networks, agricultural production was reduced to subsistence levels in most parts of the country and largely ceased to be an economically significant activity.

II.3. ***Macroeconomic Imbalances and Priority Setting.*** The macroeconomic environment is characterized by high level of inflation, price distortions, significant fiscal deficits, high nominal interest rates, and a huge external and domestic debt burden, which together seriously affect private and public sector business opportunities and activities. Despite significant progress in such areas as inflation, many of these imbalances continue. Together with the relatively low priority given to the agriculture sector (measured by the low level of allocated resources), the overall economic environment is clearly detrimental to rural development and food security.

II.4. ***The Difficult Transition from Emergency to Rehabilitation and Development and from State Controlled to Market–Oriented Economy.*** The transition from post–war emergency operations to rehabilitation and development is a very difficult process to manage, particularly given the need for specific strategies and programmes adapted to the particular context of different regions, sectors and urban and non–urban communities and their varying priorities. In addition, the emergence of a vibrant private sector and critical civil society institutions have required the government to concurrently launch comprehensive business and civic reforms aimed at empowering social partners in the private sector and civil society. The combination of these two transitions places enormous stress on government planning, legislative, implementation and monitoring capacities, particularly when combined with the almost total absence of a government presence in many rural areas until recently.

II.5. ***Weak Institutions and Lack of Trained Staff.*** Although the government had been able to maintain key public sector institutions, they remain very fragile due to the lack of properly trained staff, poor incentives and inexperience in field operations. It must be emphasised that MINADER institutional capability for providing agricultural support is strikingly limited. In most cases, technical and professional staff levels are well below establishment, conditions of employment are appalling and there is only a very limited presence in rural areas. Outside Luanda, working facilities are either precarious or destroyed with limited equipments.

II.6. ***Outdated Legal and Regulatory Framework.*** The legal and regulatory environment for the agricultural and rural sector remains unclear or outdated in many areas. Modernized legislation is still lacking in areas such key areas as trade, land tenure, water access and control, and microcredit. Lack of clear land rights and titles make access to credit difficult and promotes uncertainty as to ownership.

Water fares and cost recovery is clearly insufficient to meet investment and maintenance costs of water irrigation systems.

II.7. ***Risk of Rapid Growth in HIV/AIDS Infection.*** Although the HIV/AIDS infection rate in Angola has been fairly low until now, fears exist that the massive movement of people occurring under the various resettlement programmes, together with the increasing freedom of movement of persons and goods as economic activity recovers, could provide an ideal setting for the spread of the disease. Extremely high infection rates seen in many countries within the region could easily become the case also in Angola, unless serious attention is paid to education and control measures. The need for such measures comprises a further constraint to development by potentially diverting resources from other uses.

B. Opportunities and Potentials

II.8. By far the greatest potential possessed by Angola relates to its enormous, and (other than in diamonds and petroleum) almost untouched, natural resource base. Both land and water are abundant. The majority share of the domestic market held by imported products offers opportunities for import substitution, while the relatively high revenues enjoyed by the country from petroleum concessions provides the opportunity for financing rural development. These are reviewed briefly below:

II.9. ***Natural Resources/Environmental.*** Angola is endowed with rich and diverse natural resources, including adequate rainfall in many areas, and an abundant source of irrigation water derived from the central highlands flowing to the coastal plains and the eastern interior, where precipitation is inadequate for year-round production. In other areas, shallow water tables offer the potential for relatively easy groundwater access. In addition, existing human pressure on land resources is very low, offering one of the best opportunities in the region for rapid expansion and growth of agricultural production.

II.10. ***Domestic Market Potential.*** With such a large proportion of national food supply deriving from imported products, there exists a considerable potential for expanded output to replace imports, despite relatively unfavourable macroeconomic conditions. This potential is particularly strong for maize, meat and vegetables, all of which have traditionally been products with significant production in Angola. While it is not clear that Angola retains the competitive advantage it held some 20–30 years ago in export crops such as coffee, cotton or sugar cane, the opening up of the economy, the integration of the SADC community and expanded transport links to Europe all offer potential for the development of new export products.

II.11. ***Resource Availability – Rural Development Fund.*** In comparison with many other African countries, Angola has enormous revenue flows derived from petroleum and diamond exports. A small proportion of these revenues would provide extensive funding for rural development activities. The Angolan Government recently asked for the support of FAO in establishing a funding mechanism for agricultural and rural development. On the basis of consultations with the government, private sector, civil society organisations and international agencies concerned with agricultural and rural development and food security in Angola as well as those dealing with the generation and use of revenue from oil exports, a joint GOA/FAO team of experts will provide technical inputs into a *Draft Cabinet Paper* which could serve as basis and opportunity for an official decision by the government to create a *Food Security and Rural Development Fund (or Foundation)*.

