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REPUBLIC OF ANGOLA

COUNTRY STRATEGIC OPPORTUNITIES PAPER

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CURRENCY EQUIVALENTS

Currency unit	=	new kwanza (AON)
USD 1.00	=	88.56 AON
AON 1.00	=	USD 0.01

WEIGHTS AND MEASURES

1 kilogram (kg)	=	2.204 pounds (lb)
1 000 kg	=	1 metric tonne (t)
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre (m ²)	=	10.76 square feet (ft ²)
1 acre (ac)	=	0.405 ha
1 hectare (ha)	=	2.47 acres

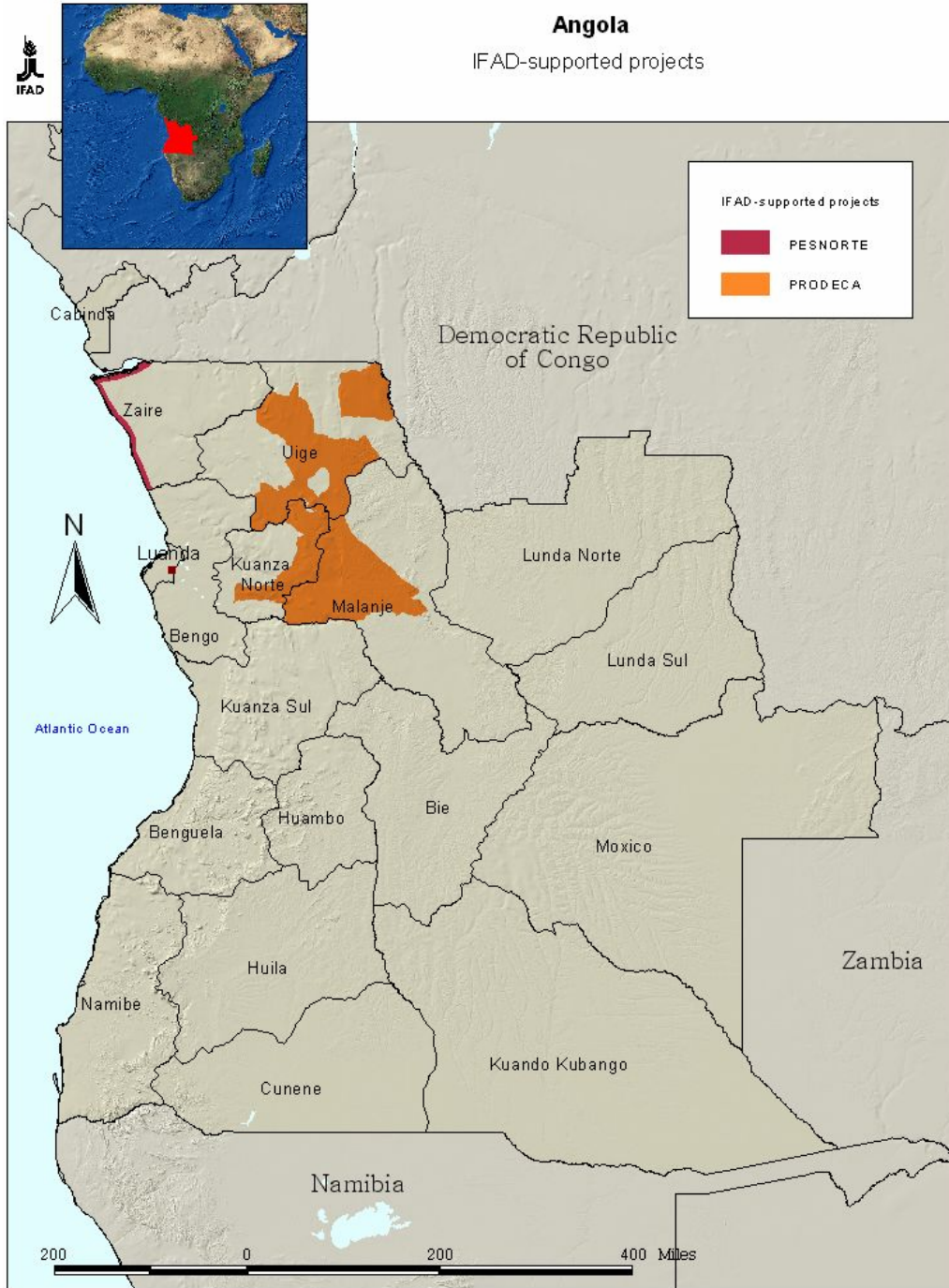
ABBREVIATIONS AND ACRONYMS

COSOP	country strategic opportunities paper
EDA	agricultural development station
FAO	Food and Agriculture Organization of the United Nations
IDA	Agricultural Development Institute
MDG	Millennium Development Goal
MINADER	Ministry of Agriculture and Rural Development
PBAS	performance-based allocation system
PESNORTE	Northern Fishing Communities Development Programme
PRODECA	Northern Region Foodcrops Development Project
PRSP	Poverty Reduction Strategy Paper
WFP	World Food Programme

GOVERNMENT OF THE REPUBLIC OF ANGOLA
Fiscal Year

1 January – 31 December

COUNTRY MAP: LOCATION OF IFAD-FUNDED OPERATIONS



Source: IFAD

The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

PORTFOLIO OVERVIEW

Project Name	Initiating Institution	Cooperating Institution	Lending Terms	Board Approval	Loan Effectiveness	Current Closing Date	Loan/Grant Acronym	Approved Loan/Grant Amount (SDR)	Disbursement (as % of Approved Amount)
Malanje Smallholder Sector Rehabilitation Project	IFAD	UNOPS	HC	05 Dec 89	30 May 91	30 Jun 96	G-S-18-AN L-S-20-AN	120 000 5 650 000	98 8
Northern Region Foodcrops Development Project	IFAD	UNOPS	HC	07 Dec 95	02 Jan 97	30 Jun 06	G-S-46-AN L-I-403-AO L-S-48-AO	127 500 6 700 000 2 300 000	91 72 72
Northern Fishing Communities Development Programme	IFAD	UNOPS	HC	04 Dec 97	15 Feb 99	30 Jun 08	G-I-51-AO L-I-463-AO	60 000 5 300 000	89 60

UNOPS = United Nations Office for Project Services
 HC = highly concessional
 SDR = special drawing rights

EXECUTIVE SUMMARY

1. After more than three decades of war, peace in Angola has opened the way for reconciliation and reconstruction. The end of the war exposed some of the highest poverty levels in the world, as Angola ranked 166 among the 177 countries on the Human Development Index for 2004. Of the population, 68% are living below the poverty line, and 15% of households are living in extreme poverty. Poverty is more prevalent in rural areas, where 94% of households are poor. Angola has vast mineral resource wealth and is a potentially rich agricultural country, but the war and lack of investment have severely limited the agricultural sector, such that Angola is currently not producing enough food to meet the needs of its rural population, and the shortfall must be covered by food imports and food aid. The combined contribution of crops, livestock, forestry and fisheries to GDP between 2001 and 2003 was about 8%, although two thirds of the population depend on agriculture for food, income and employment, with women providing most of the labour force. It is estimated that 80% of farmers are smallholders, generally producing little or no surplus, with very low productivity. Lack of access to agricultural inputs is a major obstacle to production. Without the assets needed to start producing, the rural poor will be unable to take up normal economic activity.

2. This is IFAD's first country strategic opportunities paper (COSOP) for Angola and it is derived from close dialogue with the Government and the development community, as well as from experience gained through project implementation since 1996. The COSOP covers the six-year period 2005 to 2011, equivalent to two funding cycles of the performance-based allocation system (PBAS), and will enable IFAD to address short-term needs, while showing commitment to long-term reconstruction and development through a flexible country programme that includes grants, loans and policy dialogue. The COSOP is based on national goals and priorities (as reflected in Angola's poverty reduction strategy), on the United Nations Common Country Assessment and Development Assistance Framework, and on the PBAS. The 2004 PBAS revealed poor performance in most indicators, which was reflected in the low allocation of USD 1.2 million per year. This amount may increase in the context of a specific policy relative to PBAS allocations for post-conflict countries. Priority areas for policy dialogue will focus on those that directly relate to the proposed country programme, including the extent to which rural organizations are representative of the rural population and have opportunities to exchange with the Government, the representation of rural organizations within executive or advisory government bodies, land tenure, priority setting in agricultural research and extension and the control of funds for agriculture research and extension, women's participation in rural organizations, budgetary allocations for the agricultural and rural sector, including lower levels of government, and participation of the rural poor in the planning of local development activities. The role of IFAD's part-time project facilitator based in Luanda, the capital, will be central in engagement in a policy dialogue with the Government and development partners.

3. The public administration system overall is very weak, with too little investment, centralized decision-making structures, poor working conditions, low levels of education and low staff morale. Very few financial and human resources are applied outside the capital. The Ministry of Agriculture and Rural Development is the central state body responsible for promoting the development of crops, livestock and forestry. State budget allocations for the agricultural sector remain very low and are mainly used to pay salaries. Rural communities have little contact with government due to a culture that favours a top-down approach and lacks participatory processes. On the other hand, communities are not organized in a way to lead their own development processes and take part in local decision-making or demand accountability from their leaders. Angola's Poverty Reduction Strategy Paper (2004-08) was approved by the Council of Ministers in 2004. This COSOP shares some basic principles outlined in the food security and rural development section of the strategy paper: a focus on smallholders; the importance of community participation; the concentration of planning, implementation and monitoring at the local (*município*) level; complementary activities with donors, the private sector and NGOs; specific targeting of women, including in relation to access to land; and HIV/AIDS as a cross-cutting concern.

4. The region most vulnerable to food insecurity is the central highlands, which hold 80% of the country's food-insecure population and 68% of the highly vulnerable population. The characteristics of this

area include impoverished soils and poor farming practices, sensitivity to risk and extensive recourse to negative coping mechanisms, and localized high population density, which limits access to farmland. These have been exacerbated by the frequent displacement of families by war, the death of working-age men, the increased vulnerability of woman-headed households, and the disruption of the health and education systems.

5. IFAD has been working in Angola since 1991, supporting projects throughout the war. The current loan-funded projects – the Northern Fishing Communities Development Programme (PESNORTE) and the Northern Region Foodcrops Development Project (PRODECA) – remain valid and are expected to end in 2007, having provided valuable operational lessons to be applied in future programmes. The main lessons to date include the following: (a) The major challenge in the post-war period is to ensure that support for rebuilding the livelihoods of the rural poor is based on the actual constraints and aspirations of the rural poor. (b) Implementation capacity is extremely weak and requires substantial external support. Project design needs to adapt to changes in the country, such as the planned elections, increased access to rural areas and population shifts. (c) A geographic focus is necessary, as management capacity is limited, and needs and opportunities in different parts of the country vary greatly. (d) IFAD has had limited leverage in policy dialogue. (e) Working with NGOs as strategic partners in implementation and as service providers and technical advisers is beneficial. (f) Monitoring and evaluation systems are needed from the start, including gender-sensitive baseline surveys. (g) The construction and rehabilitation of infrastructure in rural areas have a quick, positive impact on the lives of the rural poor.

