

# **Angola 2002/2003**

## **Key Development Issues and Democratic Decentralisation**

Inge Tvedten and Aslak Orre  
with a contribution by Rasmus Bakke

**R 2003: 10**

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Chr. Michelsen Institute *Development Studies and Human Rights*

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# 1. Introduction

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This is the fourth report on Angola under the Country Agreement between the Norwegian Agency for Development Cooperation (NORAD) and Chr. Michelsen Institute (CMI). In line with the original contract and Terms of Reference (Appendix 1), the report consists of a Part I synthesising and assessing recent information regarding political, economic and social developments in Angola, and a Part II focussing on topics of relevance for Norwegian development aid to be specified by NORAD. The topic of focus in the first report was Angola's system of higher education and research capacity (Tvedten 2000); the focus in the second report was the role of national and international NGOs in development (Tvedten 2001); and the focus in the third report was aid in a context of peace (Tvedten et al. 2002). This year's topic is decentralisation – important not only for democracy and political participation at the regional and local levels but also for the crucial issue of reconciliation after close to 30 years of near continuous war since Independence in 1975.

Angola represents an unusual challenge for Norwegian foreign aid and private sector development policies. Norwegian interests are considerable, particularly in the oil sector, with the Norwegian government's share of oil revenues likely to become higher than the entire aid budget to Africa; the Angolan government is generally considered corrupt (Transparency International 2003) and has shown limited willingness to contribute to the social development of its own people; and the extreme poverty, continued insecurity and limited national absorption capacity makes the aid programme particularly difficult to implement. Acknowledging this, the Norwegian Ministry of Foreign Affairs has recently gone through an elaborate process of developing a Strategy for Norway's Relationship with Angola for the period 2003-2005, in principle covering foreign policy, development aid and private sector development (MFA 2003).

Given the importance of Angola, NORAD is also giving increasing emphasis to developing its competence on the country. As part of this effort, Mr. Rasmus Bakke from NORAD has been involved in the production of this report, with responsibility for the section on the Angolan economy. That section is therefore given special attention in this year's report. Growing attention is also being devoted to Angola at CMI. The Agreement of Cooperation with *Angola – Instituto de Pesquisa Social e Económico* (AIP) involves research around political institutions, the legal system and the oil sector as well as institutional capacity building. Mr. Aslak Orre is part of the Agreement and has written Part II of this report on decentralisation in collaboration with Angolan colleagues (see List of Persons Met). Moreover, several CMI consultancies have involved Angola and several students are working on masters theses on political developments in the country (see Recent Publications on Angola.) Finally, CMI continues to maintain the Angola web page ([www.cmi.no](http://www.cmi.no)) which includes i) a presentation of CMI as a resource institution on Angola; ii) a list of institutions and individuals working

with Angola in Norway; iii) internet links to relevant web pages dealing with Angola; and iv) a selected and updated list of literature on the country.

It is a truism that Angola is at a crossroads. The single most important fact is that the war is over, and the challenge now is to win the peace. The options are often considered to be between a spectacular recovery based on the country's vast and underutilised natural resources – and further cycles of instability, crisis and severe poverty. There is also apparent agreement among international observers about the need for greater transparency concerning the use of the oil income; for investment in a diversified economy and social development; and for increased democracy and political pluralism – standing in stark contrast to the slow developments on the ground. While we agree that there is an urgent need for the government to act in order to utilise the peace dividend, there is also a need for some prudence as to what it is possible to accomplish in terms of broader development in a short-term perspective – given the detrimental state of affairs in most sectors after years of war and mismanagement.

Having said this, we will maintain that two issues – about which the Angolan government *can* do something on a short-term basis – should be important test cases and benchmarks for Norway's future relations with Angola: one is the issue of transparency, particularly in the oil sector; and the second is the issue of higher allocations to the social sectors of health and education. Without positive developments in these areas, the discrepancy between the policies of the Angolan government and important principles in Norway's foreign and aid policy simply seems too big. Unfortunately, the strategy developed by the Norwegian Ministry of Foreign Affairs contains no clear assessments of how to relate to alternative scenarios of this nature.

Let me finally reiterate the purpose of the annual CMI Angola reports: they are to serve as a basis for discussions in the Ministry of Foreign Affairs and the Norwegian Agency of Development Cooperation as well as in other Norwegian private and public institutions involved in Angola – for whom it is made available through the CMI Report Series. As such they are meant to be “provocative” and stir debate – and hence do not represent the official views of the Ministry of Foreign Affairs and NORAD.

Bergen October 2003

Inge Tvedten

## 2. Political Developments

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Let us start the discussion about recent political developments in Angola by briefly recapturing the main events since the death of Jonas Savimbi in February 2002 and the signing of the so-called Luena Accords between the MPLA government and UNITA in April that year.

The Accords were formally an addendum to the Lusaka Protocol of 1994 that is still the accepted and legitimate framework for peace in Angola. The Accords provide for an amnesty for all crimes committed within the context of the armed conflict; the demobilisation of UNITA soldiers; the integration of UNITA officers into the Angolan army (FAA); and vocational reintegration of demobilised personnel into national life. In an important symbolic move, UNITA has publicly apologised to the people of Angola for its role in the war.

At the same time UNITA initiated the process of transforming itself into a political party, while formally dismantling its army. UNITA's interim leader Paulo Lukamba "Gato" moved to Luanda to head a management commission, met with president Eduardo dos Santos, and worked to reconcile the organisation's armed wing that had fought in the "bush", people who had been based in Luanda and had taken up seats in Parliament, and UNITA members in exile. The process culminated in a joint Congress in July 2003, electing UNITA's former representative in Paris Esaia Samukuva as its new president – apparently as a result of Mr. Lukumba being considered too close to old lines of rivalry.<sup>1</sup>

Mr. Samakuva, who is 56 years old, is respected in Angola and abroad (EIU 2003). Like most of the UNITA leadership he is from the Ovimbundu ethnic group of the central highlands, and the son of a pastor. He has spent much time abroad, acting as UNITA's treasurer in London and for the past four years as its unofficial representative in Paris. Having lived outside Angola he has been able to distance himself from the party's divisions, which followed when Savimbi took the country back to war in 1992.

The overall political structure and power relations within the ruling MPLA and government have remained largely intact, with work on a new constitution initiated in 1998 still not having been completed. Among the significant outstanding issues is how power will be distributed between the executive, legislative and judicial branches at the national and provincial levels (see Part II of this report). The *de facto* power continues to rest with President Eduardo dos Santos and a small political and military elite in *Futungo*. The reinstatement of the post of Prime Minister as head of government in December 2002 did not significantly alter this. The new Prime Minister, Mr. Fernando da Piedade dos Santos ("Nando"), is a political heavyweight and

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<sup>1</sup> In fact, the elections set a new democratic standard in Angolan party politics by using a secret ballot in electing the president. Esaia Samakuva won decisively with 1067 votes out of 1364, against 277 for Mr. Lukumba and 20 for the third candidate Mr. Dinho Chingunji.

has improved government efficiency and delivery priority, but he is close to Eduardo dos Santos. Likewise, the Parliament still finds itself largely sidelined, with members of the opposition parties recently being particularly dissatisfied with the way the national budget was rushed through Parliament in the spring of 2003.

The main strategy for securing power is a widespread system of patronage, costing the Presidency millions of dollars. The majority of Parliamentarians (including members of the official opposition) are *de facto* dependent on the Presidency for their livelihoods and privileges; regional governors with their considerable power-base depend on the Presidency for their appointments; and relations of patronage are the main reason why the military does not represent an independent political power base as it does in many other sub-Saharan countries. Nevertheless, there are people within central political circles who want to change the political system by making it adhere more closely to constitutional principles and become more transparent – among them Lopo do Nascimento, who is currently considered one of the most likely Presidential candidates should dos Santos step down.<sup>2</sup>

The immediate political issues following the peace between MPLA and UNITA are generally considered to have been handled well, with Angolan political leaders arguing that the non-involvement of the international community is a main reason for the contrast to similar transitions in 1990-1992 and after the Lusaka Agreement in 1994.<sup>3</sup> However, there is equally strong agreement that the humanitarian situation in and around the UNITA quartering areas remains serious and represents a severe threat to political stability. The Government announced early on a commitment of USD 125 million for a two-year integration plan, but payments have been “irregular and not universal”. More than 85,000 UNITA ex-combatants and 220,000 dependants only received a fraction of the support they were promised in the form of money, food, seeds and tools, with most now having left the camps to an uncertain future in their original home areas. In fact the government officially closed the camps in June 2003, which led to a strong international reaction. The UNITA ex-combatants add to the already existing 4 million Internally Displaced People (IDPs), who are also believed to be attempting to return to their home areas with little or no assistance from the government and with the United Nations taking on an increasing responsibility.

Elections are widely considered to be the test case for reform of the political system, not only for the presidency and Parliament but also for regional and local government. President dos Santos earlier stated that elections would be held in 2004, and that he would not stand for a second term (with the first

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<sup>2</sup> The only official candidates so far are the leader of the Liberal Party Anáila de Vitoria Pereira; Vicente Pinto de Andrade, who is still an MPLA member; and the independent Carlos Contreiras.

<sup>3</sup> In August 2002, the UN Security Council adopted resolution 1433 authorising the establishment of a new United Nations Mission in Angola (UNMA), with the former Under Secretary for African Affairs Ibrahim Gambari named interim head. While of important symbolic value, the presence of the United Nations as a peacekeeping force continued to be marginal and the term ended in early February 2003.

term having lasted since elections in 1992). Currently, two alternative scenarios seem most relevant. One is that he will not stand but postpone elections until 2006 or later, in order to see the transition to peace through and salvage his own reputation from one of a corrupt leader to one who made the peace and set the country on the road to recovery. A second is that he will stand for a new term, but only when he thinks that the conditions are right and people see MPLA as a political party and not a “war machine”. There has also been speculation that he may try to shift power from the presidency and back to the MPLA party, having the party leadership as a platform from which he can continue to control Angolan politics. The fifth party conference in the history of the MPLA will be held in December 2003.

In addition, UNITA will need some time to consolidate itself as a party, and Mr. Samukuva has recently indicated 2005 to be the most relevant date for elections. While his position appears strong, Paulo Lukumba “Gato” and his influential former secretaries for information and political affairs are currently out of the party leadership and their longer-term political ambitions are uncertain. The deeper divisions in the party will affect the degree to which UNITA cooperates with or challenges the government on major policy issues. However, the biggest risk to the development of UNITA as an independent political force seems to be that its leaders may be co-opted or “bought off” by MPLA power-holders in the same way that the political fractions of UNITA remaining in Luanda were. The financial situation of UNITA itself is unclear, with speculation that vast resources based on their control of diamond areas during the war were siphoned off by parts of the leadership during its final stages.

Both MPLA and UNITA – with their respective legacies as “murderers” and “thieves” (summed up in the 1992 election graffiti posters “*MPLA roba e UNITA mata*”) – will have a common interest in inhibiting third parties or presidential candidates from growing in importance. At present no obvious “third force” is visible, despite attempts from the opposition to form a united front through the joint Angola Civil Opposition Parties (POC). The Catholic and Ecumenical churches have worked hard for peace and still represent important critical voices, but are unlikely to turn themselves into political parties. Other parts of civil society, such as the respected NGO *Accção para o Desenvolvimento Rural e Ambiente* (ADRA) and the vocal *Mão Livres*, will remain important critics of the political establishment but do not have political ambitions *per se*.

An equally important test case for democracy is the policy towards regional and local elections. Proper regional and local elections are important not only for democracy and political participation, but also for the critical issue of reconciliation. Important lessons should be learnt from the ways Namibia, South Africa and Mozambique, for example, have handled this issue – ranging from South Africa’s Truth and Reconciliation Commission via Mozambique’s low-key and localised initiatives to the Namibian government’s attempts to put a lid on any debate related to past atrocities.

The MPLA government has maintained strong control over the provinces by appointing powerful provincial governors – many of whom have managed to become exceedingly unpopular – and they themselves have appointed “their” representatives at the municipal and *comuna* levels (see Chapter 6). For UNITA, proper regional and local elections have been seen as a way to get closer to their ambition of a federal type of government, under the assumption that they will hold their traditional and heavily populated strongholds on the *planalto* and in particular the provinces of Huambo, Bié, Huila and Kwanza Sul. It currently looks as though the government is winning the power struggle by maintaining the system of appointing regional governors, who are selected from the party with the majority in the province but still under firm control. The new constitution may open the way for elections at the municipal and *comuna* level, but this will represent a much smaller threat to central government, which will still control the allocation of resources.

In fact, the most visible “sign of change” may be said to be discussions between MPLA and UNITA about a new Angolan flag, indicating a willingness to reconcile and forget past history, but in itself hardly more.