III. INVESTMENT PROGRAMME OUTLINE

A. Priority Setting

III.1. The GOA's medium-term investment programme can be determined from the government's strategy for the sector and the ECP for the period 2003–2010⁸. It is, therefore, essential that any proposed project/programme reflect the government's priority investment areas which are summarised as follows: (i) social reinsertion of displaced, refugees, demobilised and their families in productive and social activities in their communities; (ii) demining of roads and bridges; (iii) food security and rural development through the reestablishment of the traditional sector and food crops production capacity, continental/artisanal fisheries, agrarian development stations, and rural market systems; (iv) HIV/AIDS prevention and response; and (v) rehabilitation of basic infrastructure (roads and bridges; and water production and distribution systems for rural communities and irrigation). It is in this regard that a deliberate effort has been made to develop bankable projects that fit into the government's priority areas and coincide with the five pillars of CAADP. Accordingly, the investment programme shall focus on the following priorities.

III.2. ***Priority #1: Water Resource Use and Management (CAADP Pillar 1)***. This item comes at the top of the government's priorities given the natural endowment of water resources and their importance for agriculture, livestock and local communities. Several types of water supply management have been identified in Angola, including: (a) traditional, small-scale spate-irrigation, typically on the eastern slopes of the central highlands; (b) larger mechanized schemes, often in coastal peri-urban areas, involving civil engineering works and formalised management structures, and; (c) low-lying wetlands (particularly in the East of the country) where simple water control and management techniques are used to extent the growing season.

III.3. The government has established formal irrigation systems (type b) in selected river valleys, primarily in the coastal region, and intends to expand the availability for irrigated water to large, medium and small farm holders including the traditional peasant sector. This is considered by the government to be of vital importance to reduce the level of food insecurity and thereby improve livelihoods of rural and urban population. government policy specifies that irrigation projects should be conducted with a comprehensive approach that ensures benefits to all local people, and women in particular, and accommodates populations still in process of resettlement⁹. Specific areas to be considered include:

- ***Irrigation:*** The total existing formally irrigated schemes¹⁰ cover some 100,000 ha, of which approximately 40,000 ha are believed to be operational. Most government investment in the agricultural sector has been dedicated to these schemes. Very broad estimates place spate-irrigation and lowland water control areas at a further 25,000 ha¹¹, but information on such technologies is still very poor and considerably greater areas were known to be in use before the civil war. The government intends to rehabilitate further existing irrigation perimeters and add 52,000 ha of irrigated areas through the

⁸ Government priorities, as expressed in this document, are not necessarily endorsed by FAO or other donor agencies.

⁹ It should be noted that until now almost all public investment in this area has gone into rehabilitation of 'perimeter' schemes close to urban populations centres with significant levels land controlled by urban residents. In addition, the cost of such rehabilitation, on a per hectare command area basis, has been very high.

¹⁰ Partially or fully completed or equipped.

¹¹ See 'Irrigation and Water Management Study', in *Angola: FAO/WB Cooperative Programme Economic Sector Work Studies*. FAO, Rome, 2004

implementation on new irrigation schemes, including canals, trenches, earth dams, irrigation system, among others.

- **Water for livestock:** Forage land is estimated at 40 million ha and the current livestock is estimated at 3.5 million, most of which is owned by traditional cattle growers in dry region of the southern provinces (Kunene and Huíla), which are affected by cyclical draughts. The consideration of water for livestock will address the pressing needs of this subsector with a view to providing more water for grazing and livestock use;
- **Water for human consumption:** In rural areas, population with access to potable water is estimated at 39.9% and government is seeking to increase this level up to 48% by 2005/06, 58% by 2010 and 70% by 2015.

III.4. **Priority #2: Improving Rural Infrastructure (CAADP Pillar 2).** The long years of war, coupled with the lack of adequate investment, have led to the collapse of rural infrastructure and marketing networks. These are vital to ensure the circulation of persons, goods and services at the provincial level and the efficient marketing of agriculture surplus. Lack of both tends to restrict production to the location where it is produced and creates dispersion of marketing activities. Widespread dissemination of landmines adds cost to the rehabilitation effort. Areas that could be targeted include:

- **Earth roads and related infrastructure** are of crucial importance to create better conditions to allow for inputs reach farming areas when they are needed and, in return, agriculture produce from small, medium and large scale farmer holders easily reach the consumer markets within the local municipality or across the same province.
- **Storage, conservation and processing facilities** (on–farms storage, warehouses and silos, canning, mills, slaughterhouses, etc): rehabilitation of post harvesting facilities on–farm and at municipal level is key to ensure that surpluses do not stay where they are produced and are conserved and processed on a cost–effective manner.
- **Demining** (mapping, training, clearing).