6. IFAD's overarching goal in post-conflict Angola will be to ensure food security and increase incomes, particularly among the most vulnerable groups in the food-insecure areas of the central highlands. The country programme will have three objectives: (a) increased family-based production of basic food crops among food-insecure groups in the central highlands; (b) empowered rural organizations and vulnerable groups demanding appropriate services and infrastructure in *municípios*, including schools, health centres and wells; and (c) informed pro-poor policies based on improved knowledge of rural poverty. IFAD's strategic niche is the promotion of demand-driven local-level approaches ensuring that policy development and programmes for rebuilding the livelihoods of the rural poor are based on the actual constraints and aspirations of the rural poor. IFAD's approach in Angola can be articulated in terms of the construction of a knowledge base, the identification and building of partnerships to enhance the Fund's catalytic role, and the development of projects that forge links between rural organizations, government and other actors at the local level, as well as the creation of mechanisms for lesson-learning as a basis for engaging in policy discussions. A well-defined geographical focus for an IFAD programme in the central highlands is advocated so as to enable IFAD to add value to and benefit from potential synergies among projects and to facilitate implementation support and supervision. Clear links in terms of knowledge-sharing will be established between IFAD's current programme and future investments so that the lessons learned can be applied in the central highlands. The innovation in the approach, in the context of Angola, is the understanding of the requirements of rural populations as the basis for determining the external support needed and the provision of such support in ways that do not create dependence, do not disempower communities and do not reduce the State's responsibility in the provision of services. IFAD's catalytic role will involve building a knowledge base about the rural poor in Angola that can be used to inform policy discussions and the interventions of other agencies and to create a sound foundation for the formulation of a longer-term IFAD lending programme.

7. The base-case scenario is that IFAD will manage a country programme that includes the consolidation of ongoing investments in PRODECA and PESNORTE, active engagement in policy dialogue that is informed by work in rural areas and the development of a portfolio of small, active-research, grant-funded projects in preparation for a new loan-funded activity. The approach is justified by the low PBAS score, the limited knowledge about the rural sector, a weak policy environment and the possibility of instability during the election process in 2006. It is in line with the recommendation of the Independent External Evaluation of IFAD that a more differentiated approach should be applied in poorly performing countries and difficult policy environments that relies on a mix of instruments, including policy dialogue, grants and loans. After the elections (planned for September 2006), two scenarios are possible. If the annual PBAS exercise shows that the Government is assigning high priority to rural poverty reduction

through its policies and budget allocations, as measured by a score of 2.8, this will trigger a shift to a high-case scenario whereby a new project will be developed and loan funds will be committed, building on the lessons learned through the grant-funded portfolio and through PRODECA and PESNORTE. Alternatively, the annual PBAS exercise could trigger a low-case scenario, manifested in a lack of serious commitment to reducing rural poverty both in terms of policies and budget allocations. In the latter scenario, IFAD would limit its engagement to partnerships with potential agents of change, in close coordination with the Government and other donors, while the development of new projects would be slowed and the minimum conditions would be determined for beginning formulation.

REPUBLIC OF ANGOLA

COUNTRY STRATEGIC OPPORTUNITIES PAPER

I. INTRODUCTION¹

1. The Republic of Angola covers an area of 1 247 000 km² and is located on the South Atlantic coast of western Africa, bordering Namibia to the south and the Democratic Republic of the Congo and Zambia to the north and east. Angola became independent from Portugal in 1975 after years of fighting and was immediately engulfed in a civil conflict between the Popular Movement for the Liberation of Angola, led first by Agostinho Neto and, from 1979, by José Eduardo dos Santos, and the National Union for the Total Independence of Angola, led by Jonas Savimbi. Peace seemed imminent in 1992 when national elections were held, but fighting was renewed when the National Union rejected the election results. A new peace agreement, the Lusaka Protocol, was signed in 1994, but war resumed in 1998. In April 2002, a cease-fire was called following the death of Savimbi, and, on 21 November 2002, the Government and former rebels signed a peace agreement that definitively ended the conflict. After more than three decades of war, peace has opened the way for reconciliation and reconstruction in Angola, and President dos Santos has pledged to hold national elections in 2006. The end of the war exposed very high levels of poverty and destruction, especially in rural areas; most social and economic infrastructure had been damaged or destroyed.

2. This is the first IFAD country strategic opportunities paper (COSOP) for Angola and it draws on close dialogue with the Government and the development community, and on the experience gained in the implementation of projects since 1996. It sets the performance-based scenarios for the development of the country programme. Subject to the Executive Board's approval, the COSOP will become the platform for IFAD operations and dialogue with the Government: it describes the country programme strategy framework for IFAD and defines the rural poverty issues to be addressed and the strategic avenues IFAD will pursue with the country, as well as the policy, learning and partnership agenda. This, in due course, will include new loan-funded activities. The COSOP covers the six-year period 2005-11, equivalent to two funding cycles of the performance-based allocation system (PBAS), and will enable IFAD to address short-term needs, while demonstrating commitment to long term reconstruction and development through a flexible country programme that includes grants, loans and policy dialogue. The COSOP is based on national goals and priorities as reflected in Angola's poverty reduction strategy and the United Nations Common Country Assessment and Development Assistance Framework. While the national strategies for the rural sector are still unclear, a stated priority of the Government is the sustained improvement of the living standards of the most vulnerable and poorest people. PBAS consultations were carried out between October 2004 and June 2005, including discussions with the Government, donors, NGOs and United Nations agencies in Luanda and in several provinces. The PBAS was used to identify the key issues addressed in this COSOP, particularly the background information in part II, section B, "Agricultural Sector". The Millennium Development Goals are used as a framework through which to explore the wide range of needs faced by the rural poor in war-torn Angola, as described in part II, section C, "Rural Poverty". Early drafts of the COSOP were widely shared and discussed in Angola.

¹ See Appendix I for additional information.

II. ECONOMIC, SECTORAL AND RURAL POVERTY CONTEXT

A. Country Economic Background

3. **Population and poverty.** Although endowed with rich natural resources, Angola ranked 166 among 177 countries on the Human Development Index for 2004, revealing some of the highest poverty levels in the world. A per capita income of USD 740 is skewed by the petroleum-dominated economy. In 2002, infant mortality was 154 per 1 000 live births, the under-5 mortality rate was 260 per 1 000 live births, and life expectancy at birth was 41.5 years for men and 38.8 years for women. In rural areas, only a third of the women are literate, compared with 69% of men. There has been no official census since 1970, so all population figures are based on projections. The population is estimated to be 13.12 million, with almost half under 15 years of age. There are no recent reliable sources of information about rural poverty in Angola, and existing surveys were conducted at a time when insecurity prevented access to rural areas. Available data show that, in 2001, 68% of the population was living below the poverty line (defined in Angola as less than USD 1.68 per day), and 15% of households were living in extreme poverty (less than USD 0.75 per day). Poverty was more prevalent in rural areas, where 94% of households were poor, compared with 57% in urban areas, due to isolation from essential services and markets, as well as the destruction or theft of crops and livestock. In 2002, 35% of the population was living in urban areas; it is difficult to quantify how many former rural dwellers have since returned to rural areas.

4. **Economy.** Angola is the second most important oil producer and the fourth most important diamond producer in sub-Saharan Africa. This wealth helped fund both sides of the conflict. If they are well managed, these natural resources could provide an opportunity for economic growth for the whole country, serving as a basis for the development of other sectors. The economy is dominated by the capital-intensive oil sector, which offers minimal employment opportunities and has few linkages to the rest of the economy. By the 1990s, Angola had high rates of inflation, an overvalued exchange rate and underspending in the social sectors: characteristics of the “Dutch disease” common to countries where there are large inflows of foreign exchange relative to the strength of the local economy. This leads to unfavourable terms of trade for domestic industries, including agriculture, due to the appreciation of the real exchange rate. It also contributes to a high rate of urbanization, exacerbated by insecurity in rural areas during the war and by the fact that the Government remains heavily centralized. A large fiscal deficit and parallel finances (unrecorded expenditure and state revenue that bypass the Treasury and the national budget) have contributed to macroeconomic instability, but progress is being made. Average annual inflation fell from 325% in 2000 to 77% in 2003. Real GDP growth remains high, projected at 11.3% for 2004 and 13.7% in 2005, mainly due to increased oil production and thus masking the poor performance of the non-oil sectors. There has been an increase in accountability and transparency by the Government in the management of oil revenues and external debt, as well as in publishing the general national budget. While Angola has the potential to use its significant and rising oil earnings to support reconstruction efforts, the country has an external debt of over USD 10 billion (101% of gross national income), mainly in high-interest, oil-backed bilateral loans. It is not entitled to debt relief, and any renegotiation is dependent on reaching an agreement with the International Monetary Fund. Owing to massive humanitarian needs, external aid increased from USD 307 million in 2000 to USD 421 million in 2002, with the United States of America and the European Commission as major donors. Almost half of this was for emergency aid, with fewer commitments directed towards long-term development. The Government is in discussions with the International Monetary Fund and the World Bank about the possibility of a donors’ conference.

5. **Governance.** The state of insecurity has prevented new presidential and parliamentary elections since 1992. Angola is governed by a three-tier system of 18 provinces, 194 *municípios* and 509 *comunas*, each headed by officials appointed by the next-higher level, resulting in a weak sense of accountability to the population. Power at the subnational level is concentrated among the 18

provincial governors, who are appointed by the President. Provincial governments are budget management units and negotiate their budgets directly with the Ministry of Finance without needing to involve sectoral ministries. The *municípios* and *comunas* are effectively departments of the provincial governments: their administrators are appointed by the governors, to whom they report and on whom they are financially dependent.

6. **Agriculture and the economy.** The combined contribution of crops, livestock, forestry and fisheries to GDP between 2001 and 2003 was about 8%. Two thirds of the population depend on agriculture for food, income and employment, and women provide most of the agricultural labour force. State budget allocations for the agricultural sector are low, despite the fact that agriculture has been identified as a priority sector of the poverty reduction strategy. For 2004, the allocation to cover the recurrent costs of the Ministry of Agriculture and Rural Development was 0.64% of the total public-sector budget, while direct allocations to the ministry through the public investment programme was 1.98% of the total. In recent years, allocated funds have only been disbursed for salaries, precluding most development activities planned for the provinces.

B. Agricultural Sector

7. **Changes since independence.** Angola is a potentially rich agricultural country, with 57.4 million ha of agricultural land, including 5 million to 8 million ha of arable land, of which about 2.9 million ha were cultivated in 2003-04. Before independence from Portugal in 1975, Angola was self-sufficient in all key food crops except wheat. The country used to export coffee and maize, as well as other crops such as sisal, bananas, tobacco and some cassava. By the 1990s, Angola was producing less than 1% of the volume of coffee it had produced in the early 1970s, while the production of cotton, tobacco and sugar cane had halted almost entirely. The war and lack of investment have severely limited the sector, such that Angola has been dependent on commercial imports since 1977 and on food aid since 1990. The colonial export system was based on a network of rural traders and large commercial farms with cheap farm labour, which is not feasible in the current context, and pre-independence export crops, such as coffee, suffer from continually poor global market prices.