**Figure 1:** *Proposed New Angolan Flag*



The apparent stabilisation of the political *status quo* and the slow pace of change are in defiance of strong international pressure for substantial alterations in the Angolan political system. The pressure has been particularly strong from the International Monetary Fund (IMF) for transparency around the government’s oil income, with annual diversion of an estimated USD 1 billion in oil revenues or 32 percent of the estimated total income from Angola’s oil production. The IMF discontinued its Staff Monitored Programme (SMP) in June 2001 and a Poverty Reduction Strategy Paper (PRSP) has still not been completed – the latter being a key IMF requirement for any country undertaking structural adjustment (see Chapter 3). The implications of non-compliance are apparently severe for the Angolan government: without a green light from the IMF Angola will not be eligible for debt rescheduling; donors are reluctant to increase their involvement and support a donors’ round table conference; and its non-compliance may have serious repercussions for Angola’s ambition to be a key player on the international as well as the Southern African regional scene.

At the present time, then, the government is largely seen to be jeopardising its international credibility; risking continued instability, particularly in former UNITA-held areas; and losing the options and momentum for social and economic development inherent in the peace dividend. Why?

The most common explanation seems to be that the political power-holders simply have too much to lose by becoming more transparent and decentralising power. Too much money from oil and diamonds has ended up in their own pockets: Transparency International ranked Angola tied for third from the bottom in its 2002 “Corruption Perceptions Index”; 600 million USD of Angolan funds have recently been frozen in Swiss bank accounts; and the local newspaper *ANGOLENSE* recently published a list of 59 politicians, generals and business-men with fortunes of more than USD 50 million. The system of clientelism makes it difficult for those who would like to break out of the corrupt relationships to do so. Furthermore, the political elite gathered in Luanda seems to have detached itself so much from the population that their suffering has become invisible to them. It is in a sense a system “beyond salvation” where the central actors have to fight for its retention using all possible and impossible means – or perish with its dismantling.

A second explanation is a determination among Angolan power-holders not to yield to international pressure and to follow their own path, resisting what they see as a continuing effort by foreigners to limit Angolan sovereignty. They will point to Angolan history – from colonialism and slavery, via the Cold War and to the post-colonial pressure for democracy and economic liberalisation – as a continuous history of interference in Angolan affairs. They will also point to the rapid and successful transition to peace and reconciliation between the MPLA government and UNITA as proof that Angolans are capable of taking care of their own affairs. The pride (some neighbouring countries and Lusophone brothers would rather call it “arrogance”) in being Angolans and a nation with large wealth and potential power is found not only among the political elite, but also deep in Angolan society.

The third explanation is that political change and the reallocation of state resources from war to peace and development simply takes time. The institutional framework is too weak; there is a lack of organisational and logistical capacity; and with the legacy of war the state is still not sufficiently coherent. The government cannot allocate economic resources to provinces, municipalities and economic sectors as long as there is such a limited capacity to receive and use them constructively. They will also argue that some progress has been made in laying the foundation for transparency and reallocation of state funds, for example, through the “diagnosis” of the oil sector carried out by the international accountancy firm KPMG; and that transparency is a two-way-street also requiring greater transparency from the major investors, particularly in the oil sector.

The real reason for the unfolding of events is probably a combination of these factors, with the latter two being the basis for our introductory words of caution about the possible speed of change. Most international observers

(including the influential “International Crisis Group”) argue vehemently that it is in the Angolan government’s own interest to move down the political and economic reform path: upcoming elections require the ruling MPLA to seek electoral support, and the most direct way is to improve the state’s capacity to deliver goods and services. The government’s desire to enhance its international image and project itself onto the continental and world stages also entails a reform logic, as does President dos Santos’ wish to enhance his legacy. Political and economic reform – combined with a commitment to address social ills and inequities – would ensure more broad-based economic growth, allow a genuine private sector to develop, free up hundreds of millions of dollars for social investment through a more transparent budget process, transform the political system into a more pluralistic one that promotes human rights, and lay the groundwork for long-term stability.

The main immediate test case of the will and commitment of the Angolan government for change remains a greater transparency around its vast income from oil. This is important for three main reasons: it is a key to ensuring that resources are spent on the main priorities for poverty reduction, such as the social sectors (education and health) and infrastructure (transport, power, water); it is crucial for a constructive dialogue with donors and creditors; and it lies at the heart of improving governance. However, greater transparency and openness involve key economic interests both outside and within Angola, and there are signs that the Angolan government is embarking on an alternative strategy of “bilateralism” rather than “multilateralism”, which may reduce the pressure for change. Bilateral relations with “friendly” allies and countries sharing important economic interests – such as Portugal, Brazil, South Africa and the United States – may serve the government’s interests best, at least in a short-term perspective.

For long-term political stability, however, this is not likely to be sustainable and an increasing number of observers see the main pressure as coming from inside Angola. Possible political upheaval may follow a continued failure to diversify the economy and generate jobs and income; growing social inequality may lead to resentment and conflict; there are ethnic and regional imbalances and inadequate avenues for popular participation – all in a population that is increasingly aware of the vast resources their government actually controls and the potential they represent for improving their lives. Angolans have a long history of protest and armed conflict and, particularly in the overcrowded urban centres in the country and in the self-aware and heavily populated central highlands, things may get out of hand and make Angola unstable and impossible to govern.

## 3. The Angolan Economy

### 3.1 Economic Performance and Outlook

The widespread poverty in Angola (to be treated in more detail in Chapter 4) contrasts sharply with the huge incomes from the oil sector. Angola's economy is driven by the production of oil, and international oil prices. Real GDP growth has been relatively robust since 1999. Oil production boomed in 2001 and reached a level of 900,000 barrels per day in 2002 – pushing the overall growth rate in the economy for 2002 to 15.3%.

The growth rate for 2003 is forecasted to decline to 4.4%, largely on account of a lower growth rate in the oil sector. The medium-term economic outlook is dominated by an anticipated large increase in oil production. Over the next five years, oil production is expected to more than double, and to exceed 2 million barrels per day by 2008. The IMF projected annual real GDP growth rate for the period 2003-08 is 11.6%. The peace process and the expected high levels of oil production for the coming years imply that Angola now has the best opportunity in years to rebuild its economy after a quarter century of war and mismanagement.

Annual inflation was 268% in year 2000, 116% in 2001 and 106% in 2002. The primary cause of this poor performance is lack of fiscal and monetary discipline. Monetisation of government deficits – and subsidised credit to favoured groups – generated rapid growth in money supply and inflation. In the past, power-holders such as Sonangol have benefited from high inflation, by delaying payments in domestic currency for oil and other sales received in hard currency (EIU 2003). The prognosis for 2003, shared by the Angolan government and IMF, is 65%. In the light of figures from mid 2003 there is reason to ask whether this is realistic. The government hopes to achieve a reduction by slowing down the growth rate of borrowed money.

**Table 1: Key Economic Indicators**

<b>ECONOMIC INDICATOR</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002 (estimate)</b>	<b>2003 (prog)</b>
Gross Domestic Product (USD bn)	6.1	8.9	9.5	11.2	12.6
Real GDP growth (%)	3.3	3.0	3.2	15.3	4.4
Oil sector growth (%)	1.0	0.4	-1.0	22.1	4.3
Oil production (1000 b/d)	746	748	740	903	942
Consumer price index (%)	329	268	116	106	65

Source: IMF

The capital-intensive oil sector has few linkages to other sectors of the economy. The sector produced 55.5% of GDP in 2002, and has boomed as the rest of the economy has been devastated by war, macro-economic

instability and poor policy choices. Output has risen steadily over the last decade, but has remained quite stable for the period 1999-2001. A string of large deepwater discoveries has been made since 1996, and production from these began to come on stream in 2001 (EIU 2003).

The 100% state-owned national company Sonangol is the sole concessionaire. Foreign operators are allowed to participate in production, but are required to form joint ventures with the company. Sonangol's growing power and vast commercial activities in areas outside the oil sector are a source of concern to investors. Sonangol has unique access to capital, as well as political influence. These factors – together with the company's ongoing expansion into non-core areas – are distorting the Angolan economy. The role Sonangol plays in Angola and the fact that its accounts are not audited is of particular concern.

Angola is one of the world's largest diamond producers. The diamond industry is split between the formal and the informal sector, with the latter being exploited by small-scale diggers (garimpeiros). UNITA largely funded the war with smuggled diamonds. UN diamond sanctions were applied against UNITA in 1998, and incomes decreased until the end of the war in 2002. Diamonds produced approximately 6% of GDP for the period 2000-02.

Agriculture accounted for 7.8% of GDP in 2002, as compared with 18% in 1990. Angola has a climate conducive to agriculture, but conditions have deteriorated as a result of war and poor policies. Traditional crops include cassava, beans, maize, millet and sorghum. Maize is the main cereal crop, and production was estimated at 460,000 tonnes in 2001, compared with a total food requirement of 1.38 million tonnes (EIU 2003).

**Table 2: Sectors of Activity, Percent of GDP**

<b>SECTOR</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
Agriculture, forestry, fishery	5.8	8.0	7.8
Oil and LPG	60.6	53.6	55.5
Diamonds	6.4	5.8	5.5
Manufacturing	2.9	3.8	3.7
Construction	2.8	3.5	3.4
Trade and Commerce	14.5	15.6	15.3
Others	7.0	9.7	8.8
Total	100	100	100

Source : IMF

Production of coffee and other cash crops, including sisal, cotton, palm oil and tobacco, has dropped dramatically. There is still some sugar production in the Southern Coastal areas. Livestock rearing is concentrated in the South-West of the country. Angola is rich in fishing resources, although certain species (such as *carapau* or horse-mackerel) are seriously over-exploited. The ending of war should bring rapid improvements for agriculture, reopening the crucial trade links between the rural and urban areas.

Angola has a small manufacturing sector, which produces consumer goods and building materials and undertakes metal work and assembly for the oil sector. There are also breweries and bottling plants, an oil refinery, sawmills and a number of small factories. Manufacturing accounted for 3.7% of GDP in 2002. The sector operates far below its potential, owing to the extremely adverse domestic operating environment characterised by high costs, corruption, poor quality of local services and weak enforcement of property rights and the rule of law (EIU 2003). Finally, construction accounted for approximately 3.4% of GDP in 2002 according to official data. The sector is expected to benefit from post-war reconstruction in Angola.

### 3.2 The External Sector

Angola has consistently run a large trade surplus owing to its oil exports. However, official data do not capture trade flows that escape official controls – implying that there is a high degree of uncertainty regarding the real trade balance. Oil exports were worth an estimated USD 7.7 billion in 2002, accounting for 91.8% of total export earnings. Diamonds accounted for most of the rest with 7.6% of total exports.

Despite large trade surpluses, Angola's current account has mostly been in deficit since 1988 – averaging just under USD 1.2 billion per year for the period 1995-99 according to IMF estimates. An exception was a surplus at USD 800 million in 2000, due to exceptionally high oil prices. The deficit for 2002 is estimated at approximately USD 600 million. Deficits are primarily caused by large invisible deficits, mainly interest obligations on external debt, the remittance of profits and dividends by oil companies, payments for transport and shipping, budgets for official travel, contracts with foreign construction companies, and significant outflows of money through “unorthodox” means (EIU 2003).

**Table 3: External Sector**

	2000	2001	2002 (est)	2003 (prog)
Export (billions of US\$)	7,9	6,5	8,4	8,7
Oil Sector	7,1	5,8	7,7	8,0
Diamonds	0,7	0,7	0,6	0,7
Imports	3,0	3,2	3,7	4,3
Trade Balance	4,9	3,4	4,6	4,4
Current Account Balance	0,8	-1,4	-0,6	-1,0
Total External Debt	10,2	9,6	9,3	9,9
Debt Service Ratio (percent of export)	36,3	41,2	26,4	24,6

Source: IMF

Angolan total foreign debt stock stood at USD 9.6 billion in 2001. Roughly 80% of the debt was publicly guaranteed long-term debt. However, there is a lack of clarity over the country's true debt position owing to a large number of complicated and opaque debt operations involving the collateralisation of oil

sales. These were initially spurred by a huge demand for military hardware after the return to war in 1992. Servicing these debt operations currently accounts for a major part of the Government's own oil revenue. For 2001, over 90% of the national oil production from Sonangol was earmarked for paying off such loans and the rest was almost entirely used for capitalising Sonangol's oilfield developments. This left little to the Treasury, apart from oil company tax and royalty payments (EIU 2003).

Angola signalled to the IMF in 2000 that it would limit the use of new oil-backed finance to roughly US\$ 269 million annually. Given that these loans are costly, the Government was urged to seek eligibility for the concessional finance available to less developed countries. However, the Government continued the practice of taking up large oil-backed borrowings, and insisted that they were refinancing earlier loans and not breaching the benchmarks agreed with the IMF.

Foreign reserves have traditionally been low in Angola, with an average of US\$ 601 million from 1998 to 2002, or less than 2.7 months of import cover (EIU 2003). Most recent data from May 2003 were USD 417 million, or the equivalent of 1.3 months of import cover.