III.5. **Priority #3: Agriculture and Livestock Research and Technology Dissemination (CAADP Pillars 3 & 4).** Central research facilities, laboratories and experiment stations were severely damaged and need to be rehabilitated. To this end, GOA gives priority to the recovery of agriculture and livestock research, due to its importance to the development of critical mass of local researchers with both adapted technologies and the capability of disseminating them to end users. Specific areas of intervention include:

- **Research infrastructure** (agriculture and veterinary laboratories and experiment stations, insemination centres, etc): Existing laboratory centres in Huambo and in Luanda, will be considered as well as the regional agriculture and laboratory experiment stations all over the country. Technology adaptation and dissemination through the research centres will be supported;
- **Human resources development:** Training programmes through the secondment of researchers to International and Sub–Regional Research Centres and support to the development of research careers;
- **Seed multiplication and quality control:** The national seeds service (SENSE) capabilities are targeted as a means to strengthen the national capacity to rescue local seeds diversity,

create seeds conservation and diffusion mechanisms at local level and improve seeds by the up–grading of local multiplication, research, testing and quality control;

- **Local transformation of agrominerals** through the installation of a fertilizer processing plant and soil and fertilizer laboratories.

III.6. **Priority #4: Producer Support Services (CAADP Pillars 3 & 4)**. This priority focuses on the reactivation of the rural economy through the provision of basic services such as rural extension, credit services, delivery of basic farming tools and inputs, training of farmers, small associations and extensionists. Specific areas of intervention include:

- **Agricultural and rural extension:** Training of extension workers, revitalisation of extension system through pilot programmes comprising human resources, organisation, equipment and farmer field schools, among others;
- **Rural finance:** With the creation of the legal and regulatory environment, the expansion of micro credit activities through micro–finance institutions and the delivery of credit services to the rural areas, especially the agricultural sector, would contribute to the re–capitalisation of the rural economy;
- **Support to farmer organisations** (professional and producers organisations, etc.): it is intended to strengthen the role of rural sector stakeholders and government social partners so that government policies towards rural communities support and reflect their priorities and needs.

III.7. **Priority #5: Natural Resources Conservation and Management (CAADP Pillars 3 & 5)**. The sustainable use and management of natural resources including forestry, wildlife, fishery has been largely neglected in the past due to the war and is now considered a key priority area for the government. In addition, as a FAO specialized technical assistance agency has a special interest in supporting national institutions with the development of a legal and administrative framework aiming at promoting and safeguarding equitable access to land, while promoting the entry of capital (private as well as public) into rural areas. Specific areas of intervention include:

- **Deforestation and erosion control:** Forestation and reforestation of selected areas of the country affected by deforestation by virtue of war and human pressure on environment, with emphasis given to the coastal and most affected provinces;
- **Rational use of forestry resources:** The legal and policy framework for the use and management of forestry and wildlife resources will be considered, as well as the undertaking of a nation–wide inventory of natural resources and training on environmental impact mitigation and community management of natural resources;
- **Fisheries:** Small and medium fisheries activities are a key priority for improving community livelihoods in coastal and inland water areas, particularly given the role of fisheries in employment and income creation and its contribution to food security and nutrition. As resources become more intensively exploited there will be a need to assess conditions deciding on access of fishers to the fisheries, as well as the scientific basis for introducing regulations to control fishing, and enhanced systems for surveillance and enforcement of regulations. This will be particularly relevant with regard to the foreign fleet and industrial catch.