8. **Crops by region.** There are three main agroecological regions: the central highlands, the humid tropical lowlands and the dry southern regions. In the **central highlands**, the main food staple is maize, along with beans, some cassava and groundnuts. Before the war, animal traction was used for soil preparation, livestock was raised, and fertilizers were widely used. Annual rainfall is 1 500-2 000 mm, and temperatures are moderate. In the **humid tropical lowland areas in the north and north-east**, crops based on the cassava system predominate, along with some beans, maize, sweet potatoes and groundnuts. In this region, soil is prepared manually, fertilizers and pesticides are rarely used, and small ruminants are a source of protein. Annual rainfall is 1 000-1 500 mm. In the **dry regions in the south**, millet and sorghum predominate, alongside cattle-raising in natural pastures, with transhumance over large areas. Rainfall varies between 100 and 1 000 mm per year. Overall in Angola, it is estimated that 80% of farmers are smallholders, generally producing little or no surplus, with very low productivity. The area cultivated annually by a family – using manual soil preparation methods – normally ranges between 1 and 3 ha under rainfed conditions and 0.2 ha under irrigation. Where farmers are unable to clear additional land, the same area has been cultivated for years, with few fallow periods. About 18% of farmers produce some surplus and use animal traction and machinery and other farm inputs. Only about 2% are commercial producers with a paid workforce.

9. **Livestock.** During the war, there was a huge decline in livestock numbers in Angola. There have now been slow improvements in the availability of meat in the markets, with signs that the pre-independence trading networks are being re-established as the road networks improve between cattle owners in the south and crop farmers in the central highlands, where animal traction is traditionally used. The southern provinces of Huíla, Cunene, Kuando Kubango and Namibe, which were less

affected by the war, have the largest herds of cattle, sheep and goats, which are mostly owned by smallholder farmers, for whom livestock is an important source of food, draught power and income.

10. **Fisheries.** Marine fishing along the 1 650 km of coastline has good potential for private development, with prospects for both domestic and external markets. The sector flourished during colonial times, but has since declined dramatically, attributed to large-scale fishing by foreign fleets and weak capacity of the authorities to survey and intercept illegal fishing and enforce quota limits. The market supply of inland fish also declined to very low levels during the war, although it has been estimated that the supply is recovering rapidly because of the large numbers of people returning to rural areas since April 2002. There are about 25 000 artisanal fishers, who use more than 5 000 small canoes or boats. Since 1999, IFAD has supported the Northern Fishing Communities Development Programme (PESNORTE), aiming to improve the income and welfare of coastal communities in Zaire province.

11. **Forestry.** About 40% of Angola's land area is covered with woody vegetation, of which 18.5% (around 23 million ha) is classified as forest, with a productive area calculated at 2.4 million ha of valuable timber resources. Humid tropical forest is restricted to the interior of the enclave of Cabinda, with some patches in the provinces of Zaire, Uíge, Kwanza Norte and Kwanza Sul, which are important for their biodiversity. The timber industry was severely affected by the war and ceased operations a few years ago. Studies of the timber production of tropical wood in Angola on the basis of the sustainable management of native forests show an annual potential production of at least 326 000 cubic metres in logs, although this would require massive investment.

12. **Public institutions in the rural sector.** The Ministry of Agriculture and Rural Development (MINADER) is the central state body responsible for promoting the development of crops, livestock and forestry. It is structured around five services, with a total of 26 units. Within MINADER, the Agricultural Development Institute (IDA) has a coordinating function for all issues relating to smallholders and an executive function through its extension centres in the *municípios* (known as agriculture development stations). The IDA intends to rehabilitate the extension system over the next five years, although the system is very underfunded and has few links to other services. The IDA's presence in rural areas is also very limited, and staff have little experience interacting with smallholders. The Agricultural Research Institute, with headquarters in Huambo, is the institution responsible for agronomic research. It works closely with the Faculty of Agricultural Sciences of Agostinho Neto University through a network of 12 experimental stations. Links to the extension services or directly with smallholders are being developed, but the system is weak in terms of financial and human resources.

13. **Sector policy and strategies.** There is currently no clear rural policy framework, and the Government is re-examining and clarifying its goals in the agricultural sector. Over the years, MINADER has been involved in the development of various plans for the rural sector, which have been drawn up both centrally and within different MINADER departments, mainly with the support of externally financed consultants. These include, for example, the Action Plan for the Agriculture Sector 2001-10; the Action Plan for the IDA 2002-05; the Biennial Action Plan 2005-06; the National Development Strategy 2025, which includes short-term actions until 2010, medium-term actions until 2015 and long-term actions until 2025; a review of the Agricultural Sector and Food Security Strategy and Investment Priority Setting (2004); and contributions to the poverty reduction strategy paper (PRSP). The stated aims are vast and include priority for both the smallholder and the commercial sectors, increasing food security, reducing rural poverty, raising crop production, promoting livestock production, developing the forestry sector, reactivating rural trade, modernizing the animal health research system, restoring rural extension services, rehabilitating irrigation systems, rehabilitating rural infrastructure and supporting human resource training and skills. There is an urgent need to develop a coherent, supportive policy and legal framework and to clarify the strategies and budgets to achieve these goals.

14. **Decentralization and accountability.** In 2001, the Government approved a Strategic Plan for Decentralization and Deconcentration, following the approval of the Local Administration Act (1999), which provides the legal framework for defining the administrative structure of local authorities. Responsibility is gradually being transferred to the provinces, although services are largely restricted to provincial capitals. The local structures are essentially a reproduction of the arrangements at the centre, which is top-down and not responsive to people's needs. Some provinces are beginning to exercise financial autonomy, but power is concentrated in the hands of the governor, who is appointed by the President, leaving *municípios* heavily dependent, with little decision-making power and a lack of financial and human resources. There are no mechanisms for dialogue between government and the people and no practical experience or skills in involving communities in local planning, except where NGOs or externally funded programmes such as the Rehabilitation Support Programme (funded through the European Commission) or the Social Support Fund have intervened. There are no mechanisms to facilitate or allow the systematic inclusion of rural concerns in National Assembly debates. A key issue is the process of budgeting for local development activities from the central budget, the release of these funds and ensuring their effective use, so that the benefits of decentralization accrue to the poor in rural areas. On the other hand, communities are not yet organized to lead their own development processes, take part in local decision-making, or demand accountability from their leaders.

15. **Rural organizations.** Angolan communities have traditionally relied on forms of cooperation and mutual aid centred on social and economic life. These have been eroded by the war and the frequent movement of people. Some NGOs and development and financing organizations have experience in organizing rural people into groups, often as an entry point for relief projects. In some *municípios*, common-interest groups are emerging as part of decentralization efforts and within the work of NGOs, the Social Support Fund and the Rehabilitation Support Programme. There are also government-created associations linked to the National Union of Farmers Associations that have grown despite criticisms about their inefficiency. Farmers started joining after independence in the hope of gaining easy access to agricultural inputs, consumer goods and land, as well as to work as part of a group because it was more difficult to produce and trade as individuals. These reasons remain valid today, because farmers have considerable difficulty acquiring access to critical inputs and services. The process of certifying rural organizations is not simple and requires identification documents, which most rural people do not have. Rural communities have little contact with government, due to a culture that favours a top-down approach and lacks participatory processes, long physical distances, limited means of communication, illiteracy and lack of community organization, or an organized path for the demand for accountability.

16. **Access to land.** Access to land affects parts of the country differently, depending on demographic density, proximity to towns and markets, and local customs. A new law on land and urban planning was approved in August 2004. There is a very low level of understanding of the law and its potential impact on the rural poor, and it has been criticized for a failure to address land held informally. In practice, land issues are mostly resolved according to local tradition, and some land insecurity is felt; mechanisms for securing access to land are unclear, bureaucratic and costly, and most smallholders do not hold legal title to the land where they live and farm. In rural areas, women are more vulnerable; due to discrimination in inheritance laws and traditions, a woman must give up land to a male relation after marriage, while a widow may only be allowed to keep land if she has sons and does not remarry. One promising outcome of civil society involvement in the government policy debate has been Rede Terra, a network of NGOs that lobby on land issues. The network translated the new land law into local languages and accessible formats and carried out the most inclusive debate to date on any policy issue in Angola. However, it is not clear how far such inputs have influenced government policy and actions. Now that the land law has been approved, it is important to monitor how the law will be applied and whether rural people will be able to exercise their rights. A key issue is that there are an estimated 5 million to 7 million active landmines in the country. Since the end of

the war, awareness and priority have been accorded to landmine-related activities, including by the Government and NGOs, such as the demining of roads, landmine awareness (also aimed at returnees) and the mapping of known minefields. In 2003, the Government established the Intersectoral Commission for Mine Clearance and Humanitarian Assistance and reorganized the public mine-clearance operations unit, which has a key coordination and leadership role.

17. **Access to water for agriculture.** Before independence, irrigation development had taken place mainly on commercial sugar cane and banana estates. While the Government tried to maintain these schemes, they have gradually fallen into disrepair due to lack of funds and weak institutional capacity to manage and maintain them. In the long term, MINADER intends to rehabilitate these irrigation systems to benefit smallholders, but a plan for this has yet to be developed. Modern irrigation systems demand technical skills and financial resources and can only be justified if they are operated efficiently and used in the production of high-value crops. The experience of Angola in the green belts around major cities confirms that it is difficult under present circumstances for irrigated agriculture to achieve the required standards of operation and utilization and to recover any operating costs from users. The sustainability of most of the irrigation schemes is questionable and would be a burden on MINADER's limited budgetary resources, while not of direct benefit to the poorest people and communities.

18. **Access to farm inputs.** Lack of access to agricultural inputs of adequate quality and in the quantities needed at the proper time of year is a major obstacle to production. Farmers cannot purchase inputs locally and, even if the supply existed, would be unable to purchase due to the almost total decapitalization of rural areas. Without the assets needed to start producing, the rural poor will be unable to resume normal economic activity. The inputs needed include: (a) seeds; those being used are of declining quality, and those that are imported are often not adapted to local conditions and not resistant to drought and disease; (b) sufficient tools for all active family members to work the land; (c) animals for traction, particularly for families that are too weak to clear land for farming, increase the areas planted, and improve soil conditions due to deeper ploughing; and (d) fertilizers may be necessary in order to raise productivity quickly among the more food-insecure farmers and in some areas with low soil fertility, such as the central highlands, where soil quality has been depleted.

19. **Access to output markets.** Access to rural areas is difficult, particularly during the rainy season, because of the lack of roads and bridges. Most areas are inaccessible by motor vehicle, and the only means of transporting goods is on foot or by bicycle. This is a major impediment to trade; yet, with the exception of Luanda, little progress has been made in the rehabilitation of roads. Markets are slowly appearing in new areas, but trade is limited in both quantity and content. There is very little trade in agricultural products, which is a disincentive for people to produce more than is necessary to meet family needs. In most places, farmers do not yet have sufficient surplus crops or cash that would be an incentive to traders. Large-scale trade in agricultural products tends to be confined to easily accessible areas that were not greatly affected by the war. There is a lack of information on marketing channels and flows, basic trade data, production costs, marketing costs, prices, and intermediaries. This dearth of information inhibits the formulation of sound policies on agricultural marketing and agro-industrial development, particularly in the context of an oil-dominated economy.