Angola has a history of high or hyperinflation, and the exchange rate has been similarly unstable. The Government also followed a fixed exchange rate regime for a long period, with the result that an enormous gap emerged between official and parallel rates and created serious distortions in pricing signals and the allocation of resources.

The Government abolished dual exchange rates in May 1999 – and in December a "new" Kwanza (Kz) replaced the "old" readjusted Kwanza (Kzr) at a rate of Kzr1m:Kz1. The new currency has broadly depreciated in line with the parallel market rate, to which it has generally traded at a differential of roughly 5% (EIU 2003). During the first half of 2003 the kwanza has continued to depreciate, but at less than the rate of inflation. In an operation to counter depreciation, the Treasury engaged in a massive buying of kwanza in September 2003. The wider effects of this new strategy are yet to be seen.

### **3.3 The Fiscal Situation**

Angola's main source of fiscal revenue is taxation of the oil sector. As a result, the fiscal revenues have been excessively vulnerable to international crude oil price volatility. Revenue has not always been able to keep pace with expenditure. Grants and debt relief have historically played a very small role in financing Angola's deficit on a cash basis. The Government alternated between net external borrowing and domestic financing throughout the second half of the 1990s, reflecting the country's ability to borrow in international capital markets. As new oilfield discoveries were made – with the following massive inflow of resources – the maintenance of a large fiscal imbalance was facilitated.

The ratio of the overall fiscal deficit to GDP more than doubled in 2002. This reflects a decline in the share of oil tax receipts in GDP, and a lack of public

expenditure management and controls. Most of the fiscal deficit was financed by further accumulation of payment arrears – an expansion of Central Bank credit, further costly borrowing from international commercial banks, and the depletion of foreign exchange balances held in Angola's offshore account.

**Table 4: Governmental Expenditures and Revenues (USD Millions)**

	1998	1999	2000	2001	2002 (prel)
Total Expenditure	2,771	5,016	5,387	4,383	5,370
Education	167	92	169	295	320
Health	89	73	179	249	213
Total Revenue	2,034	2,852	4,586	4,029	4,367
Oil revenue	1,506	2,504	4,098	3,209	3,349
Overall balance	-737	-2164	-801	-354	-1,003

Source: IMF

A Public Expenditure Review (PER) conducted in Angola between 1991 and 1993 noted that the current profile of public expenditure in Angola was incompatible with a market-friendly growth strategy. First, the level of public expenditure was very high as a share of GDP; and second, its composition was strongly biased towards activities with little direct contribution to development – given that three-quarters of public expenditure was devoted to general administration and defence.

These trends continued in the second half of the 1990s. The share of Government expenditure in GDP remained high during the period 1995-2001, being consistently above 40% and reaching 61% in 2000, reflecting the scaling-up of the Government's war effort against UNITA. Nor does the evolution of expenditure composition by function during the latter half of the 1990s indicate significant improvement since the 1993 PER was conducted. Throughout the period high shares for defence and public order expenditures co-existed with very low shares for education, health and other social sectors.

**Table 5: Functional Distribution of Government Expenditures, Percent**

EXPENDITURE	1998	1999	2000	2001	2002
General Public services and other economic affairs	17,8	3,7	7,2	27,8	33,2
Defence and internal security	33,7	31,3	14,7	15,5	15,0
Education	6,0	1,8	3,1	6,7	6,0
Health	3,2	1,5	3,3	5,7	4,0
Social security, welfare and housing	2,2	1,5	9,0	7,1	5,7
Others	37,1	60,2	62,7	37,2	36,1
Total	100	100	100	100	100

Source: IMF

There is considerable uncertainty regarding the actual figures for the functional distribution of government expenditure. However, with regard to health and education, there is an increase in expenditure for 2001 and 2002

compared with the low number from 1999 and 2000. The level for the social sectors is still very low compared with similar expenditures in other Sub-Saharan countries such as Mozambique, Malawi and Zambia.

For the 2003 budget the social sectors are stable at 16% of total expenditure, with education allocated 6.2% and health 5.8%. There is no clear trend of increased priority to the social sectors, which is a central test regarding the desire of the Government for a poverty reducing policy.

In the education sector structural problems and lack of capacity in the Ministry also inhibit increased investment. However, the establishment of 29,000 new positions for teachers in primary education in 2003 may indicate a stronger government will to give higher priority to these sectors.

### **3.4 Economic Policy and Relations to IMF**

In April 2000 a nine-month staff monitoring programme (SMP) was signed with the IMF. The programme was extended to June 2001. It included agreements about a partial audit of financial flows from the oil sector; an audit of the Central Bank; a commitment to end off-budget expenditures and unauthorised payments; and cost recovery measures for public utilities. The programme also focused on achieving greater fiscal and financial transparency, increasing private sector participation in state enterprises, and increasing spending on health and education.

While some of the SPM targets were met, structural reform was weak and macroeconomic stabilisation was not achieved. This was related to a lack of monetary control and to huge fiscal deficits. Public spending on health and education were not substantially increased, either in absolute terms or as a percentage of government spending. Public financial management was weak, with poor expenditure tracking and budget execution. The main cause of failure was that revenue was unaccounted for, resulting in a large discrepancy between actual and declared revenue fees. Another main concern was the government's foreign debt operations. Billions of dollars were collateralised against future oil production with Western banks and the Government has refused to bring these funds into official channels.

The SMP formally expired in June 2001, followed by a prolonged period of informal monitoring – officially to allow the Government more time to meet outstanding commitments, but in reality the Government drew out the process as much as possible to buy time.

In mid-2002 the Government indicated that it wanted a “gradualist approach” to reform, and that it did not want another IMF programme. However, it soon ran into problems in trying to raise support among donors for a conference to back post-war reconstruction. Most Western donors and foreign aid agencies remain highly reluctant to offer such assistance until an appropriate macroeconomic framework was in place.

During the Article IV consultations with the IMF in March 2003 the Angolan Government indicated that it wanted to resume negotiations and requested a

new programme. As for the 2000 SMP, transparency in oil revenue management, budget execution and central bank operations were central themes in the discussions.

The IMF has highlighted the need to ensure transparency in the management of oil operations, and to establish fiscal control over payments from Sonangol and the international oil companies operating in Angola. According to the IMF, regular auditing of Sonangol's operations is needed both to reduce the risk of corruption and mismanagement and to provide a basis for sound macroeconomic management. To this end Sonangol should be required to adopt international accounting standards (IAS). The IMF also recommends publication of the inception and final report from the Oil Diagnostic Study.

The Angolan Government (GoA) has agreed to the need to increase transparency in fiscal revenue management. Ongoing initiatives to improve the management of oil revenues include the annual external auditing of tax declarations submitted by Sonangol and international oil companies to the Treasury and the use of international audit firms to conduct limited reviews of the financial accounts of Sonangol P&P and Sonangol EP Holding. The GoA also declared its intention to publish the Executive Summary of the oil diagnostic study, and to set a firm schedule for the remaining work on the study.

Other steps proposed by the GoA to increase transparency and accountability are that Ministry of Finance intends to begin publishing upstream financial flow data in dollars on a regular basis on its web-site, and that Sonangol will work towards a consolidated accounting system for all its upstream operations. The GoA also claims it will take steps to ensure the transparent and up-to-date recording of Sonangol's quasi-fiscal operations. Sonangol's action plan for accounting and auditing indicates that the external auditing of the consolidated accounts could take place in first quarter of 2004.

The ongoing diagnostic work on the oil sector is meant to include an Inception Report, a Final Report and several quarterly reports on the results of an oil revenue projection model. The inception and final reports will contain an assessment of physical oil reserves, production, exports, exploration costs, an overview of the legal, regulatory and fiscal frameworks for the oil sector, an analysis of the disposition of the inflows of oil revenues, an evaluation of the disposition of oil revenue outflows (including Sonangol's cash call payments and oil-based debt servicing) and a brief assessment of the accounts of Sonangol and the Central Bank. The Final Report will also contain specific recommendations for reform.

Having said all this, the published summary shows substantial weaknesses in the accounting systems in Sonangol and BNA. The use of both local currency and US dollars in the account leads to great difficulties in the reconciliation of the accounts – given hyper-inflation, the current depreciation of the Kwanza, and the lengthy time lag between in- and outflows. There are also open weaknesses in the systems of financial management, and a lack of data, documentation and control mechanisms. The division of roles between

MINFIN, BNA and Sonangol regarding the administration of incomes is still unclear. Nor has the existing legislation regarding the channelling of incomes been handled properly.

Nevertheless, publishing the summary of the oil diagnostic study and other steps taken by the Government are positive signals, although it still remains to be seen how far the Government is willing to go in this work. Experience from earlier dialogues and attempts at reform indicate that the strength and influence of counter-reform forces with interests in the status quo are substantial.

Some important steps in the right direction regarding general budget execution have also been taken in relation to the 2003 revised budget. This revision includes not only the quasi-fiscal operations of Sonangol, but also other government expenditures that have previously been executed outside the budget, notably payments for wages, pensions, and goods and services for the military.

There is also ongoing work in public financial management related to the Public Expenditure Management and Financial Accountability Review (PEMFAR). The main objective of PEMFAR is to provide a comprehensive and integrated assessment of Angola's fiduciary framework. PEMFAR intends as a first step to concentrate on identifying institutional weaknesses present in Angola's public finance framework that give rise to fiscal problems, such as the consistent pattern of large unexplained discrepancies in the fiscal accounts. As a second step the focus will be shifted to the composition of public expenditures, in which the government's strategic choices in terms of resource allocations will be evaluated.

The audit for the balance sheet accounts of the BNA for 1999 and 2000 has been finalised. The three main areas of concern are: i) an overriding lack of internal controls; ii) an incomplete/inadequate accounting of foreign assets and liabilities; and iii) an incomplete/ inadequate accounting of net credit to government.

The authorities have made adjustments to the BNA's December 2002 balance sheet. BNA and the Ministry of Finance signed a protocol on the management of monetary policy in September 2002. The IMF's assessment is that the Protocol, if properly implemented, will make the BNA's balance sheet an adequate tool for measuring and monitoring the country's international reserves and the stock and flow of central bank credit to government.

These adjustments are steps in the right direction, but again it remains to be seen whether they will be followed up by the Government.

### **3.5 The PRSP Process**

It has been decided that nationally-owned participatory poverty reduction strategies shall provide the basis for all World Bank and IMF concessional lending. This approach is reflected in the development of Poverty Reduction

Strategy Papers (PRSPs) by national authorities. In Africa thirteen countries – among them Mozambique, Malawi and Zambia – have completed PRSPs.

There are five core principles underlying the development and implementation of poverty reduction strategies. The strategies should be: i) country driven; ii) result-oriented; iii) comprehensive in recognising the multidimensional nature of poverty; iv) partnership-oriented; and v) based on a long-term perspective for poverty reduction

A first draft of a PRSP document for Angola was presented by the Government in November 2001. There have been few attempts to develop national ownership of the PRSP process within the Ministry of Planning (MINPLAN) and even fewer in the sector ministries. The first version of the PRSP was therefore criticised by both the donors and Angolan civil society. Since then, work on the PRSP has not been given priority by the Government. Planning and implementation related to humanitarian operations, demobilisation and resettlement of internal refugees have been prioritised. The GoA wants to hold a donor conference in relation to the following up of the peace process, but there has been a broad agreement in the donor community that an Interim PRSP (I-PRSP) must be the basis for such a meeting.

An I-PRSP is meant to outline a country's existing poverty reduction strategy and to provide a road-map for the development of a full PRSP. A draft interim PRSP was finalised by the Government in May 2002 and presented to the donors in July the same year. The actions to be taken for poverty alleviation were along five broad themes:

- Undertaking economic and institutional reform (particularly in public finance and administration) to promote macroeconomic stability and economic growth.
- Expanding the human capital base by strengthening and restructuring professional training as well as the delivery of health and education services.
- Rehabilitating social and economic infrastructure, concentrating on water supply, housing, electricity, transportation and communication.
- Promoting pro-poor growth through rural development, artisanal fishing, and small and micro-enterprises, with a focus on private sector development.
- Strengthening public sector capacity and institutions – also at the provincial and local levels – through restructuring and deconcentration.

The draft document also contains elements of a programme of consultation with civil society, a summary of interventions at a sectoral level, and a preliminary monitoring and evaluation strategy.

Reactions among the main donors to this document were that it contained little new and did not serve as a sufficient basis for the planned donor conference. Firstly, the plan did not include an analysis or strategic decision for reducing poverty. Secondly, there was no budget or financial plan for the next three years. Thirdly, there were no signals of possible changes on

allocations of resources between the different sectors. Fourthly, suggested activities were not targeted on specific groups, geographical areas or sectors based on an analysis of the distribution of poverty. And fifthly, the macro-economic analysis seemed to assume that the reduction of poverty would occur automatically given the absence of war and as a result of economic growth, without reference to the issue of distribution.