B. Selection Criteria for Bankable Projects

III.8. The project selection criteria were based on the priorities of the government public investment programme (PIP/OGE), which are in line with the ECP, MINADER sector policies and programmes and in conjunction with NEPAD five pillars. The proposed framework is intended to take into consideration donors cooperation priorities and areas of intervention to facilitate their interest in the implementation and financing of the CAADP's NMTIP. It is envisaged that bankable programmes/projects, in the context of the priorities highlighted above, will be formulated as per the following additional criteria:

- **Technical feasibility and sustainability:** The technical feasibility and sustainability of the project will draw on previous projects experiences to ensure that careful review of technical conditions related to the design, formulation, costing and implementation of the projects are taken into consideration. This to ensure that the project framework is adequately designed and involves the participation of direct partners and beneficiaries at early stage. Whenever possible, lessons from other countries' experience will be used to ensure increased synergies and mobilisation of resources.
- **Financial and economic sustainability:** Whenever applicable, financial and economic viability will rely on a detailed analysis of all economic and financial cost and returns. The appropriateness of beneficiary and private sector cost recovery modalities will be considered whenever possible to ensure long–term sustainability of the projects.
- **Social and ecological impact:** Due to the enormous rehabilitation and reconstruction effort involving social and economic infrastructure and services, this criteria will ensure that the most vulnerable groups are not excluded and that social safety nets are respected to protect the poor and destitute by using sound social and ecological approaches.
- **Complementarities, overlap and conflict with ongoing programmes:** The projects will be selected on the basis of a careful review of its potential impacts on any other on–going programmes/projects with a view to avoiding unnecessary overlap, while seeking to maximise synergies and minimise potential conflict. The bankable projects will be commensurate to the national and local level absorption capacities and implementation agent execution capabilities

C. Preliminary Identification of Projects for Implementation

III.9. Based on the criteria outlined above and the priority areas identified above, the following would be the priority areas for the preparation of *Bankable Investment Project Profiles* (BIPPs).¹² The implementation framework if these projects will take in consideration a medium–term horizon of ten years, which could be staged into phases:

- Rehabilitation of existing and installation of new lowland water conservation systems and small–, medium– and large–scale irrigation systems, combining irrigation for agriculture, livestock and drinkable water in selected river valleys;
- Rehabilitation of existing and building of new feeder roads and related infrastructures (bridges and culverts) as well as storage, conservation and processing facilities in selected

¹² See Preface.

provinces for cereals, tubers and roots, fruits, vegetables and livestock products in potential and traditional agriculture and livestock regions of selected provinces;

- Establishment of an *agricultural and rural extension service* aimed at providing subsistence and smallholders farmers with the technical assistance and farming training to enable them increase crops yields; reduce hunger and food insecurity;
- Rebuilding of research technical capabilities through the rehabilitation of existing agriculture and livestock *research institutions and experimental stations* and training of researchers, including the establishment of laboratories to support the production of fertilisers;
- Designing and implementing a *national forestry inventory plan* aimed at taking stock of the current status of conservation, designing policies to implement sustainable management of resources including forestation and reforestation programmes in selected provinces on the basis of community–based management of forestry and wildlife resources;
- Support to the development of *small– and medium–scale fishery industries*. There will be a need to support institutions involved in fisheries management.

III.10. Consequently, the following projects were selected for development (they are presented in separate documents):

- ***Irrigation Rehabilitation and Sustainable Water Resources Management*** (CAADP Pillar 1);
- ***Rehabilitation of Rural Marketing and Agro–Processing Infrastructures*** (Pillar 2);
- ***Agricultural Research and Extension*** (Pillars 3 and 4);
- ***Forestry and Natural Resources Management*** (Pillars 3 and 5);
- ***Small and Medium Scale Fishery Project*** (Pillars 3 and 5).

D. Preliminary Indication of IFIs/Donors Interest

III.11. ADB has expressed interest in financing the *Bom Jesus Irrigation Project*. Under the *First Priority Phase of the Rehabilitation and Reconstruction Programme* (FPPPR), the World Bank is financing the rehabilitation of 800 km of feeders roads, one of the priorities of this NMTIP, in the provinces of Bié and Malange (400 km each). The WFP may be willing to consider the priorities areas of the NMTIP in as far as they match their own priorities, especially in the feeder roads with food–for–work modalities. IFAD may consider the extension of their existing programmes in Malange and Zaire and their expansion into other areas of the country.

III.12. The national workshop presented the NMTIP programme for discussion with the donor community in order to check the consistency of the programme priorities with government strategy for the sector, as well as with donor objectives. The validation workshop was carefully prepared and all stakeholders reached consensus with the donors and MINADER strategies .

IV. FINANCING GAP

IV.1. In the Maputo Declaration of July 2003, the Heads of Governments of the African Union (AU) committed themselves to increase budgetary allocations to the agriculture and rural development sector so that their share of national budgetary resources rises to 10% over a five year period (2003/04 to 2007/08).¹³ The 10% is defined as the “*amount of the total national budget (including domestically–funded, hard and soft loan funded, and grant funded resources) allocated to agriculture and rural development*”. However, an analysis of the Angola’s national budget over the past years (2002–2003) reveals that allocation of the national budget falls short this target. The financing gaps here therefore relate to the shortfalls in projected budgetary allocation to the sector vis–à–vis the 10% target.