20. **Access to agricultural services.** There are still considerable numbers of field staff nominally employed by the Agricultural Research Institute and the IDA at the provincial, *município* and *comuna* levels, although research and extension services are largely non-functional. There is no clear government policy supporting the development of pluralistic research and extension services. Decision-making is centralized, with the agricultural development stations (EDAs) answering directly to the central IDA in Luanda and not accountable to the *município* or to the provincial government; as a result, priorities are generally defined centrally in a non-consultative manner. The EDAs are short of equipment and human resources and, in some areas, NGOs are the main providers of services to smallholders, often with no coordination with the IDA or the local EDA. The IDA's five-year

National Programme for Rural Development and Extension, approved in 2004, was developed with little consultation, and how the budget of USD 209 million will be met is unclear. The access of women farmers to extension services is cited as a priority in several MINADER documents and in the PRSP, but there are no strategies in place to ensure that it comes about.

21. **Rural financial services.** The Angolan banking system currently comprises ten banks (108 branches), six support and promotion funds and nine microcredit institutions. These are mostly based in Luanda and the provincial capitals of Huíla, Cabinda, Kwanza Sul and Benguela and do not cater for rural areas, where financial systems are absent. The almost total decapitalization of the rural economy is a constraint on agricultural sector recovery. There is an absence of legislation on microfinance and a lack of dialogue between the Government and the organized private financial sector about rural services. In some areas, there are still traditional community structures, which will have to be carefully nurtured to become effective institutions for providing credit and mobilizing savings that can eventually become linked into the banking system once this is re-established. Although rural financial services emerged as an important issue in the PBAS discussions, they are considered a longer-term concern affecting groups that are already productive rather than an immediate priority for the poorest in rural areas. IFAD currently supports the grant-funded project, “Linking Financial Services to Farmer Associations in Angola”, with the Cooperative League of the United States of America, from which lessons can be learned as a basis for possible future interventions and to inform the policy dialogue about appropriate rural financial services.

C. Rural Poverty

22. **Food security (Millennium Development Goal [MDG] 1) and the central highlands.** Angola is currently not producing enough food to meet the needs of its rural population. The shortfall is being covered through food imports, a third of which are in the form of food aid, reaching over 1.4 million people. There are major deficits and low crop yields in the principal staples, including maize, millet and sorghum. This is closely linked to the resettlement of people who left rural areas during the war and have now returned with very few productive and domestic assets and few options for income diversification. The **region most vulnerable to food insecurity** is the central highlands, including the provinces of Huambo, northern Huíla and parts of Bié, which were at the heart of the conflict and from which the majority of combatants of both sides came. The central highlands hold 80% of the country’s food-insecure population and 68% of the highly vulnerable population. Outside Luanda, the central highlands represent the area with the highest demographic and environmental pressure, as over 40% of the total population and two thirds of the rural population are estimated to be concentrated there, the vast majority living below the poverty line. The characteristics of this area include impoverished soils and poor farming practices, acute sensitivity to risk and extensive recourse to negative coping mechanisms, and high population densities, which limit access to farmland. This has been exacerbated by the frequent displacement of families by war, the death of working-age men, the increased vulnerability of woman-headed households, and disruption of the health and education systems.

23. **Basic social infrastructure and services (MDG 4, 5, 6).** The social conditions in rural areas are extremely difficult. Housing is poor, and the weak health services cover only 30% of rural areas. Between 1997 and 2001, Angola spent the lowest overall amount on education and health of any Southern African Development Community country. On average, 4.7% of national expenditure went towards education, and 3.3% towards health, compared with 16.7% and 7.2%, respectively, for the other countries of the Southern African Development Community. The state budget for 2004 showed an increase in allocations for the social sectors to 20.5%, but this was inadequate to address needs fully. Spending continues to be geographically uneven; very little reaches rural areas. Poor social infrastructure constitutes a disincentive for people to settle in rural areas and begin farming.

24. **Primary education (MDG 2).** School attendance rates in rural areas are 44% at the primary level and 1% at school years 5/6, compared with 61% and 8%, respectively, in urban areas. Boys and girls start school in equal numbers, but fewer girls reach the end of primary education. The normal progression through basic education is hampered by lack of teachers and classrooms, low household incomes and lack of school materials. Access to education is directly influenced by the level of household wealth. In primary school, the attendance rate of children from better-off households is double that of children from poorer families. In school years 5/6, this rate is 16 times higher, leaving the poorest children marginalized after only a few years of schooling. For children from poorer households and in rural areas, lack of an identification document, needed for enrolment, is a major obstacle.

25. **Potable water and sanitation (MDG 7).** Only 15% of the rural population has access to a protected water source, and 20% has adequate sanitation. The water supply system has been affected by the destruction of infrastructure during the war and by the growing pressure on urban water supplies caused by population displacement towards towns. Few provincial capitals have continuous supplies of water. In rural areas, when safe water exists, it is supplied through wells and boreholes equipped with manual pumps, which communities are not able to maintain. There is little support from provincial water units in terms of spare parts and equipment maintenance. In 80% of cases, water is fetched by women and girls, while nearly 25% of rural people must walk 1 km or more from their dwellings to the nearest water source.

26. **Gender (MDG 3).** Overall, there is a significant shortage of men in Angola, a typical characteristic of a country emerging from war and the resulting high levels of migration. In the provinces of Huambo, Bié and Kuando Kubango, there are, on average, 55 men for every 100 women in the 20-24 age group, reflecting male migration towards Luanda and the greater impact of war in the region. About a third of households are headed by women, although in some rural areas the figure may be higher. Woman-headed rural households are among the poorest and most vulnerable, partly because they are deprived of male labour for land-clearing and ploughing. Women are responsible for all aspects of daily family subsistence, including the production of food crops and small livestock, as well as the collection of water and firewood and caring for children, the elderly and the sick. Men are responsible for preparing the land, commercial crop production and cattle.

27. **Malaria, HIV/AIDS and other diseases (MDG 6).** In 2000, malaria was the most significant cause of child mortality (76%) in Angola, followed by acute respiratory infections (7%) and diarrhoeal diseases (7%), with malnutrition an underlying condition. Despite a relatively low HIV infection rate of 2.8% in 2004, there is widespread recognition that the HIV/AIDS situation is likely to worsen and will probably follow rapid growth trends evident in neighbouring countries. Substantial population movements are likely to have led to the geographical expansion of the epidemic to most rural areas in Angola. Despite the urgent need to stop the epidemic from broadening and intensifying, the response infrastructure is weak. Without firm measures to combat it, the epidemic is likely to have a devastating impact, bringing a high death toll in the most productive age groups, plunging many families deeper into poverty, shortening life expectancy, overwhelming the already weak health system and creating a generation of children orphaned by AIDS.

D. Constraints on and Opportunities for Rural Poverty Reduction

28. **Opportunities and constraints.** Angola has rich reserves of petroleum and diamonds, abundant land, marine and freshwater resources with economic potential, favourable climatic conditions and a tradition of family-based farming. The peace accord in April 2002 created an opportunity for rural poverty reduction linked to the return and resettlement of internally displaced people, demobilized soldiers and refugees, the freedom of movement of people and goods and increased discussion about a poverty reduction strategy and macroeconomic and sector policies. There is a large urban market in Luanda and other cities. However, food security and the resumption of

sustainable and profitable agricultural production are constrained by a range of factors identified through the rural sector assessment of the PBAS and described in sections B and C above, as well as by high levels of inflation, cheap imports that provide little incentive for domestic production and controls on profit margins. The poor state of social infrastructure and the lack of basic social services in rural areas are a disincentive for people to settle and begin farming. At a policy level, legislation relating to the rural sector needs adjustment, approval or implementation.

29. **Knowledge base.** Over the past 30 years, there has been little opportunity to collect basic rural data, with the result that current national economic data are incomplete and unreliable. Moreover, the colonial information base was geared to the needs of the larger-scale agricultural sector, and there was little attention to the small farmer. This means that existing rural development strategies are based on assumptions that may not hold true today, while projects are designed in the absence of basic data. Although some government agencies, donors and NGOs are conducting situation analyses in different areas of the country and at different levels, there is no collaborative effort in systematic information sharing, and a central knowledge base is non-existent. In addition, data collected generally do not differentiate between urban and rural populations, nor are they disaggregated by gender.

30. **Public administration system.** The public administration system overall is very weak, with too little investment, poor conditions of service, low levels of education and low staff morale. Very few financial and human resources are applied outside Luanda. Practically all resources are used for salaries, which are too low to attract and retain well-qualified staff; little is left over to fund operational activities, which are largely dependent on external support. The number of trained Angolans is insufficient to meet demand in the public system, and the vast majority of them work in the provincial capitals. In addition, there is no coherent and coordinated approach to donor assistance, including technical assistance, to government departments. Government structures, including MINADER and the IDA, are heavily centralized, and there is a strong top-down culture, which favours decision-making by an elite, without any real consultation or participation by the people.

E. National Strategy for Poverty Reduction

31. **Process.** Angola's equivalent to a poverty reduction strategy paper (PRSP) is the 2004-08 Poverty Reduction Strategy, which was approved by the Council of Ministers in 2004. In line with the MDGs, the main target is to cut the current poverty level in half by 2015. The formulation of the strategy was led by a working group based in the Ministry of Planning, with the participation of technical staff from other ministries and initial support from several agencies, but only limited involvement of civil society. The strategy includes a section on the importance of consultation and the participation of communities, but this has thus far been restricted to information-sharing sessions and NGO-led consultations, while it remains unclear how these will feed into the strategy. The 2004-08 Poverty Reduction Strategy also includes a monitoring matrix showing objectives, indicators and baseline data, for which IFAD provided input, jointly with other United Nations agencies, in early 2004. Once this matrix is finalized by the Government, it is expected to become a focus of attention of the development community, which is keen to assist the Government and civil society in monitoring and evaluating progress. It is uncertain whether the final matrix will include indicators clearly linked to rural poverty reduction.

32. **Content.** The goal of the 2004-08 Poverty Reduction Strategy is the consolidation of peace and national unity through the sustained improvement of the living standards of the most vulnerable and poorest people in Angola. The social reintegration of demobilized soldiers, internally displaced persons and refugees is a priority, which is to be achieved by creating conditions for people to settle in their areas of origin or in other appropriate areas, as well as by promoting economic, social and cultural development. The Poverty Reduction Strategy identifies many important issues facing Angola today, but suggests few solutions and fails to set priorities in the context of such vast needs. The link between the strategy, sector plans and budgets is not established; so it remains unclear how

implementation and coordination are envisaged. Food security and rural development are included as one of ten specific objectives: “to minimize the risk of hunger, meet internal food needs and revitalize the rural economy”. Linked to this is a target to increase food production to ensure food security throughout the country, as reflected in this COSOP. Furthermore, the COSOP shares some basic principles outlined in the food security and rural development section of the Poverty Reduction Strategy: a focus on smallholders; the importance of community participation; the concentration of planning, implementation and monitoring at the *município* level; complementary activities with donors, the private sector and NGOs; specific targeting of women, including in relation to access to land; and, finally, HIV/AIDS as a cross-cutting concern.