The most positive aspect of the plan was seen as the introduction of a consultation process with civil society. Since the draft was published there has been consultation in the provinces and Ministries, and input has also been given by NGOs.

An outline for a full Interim PRSP was presented to the donors in August 2003. The full document will be handed over to the donors and civil society after the document has been approved by the Councils of Ministers. This outline includes a macro-economic framework, objectives, goals, outputs and identification of areas of intervention. There are also plans for consultation with central, provincial and local governments, the Parliament, NGOs and civil society, the private sector, representatives of local communities and the international community. Instruments and indicators for monitoring and evaluation are also included in the outline.

The document also contains the required three-year macroeconomic framework. For the year 2003, the macro-framework is already incorporated in the budget. A macro-economic framework has also been developed for the planned 2004 budget and will be included for 2005. The budget items related to the PRSP as part of the total Governmental budget are planned to represent approximately 18% for the total period 2003-2005. The World Bank has expressed optimism regarding the new I-PRSP document, but a crucial concern continues to be the lack of capacity to implement the plans outlined.

### **3.6 Options for Economic Development**

To sum up, Angola currently has the best possibility in years to rebuild its economy and develop conditions for broad-based economic growth and poverty reduction. A main challenge will be to develop a credible strategy for poverty reduction based on macroeconomic stability, transparency in public financial management, pro-poor budgeting, and strategies for promoting income-generating activities in urban as well as rural areas.

Given the focus by IMF on transparency in oil management operations as well as transparency in budget execution and public financial management, a concise test of the will for necessary reform will be the signing of a new agreement between the Government of Angola and IMF. The steps recently taken by the Government give cause for cautious optimism.

Another crucial test is the PRSP process. The progress recently achieved also gives reason for cautious optimism, but there are still substantial concerns regarding the capacity to implement the strategy given the weak capacity at local level.

With regard to income generating activities and the potential for non-oil sector growth, the strength of forces with a self-interest in hampering necessary legal reforms and transparency should not be underrated. Conditions for income-generating activities are also negatively influenced by powerful forces benefiting from corrupt practices, including invisible monopolies and counterproductive fees extracted from potential entrepreneurs.

As in Mozambique and many other African countries, the reform process should be seen in the context of internal national contentions. The struggle is between forces in Angolan society demanding reform, transparency and accountability in the use of public resources on the one hand, and countervailing forces with a self-interest in the status quo on the other. Given the huge natural resources in Angola, the enormous income generated from oil exploitation, and the powerful forces benefiting from a system without transparency, the strength of the forces favouring the status quo in Angolan society is considerable.

The international community, including Norway, has a potential role to play in supporting reform processes in Africa. This could be done by identifying agents for change in society and supporting those agents in a proper way. Secondly, it could also be done through a dialogue with the Government focusing on reform in public financial management and implementation of PRSPs, although given the low dependency on foreign financing in Angola the possibility for the latter option is weaker in Angola than in many other African countries.

It may be argued that given the future projections of oil income, the Angolan Government could maintain its position without an agreement with the IMF, a PRSP or support from donors. There are, however, indications of an increased will by the Angolan government to establish closer relationships with the international community. This can be understood in the light of several factors. Firstly, Angola has a need for short-term assistance related to rehabilitation after the war. Secondly, conditions for borrowing will be better for Angola when an agreement with the IMF is signed. Thirdly, the increased focus on governance and peer reviews in regional institutions such as NEPAD and SADC means that criticism from the international community related to inadequate transparency could become more problematic for the Angolan Government. And finally, there are potential alternative power bases that could be strengthened and attract more attention from the international community if the government does not deliver reforms.

## 4. Poverty and Vulnerability

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It is generally acknowledged that Angola exhibits some of the most serious indicators of poverty and vulnerability in the world. The country ranks 164 out of 175 countries on UNDP's Human Development Index, despite its relatively high GDP per capita of USD 2040 (UNDP 2003). In fact, few countries in the world show a higher discrepancy between GDP per capita and HDI rank – with the HDI reflecting health and levels of education in addition to income.

Understanding and alleviating poverty will be the main challenge for the Angolan government as well as the international community in the years to come. For the government it is not only a question of improving the appalling living conditions of the large majority of its own population, but also of avoiding unrest and desperation that may jeopardise its own survival. For the international community, to help alleviate immediate humanitarian crises and poverty are the only plausible rationale for giving aid to a country where the government should be in a position to help its own population.

The basic characteristics of the socio-economic conditions in Angola are reproduced in Table 6 below. Perhaps the most serious figures are the high child mortality rate (a strong indication of combined poverty and absence of basic services like clean water, vaccination and health facilities) and the low level of school enrolment (meaning that the majority of Angolan children face a bleak future). Moreover, the adult literacy rate is significantly higher for men (46 percent) than for women (16 percent) in a context where women are forced to take on an increasingly central role in providing for family well-being (see below). Equally significantly, the figures on poverty have not seen any substantial improvement the past decade, with Angola's rank in terms of Human Development having continued to drop in recent years (UNDP 2003). With the opening up of large formerly UNITA-controlled areas previously out of reach for population and poverty surveys, figures are likely to deteriorate even further before the peace dividend hopefully will have an impact.

Important for future developments is also the fact that inequalities are increasing in Angolan society. In other words, the trend is not only that the poor are getting poorer but also that the rich are getting richer – implying that national resources are not channelled into the alleviation of poverty but to the enrichment of the better off. The top decile's share of urban household income rose from 32 percent in 1995 to 39 percent in 2002, and the Gini-coefficient rose from 0.45 in 1995 to 0.51 in 2000/2001 (UN 2003).<sup>4</sup> Two studies by INE (2001) from urban areas in Angola confirm that there was a substantial worsening of poverty in the second half of the 1990s. Although the overall proportion of urban households living below the poverty line rose only slightly

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<sup>4</sup> The Gini-coefficient measures inequality over the entire distribution of income and consumption. A value of 0 represents perfect equality, and a value of 100 represents perfect inequality.

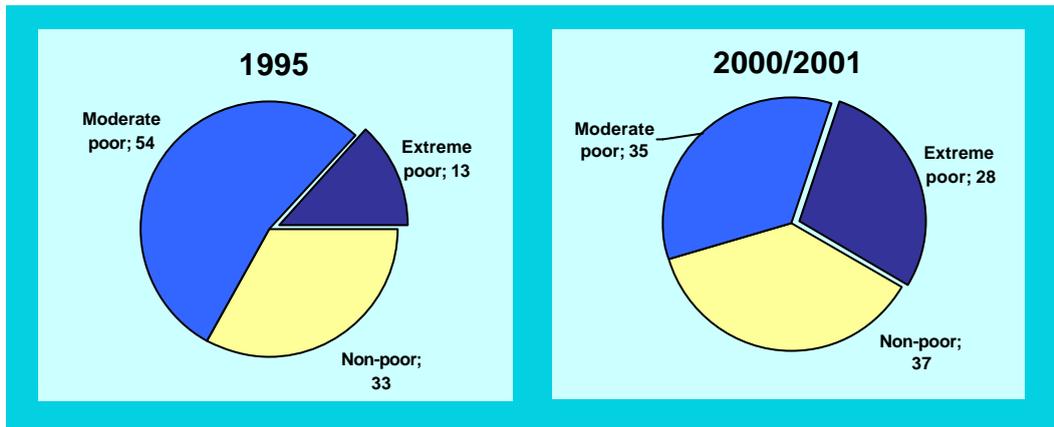
(from 61 to 63 percent), the proportion living in extreme poverty more than doubled from 13 to 28 percent (see Figure 2).

**Table 6: Social Indicators (1999-2002)**

<i>INDICATOR</i>	
<b>HUMAN DEVELOPMENT</b>	
Human Development Index (HDI)	0.422
HDI ranking (out of 175)	164
GDP per capita (USD)	2040
<b>POPULATION AND URBANISATION</b>	
Population growth rate (%)	3.0
Total fertility rate (per women)	6.6
% of population in urban areas	60
<b>DISPLACEMENT</b>	
Total reported IDPs (million)	4.0
Confirmed IDPs	1.5
<b>URBAN POVERTY</b>	
% below poverty line (USD 1.68 per day)	63.2
% in extreme poverty (USD 0.75 per day)	24.7
<b>URBAN INEQUALITY</b>	
Share of income among poorest 40 percent (%)	13
Share of income among richest 20 percent (%)	56
<b>LIFE EXPECTANCY AND MORTALITY</b>	
Life expectancy at birth (years)	40.2
Infant mortality rate (per 1000 live births)	172
Under-five mortality rate (per 1000 live births)	295
<b>HIV/AIDS</b>	
HIV prevalence rate (population 15-49) (%)	8.6
<b>EDUCATION</b>	
Net primary enrolment ratio males (%)	54
Net primary enrolment ratio females (%)	42
Primary, secondary, tertiary enrolment ratio (%)	29

Source: Hodges 2003, UNDP 2003

Figure 2:



While figures on poverty are clear enough to substantiate a description of extreme poverty and vulnerability in Angola, population and poverty data are still inadequate to show national variations, long-term trends and processes of impoverishment in urban and rural areas. The weakness of Angolan data on poverty and socio-economic differentiation is indicated by the large number of “blank” spaces in global reports on poverty and human development, notably those of the World Bank (World Bank 2003) and the United Nations Development Programme (UNDP 2003). Some of the structural problems of measuring poverty and capturing variations and trends in Angola are obvious: there has not been a proper population census since 1972 – with current population figures being based on extrapolations from that census and estimates from humanitarian agencies where methodologies and samples vary. An estimated four million of the approximately 16 million people in Angola were on the move as *deslocados* in 2002 according to government sources. And whereas only approximately 15 percent of the population lived in urban areas at independence in 1975, it is now generally believed that at least half of the population live in cities and towns, with the population of Luanda alone being an estimated three million people. Added to this is the fact that the large majority of Angolans are not formally registered in any coherent national registration system, and their movements are consequently not recorded.

Because of the war and the inaccessibility of large parts of Angola, most poverty data that do exist are based on the situation in Luanda and a few selected additional towns. Many analysts and aid workers argue that “Luanda is not Angola”, which of course is mistaken given the fact that the capital alone contains around 20 percent of the country’s population and large parts of the poor target groups. Nevertheless, rural areas not only have a large proportion of the population but are also central for Angola’s overall development with its substantial agricultural potential. There are, in fact, reasons to believe that the situation in the rural areas is currently even more difficult than in the towns. Large sections of the most able-bodied part of the rural population have been uprooted, often leaving older people, women and children behind. War and landmines have left large agricultural areas inaccessible to those who depend on them. In addition, the breakdown of

markets for agricultural tools, seeds and products tends to limit production of both subsistence and cash crops.

Ideally, measuring poverty and inequality on an overall national level, thereby making comparisons and contrasts possible, should be done in different ways (see e.g. May 2001). At one level, objective social indicators such as income levels, consumption expenditure, life expectancy and housing standards should be distinguished from subjective indicators based upon the attitudes, needs, perceptions and priorities gathered directly from people through the use of participatory research methodologies. People's own perceptions of their poverty are central, because this is primarily what their actions and responses to external interventions are based on.

At another level, measures of poverty can reflect the constituents of well-being, or they can be measures of the access that people have to the determinants of well-being. Indices of wealth, welfare and human rights are examples of the first approach, whereas indices regarding the availability of shelter, health care, educational facilities and income are generally examples of the second. In the current context of Angola, priority should be given to monetary measures that are practical, allow for interpersonal comparisons and are fairly good proxies for standards of living. Nevertheless, the more dimensions of poverty and inequality are used, the more realistic the picture will be, and the better the chances are for effective poverty alleviation measures.

It is also important to understand localised social relations of poverty – or access to social capital in a more conventional terminology – between the state and local communities, between urban and rural areas, within communities, within households and between individuals. This was emphasised in the comprehensive “Programme of Community Rehabilitation and National Reconciliation” for the Round Table Conference of Donors in Brussels in 1995, which noted that “reconstruction of Angola depends on the capacity to rehabilitate economic and social infrastructures through community rehabilitation and reconstruction programs.” Under conditions of extreme poverty and stress such as persist in Angola, immediate social relationships within families and communities become crucial for survival both in peoples' daily lives and at times of particular hardship and stress. There are indications that such relationships have been significantly changed after years of conflict and social upheaval, and understanding how they work will be as important for the ability of communities to take part in their own development and the targeting of poverty alleviation interventions as more conventional quantitative data.

At the level of communities, understanding the role and importance of community organisations and authorities becomes crucial. Limited evidence suggests that new authority structures have developed in the absence of the state and the Party – often contested between “traditional “ authorities and the young and better-educated local “elite”. There is also evidence that war and stress have made people seek comfort and security in religion and a revitalisation of witchcraft as “thoroughly modern manifestations of

uncertainties, moral disquiet and unequal rewards in the contemporary moment, and better understood as a matter of social diagnostic than belief” (Moore and Saunders 2001). We also know too little about community-based organisations and associations for community management, provision of social services, provision of finance and credit and religious and social affairs – but we do know that they are important in other similar contexts.