IV.2. In absence of a medium term financial framework, annual state general budgets (OGE) for the years 2002 through 2004 were used. Forecast for the years 2005 through 2008 were prepared on the basis of key assumptions in order to estimate the financial gap. For analysis purpose, the year 2002 has been retained as the base year with the total agriculture requirement for 2002 estimated at 4% of the total national budget. It is then assumed that the allocation to the agriculture sector will increase by 1% year–on–year until it reach 10% in 2008, as exemplified in the Table below. Other assumptions are GDP growth rate estimated at 5% and total expenditures estimated at 39% of GDP for 2005 through 2008.

Angola: Agricultural Sector Financing Gap (KZ million)							
Financial Year	2002	2003	2004	2005	2006	2007	2008
Component	Approved Budget (OGE)			Forecast			
Total Budget	197,297	539,091	665,348	613,860	613,860	644,553	676,781
<i>Maputo Requirement (%)</i>	<i>4.0</i>	<i>5.0</i>	<i>6.0</i>	<i>7.0</i>	<i>8.0</i>	<i>9.0</i>	<i>10.0</i>
Maputo Requirement (Kz million)	7,892	26,955	39,921	42,970	49,109	58,010	67,678
Sector Allocation							
• <i>Agro–livestock</i>	1,188	2,399	4,098	3,775	4,248	5,031	6,467
• <i>Food crops campaign</i>	0	0	164	755	1,062	1,437	1,848
• <i>Rural development</i>	102	121	283	1,133	1,593	2,156	2,771
• <i>Forestry and wildlife</i>	0	336	179	755	1,062	1,437	1,848
• <i>Rural infrastructures</i>	0	0	128	1,133	2,655	4,312	5,543
<i>Total Sector</i>	1,290	2,856	4,852	7,551	10,620	14,373	18,477
<i>% Actual</i>	<i>0.65</i>	<i>0.53</i>	<i>0.73</i>	<i>1.23</i>	<i>1.73</i>	<i>2.23</i>	<i>2.73</i>
Financing Gap	6,602	24,099	35,069	35,419	38,489	43,637	49,201
1 \$US = 86 KZ Actual figures are derived from the Public Expenditure Review 2003. Projections of the budget are based on estimates contained in the Medium–Term Expenditure Framework (2004–2008).							

¹³ This is consistent to the GOA’s prior commitment — stated by H.E. President Eduardo Dos Santos during the World Food Summit held in Rome in 1996 — to reduce hunger in the country by half by 2015. The GOA had renewed this commitment at the Millennium Summit in 2000 and at the World Food Summit: five years later in 2002.

V. MONITORING AND EVALUATION

V.1. The monitoring of the NMTIP for Angola will be undertaken within the overall framework for monitoring the ECP, and MINADER sectoral programmes. The overall monitoring and evaluation of the NMTIP will incorporate the production of quarterly and annual reports that will be made available to all key stakeholders and donors. The monitoring of NMTIP will mainly focus on the agricultural sector. The key indicators to be considered will be derived from the bankable programme/projects documents and will include:

- Percentage of rural population living in poverty;
- Proportion of rural population suffering nutritional deficiencies (especially infants and children) and frequency of stunting etc.;
- Production and yields of major crops and proportion of national food balance contributed by local production;
- Contribution of the agricultural sector to GDP and overall economic growth broken down by sub–sector;
- Number of small farmers with access to micro financial services and value of total loans extended.
- Quantity of economic infrastructure built/rehabilitated in the rural areas, including kilometres of access roads constructed or rehabilitated;
- Hectares of water control and supply systems developed or rehabilitated including number of boreholes where applicable;
- Number and capacity of warehousing and storage facilities and covered areas constructed/rehabilitated;
- Number of head of cattle and small ruminants added to the national livestock sub–sector;
- Number of extension workers trained, number of farmers and peasants covered by the extension services (EDAs), number of farmers associations established, number of affiliates and total farming areas covered;
- Number of MINADER staff and researchers trained and conducting research work in local and sub region centres;
- Quantity and quality of see products cached;

V.2. The indicators will be measured against data collected from a number of institutions. This will include baseline data and data contained in annual progress reports. Reference will also be made to *Household Budget Survey* data collected by the INE and the periodic *Mother, Infant and Child Welfare Surveys* (MICS). It is expected that the MINADER will play an important role in assessing progress and interfacing with the donor community for monitoring activities.