III. LESSONS FROM IFAD’S EXPERIENCE IN THE COUNTRY

33. **IFAD assistance and portfolio.** The Malanje Smallholder Sector Rehabilitation Project was the first IFAD project in Angola; it became effective in 1991. When fighting restarted in 1992, a presence in the project area became impossible, and the project was closed; at the time, the disbursement level had been a very low 8%. When the Lusaka Peace Accord was signed in November 1994, IFAD began formulating new projects. The Northern Region Foodcrops Development Project (PRODECA) became effective in 1997 with a loan totalling USD 13.4 million and a grant from the Belgian Survival Fund of USD 3 million. The Northern Fishing Communities Development Programme (PESNORTE) became effective at the start of 1999, with a loan of USD 7.3 million and a grant from the Belgian Survival Fund of USD 1 million. The new outbreak of war in late 1998 was devastating and caused widespread insecurity, preventing both projects from operating in large portions of the areas of intervention and disrupting implementation. When the war ended in early 2002, the security situation quickly improved, so that project areas became accessible again. The objectives of PESNORTE and PRODECA remain valid, and the implementation periods will be extended to the end of 2007, providing valuable operational lessons to be applied in future lending programmes. IFAD’s non-lending activities in Angola began with the joint IFAD, Food and Agriculture Organization of the United Nations (FAO) and World Food Programme (WFP) Uíge Province Food Security Project, which was financed by Italy through the trust funds it provides to each of these three Rome-based United Nations agencies. When war broke out in 1998, the project relocated to the province of Bengo, where it ended in 2003. IFAD currently funds two small country grants to NGOs: “Linking Financial Services to Farmer Associations in Angola”, with the Cooperative League of the United States of America, and “Strengthening Community Resilience and Responses to HIV/AIDS through Livelihoods” with CARE Angola.

34. **Lessons.** The main lessons learned from IFAD’s experience in Angola will be taken into account in future interventions. The lessons include the following: (a) The major challenge in the post-war period is to ensure that support for rebuilding the livelihoods of the rural poor is based on the actual constraints and aspirations of the rural poor. At the moment, there is no holistic understanding of these changing livelihood strategies, and the Government maintains a top-down approach in the provision of services. (b) Implementation capacity is extremely weak and demands substantial external support both through technical assistance and tight supervision. Projects with simple, flexible designs will place fewer demands on the scarce managerial and financial resources available in the rural sector. Project design needs to adapt to changes in the country, such as the elections in 2006, increased access to rural areas and ongoing population shifts. (c) A geographic focus is necessary because management capacity is limited, and the needs and opportunities in different parts of the country vary greatly. (d) IFAD has had limited leverage in policy dialogue due to a lack of in-country presence, weak donor coordination and the Fund’s modest lending level. The presence of a part-time project facilitator based in Luanda since July 2004 represents an opportunity to begin to engage more actively in policy dialogue, although there are presently only very narrow exchanges of information and mechanisms for coordination to which IFAD can contribute. (e) Working with NGOs as strategic partners in implementation and as service providers and technical advisers is beneficial. Using grants, IFAD can explore and demonstrate livelihood-based approaches to the identification of priority needs

and the provision of services in rural areas. (f) Monitoring and evaluation systems, including gender-sensitive baseline surveys, should be in place from the start. Project teams need training in participatory monitoring and evaluation techniques linked to the requirements of IFAD's results and impact management system. Monitoring and evaluation systems should be used as a tool for learning and for capturing knowledge, leading to adaptations and improvements in project design. (g) Evaluations of the Belgian Survival Fund investments in Angola have shown that the construction and rehabilitation of infrastructure in rural areas can have a quick positive impact on the lives of the poor.

IV. STRATEGIC FRAMEWORK FOR IFAD

A. IFAD's Strategic Niche and Proposed Thrusts

35. IFAD's **strategic niche** in post-conflict Angola is to promote demand-driven local-level approaches that ensure that policy development and programmes to rebuild the livelihoods of the rural poor are based on the actual constraints and aspirations of the rural poor. The three cross-cutting principles underlying IFAD's Regional Strategy for Eastern and Southern Africa are relevant and apply in this case, namely: careful **targeting** that focuses on areas of medium to high potential where the greatest number of people live and farm; the **empowerment** of the rural poor, including access to material goods and organization in order to assert influence collectively; and ensuring democratic **accountability** by supporting the rural poor in exercising greater influence over local and national public institutions. IFAD will address the greater vulnerability of some groups, including those identified in the PRSP as the most vulnerable: women and woman-headed households, youth, demobilized soldiers and returnees. Implementation modalities and funding allocations will be developed in line with the proposed IFAD Policy on Crisis Prevention and Recovery.

36. **Country programme.** Given the weak institutional and policy framework in Angola, IFAD's programme makes use of several instruments to respond to short-term needs, while preparing for longer-term development and building on the current portfolio. First, the continuation of both PRODECA and PESNORTE is central to the programme until the end of 2007, as both remain highly relevant and were prevented from reaching their objectives due to insecurity in rural areas during the war. The investment in PRODECA will be strengthened by an additional grant from the Belgian Survival Fund to rebuild social infrastructure and by new co-funding being explored with the Organization of the Petroleum Exporting Countries Fund for International Development (the OPEC Fund). Second, the strategic use of grant resources will ensure a quick response in areas of high need, while enabling IFAD to learn about the lives of the rural poor in the central highlands, identify potential partners (for implementation, co-funding and coordinated policy dialogue) and learn about key issues, such as access to land, links to financial services and responses to HIV/AIDS. Third, IFAD will engage in policy dialogue in specific areas, assisted by the project facilitator in Luanda. These three components will form a firm foundation on which, on the basis of improvements in the institutional and policy framework, IFAD may begin formulation of the fourth element of the country programme, a new loan-funded activity in the central highlands, expected to be presented to the Executive Board in 2007.

37. **Justification for the focus on the central highlands.** The central highlands clearly represent the area of Angola that is most vulnerable to poverty and that contains the greatest number of food insecure people (see paragraph 22). An IFAD programme should have a well-defined geographical focus and target areas characterized by high levels of food insecurity and a high proportion of vulnerable groups, but a clear potential for long term sustainable development in line with IFAD's regional strategy. This will enable IFAD to add value to and benefit from potential synergies among projects and will facilitate the provision of implementation support and supervision for project management teams. Focusing on one area in which the impact can be more easily monitored and

lessons can be shared will also give IFAD more leverage for policy discussions at the national level. The consolidation and evaluation of PESNORTE and PRODECA, both located in northern provinces, represent a valuable experience that IFAD will apply in the more vulnerable regions of the central highlands. Clear links in terms of knowledge-sharing will be established between IFAD's current projects and future investments so that the lessons learned can be applied in new focus areas.

38. IFAD's overarching goal in post-conflict Angola will be **to ensure food security and increase incomes, particularly among the most vulnerable groups in food-insecure areas of the central highlands**. The programme will contribute to this goal through three main objectives:

- (a) increased family-based production of basic food crops among food-insecure groups in the central highlands;
- (b) empowered rural organizations and vulnerable groups demanding appropriate services and infrastructure in *municípios*, including schools, health centres and wells; and
- (c) informed pro-poor policies based on improved knowledge of rural poverty.

39. To meet these objectives, the following thrusts are proposed:

- **Food production.** Poor rural households will be supported in the production of basic food crops that meet their needs. Given the level of poverty caused by the war, some communities and vulnerable groups (for example, recently settled populations or the populations in areas to which access has been difficult) may initially require free distribution of seeds, tools and other inputs. The lack of access to good-quality **seeds** appropriate to local conditions is a key constraint, justifying support for local selection, production and distribution systems for planting material that are linked to national research and extension services and respond to the expressed needs of local producers. In the central highlands, **livestock** may be required for traction. The diversification of production and income-generating schemes are necessary in order to respond to nutritional needs and to address the limited income and assets of the various segments of the rural population.
- Secure **access to productive land** in the context of the 2004 land legislation, with a focus on vulnerable groups such as women. IFAD will test approaches that involve rural organizations and local authorities in participatory mapping processes and information collection for the identification of community areas under cultivation or fallow and areas of cultural importance. The aim is to mitigate possible conflicts over land reclamation and ownership, particularly in the light of the return of displaced people and former combatants, as well as to promote investment in land through greater security of tenure.
- The **social empowerment of the rural poor** and the strengthening of their organizations are essential for stability in rural areas. Rural organizations will be supported in articulating their needs, building strategies to communicate the demand to meet such needs and forging partnerships with existing service providers, including *município* administrations. Consultation and planning mechanisms will have to be established and promoted, whereby local governments can meet with rural organizations to discuss rural development issues at the *município* level so as to boost the dialogue between and accountability of local authorities and the communities they serve. IFAD will advocate for a policy framework conducive to the establishment and autonomous operation of rural organizations.

- **Capacity-building among *municípios*** to move towards participatory methodologies in identifying and responding to the needs of the rural poor, especially the needs of vulnerable groups. This includes advocating for the devolution of human and financial resources to rural areas to enable these areas to respond to locally identified needs, including improving the access of farmers to research and extension services. The knowledge and experience gained in rural areas will be shared with the central government in Luanda in order to support a shift from top-down to locally led approaches and the decentralization of resources and decision-making.
- Given the potentially severe impacts of **HIV/AIDS** on rural areas, the challenge for IFAD is to serve as a catalyst for a more effective sector response to the pandemic through grant support for HIV/AIDS and livelihoods initiatives and through the integration of HIV/AIDS into the health and education components of future projects.

B. Main Opportunities for Innovation and Project Intervention

40. **Building a knowledge base.** There remains a great gap in the database and an absence of specific knowledge of the conditions at the smallholder level on which to ground innovative project design. A first stage for the development of sound smallholder support projects must be the systematic identification of the problems and constraints faced by smallholders and the definition of appropriate solutions. IFAD will promote meaningful beneficiary participation in design, planning and implementation based on a deeper knowledge and understanding of the needs and priorities of the rural poor. Gender-sensitive livelihoods analysis will be undertaken to identify and address the specific opportunities and constraints faced by women in rural areas. IFAD's catalytic role will involve building a knowledge base about the rural poor in Angola that can be used to inform policy discussions and the interventions of other agencies and to create a sound foundation for the formulation of a longer-term IFAD lending programme. More specifically:

- **Identifying target areas and groups.** IFAD will begin a participatory process of gathering information about the rural poor and issues affecting their lives and livelihoods within the central highlands, so that vulnerable groups are defined and identified locally. This will involve strengthening the capacity of provincial administrations and local municipal authorities to maintain accurate and relevant information about rural areas and vulnerable groups. The specific needs of women and woman-headed households will be identified and targeted. Criteria for selecting target *municípios* will include an emphasis on those *municípios* experiencing higher levels of food insecurity, higher rural population density, large numbers of recent returnees, greater agricultural potential and possible access to markets, and in which partnerships with other donors are possible in order to create synergies with complementary initiatives.
- **Learning as a basis for development in project design and implementation.** IFAD's experience in Angola shows that projects need to be flexible so as to respond to opportunities and changes in the environment, particularly in the light of the elections slated for 2006. Monitoring and evaluation systems based on quantitative and qualitative baseline surveys and functional databases using appropriate hardware and software facilities will be set up at an early stage of implementation, so that any changes in intervention strategy are grounded in relevant indicators of progress.

41. **Shift away from a top-down culture.** IFAD can add value in Angola by promoting demand-driven local-level approaches to ensure that needs and opportunities are identified by the rural poor themselves and that the Government is supported in restoring basic services meeting locally expressed priorities. IFAD will focus on generating replicable mechanisms to support the involvement of the rural poor in planning and implementing livelihood improvement interventions and in demanding

government accountability in the provision of services, particularly in *municípios*. This will involve supporting the livelihood strategies of the rural poor and assisting the Government in shifting from a top-down to a demand-driven approach in the delivery of inputs and services. The starting point, innovative in the context of Angola, is to understand the requirements of rural people as the basis for determining the external support needs and to provide such support in ways that do not create dependence, do not disempower communities and do not reduce the State's responsibility to provide services.