At the level of households and individuals, preliminary evidence from Luanda implies that extreme poverty forces households to withdraw and primarily take care of themselves, as indicated by the title of the study “Here in the city there is nothing left over for a lending hand” by Paul Robson and Sandra Roque (2001). They argue that there is very little room for collective action, and that what does take place is usually initiated by the church. Judged by comparative material from other countries in the region it is also likely that there are internal processes of marginalisation, where the very poorest are excluded from social networks and relations simply because people do not have the means to support others in commoditised social settings where *everything* costs money.

Let me end this discussion on the need for comprehensive and profound data on poverty by outlining some of the main findings from a study carried out by Save the Children UK (Sirajo Seidi et al. 2000).

#### *On Social Relations of Poverty*

- Formal sector employment is scarce and mostly performed by men. Four in every five women work in the informal urban economy.
- Women and girls are increasingly the primary breadwinners for households and work longer hours than men. Data from survey and focus group discussions reveal that women head an increasing number of households. However, the question of who primarily controls the income in male-headed households has not been addressed.
- Most households are extended families despite high rates of urbanisation. Households generally include a single adult or a couple living with their own children but related adults and children such as brothers and sisters-in-law, older aunts and uncles, and children of other relatives are all part of the same economic unit.
- Most parents can afford only to send their children to informal schools that offer no qualifications but are cheaper, with fewer indirect costs, and offer flexibility in fee payments. Children are readily available when needed for other household duties.
- Increasingly, residents are substituting informal private for public health services such as self-prognosis and medication, the advice of mobile pharmacists, and the use of private health posts, which are growing at a phenomenal rate in better-off areas. Survey data suggest that low prices and location are the major determinants in health care use patterns among the poor.
- Virtually everybody in the community depends on the market to acquire food. An insignificant number of households complement their purchases with home-grown foods or transfers from relatives in the provinces. Lack

of space and water constrains farming in peri-urban areas. The relative inaccessibility of most parts of the country makes inter-family transfers a difficult task.

### *On Gender*

- As most men are not employed, women and girls carry a disproportionate responsibility for income generation for most families. They are involved in all types of business, including the trading of food, drinks, second-hand clothing, and so on.
- Separation and divorce rates are high. Women are often left alone to raise children and care for the rest of the household, with little or no support from their former husbands or partners. Men tend to remarry rapidly after divorce or separation.
- Women spend most of the day working outside the household. Average observed working hours among women are over 12 hours a day. Their busy daily schedules impose constraints on childcare, well-being and other domestic responsibilities often carried out by women in the household.

### *On Youngsters*

- Most of the young people, particularly boys who do not go to school, are unemployed and sit idle in the community with very few opportunities. Most depend on their families for housing, food and clothing. Some are learning practical skills as mechanics, masons, electricians, etc. Success stories are few, however. The vast majority end up working as daily labourers in the local markets loading and unloading trucks, pushing carts and carrying merchandise for women merchants.
- Not surprisingly, most girls also do not study. The difference is more striking when we look at time allocation for girls aged 10 to 13 years of age. On average they spend over 64% of their time performing domestic work and rent-generating activities.
- The largest part of the domestic work is left as the responsibility of the young children (usually girls). They spend, on average, over 7.5 hours a day working between domestic responsibilities and income-generating activities. Girls aged between 10 and 13 years of age are primarily responsible for childcare, although occasionally children are left alone with neighbours or older relatives living with the family.

### *On Children*

- Children contribute to the family income. Some even carry the responsibility for providing for the entire family. Children not only help by working in their parents' businesses, but have their own retail businesses to meet their own needs.
- Most children have overburdened daily schedules with domestic work, income-generating and childcare responsibilities as their parents or guardians devote a growing share of their time to activities outside the household. Nonetheless, most children think of making a contribution to the family livelihood not simply as a burden but also as a self-confidence building exercise.

Knowledge of the magnitude, nature and processes of poverty *production* are crucial for designing poverty alleviation policies and realistic programmes and projects. From the limited number of studies in existence we clearly see the contours of significant developments. Communities tend to become less coherent under poverty and distress; social groups, and particularly unemployed men, become increasingly marginalised and isolated; and children bear a heavy burden, 'losing' their childhood, with few if any prospects of a better future. Contributing to a better understanding of poverty and social processes should be an important area of responsibility for international aid.

## 5. Development Aid and Social Responsibility

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With the combination of peace, a continued or even worsening humanitarian crisis, and an apparent unwillingness by the Government to contribute significantly to poverty alleviation, the international community is faced with difficult choices (IEU 2003:14). Put bluntly, it has two options. It can either jump in to fill the gap and provide a substitute for necessary government action or reforms, which will let the political elite off the hook once more and may have serious long-term consequences for governance and political stability. Or it can hold back emergency and development aid in the hope that the government will eventually respond, which is considered equally distressing given the gravity of the current situation and the likelihood that the government stance will not change. For a number of countries, including Norway, the complexity of the situation is further exacerbated by their involvement in the Angolan economy through the oil sector.

Development aid to Angola represented 268 million USD in 2001 (see Table 7). The largest multilateral donor was the European Union, with the United States and Japan being the largest bilateral donors. Nevertheless, this aid represented only 10.2 percent of the Angolan state budget, which is considerably less than for many other countries in the region, including Mozambique with 52 percent. Albeit not important for the Angolan government, however, external aid is absolutely crucial for the Angolan population due to the limited involvement by government in emergencies and the social sectors. From a peak in the mid-1990s – with an annual average of USD 447 million in 1994-1996 – development aid to Angola declined to an annual average of USD 357 million in 1997-1999. The level of aid has not increased significantly since the peace agreement of April 2002, as many donors link their aid to improved relationships between the Government and the IMF, to the still unfinished Poverty Reduction Strategy Paper (PRSP), and to the Round Table Conference still in waiting.

**Table 7: Official Development Assistance (ODA) to Angola 2001**

<b>DAC-Countries</b>	<b>USD mn</b>	<b>Multi-lateral</b>	<b>USD mn</b>
United States	34.0	EC (EU)	60.5
Japan	20.7	IDA	10.8
Netherlands	20.5	UNICEF	7.2
Norway	17.5	Other multilateral	7.6
Sweden	13.4	Other	3.8
Portugal	11.9		
Other	61.4	<b>Total ODA</b>	<b>268.4</b>

Source: OECD/DAC 2003

In the new post-conflict situation two broad sets of strategies are recognised in the aid community. The “Swedish model” is one of limited aid and “wait and see”. It emphasises the need for donors to fulfil the basic principles of

development aid, and for the Angolan government to use its resources and take on the responsibility for its own development. More specifically, the strategy involves a careful approach with an emphasis on emergency aid and support to alternative voices, such as civil society, women, children and independent research institutions. The aid is primarily channelled through the multilateral system, or national and international private organisations. An increase in aid allocations and extension of sectors and channels will only take place if the government clearly demonstrates its will to contribute to its own development by greater transparency in the economy and a significant increase in the allocation to social sectors. If this does not happen within a reasonable period of time, development cooperation will be phased out.

The alternative “EU model” is more proactive. It stresses Angola’s considerable economic potential, important regional political role and the country’s importance as a trade partner. The point of departure is that Angola needs international support to develop, and that patience related to political and economic developments is necessary given the country’s past history of war and turmoil. Such a strategy implies continued emergency aid primarily through the multilateral system, and parallel bilateral support to important sectors in the Angolan economy from physical infrastructure (roads, electricity, water) to the social sectors (health and education). It also places considerable emphasis on support to the private sector, by contributing to a supportive environment for foreign investment and direct support to private companies. Recent developments, where the World Bank appears to be trying to take on a donor coordination role from the United Nations and to be pushing the “EU model” to the extreme, are worrying. By entering large-scale agreements with the Angolan government, e.g. in the educational sector, before an agreement with the IMF and an I-PRSP are in place, the World Bank may be encouraging the Angolan government to disregard pressure from its more “demanding” aid partners and “go bilateral”, as in their political relationships. In fact, there are signs that the government has “shelved” the PRSP process.

The Norwegian government has recently published its own “Strategic Framework. Angola 2003-2005” (MFA 2003). It includes assessments of foreign policy and development aid as well as private sector development, particularly in the oil sector. The Strategy *may* be interpreted as a middle way between the Swedish and the EU models, but it may also be seen as a “strategy without a strategy” by failing to take up key issues in Norway’s involvement in Angola. This is epitomised by the fact that i) Angola does not live up to central conditions in Norway’s development policy of good governance and social responsibility, and ii) that Norway’s income from involvement in the oil sector is likely to become substantial and hence represent vital interests not only for the oil companies but also for the Norwegian government. The question the Norwegian government will be faced with – and for which it needs a strategy and a set of benchmarks – is how far removed from the principles of Norwegian foreign, aid and private sector development policies a

country can be before Norway should no longer be involved, or should substantially change its involvement.<sup>5</sup>

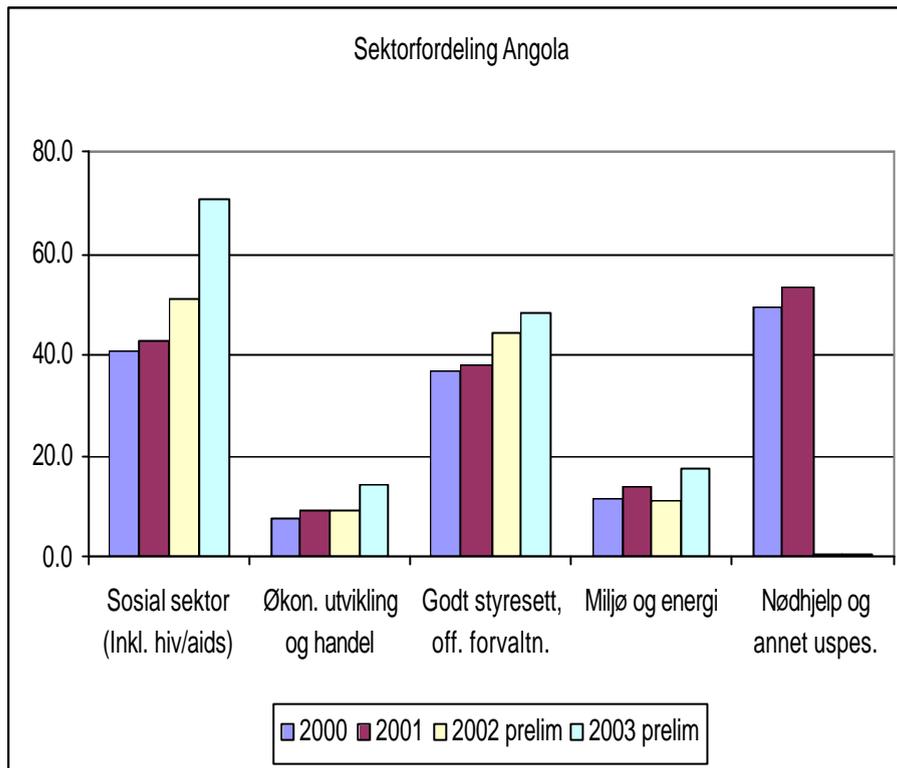
The essence of the strategy as it stands seems to be i) that Norway will maintain its development aid to Angola at the current level through the period 2003-2005; ii) that the aid will be concentrated in a limited number of sectors where Norway is particularly well positioned; iii) that the bilateral channel will be given increasing emphasis; iv) that improving conditions for commercial relationships should be given increasing attention; and v) that Norway does not foresee aid to Angola beyond a medium-to-long term (“mellomlang sikt”) as the Angolan government should be able to take care of its own development, leaving open the question of what will happen if it does not. The strategy also states that Norway’s policy towards Angola will be reassessed at the end of the period 2003-2005, which as it stands makes it difficult to enter longer-term agreements of any type.

Norway’s development aid budget to Angola has been stable at around NOK 150 million (USD 20 million) over the past few years. In 2002 the overall programme amounted to NOK 177 million, of which NOK 110 million came from development funding, NOK 10 million from transitional funding and NOK 57 million from humanitarian funds (NORAD 2003). The main focus of Norwegian cooperation in Angola has been i) emergency assistance and support to programmes aimed at poverty reduction and better access to basic social services; ii) institution building aimed at improving the management of natural resources; iii) support to institutional reforms in the areas of governance, human security, democratisation and transparency; and iv) support to civil society initiatives in the areas of community development, human rights, peacebuilding and organisational development (see Figure 3).