C. Outreach and Partnership Possibilities with NGOs and the Private Sector

42. **Role of NGOs.** NGOs played an important role during the war, especially in the delivery of humanitarian aid in remote areas where no local institutions were available. Many national and international NGOs established a presence in rural areas to assist in the distribution of food, seeds and tools. Some also developed agricultural extension and on-farm research activities and employed former MINADER personnel. In some *municípios*, NGOs have continued to ensure the delivery of basic services. Among the most active are Acção para o Desenvolvimento Rural e Ambiente (Action for Rural Development and the Environment), the Cooperative League of the United States of America, CARE, World Vision, OIKOS-Cooperação e Desenvolvimento, Caritas, and Save the Children. There are opportunities for strategic partnerships between IFAD, the Government and NGOs through which all parties can learn about local priorities, needs and capacities, as well as test new methods and approaches, particularly in support of rural organizations and improving the delivery of social services. Some NGOs are already engaged with local authorities, providing support for producer associations and facilitating the reconstruction of damaged infrastructure, both of which could be linked to IFAD's programme. IFAD is supporting two small grant-funded projects implemented by the Cooperative League of the United States of America and CARE and will continue to explore partnerships with NGOs, particularly those from which lessons can be learned in the central highlands.

43. **Private market intermediaries** are almost completely absent from rural Angola. While the Government formally supports the emergence of a private sector, it has yet to adopt appropriate macroeconomic policies to foster such development and growth. Meanwhile, private investment in rural areas is likely to remain low until policies are in place and functioning. In addition, the role of the private sector in agricultural production, marketing and services still needs to be defined, and the regulatory framework made more favourable, especially in terms of less costly and less bureaucratic procedures for business licensing and investment approvals. There are high business tax rates and risk of harassment from regulatory, fiscal and police bodies, resulting in incentives for fiscal evasion, informal economic activity and rent-seeking by officials. Within this context, there are some opportunities for helping to establish links between private-sector institutions, especially banks, and rural organizations. The project "Linking Financial Services to Farmer Associations in Angola" will provide lessons in how to proceed with various stakeholders, including farmer associations, a commercial bank, private retailers and an agricultural cooperative.

D. Opportunities for Linkages with Other Donors and Institutions

44. **Partnerships.** The magnitude and range of tasks to be tackled in Angola's rural sector are such that any activity is likely to be risky because of inadequacies elsewhere in the system. Angola's size, weak institutional framework and high levels of rural poverty mean that IFAD's impact and leverage will be greatest when its initiatives are allied with development partners to mobilize the needed resources to rehabilitate and reconstruct social infrastructure and strengthen the rural poor and their organizations, as well as achieve sustained increases in agricultural production and productivity. IFAD's strategic links with partner agencies in Angola will be a central part of future interventions in the central highlands, particularly with the European Commission, the United States Agency for International Development and the World Bank, each of which offered feedback on this COSOP and

are active donors in the agricultural sector in Angola. The activities of other partners in development are described in Appendix V. IFAD will explore ways to work in a complementary manner in common geographic and thematic areas, as well as strengthen local government so as to coordinate the various donor programmes. In its current activities, IFAD is working with the World Bank to coordinate investments in the PRODECA provinces, particularly Malanje, where an agricultural research centre is being built. One area where IFAD will seek complementary partners will be in the rehabilitation and reconstruction of social infrastructure, which will entail appropriate community involvement and the selection and training of local personnel (teachers and health workers, for example). Another area where IFAD will seek partnerships will be in the assessment of the relevance of landmine-related issues as they affect the lives and livelihoods of people in rural communities, eliciting the appropriate technical and financial support from existing sources and facilitating the coordination of the services delivered. Emphasis will be placed on strengthening community capacities to identify and assess risks related to landmines, educate community members and manage demarcated areas before landmine removal.

45. **In-country coordination.** United Nations agencies in Angola have agreed on the first United Nations Development Assistance Framework (2005-08), and sector-specific coordination groups are planned that will open the way for better collaboration and harmonization. Given the importance of the coordination of food-security interventions, FAO is seen as a close partner of IFAD and, when a mechanism for in-country sector-wide coordination is in place, IFAD will explore ways to engage in coordination with FAO, including through the participation of IFAD's Luanda-based project facilitator. IFAD will seek to increase collaboration with the United Nations Resident Coordination Unit in the assessment of the progress towards the achievement of the MDGs, as well as with the donor community, so as to harmonize policy dialogue and rural development interventions.

46. **Leveraging co-funding for ongoing and future projects.** The Angola portfolio has thus far benefited from a close partnership with the Belgian Survival Fund through significant investment in the rehabilitation and construction of infrastructure in the project areas, a partnership that is expected to continue, particularly through the consolidation of activities during the extended period of implementation of PRODECA, until 2007. IFAD is also assisting the Government in seeking approximately USD 2 million in co-funding from the OPEC Fund for additional PRODECA-related activities linked to the construction of the infrastructure necessary for the success of the agricultural research centre under construction in Malanje. IFAD will begin to explore the possibilities for co-funding in future interventions in the central highlands with those agencies that have an interest in the region or that already operate there, such as the European Commission, the United States Agency for International Development and the World Bank.

E. Areas for Policy Dialogue

47. IFAD has maintained good relations with the Government through the Ministries of Finance, Agriculture and Rural Development, and Fisheries partly as a result of continuing to support the country throughout the war. The policy dialogue has concentrated on the need to keep government agencies associated with the implementation of projects focused on the needs of the rural poor. In general, the Government needs to clarify its policies and strategies to achieve the goals it sets for the rural sector. This includes identifying required resources, strategies and mechanisms for involving rural communities and collaboration with rural development stakeholders, notably local government institutions and NGOs. Policy and strategy documents do not seem to dictate the content and focus of annual budgets. IFAD will coordinate with agencies in Angola to increase the effectiveness of pro-poor policy dialogue in Angola by creating mechanisms for systematically analysing and sharing information on rural poverty so as to inform government policies and strategies. This includes providing joint inputs (together with United Nations agencies, the World Bank, the European Commission and bilateral agencies) into the monitoring processes of the PRSP, the United Nations Development Assistance Framework and MDGs by using information gained through local-level

projects (loans as well as grants). The 2004 Rural Sector Assessment of the PBAS revealed the poor performance in most indicators and will be used as a tool for policy dialogue. Of the indicators which scored 1.0, IFAD will focus on those that directly relate to the proposed country programme, including the extent to which rural organizations are representative of the rural population and have opportunities to interact with government; the representation of rural organizations within executive or advisory government bodies; land tenure; priority setting in agricultural research and extension and in the control of funds for agricultural research and extension; women's participation in rural organizations; budgetary allocations for the agricultural and rural sectors, including the lower levels of government; and the participation of the rural poor in the planning of local development activities. The role of IFAD's project facilitator in Luanda will be central to engagement in policy dialogue with the Government and other development partners.

F. Action Areas for Improving Portfolio Management

48. **Supervision and implementation support.** Although Angola's overall portfolio performance is moderately satisfactory, the quality of implementation has recently improved due to changes in project staff, support from the project facilitator and closer supervision by the United Nations Office for Project Services. It is evident that projects require close supervision and implementation support, a requirement that must be factored in during project planning. Enhanced project supervision and implementation will be achieved through a combination of increased technical assistance and the support of the in-country project facilitator in order to coordinate activities and engage in dialogue with government units in Luanda and the provinces.

49. **Monitoring and evaluation.** Both the PESNORTE mid-term review and the action plans for the extended period of implementation of PRODECA emphasize the importance of management to the results and impact orientation of project activities. In both projects, the monitoring and evaluation systems are weak, and baseline information is lacking. There is now a greater effort to set up participatory monitoring systems linked to the results and impact management system, which will be valuable in order to learn lessons that can be adapted and replicated in the lending programme in the central highlands. Clearly, monitoring and evaluation systems need to be developed at the start of projects and maintained throughout, including participatory baseline surveys and gender-sensitive needs assessments in defined project areas. The lack of reliable information on which to base strategic planning seriously hampers efforts to respond appropriately and adapt interventions to emerging needs.

G. Tentative Lending Framework and Rolling Programme of Work

50. According to the base-case scenario, IFAD is to manage a country programme that includes the consolidation of ongoing investments in PRODECA and PESNORTE, active engagement in policy dialogue that is informed by the work in rural areas and the development of a portfolio of small, active research, grant-funded projects in preparation for a new loan-funded activity. The small grant-funded projects will prepare the foundation for a lending programme in the central highlands that will focus on the need to respond to key constraints, generate data, test new methods and institutional arrangements, build partnerships, provide training to improve skills, and contribute to gaining the confidence of technical staff and farmers. This portfolio will include the projects "Linking Financial Services to Farmer Associations in Angola" and "Strengthening Community Resilience and Responses to HIV/AIDS through Livelihoods", already under way, as well as projects under consideration, including "Promote Human Rights through Resolving Land Use and other Conflicts in Bié Province" and "Participatory Analysis of the Lessons Learned in Community Development Initiatives in the Central Highlands". Following requests from the Government, both PRODECA and PESNORTE are expected to continue until the end of 2007, which will enable the investment to be consolidated and represents an opportunity to evaluate and learn lessons to be applied in the design of future interventions. The limited knowledge about the rural sector and the possibility of instability

during the election process in 2006 justify this base case, as well as a low 2004 PBAS total country performance rating of 2.28. This score currently qualifies Angola for a lending programme of USD 1.2 million per year, which may increase in the context of a specific policy relative to PBAS allocations for post-conflict countries, as reflected in the guidelines for the fourteenth replenishment of the resources of the International Development Association. The proposed programme is in line with the recommendation of the Independent External Evaluation of IFAD that a more differentiated approach be applied in low performing countries and difficult policy environments, using a mix of instruments, including policy dialogue, grants and loans.

- **High-case scenario.** The annual PBAS exercise may demonstrate that the Government is assigning higher priority to rural poverty reduction in its policies and budget allocations. The implementation of the ongoing projects PRODECA and PESNORTE may also improve through closer supervision and support from the project facilitator. This would be measurable by an increase to a score of 2.8 in the total country performance rating, thus triggering a shift to a high-case scenario. Other factors that will be monitored include the implementation of the PRSP with civil society involvement, as well as the successful carrying out of free, fair and peaceful elections. IFAD will review these indicators shortly after the 2006 elections, on the basis of which a new project will be developed and loan funds will be committed, building on the lessons learned through the ongoing portfolio. Beginning project development in late 2006 would also make it possible for the Government to draw on the resources for two three-year PBAS cycles, i.e. 2005/06/07 and 2008/09/10, and IFAD will explore ways to use these resources to leverage co-funding for planned interventions.
- **Low-case scenario.** The annual PBAS exercise could also trigger a low-case scenario characterized by a lack of serious commitment to the reduction of rural poverty both in terms of policies and budget allocations, little or no disbursement of funds from the general central budget to rural areas, and no progress in the processes of decentralization, deconcentration and implementation of the PRSP. With elections scheduled in 2006, there is the possibility of an unstable political, economic and social environment, particularly in rural areas where food insecurity is greatest. If a low-case scenario is triggered, IFAD would limit its engagement to partnerships with potential agents of change, in close coordination with the Government and other donors, while the development of new projects would be slowed, and the minimum conditions to begin formulation would be determined.

51. **COSOP review.** This COSOP covers a six-year period, equivalent to two PBAS funding cycles, so as to enable IFAD to make strategic use of all available instruments while demonstrating a long-term commitment to the reconstruction and development of the country. However, in order to assess whether the situation in the country following the elections justifies a revision of IFAD's strategy, an in-house review of the COSOP will be carried out in 2007. The review will take into account that the PRSP and the United Nations Development Assistance Framework will both be renewed in 2008. The COSOP review will be done in order to ensure that IFAD's programme in Angola remains in alignment with these other two strategic tools.

APPENDIX I

COUNTRY DATA

ANGOLA

Land area (km² thousand) 2002 1/	1 247	GNI per capita (USD) 2003 1/	740
Total population (million) 2002 1/	13.12	GDP per capita growth (annual %) 2002 1/	12.0
Population density (people per km²) 2002 1/	11	Inflation, consumer prices (annual %) 2002 1/	119
Local currency	New Kwanza (AON)	Exchange rate: USD 1 =	88.56 AON
Social Indicators		Economic Indicators	
Population (average annual population growth rate) 1996-2002 1/	2.7	GDP (USD million) 2002 1/	11 248
Crude birth rate (per thousand people) 2002 1/	50	Average annual rate of growth of GDP 1/ 1982-92	1.6
Crude death rate (per thousand people) 2002 1/	19	1992-02	5.1
Infant mortality rate (per thousand live births) 2002 1/	154	Sectoral distribution of GDP 2002 1/	
Life expectancy at birth (years) 2002 1/	47	% agriculture	8
Number of rural poor (million) (approximate) 1/	n/a	% industry	68
Poor as % of total rural population 1/	n/a	% manufacturing	4
Total labour force (million) 2002 1/	6.05	% services	24
Female labour force as % of total 2002 1/	46	Consumption 2002 1/	
Education		General government final consumption expenditure (as % of GDP)	n/a
School enrolment, primary (% gross) 2002 1/	n/a	Household final consumption expenditure, etc. (as % of GDP)	n/a
Adult illiteracy rate (% age 15 and above) 2002 1/	n/a	Gross domestic savings (as % of GDP)	39
Nutrition		Balance of Payments (USD million)	
Daily calorie supply per capita, 1/	n/a	Merchandise exports 2002 1/	7 600
Malnutrition prevalence, height for age (% of children under 5) 2002 3/	45 a/	Merchandise imports 2002 1/	3 795
Malnutrition prevalence, weight for age (% of children under 5) 2002 3/	31 a/	Balance of merchandise trade	3 805
Health		Current account balances (USD million)	
Health expenditure, total (as % of GDP) 2002 1/	4 a/	before official transfers 2002 1/	-1 639 a/
Physicians (per thousand people) 1/	n/a	after official transfers 2002 1/	-1 431 a/
Population using improved water sources (%) 2002 3/	38 a/	Foreign direct investment, net 2002 1/	1 312
Population with access to essential drugs (%) 1999 3/	0-49	Government Finance	
Population using adequate sanitation facilities (%) 2002 3/	44 a/	Overall budget deficit (including grants) (as % of GDP) 2002 1/	n/a
Agriculture and Food		Total expenditure (% of GDP) 2002 1/	n/a
Food imports (% of merchandise imports) 2002 1/	n/a	Total external debt (USD million) 2002 1/	10 134
Fertilizer consumption (hundreds of grams per ha of arable land) 2002 1/	5 a/	Present value of debt (as % of GNI) 2002 1/	101
Food production index (1989-91=100) 2002 1/	177	Total debt service (% of exports of goods and services) 2002 1/	10
Cereal yield (kg per ha) 2002 1/	596	Lending interest rate (%) 2002 1/	97
Land Use		Deposit interest rate (%) 2002 1/	49
Arable land as % of land area 2002 1/	2 a/		
Forest area as % of total land area 2002 1/	56 a/		
Irrigated land as % of cropland 2002 1/	2 a/		

a/ Data are for years or periods other than those specified.

1/ World Bank, *World Development Indicators* CD ROM 2004

2/ UNDP, *Human Development Report*, 2000

3/ UNDP, *Human Development Report*, 2004

LOGICAL FRAMEWORK

Narrative summary	Verifiable indicators (from the results and impact management system)	Means of verification	Assumptions/risks
<p>Goal</p> <p>To ensure food security and increase incomes, particularly among the most vulnerable groups in food-insecure areas of the central highlands.</p> <p><i>(Contributes to MDG 1)</i></p>	<p>Number of households with improvement in the household asset ownership index, based on additional assets (productive assets, bicycles, radios, improved housing, tin roofs, etc.)</p> <p>Reduction in the prevalence of child malnutrition (weight-for-age)</p>	<p>Multiple Indicator Cluster Surveys and WFP reports, disaggregated by district</p> <p>Results and Impact Management System baseline surveys and monitoring</p> <p>National statistics, including monitoring of the PRSP</p>	<ul style="list-style-type: none"> • Continued Government commitment to peace and political stability • Free and fair elections are held peacefully • The Government proceeds with the implementation of the PRSP and involves civil society in the monitoring process • General budget allocation to social sectors and agriculture increases
<p>Purpose/Objectives</p> <p>1. Increased family-based production of basic food crops among food-insecure groups in the central highlands <i>(Contributes to PRSP objective 3)</i></p> <p>2. Empowered rural organizations and vulnerable groups demanding appropriate services and infrastructure in <i>municipios</i>, including schools, health centres and wells. <i>(Contributes to PRSP objectives 5, 6, 7)</i></p> <p>3. Informed pro-poor policies based on improved knowledge of rural poverty <i>(Contributes to PRSP objective 10)</i></p>	<p>Number of households that have improved food security</p> <p>Number of farmers adopting technology recommended by the project (by gender)</p> <p>Number of farmers reporting production/yield increases</p> <p>Number of households provided with long-term security of tenure of natural resources, including land and water</p> <p>Ha of common property resources (under improved management practices)</p> <p>Number/amount of functioning infrastructure, schools, health centres</p> <p>Number of households served by wells</p> <p>Number of farmers with secure access to water</p> <p>Number of groups with women leaders</p> <p>Number of groups operational/functional, by type</p> <p>Number of projects where new/changed pro-poor legislation or regulations are enforced at the local or national levels</p> <p>Number of community action plans included in local government plans</p>	<p>Municipal government records</p> <p>MINADER/FAO/WFP production and marketing data from project areas</p> <p>WFP/vulnerability assessment mission reports</p>	<ul style="list-style-type: none"> • Funds that are allocated to the social sectors will be disbursed to rural areas and the decentralization project results in decision-making at the provincial, <i>municipio</i> and <i>comuna</i> levels • Special consideration is given to woman-headed households that are poor or very poor • There is political will in the project area to support demand-led approaches
<p>Outputs</p> <p>1. Active portfolio of small projects in the central highlands, including a thematic focus on access to land, livelihoods and HIV/AIDS support, while applying participative methodologies</p> <p>2. Rural livelihoods improvement support project developed in the central highlands with a focus on food production, access to land, social empowerment, the building of capacity among</p>	<p>Number of persons trained in agricultural development, by gender and sector</p> <p>Number of farmers using purchased inputs</p> <p>Number of animals distributed, restocking</p> <p>Number of people with access to technical advisory services facilitated through the project</p> <p>Number of resource management plans enacted</p> <p>Number of community management groups</p>	<p>Participatory monitoring and evaluation reports</p> <p>Local government registers</p>	<ul style="list-style-type: none"> • Vulnerable groups and areas are identified, and baselines are established

Narrative summary	Verifiable indicators (from the results and impact management system)	Means of verification	Assumptions/risks
<p><i>municipios</i> and HIV/AIDS</p> <p>3. Rural infrastructure rehabilitated and functioning in PRODECA areas</p> <p>4. Learning from PESNORTE and PRODECA used in interventions in the central highlands</p> <p>5. Improved knowledge about rural poverty used to influence local and national policy agenda</p>	<p>formed/strengthened</p> <p>Number of people belonging to interest groups, by type of group</p> <p>Number of groups with women in leadership positions</p> <p>Number of community action plans prepared</p> <p>Number of community projects implemented (by type)</p> <p>Km of roads constructed/rehabilitated</p> <p>Number of schools/clinics built/rehabilitated and wells drilled for drinking water</p> <p>Number of people trained in health, sanitation and nutrition</p> <p>Number of enabling policies promulgated, by sector</p> <p>Number of projects supporting decentralized processes</p> <p>Number of research-for-development extension/dissemination events attended by target households</p>		

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT) ANALYSIS

Organization	Strengths	Weaknesses	Opportunities/Threats	Remarks
MINADER Luanda	Central government ministry responsible for agriculture and rural development Principal partner for all food-security projects Main IFAD partner; there is a positive working relationship	Highly centralized Lack of qualified, experienced and motivated staff Does not support or monitor work carried out in the provinces Lack of reliable updated information about agriculture and trade Lack of financial resources	Increase in donor interest in rural development may lead to more technical assistance May benefit from social investments by oil companies, through non-governmental partners	Will probably continue to be IFAD's priority agency within the Government
Ministry of Planning	Focal point for PRSP and receiving technical assistance from the World Bank and other donors New team in the Directorate for National Studies and Projects	Limited mechanisms for consultation with civil society	Will continue to be focal point for PRSP	
IDA	Has produced a detailed plan for the supply of support to smallholders over the next four years, including participatory rural appraisals in some provinces Plan recognizes the importance of community participation in all stages of the process IDA has a high profile in the country	Extremely centralized structure with no delegation of authority to EDAs No coordination of donor support No specific targeting of woman-headed households	Plan formulated by external consultants and not shared with other stakeholders	
EDAs	The rehabilitation of EDAs is a stated priority of MINADER as a way to provide inputs and services to rural areas High profile in rural areas, a legacy of the pre-independence years	Totally dependent on the central IDA structure in Luanda Answer to IDA in Luanda rather than to local authorities, which makes local planning and implementation very difficult Extreme shortage of human and financial resources		
Food Security Office, MINADER	Has three international permanent technical assistance staff, funded by FAO, the European Commission and Save the Children UK; the only division in MINADER currently receiving technical assistance	There is no recognized food-security strategy or coordination of donors Food-security monitoring is carried out externally, by WFP/FAO and the Famine Early Warning Systems (FEWS NET) with no transfer of skills or equipment to the office	Decrease of WFP and FEWS NET activities will leave a gap in monitoring	
Agricultural Research Institute	Headquarters in Huambo bring it closer to farming communities	Lack of resources and capacity Unclear objectives and lack of planning		