Norwegian development aid is implemented under considerable constraints, with the limited competence and capacity of the Angolan partners often causing delays and reassessments in its implementation. This includes projects involving “heavy” sectors such as energy and oil, as well as smaller NGO projects. At the overall level long-term bilateral aid is to be coordinated by no fewer than four ministries, and there is no formal bilateral agreement between the Angolan and Norwegian governments as is the case in most other cooperation countries. In practice, cooperation with the Angolan government has been implemented on a sectoral basis through the Ministry of Energy and Water (legal frameworks, resource mapping and human resource development); the Ministry of Petroleum (legal frameworks, regulation, resource mapping and human development); the Ministry of Planning (Fundo de Apoio Social (FAS), the PRSP process and statistics); and the Ministry of Fisheries (research, policy development, human resource development). Albeit only representing a part of the Norwegian aid budget to Angola, Norway has been one of the major donors in the country with state-to-state programmes.

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<sup>5</sup> Recent and ongoing debates in the Norwegian media have singled out Angola as a country where that threshold *may* soon be reached if significant changes do not take place around the issues of transparency, corruption and social responsibility.

**Figure 3: Norwegian Aid to Angola by Sector 2000-2003**

Taking into account the weak Angolan government sector, the major part of the Norwegian aid programme has hitherto been channelled through the multilateral system or civil society. The former includes UNDP (a broadly based governance programme in support of the Country Cooperation Framework in the areas of environment, administrative reform, hiv/aids, the PRSP process, Millennium Development Goal promotion and human rights); UNICEF (support to education, hiv/aids intervention, water and sanitation); UNHCR (repatriation of refugees from neighbouring countries); OCHA (Emergency Relief Fund); WFP (food assistance and logistics operations); FAO (seeds and tools) and HRD-UNOA (capacity building and direct support to activities in civil society). While the UNDP and UNICEF are particularly important for transitional and long-term development cooperation, the other agencies primarily deal with emergencies that may now be scaling down.

Aid channelled through non-government organisations has primarily been implemented by Norwegian NGOs, often without much cooperation with Angolan partners (Tvedten 2001). In 2002, 44 percent of Norwegian bilateral aid was channelled through NGOs, with Norwegian NGOs representing 39 percent and local NGOs 5 percent of the total. The major Norwegian NGOs are the Norwegian People's Aid (mine action, health and community); the Norwegian Refugee Council (emergency education and humanitarian assistance to returning refugees and internally displaced people); Redd Barna (protection and education); YME (water and sanitation); and Norwegian Church Aid (humanitarian assistance, peacebuilding and support to church organisations). Other smaller NGOs active in Angola include the Norwegian Teachers' Union; the Norwegian Methodist Church and ICDP (working with

child protection). A limited number of the more than 300 Angolan NGOs are strong, have considerable capacity and have become increasingly important in Norwegian development aid. These include ADRA (institutional support); Mãos Livres (legal aid); and Development Workshop (peacebuilding). Finally Norwegian research institutions (CMI, FAFO) cooperate with local counterparts (such as AIP) using NORAD funding.

The current Norwegian aid portfolio thus represents a broad variety and large number of different programmes and projects. There are good reasons for this. In a complex and unpredictable aid environment such as that found in Angola, the basis for longer-term projects may easily change, and with the limited absorption capacity of most partner institutions smaller projects often have a better chance of success. It is true that such a large number of projects may easily overstretch the capacity of the Embassy staff, who also have heavy responsibilities related to Norwegian private companies present in Angola and the Democratic Republic of Congo, but from an aid perspective the strategy has, in our view, been the correct one.

The new Strategy for 2003-2005 foresees a stronger concentration of the project portfolio, moving from emergency and transitional aid to longer-term programmes. State-to-state cooperation in the areas of energy, oil and water will continue, and there are clear indications that education will be a new area of concentration. There are, in principle, good reasons for increasing cooperation with the state: the competence, capacity and legitimacy of state institutions are essential for longer-term development, and one-sided support to parallel institutions (in the multilateral aid system, the private sector and civil society) may jeopardise long-term stability. At the same time, however, such a focus will imply less flexibility in the planning and implementation of Norwegian aid in a situation where the commitment of the government to social development is far from certain – and where the danger of ending up in a situation of gap-filling is pre-eminent. In short, the time does not seem to be ripe for a stronger concentration around state-to-state development cooperation.

Private sector development is raised as another area of concentration in the Strategy. Both NORFUND and INTSOK are currently present in Angola, in addition to a large number of oil-related companies that are in the country on a purely commercial basis. While Angola's resources and economic potential cater well for cooperation in the private sector, competence and capacity outside the oil sector is still extremely weak. NORFUND has been in contact with more than 90 private companies since its establishment in Angola in 2002, but only 10-12 have been found to meet the necessary requirements and no projects have yet been set in motion. A local investment fund involving Angolan financial and industrial partners will be established by the end of this year. The recent "Diagnostic Study on Private Sector Development in Angola" (The Bridge Group 2002) puts forward the same argument of a weak and fragmented private sector outside the oil industry, but still concludes that Norway should fund schemes for exports to and investment in Angola. As we see it, the private sector is promising for Norwegian development aid, but still emerges as a risky and potentially costly undertaking.

What makes Angola so special is the fact that foreign oil companies, including Norwegian Statoil and Norsk Hydro, potentially have a much stronger impact on developments in Angola than the aid community. They have a strong leverage through their crucial financial and technological importance for the Angolan authorities and could – with concerted efforts – be in a position to influence Angolan policies on peace, reconstruction and development. There are, of course, good reasons to argue that this should not be the role of private commercial companies, but the counter-argument is that these companies are already complicit in the diversion of oil earnings, lack of transparency and human rights violations in Angola by not pushing harder than they do for openness and a responsible government.

Their main potential contribution to social responsibility is related to fiscal transparency, making it possible for the Angolan public to hold the government to account (Howen 2002). Such transparency should include figures on total signature bonuses, total net production by block, total aggregate payment made to Sonangol under its Production Sharing Agreements, and total taxes and levies paid to the government. While the oil companies have started to publish more such figures, largely as a result of international pressure (with BP generally considered to be the most responsible company in this respect), large transfers are still not properly accounted for – or are accounted for in ways that make them inaccessible for the general international and Angolan public. Despite the external pressure for increased transparency, most companies apparently see this as counterproductive to the ultimate goal of profit maximisation and argue that they are contractually bound not to publish figures on financial transfers.

Secondly, the oil companies are contractually bound to make social bonus payments to Sonangol as part of their signature bonus and Production Sharing Agreement, parts of which have been channelled to the government. This means that the oil companies directly fund a significant part of the government's humanitarian efforts. The oil companies have probably paid a combined total of between USD 220-400 million into the Social Bonus Funds, which is 1.5 times the annual multilateral aid budget. The companies themselves have a limited ability to influence the use of this money, even though part of it has been opened to tender from private companies and development organisations. A significant part is thought to be channelled to the Fundo de Eduardo dos Santos (FESA) – a foundation considered by its critics to be a “state-within-the-state” and outside democratic control.

Finally, oil companies are involved in direct social responsibility spending. This includes all the major companies active in the country (such as Chevron, ExxonMobile, TotalFinaElf and BP), as well as smaller actors such as Norsk Hydro and Statoil and the large number of Norwegian companies active in the supply sector. Statoil will spend a total of 1,455,000 USD on corporate social investment projects in 2003, of which 890,000 USD is administered by the company itself through various development organisations and 565,000 USD by the operating partner companies from blocks 15, 17 and 31.

According to Statoil's own guidelines, their primary contribution to the communities in which they operate is "measured in terms of value creation, or the impact of their investment on employment, tax revenues, transfers of skills and technology, procurement of goods and services and social infrastructure." In addition, social investment projects are seen to have a triple purpose: i) they increase the company's understanding of the societies in which they operate, thereby improving risk management and their ability to operate under demanding circumstances; ii) they enable the company to contribute more directly to sustainable development in the local communities; and iii) they are of crucial importance for the company's reputation both locally and internationally.

Traditionally, the oil industry's involvement in development projects has been accompanied by a degree of local sponsorship and philanthropic contributions, an approach apparently still largely followed by Norsk Hydro (see Table 8). Figures on Hydro's Social Responsibility Spending for 2003 have not been forwarded, but the budget for 2001 was USD 497,850 (Tvedten 2002:24).

**Table 8:** *Hydro's Support to Social Development*

<b>PROJECT</b>	<b>PARTNER INSTITUTION</b>
Water drilling in Quengela, Luanda Province	Sonangol
Rural schools in Quengela, Luanda Province	Sonangol
Management and technology transfer programme	Sonangol
Teacher training and school facilities	ADDP
Transportation and distribution of fertilisers	ADRA
University Scholarships	Catholic University
High school scholarships	UWC
Teaching Emergency Programme	NRC
Health centre and library	Methodist Church
Books and classrooms	Catholic Church
Schools, health centres, hospitals	FESA
Traumatised children	ICDP
Fund-raising, mosquito nets, schools etc.	Hydro
Mini Tennis Programme	Ang. Tennis Fed.
Norway Cup	Angonord
Sports sponsorships	Ang.Fed / JEA

Statoil has made a deliberate policy choice of working through organisations which have the necessary expertise and capacity. They currently have cooperation agreements with the UN High Commissioner for Refugees (UNHCR), the Norwegian Refugee Council (NRC), the Norwegian Red Cross and Amnesty International. In addition, they support locally based institutions such as Development Aid from People to People (ADPP) and the Ministry of Petroleum (MINPET). The main sectors of concentration are health, good governance, education and demining. Table 9 below presents the proposed distribution of support for 2004.

**Table 9: Statoil Social Responsibility Spending 2004 (Statoil Operated)**

<b>Organisation</b>	<b>Type of Activity</b>	<b>Budget (USD)</b>
Norw. People's Aid		300,000
Norw. Refugee Council		150,000
Norw. Red Cross		60,000
ADPP		30,000
YME		20,000
UNHCR		180,000
MINPET		50,000
Others		80,000
<b>Total</b>		<b>890,000</b>

Source: Statoil

According to Statoil's own Social Investment Guidelines "[t]he scale of Statoil's social investments should be considered in light of the stage of business development and the size of our revenues in the country at stake". While Statoil's level of social investment in Angola can be debated, given its large-scale involvement and prospects of future profits, the company should be recommended for channelling its investments through development organisations rather than more philanthropic institutions, where their investments might have been more visible but the development impact more dubious.<sup>6</sup>

Returning finally to Norway's Angola Strategy 2003-2005, the potentially crucial role of the state-controlled Norwegian oil companies to the development of Angola – and the crucial role of Angola for Norwegian oil companies and the Norwegian State – should have been given a more prominent place in a strategy encompassing foreign policy and aid policy as well as private sector development policy. Figures on total investments and revenues have not been forwarded by the companies, but there are substantial sums involved. According to a recent report (The Bridge Group 2002), the net cash flow to Statoil and Norsk Hydro will reach a plateau of about 700 million USD per year by about 2007 (based on proven reserves only). As a dominating shareholder, the Norwegian Government's pro-rata share of this cash-flow will be in the order of more than 4 billion NOK per year. This is more than the Norwegian government spends on ODA to the whole of Africa per year.

<sup>6</sup> In fact, the challenge seems greater for some of their cooperating partners, in particular organisations like Amnesty International that simultaneously have a role as watchdogs over human rights and the corporate behaviour of Norwegian companies in developing countries.

The oil companies as commercial actors could, and from their point of view perhaps should, be more restrictive regarding the responsibility they take on for development and human rights in Angola. It is, in the end, the Norwegian government that has to make an assessment of whether Norway and the state-owned oil companies will continue to be active in Angola if conditions of human rights, poverty and mismanagement continue to deteriorate.

## 6. Decentralisation and Development

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This part of the CMI Angola 2002/2003 report aims to map out the main characteristics of the local governance system in Angola and the reforms which are in preparation in this field.<sup>7</sup> Its main focus will be on power relations and politics, rather than on the technicalities and administrative details of local development challenges. The previous chapters portrayed the immense challenges brought about by a war-ravaged and oil-dependent economy, an impoverished population, and a lack of pro-poor governance. Here, we shall not deliberate on local government's obvious role in the amelioration of these problems, or on administrative dysfunctions and calls for 'fiscal transparency' or 'competitive salary structures' that are put forward so often these days (ISG 2003), although such measures are no doubt needed. The study will instead focus on how the current 'deconcentration and decentralisation' reform process – a key ingredient in the 'good governance' tool-box – will or will not transform or restructure the Angolan state, and then assess whether the process will result in expected and desired results.

As good governance ranks high on the international development organisations' agendas, donors want to make sure that democratic decentralisation becomes a fact, and that the process actually contributes to development and pro-poor governance. This study raises some crucial questions about key issues to follow in Angola's decentralisation process in the years to come.

Chapter 6 will present the theoretical considerations informing the subsequent analysis. The next two chapters will outline and discuss both *de facto* and *de jure* aspects of the country's local government, the distribution of power and authority, and its political culture. The last chapter looks at some experiences of development organisations and their interaction with the local government structures, and raises some paramount questions for planners of development action.