Organization	Strengths	Weaknesses	Opportunities/Threats	Remarks
		Strategy not focusing on household production systems		
Centro para Recursos Fitogenéticos	Collection of genetic resources in all <i>municípios</i> Operates as part of the university, but is also integrated into MINADER	Lack of resources	Linked to the Consultative Group on International Agricultural Research	Interested in participatory research trials for improved and appropriate seed varieties that respond to the needs of local farmers
Provincial administration	Has a budget Has some decision-making authority	Weak financial management systems and lack of transparency and accountability Lack of mechanisms for dialogue with communities Replicates the top-down structure of the central government	Some provinces will benefit from the current decentralization programme of the United Nations Development Programme	
Municipal authorities	Receive support as part of programmes such as the Rehabilitation Support Programme and NGO initiatives, particularly in the identification of needs and the development of municipal plans Closer to rural communities	Lack capacity and resources to deliver services Not a budget holder Highly dependent on the provincial administrations	Some <i>municípios</i> will benefit from the current decentralization programme of the United Nations Development Programme	Likely to be an entry point for future IFAD interventions because they are closer to rural communities
Social Support Fund The Social Support Fund is a multi-donor project set up in 1994 as an autonomous fund to finance infrastructure and microenterprise development	Autonomous fund; independent board of directors and management; decentralized staff and appraisal capacity; staff employed under competitive terms and conditions; responsiveness to community initiatives, linkages to NGOs for community mobilization; independent audits Provides assistance to staff at the municipal level so as to identify local needs and supports local organizations to build social infrastructure (schools, health posts, water systems, access roads, etc.); Phase III (2004-08) receives funding from the World Bank (USD 55 million), the European Commission (EUR 45 million), the Government (USD 8.3 million) and bilateral donors	Not fully integrated with other local projects. Must coordinate reconstruction with a view to locally identified needs and priorities, the availability and capacity of the community to maintain and manage structure, and initiatives that support productivity	Already present in nine provinces (Bengo, Luanda, Kwanza Sul, Huambo, Benguela, Huíla, Namibe, Cunene, Cabinda) and expanding to the remaining nine by 2007	Good potential for synergies in project areas, linking the reconstruction of infrastructure with community development initiatives
International NGOs	Experience of working in rural areas and establishing links between local populations and local authorities and services Capacity to provide training and support for rural organizations, local administration staff and local NGOs	Do not always link with central MINADER Retain qualified staff at competitive salaries, weakening the civil service Can replace state structures and provide public services in an unsustainable way	Only international NGOs that are able to adapt to the new post-conflict situation and meet long-term development needs will remain in Angola	
Angolan NGOs	Strong local knowledge	Lack of human and financial	Have benefited from the support	

Organization	Strengths	Weaknesses	Opportunities/Threats	Remarks
	Experience of working in rural areas Belong to network of local NGOs	resources	of international NGOs and European Commission programmes	
Rural organizations	There is an interest and tradition in rural areas of working in groups Great interest among donors to work with rural organizations	Weak and unrepresentative		
Private sector	Increased security and access to rural areas open up possibilities for private investment	Absence of business skills	Lack of government incentives	
Financial institutions	Banco Sol has pioneered formal microfinance services	Absent from rural areas	Gap in market	

IFAD'S CORPORATE THRUSTS AS RELATED TO THE PROPOSED COUNTRY PROGRAMME

1. IFAD's strategic framework is conceived as part of the broad global commitment to achieving the **Millennium Development Goals**. The Angola COSOP contributes to this goal by using the MDGs as a framework for understanding and addressing coherently the diversity of issues affecting the rural poor. The Angola programme feeds into IFAD's corporate priorities, namely, the development and strengthening of the organizations of the poor to confront the issues these organizations define as critical; increasing access to knowledge so that poor people can grasp opportunities and overcome obstacles; expanding the influence that the poor exert over public policy and institutions; and enhancing the bargaining power of the poor in the marketplace.

2. The COSOP describes the complex factors affecting rural poverty in the context of post-war Angola and proposes that **solutions must be multifaceted** and adapted to social and political changes in the local situation. This includes an awareness that the country is vast and that needs vary greatly between and within regions, with pockets of vulnerability and particularly vulnerable groups, about whom there is **little information**. One of IFAD's concerns is to ensure more precise targeting, so that the rural poor benefit fully from IFAD-assisted activities. In Angola, this will involve **maximizing the participation of poor women and men** and other stakeholders in local needs assessment and in the planning, implementation and monitoring of activities. This will ensure that design and implementation decisions are based on the needs and perceptions of the rural poor themselves. Attention to the differing opportunities and constraints of women and men and to sources of vulnerability and ways of increasing resilience will be overarching concerns, taking into account the impact of HIV/AIDS.

3. The Angola COSOP recognizes that the poor need to be provided the chance to build individual and collective capabilities in order to gain access to economic opportunities and basic social services and infrastructure. IFAD's strategic framework states that a lack of strong social organization makes it difficult for the poor to exploit potential opportunities within their communities and to develop links with external partners. Thus, enhancing the human and social capital base of the rural poor will also enable them to interact with those wielding power on a more equitable and informed basis and thus negotiate more effectively on issues that affect their well-being. **Strengthening rural organizations** is a main objective of the Angola programme, without which investments in social and economic infrastructure will invariably fail to deliver sustainable benefits. The country programme reflects the need for the rural poor to have influence over the major decisions affecting their lives, including those taken by local and national governments. In Angola, IFAD will also work to **strengthen the capacity of local and national governments** so they can be more effective in responding to the needs of the rural poor. This will involve developing and promoting processes that increase the accountability and transparency of rural service delivery within **decentralized decision-making** frameworks.

4. Another IFAD corporate thrust relates to **access to natural resources such as land**, water and forests. The Angola COSOP acknowledges that there are area-specific cultural factors influencing access to land, and these must be understood before interventions can be planned, particularly as they may be sources of social conflict. Reducing such tensions and improving the planning for sustainable and equitable resource use are key challenges for IFAD in Angola.

5. The COSOP recognizes the importance of **raising agricultural productivity and diversifying incomes**, in a context in which there are no financial markets in rural areas. Market links will be explored as opportunities emerge. The rehabilitation of roads and bridges in order to ease access to markets will be included in the programme. Income diversification reduces the risks posed by rapidly changing market conditions and can help even out seasonal fluctuations in income and consumption.

ACTIVITIES OF OTHER PARTNERS IN DEVELOPMENT: ONGOING AND PLANNED

Donor/agency	Nature of project/programme	Project/programme coverage	Status	Complementarity/synergy potential
World Bank	The Bank's Transitional Support Strategy is organized under three pillars: enhancing the transparency, efficiency and credibility of public resource management; expanding service delivery to war-affected and other vulnerable groups; and preparing the ground for broad-based pro-poor economic growth. The Government Priority Phase Rehabilitation and Reconstruction Programme includes activities related to the Emergency Multi-Sector Recovery Project for 2004-07 (USD 200 million, of which USD 120 million is for the Social Support Fund and USD 20 million is for a rural development component). The sectors of intervention include agriculture, education, health and transport. In the agricultural sector, activities aim to increase the supply of food by raising and improving the production and distribution of seeds and vegetative planting materials (which account for one third of the rural development component) and to rehabilitate some 800 km of market access/feeder roads (which account for the remaining two thirds). There is also a separate HIV/AIDS programme.	National focus on Malanje and Bié	Ongoing	High; potential collaboration through the Social Support Fund
United States Agency for International Development	The Country Strategic Plan for 2001-06 supports the transition from emergency to development and is aimed at improving food security, health status and political process participation among households and communities in targeted areas. In the rural sector, programmes include (a) seed multiplication aimed at supporting the resettlement of displaced people through access to seeds of sufficient quantity and quality; (b) the provision of seeds and tools, agricultural extension, and food-for-work for the rehabilitation of roads, bridges, irrigation canals and other rural physical infrastructure; (c) 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. Also support the Policy Centre and Business Centre at the Catholic University and several HIV/AIDS initiatives.	Focus in the central highlands (Huambo and Bié)	Ongoing	High; links could include HIV/AIDS initiatives
European Commission	The Government and the European Commission agreed to a Cooperation Strategy Document for 2002-07 in which food security and health are the main priorities. The Commission intends to provide support to the Government with the objective of reducing food insecurity by increasing the production of cereals, reactivating crop and livestock activities, and providing structural support for the private sector. The Commission's contribution to the Social Support Fund for 2004-08 is EUR 45 million. The pipeline includes a programme of seed and tool distribution aimed at returnees and other vulnerable groups. Technical assistance is planned for MINADER and the Ministry of Planning to support the implementation of the PRSP and define a national food security programme to be financed by Commission budget lines from 2005/06.	Benguela/Huíla/Kwanza Sul	Ongoing	High; potential collaboration through the Social Support Fund
WFP	WFP is supporting returnee and resettlement initiatives and has started a school feeding programme. Currently assessing vulnerability in the central highlands.	National except Cabinda and Lunda Norte School feeding only in Benguela	Ongoing	High; potential for food assistance in rural return areas used to complement other initiatives

Donor/agency	Nature of project/programme	Project/programme coverage	Status	Complementarity/synergy potential
FAO	Support for MINADER in the analysis of the agricultural sector, the preparation and formulation of strategies beyond the transition phase (update of Agricultural Sector Review) and technical assistance for the Food Security Office. There has also been a strong emphasis on land issues, with support for the Government on land registry, boundary limits in selected communities and training in land use and land management. FAO has also been supporting transition activities such as livestock and small animal restocking, strengthening seed multiplication activities, reinforcing food security analysis and the capacity of MINADER in the coordination of interventions.	National	Ongoing	High
Department for International Development (United Kingdom)	The programme concentrates on peace-building, democratization, economic reform and combating HIV/AIDS.	Luanda only	Ongoing	Low
Switzerland	Humanitarian aid; medical programme in Luena; landmine risk education; HIV/AIDS programme.			
Portugal	Supports WFP in Moxico, Kuando Kubango, Huambo and Huíla; WHO, in the assistance for former soldiers; UNICEF, for water and sanitation projects in Bié and Uíge. Also supports seed multiplication in Kwanza Sul through OIKOS-Cooperação e Desenvolvimento.	National	Ongoing	Medium
Sweden	Human rights; distribution of non-food items to vulnerable groups in central Angola, integrated rural projects, education.	Malanje, Benguela	Ongoing	Medium
Denmark	Humanitarian aid programmes for internally displaced persons, including mine clearance activities and education; food aid and education; rehabilitation of the primary education system in the province of Uíge; health delegate.			
Canada	Humanitarian assistance; child protection in 18 provinces; food aid.			
Finland	Mine action programme.			
Germany	Food aid and rehabilitation in the province of Benguela; landmine action programme; milk powder distribution programme and hygiene programme; food aid and rehabilitation; seeds, food, agriculture operations and stockbreeding.	National Food security programme in Uíge/Malanje		
Norway	Main focus is to support processes aimed at good governance, peace-building and poverty reduction; emergency assistance and support for programmes in poverty reduction and better access to basic social services; institution-building to improve the management of natural resources; support for government institutional reforms in the area of governance, human security, democratization and transparency; support for civil society initiatives in community development, human rights, peace-building and organizational development. Infrastructure rehabilitation and humanitarian landmine action in Moxico province, in partnership with Norwegian People's Aid and WFP.	National	Ongoing	Medium
Italy	Humanitarian assistance; health; support for government reform; communications.	National	Ongoing	Medium
Japan	Food aid; provision of mine-clearance equipment.	Huambo and others	Ongoing	Low

Donor/agency	Nature of project/programme	Project/programme coverage	Status	Complementarity/synergy potential
African Development Bank	Support for the improvement of human resources and the development of basic socio-economic infrastructure in rural areas; strengthen production and sector competitiveness and promote activities to increase the income of the rural population; encourage diversification in agricultural activities; support the development of traditional inland fisheries; management of natural resources.	Agriculture component in Huambo; irrigation project in Bom Jesus	Pipeline	Medium