In Angola, all current government structures below the level of the national government are referred to as local government – or more precisely, as the *local organs of the state*. This includes the dominant level in the local government system, the *provincial governments*, of which there are 18. Beneath this level are the much weaker administrations of the *municipios* and *comunas*. The reader will need to be aware of this terminology, and these bodies' ambiguous status. Even if they could be considered local governments, they are still hierarchically closely tied to and integrated into the central state apparatus. As will become evident, decentralised and autonomous local governments have yet to be created.

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<sup>7</sup> The analysis is based on field work carried out in Luanda and Huambo provinces in September 2003.

## 6.1 Is Decentralisation Currently Taking Place?

When Angola became an independent country in 1975, it inherited a system of centralised government where the state power, based in the capital Luanda, exercised judicial and administrative dominance over the peoples of the national territory. As the country was ravaged by war the MPLA government installed, at least in the territories they controlled, a local government or 'administration' based on the system of one-party rule. To this date, the cadre of the MPLA party and the local government/administration tend to be merged in person and in practice.

Due to the war, significant areas and populations were left with only the most rudimentary presence of state authorities. A few months after the ceasefire deal between the Government forces and UNITA in early 2002 there appeared, for the first time since independence, a situation in which Luanda-based state power could begin successful installation in the entire national territory.

At the same time as the *centralised* state is extending its power and authority to all 'municipalities' and 'communes' in Angola by installing in these its administrations or *local organs*, a reform process is – at least nominally – taking place within the system of territorial administration. All noteworthy political players in Angola today pay homage to terms such as *deconcentration* and *decentralisation*, emphasising that the centralised system is ripe for reform. These terms will be discussed throughout this study.

It should be made clear at the outset that at the time of writing, no political decentralisation has taken place in Angola. Although the constitutional law bodes well for the creation of elected local governments, no local elections have been held to date and there are neither any concrete plans nor a time schedule to hold such elections. A law for the creation of locally elected government bodies is in preparation by the government, but the law has yet to be presented to Parliament. Even with the approval of an eventual law regulating such bodies, few expect elected local bodies to be installed within the next few years.

The impracticalities of over-centralised government and the need or desire for power sharing and power distribution in post-war Angola speak the same language: the political climate is such that deconcentration, decentralisation and devolution of power have been put *on the agenda*.

## 6.2 Decentralisation in Development Theory. What does it Say?

A key, and perhaps necessary, element in the commonly accepted catch-phrase of 'bringing government to the people' is the decentralisation of government. Decentralisation is about empowering people in any given locality to make decisions about the local social and natural environment. Power may be handed over to local people in a democratic or an undemocratic way, and decentralisation could create democratic or undemocratic local institutions and power structures.

Any local government in a modern state is accountable and responsive in two directions: upwards, towards its superiors in the central state; and downwards, to its local constituency. A centralised system is one in which the local government is biased in its accountability towards its central state masters. This has been the case in Angola where local governments on all levels, from the provinces to the *comunas*, have been principally concerned with serving as *administrators* of policies formulated at higher levels. A decentralised system includes local policy-makers who are accountable to and respond principally to (at least sections of) the local population.

There are several ways in which to define decentralisation. Crook and Manor (1998) draw a simple but useful distinction between decentralisation as *deconcentration* and as *devolution*.

DECENTRALISATION AS DECONCENTRATION means that a central government transfers authority to other governmental institutions in a territorial hierarchy. This does not in itself imply local democracy. In some cases in Africa, for instance in Tanzania (Eriksen et al. 1999:56-58), this form of decentralisation in some periods actually became a cover for further strengthening the state's powers to penetrate the entire territory, and for consolidating the state bureaucracy against local elites. Deconcentration is merely a relocation of public officers away from the capital; in fact, it often becomes a cover for the strengthening of a centralised state, and is often branded 'administrative deconcentration'. In other cases, or hand in hand, deconcentration can be a way of making state service provision more effective at the local level.

DECENTRALISATION AS DEVOLUTION of state power is the common form of decentralisation linked to democratisation. It means that the central government cedes power and authority to local government agencies and provides them with resources for independent management. These bodies are usually granted a 'legal personality', and given (limited) rights to tax and spend, relatively independent of central government directives and policies. They can even create their own by-laws, within a restricted judicial framework. These bodies are often branded 'communes' or 'municipalities'. Yet even these local government bodies are not necessarily equal to local government, as their top officials might remain centrally appointed, for instance as head of a city council. The tendency in Africa during the 1980s and 1990s was to introduce local government elections, creating governmental bodies with extensive juridical independence.

In the following, the term *democratic decentralisation* will refer to a process in which power and authority is devolved from the central state to local institutions in such a way that the local government institutions will be held accountable by the local population and that they will be responsive to the needs and demands of the local population as formulated in a universally democratic electoral process.

A further point should be added. If democratic decentralisation is to have any real meaning and positive effects in terms of development and improved public

services, then decentralisation must be accompanied by transfers of resources so as not to create empty and incapacitated local governments which will fail to gain legitimacy and respect among the local populations. There are many African examples of the latter (Eriksen, Naustdalslid et al. 1999).<sup>8</sup> In Angola, this is particularly relevant as the central state is resource rich and the local tax base is weak, and so, consequently, are the prospects for local income generation.

### 6.3 The Bifurcated State Legacy: Rural Tradition and Urban 'Modernity'

Any student of the Angolan state and society will be struck by the immense gulf between rural and urban social life. That is true, of course, for most parts of the world. There are some particularities, however, that Angola shares with many African countries. That is, up until fairly recent history the country and its people were ruled by a racist colonial power which had no taste for democracy or citizenship rights for *the majority of the black African population* which resided in the countryside. This section will highlight the colonial legacy of territorial/local administration. This legacy, and the ways in which it was taken up and perpetuated or transgressed by the post-colonial state, has immense repercussions today in everything from nation-building, citizenship, and democratic governance to local democracy.

For the colonialists to rule the vast African territories, local administration could not be as it was in Europe or in the *Europeanised* cities, nor could they be ruled *directly* and by brute force alone. The real preoccupation of the colonial state was how to control the 'bantu' masses of the vast rural hinterlands, while continuously exploiting and abusing the human and natural resources of their territories. The solution became a system of *indirect rule* in which an alliance with the 'traditional authorities' and 'chiefs' proved vital. A special administrative system with African rural 'functionaries' of the central state had been found. As in many African countries, a strata of people appeared in the Angolan countryside branded 'traditional authorities', usually emanating from the royal or chiefly lineages of a given territory. The colonial state in Africa created with this system a historical separation between the *europeanised* social life in the urban areas, and the cultivation of the 'customary' and the 'traditional' in the countryside. In Portuguese Angola, the principal tool for this separation was the laws encoded in the infamously racist 'Estatuto dos Indígenas' which counted for all who had not achieved the level of 'civilisation' necessary for citizenship.

By allying themselves with traditional authorities, at least those of their own liking, the colonial state gained at least some legitimacy locally by tapping into the authority of the traditional leaders. They were tied to the colonial state by force and by privileges such as salaries, uniforms and official recognition. Some leaders integrated entirely into the colonial administration, but in most places, the cultural-political leadership of the chiefs and royalties combined

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<sup>8</sup> In particular during the 1980s and 1990s when the African decentralisation process was often driven by the IFI's wish to impose cost-saving measures on the central state, which could 'decentralise' responsibility for local service provision to impoverished local councils.

the roles and functions demanded by them from the colonial administrations (as tax collectors, for instance) and those expected of a political and spiritual leader of the local community. Significantly, they were not always seen as defectors to the colonial oppressors. They were also to a large extent able to protect, or rather preserve, at least part of the local traditions as the colonial capitalist state took hold of their territories. At the same time the political significance of the 'traditional' was preserved and even encouraged by the colonial state, which saw it as a way of tying a heterogeneous mass of black peasants into the jurisdiction of the colonial state. Thus, 'customary law' was integrated into the colonial state's judicial system.

In fact, as Mahmood Mamdani famously coined it in his *Citizen and Subject* (1996), a 'bifurcated state' was created in Africa, in which the urban populations were integrated into the state as citizens (albeit, in the case of Africans, as 'second rate') subject to modern written law. The rural population, on the other hand, came to be ruled as subjects of a given 'ethnicity' or 'tribe' which was ruled according to that particular group's 'customs' and 'tribal tradition'. The custodians of the customary law were those accepted by the state as traditional authorities. The system ensured that several instances of power – legislative (local norms), judicial and bureaucratic-administrative – were merged in an autocratic way in one person, the chief. Countless localised conflicts arose throughout the continent as the traditional authorities installed by the colonial masters weren't always accepted as local leaders by all,<sup>9</sup> or as the local leaders thus installed transgressed the socially accepted confines of 'custom' and acted merely as local despots or autocrats.

After independence, the bifurcated state was inherited by the new regimes. Some regimes sought to Africanise the state (Zaire, Cameroon) and simply continued the system of indirect rule, merely exchanging the rulers of the central state, but not locally. The more radical regimes (Mozambique, Ethiopia) sought to exchange indirect with direct rule, and endeavoured to quash the politico-administrative powers of the traditional authorities. Whichever way, it typically resulted in no more real a local democracy.

To surmount the historical legacy of the bifurcated state and to install a system of 'democratised' local governance is a challenge that has seen few successes in Africa. A bridge must link governance in the rural areas (with traditions of autocratic leadership) with the modern state. As the system of indirect rule has left a history of localised despotism in Angola as well, the 'bifurcated' state has also created unresolved tension between the rural and the urban ways of wielding local power.<sup>10</sup> Democratic decentralisation could be one way of transcending such contradictions.

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<sup>9</sup> The chiefs and their subjects were, in the period of late colonialism, categorised through censuses and issued identity cards. But the entire local population of a given territory did not always accept the authority of the chiefs 'assigned' to them by the colonial census.

<sup>10</sup> In August 2003, a major news story concerned a court case against the governor of the Cuando Cubango province, accused of having authorised the execution of eight 'traditional authorities' for having engaged in 'witchcraft'.

## 7. Angola's Centralised Local Government System

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The Angolan polity, its government and administration, has from colonial times to this day been characterised by various arrangements of centralised power having the first, second and final word throughout the national territory, with the exception of those areas in which the Luanda-based government did not exercise power during the war. In cases where authority has been deconcentrated or relegated (for instance, to provincial governments or to traditional authorities), the state always ensured that it maintained the power to intervene and overrule.

### 7.1 The Formal Set-up of Local State Power

The following quote from the Ministry of Territorial Administration's most recent study on the state of local administration in Angola includes a vital insight:

The evolution of the system of Local Administration in Angola since 1975 to date does not present itself with total coherence between the constitutional principles, ordinary legislation and the local administrative practice driving its evolution. (MAT 2002:ex.sum)

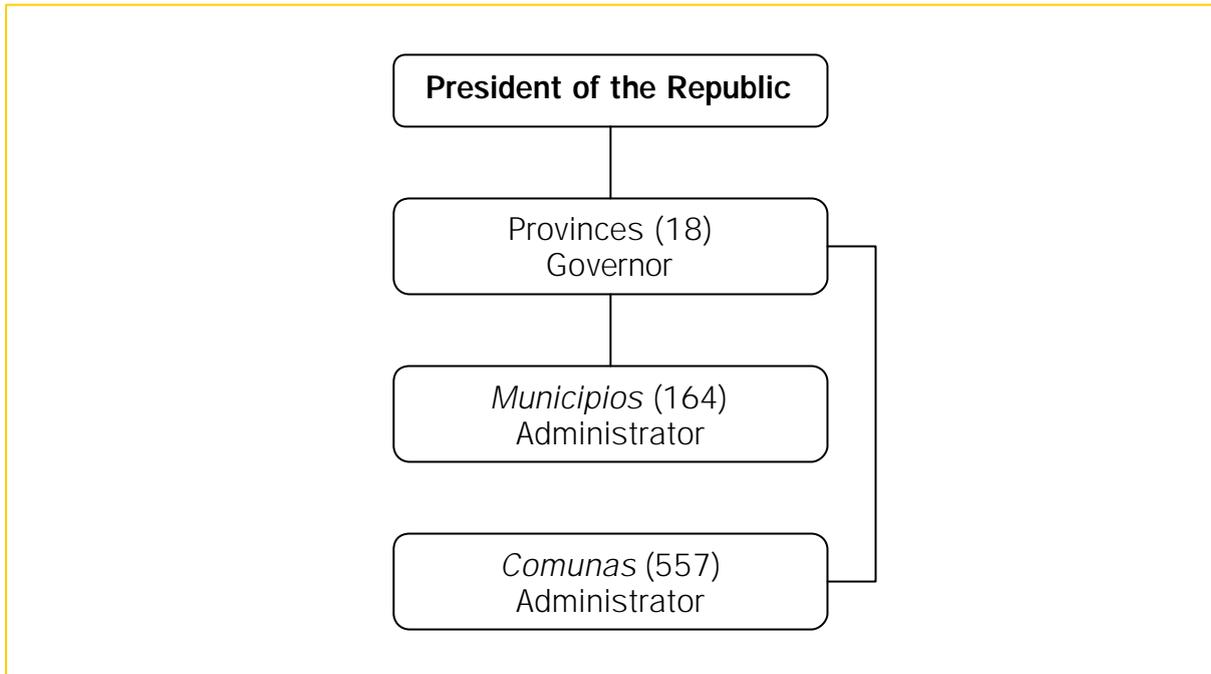
The divergence between theory and practice is an understatement. Although the terms decentralisation and deconcentration have appeared in various laws organising the local government system, the tendency during the 1970s and 1980s was to strengthen the centralisation of the state. For instance, law no. 20/77 (to be read 'number 20 of 1977') did away with any differentiation between local and state finances, meaning that local bodies of the state could not keep any revenues for local spending. A series of other laws ensured that the MPLA party-state got a firm grip on the local administration, from Province to the lowest level.<sup>11</sup>

The Angolan territorial division has three main layers covering the entire territory. In hierarchical order these are: *Provinces*, of which there are 18; *Municípios*, of which there are 164; and 557 *Comunas*.<sup>12</sup> To a large extent, the mapping of the administrative borders was inherited from the Portuguese administration.

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<sup>11</sup> See Guedes Marques Guedes, A., et al. 2003. *Pluralismo e Legitimacão - A edificacão pós-colonial de Angola*. Coimbra: Livraria Alameda., for a legal history of the public administration in Angola (in Portuguese).

<sup>12</sup> In the following, the Portuguese terms of *município*, and *comuna* will be employed for the two administrative levels below the Provinces. Attempts to translate them would create confusion with the Anglophone meanings of *municipality* or *commune*, which are usually associated with locally elected local governments with legal personalities - precisely what the term *autarquia* will refer to (see below).



**The Angolan state and *local organs*. Arrows indicate appointment authority**

It is law-decree no. 17/99 which today demarcates the roles and rules of local government. This law regulates the ‘deconcentrated’ services and functions of the central state, which ensures direct administration of the national territory by the central state. It makes no provision for autonomous local bodies.

If law number 17/99 makes no fundamental break with the past, nor did, at least in theory, the Constitutional Revision of 1991-92, which effectively created the ‘2<sup>nd</sup> Republic’ and ended one-party rule.<sup>13</sup> Constitutional Law no. 23/92 relates to the territorial administration. It states in Articles no. 145-7 that there is room for the creation of locally autonomous government bodies - *autarquías* – which are to exist alongside the *local organs of the state*. Recall that the term ‘local organs of the state’ includes the Governor and the provincial administration. However, the law seems to leave open the question of whether the administrations of *municipios* and *comunas* will continue to exist alongside the new *autarquías*. The *autarquías* are to become legal personalities and their governing authorities would be elected locally. It is expected that the autarchic local governments will enjoy extensive budgetary autonomy and be permitted to collect taxes. Yet, as earlier stated, no such *autarquías* have been created and no detailed law has been issued to regulate them.

<sup>13</sup> From a legal point of view, Angola does not have a Constitution proper, since that would entail a constitutional process led by a constitutional assembly, which was not the case with the revision of 1991. What is often referred to as the constitution is the Basic Law – *Lei Fundamental*. The *Constitutional Committee* which is today revising the constitution as part of the new political *primavera* in Angola is composed of members of the National Assembly elected in the 1992 elections.

The basic tenets of the formal local government system, as delineated by law 17/99, underline its highly centralised and hierarchical character:<sup>14</sup>

PROVINCES: A provincial government is led by the Governor, who is directly nominated by the President of the Republic, and is, according to the constitutional law, ‘the Government’s representative in the Province, on whom it falls to direct the provincial governance, ensure normal functioning of the local administrative organs – and responsible for his activities to the Government and President of the Republic’.<sup>15</sup>

MUNICIPIOS: The *municipios* are local state administrative bodies led by a Municipal Administrator, who is nominated by the Provincial Governor and who responds to the Governor. The municipal administrations are so stripped of formal powers that they cannot really be called a local government, making the term administration quite appropriate. The resources at their disposal stem from what is redistributed to them from the provincial governments. The Municipal Administrator is ‘the Government’s representative in the *municipio*, on whom it falls to direct the municipal governance, ensure normal functioning of the local administrative organs – and responsible for his activities to the Provincial Governor’.<sup>16</sup> The most important functions of the municipal administrators are:

- To provide regular inputs to the provincial governments’ preparation of the yearly plans for the *municipio*, and execute these.
- To oversee ‘physical organisation’ and maintenance of basic public services.
- To ensure local public security.
- To ‘dynamise’ and ‘promote’ local public services (the terms dynamise and promote are used in Law 27/00, most likely since it is only the provincial administrations who have the actual resources to implement and run most public services).

The bottom line is, says José Santana in MAT (Ministry of Territorial Administration): ‘The *municipios* have a lot of delegated responsibilities and competencies, but no resources’.<sup>17</sup>

COMUNAS: The *comunas* are led by a Communal Administrator, who is nominated by the provincial governor (notably *not* by the municipal administrator), and is responsible for his activities to the municipal administrators. He has the right to a support staff, and some public service ‘sections’ (say, sections for ‘urban services’ or ‘agricultural support’). The principal responsibilities relate to physical organisation and maintenance of basic public services: trash collection, road maintenance, parks, cemeteries and market places. Essentially, they are to ‘accompany and support’ the work and organisation of the village (or neighbourhood) of the *comuna* as well as the traditional authorities. In the state’s line structure, the Communal

<sup>14</sup> The responsibilities of the local organs of the state are further outlined in Decree 27/00.

<sup>15</sup> Quoted from Constitutional Law no. 148 (author’s translations).

<sup>16</sup> See Article no. 33 of Law no. 17/99 (author’s translation).

<sup>17</sup> Interview with José Santana Director dos Assuntos Autárquicos, Sept 8, 2003.

Administrators are the direct superiors of the Traditional Authorities (a fact which hardly corresponds to the views on authority and prestige of many rural populations). The vagueness in some of the hyphenated terms above are, in the author's view, reflections of the vagueness of the law itself.

Below the level of *comuna* there are no formal state institutions organising the villages or the *barrios* in the cities and towns.<sup>18</sup> For the *comuna* administrators to gain a foothold in these areas, they seem to need to be flexible in their relationships with their past allies among the *sobas* and *sekulos* and with the MPLA cadre from the 1<sup>st</sup> Republic – the Barrio Commissars and Residential Commissions.<sup>19</sup>

STAFF: The provincial local government administrations are divided into delegations and directorates, and sub-divided into sections according to intricate regulations. On the municipal level, the administrations are divided into sections. A government study shows that these regulations are frequently not observed (MAPESS 2000:48). The same study also concludes that internal reorganisation is often used as a means of providing or increasing wages for privileged staff. On average, the study says, there are only three subordinates for each *chefe* (MAPESS 2000:16). Among the main conclusions in a study carried out by the Ministry of Territorial Administration is one that the local administration's functional division - and consequently its staffing situation - is, almost as a rule, in disharmony with the priorities and work demanded by the situation on the ground (MAT 2002). This has led to a situation where there are sections and offices which are not staffed or staffed by people with irrelevant professional backgrounds and/or no resources to effect change.

#### **Human resources in provinces, *municípios* and *comunas***

The distribution of human resources in the local organs of the state is heavily skewed in favour of the provinces (MAT 2002:24-29). Of all permanent staff:

- 87.6 per cent work in the provincial administrations
- 11 per cent work in the *municípios*
- only 1 per cent work in the 557 *comuna* administrations
- 97.7 per cent of all staff with higher education (categorised as 'technician' or 'higher technician') work in the provincial administrations

The staff distribution is also skewed in the sense that the qualified staff are

<sup>18</sup> The government states the need for legislation to cover this level in its 'Strategic Plan' Conselho de Ministros, S. d. 2001. "Plano estratégico da desconcentração e descentralização administrativas: O poder local autárquico e o poder tradicional em Angola" – in particular in view of the need to solve some of the administrative problems of the major cities such as Luanda, which now have a great many *comunas* covering hundreds of thousands of people.

<sup>19</sup> It seems that in the cities and towns always held by MPLA there are still remnants of the detailed and hierarchical system of the *bairro* organisations set up by MPLA during the first few years of rule after independence. It is evident that their principal function was as 'transmission belts' for MPLA policies. To the extent that these party people still act as state 'functionaries', they do so without a legal basis.

heavily concentrated in a few provinces, in particular Luanda, Benguela and Huila, where the war has had less impact.

The sectors which employ most staff are health, education and social reintegration (of soldiers and 'returnees'). The provincial governments spend an average of 60 per cent of their income on salaries and subsidies to their employees – in some extreme cases up to 97 per cent – which leaves precious little for investment in social infrastructure.

## 7.2 Two Municipios

### ***Katchiungo, Huambo:***

Travelling to the old Portuguese settlement town of Bela Vista, now renamed Katchiungo, east of Huambo city, means a long journey on a pot-holed and shattered asphalt road. It has now been cleared of mines – albeit not its surroundings – and is expected to deteriorate even further with increased traffic and the rainy season.<sup>20</sup> Our team travelled to Katchiungo on 17 September 2003 – the national holiday celebrating Agostinho Neto – and the official cadres were busy with party activities.

As in the neighbouring towns, all official buildings, such as the offices of the *município* and *comuna* administrations, were decorated with MPLA banners, and their flagpoles bore the MPLA flag, with few if any national symbols such as the Angolan flag. We met the municipal administrator and his staff, all dressed up in brand new MPLA T-shirts and MPLA headwear.

In our interview with the administrator he revealed that he had zero funds for development in his *município*, and hardly enough for the running costs of his office. This was evident from the office building – which was tidy, but had no computers, old colonial furniture and hardly anything bearing witness to much activity. The *município* of Katchiungo was heavily affected by the war, and was left isolated for long periods, and without a government presence. The local administration's competence and capacities are still very weak. The administration is entirely dependent on the provincial administration for all development activities. It has few staff to carry out activities of its own.

Having said all this, the challenges are formidable. The administrator said the *município* had just received 13,150 demobilised soldiers and 34,000 returnees. The only realistic possibility for them was to reintegrate into the agricultural population, since only two towns in Huambo are benefiting from the government's vocational training programmes. There are virtually no industrial activities or other businesses in the area, except for petty trading related to agriculture. The administrator favoured micro-credit schemes, but added: 'Really, if you don't talk to people in the rural areas about hatchets, seeds and fertilizer, you might as well not bother.'

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<sup>20</sup> Paradoxically, the roads in best condition in the Huambo province are those in the areas most affected by war, since little traffic destroyed the roads there.

Another big challenge is to provide schools for the children, since few schools are functioning at present. Currently, the provincial government is giving priority to the building of bridges in the area. Regarding the building of schools and health posts, the administrator looked to the NGO *Development Workshop* (DW) for assistance. He was happy that DW's sanitation and water programme was moving ahead, but complained that there was no funding for its school construction programme. There are 198 villages in the *município*. There are plans to send out 250 teachers, but there are no schools as yet, although one has been planned.

When we visited a village some distance from the *município* seat, the people revealed that there had been no development activities in the area since the war except for the World Food Programme's distribution of some food, seeds and fertilizer. However, not all had benefited from this. In addition, Development Workshop had constructed a water pump and a well. Asked about which political parties were active in the area, a man exclaimed: "In this area there are only two parties, MPLA and DW!"

***Kilamba Kiaxi, Luanda:***

This *município* is situated in the *musseque*, or peri-urban 'slums' of Luanda. This part of the city was constructed in the makeshift way to be expected with the influx of hundreds of thousands of refugees and migrants coming in successive waves during the last three decades (the most homogeneous group is people of the northern Bakongo group, who also spent many years in Zaire). Economically, the *município* is dominated by the petty trade and crafts of the urban population. Although quantitative data show that most people are extremely poor here, one cannot help but be struck by the way trade circulates a lot of money through changing hands. The streets are dirty and full of litter, and the area is virtually screaming for organisation to improve the livelihoods of people. Along with the money, overcrowded conditions and poverty comes violence, which apparently is very extensive, not least within the confines of the domestic units.



**Kilamba Kiaxi: Near a market place**

The *município* is barely equipped to deal with the enormous task of providing organised development to such a large population in such a small area. Currently, it has at its disposal: 3 tractors, one car for the administrator, 2

computers, one mini power generator, a large house and a few employees. Below the *município* administration there are three *comuna* administrations, where the situation is even more problematic. One local resident described their resource situation in the following way: 'A typing machine from the 1970s and little else'.

The dominant governmental presence in Kilamba Kiaxi is the Luanda provincial government. However, informants clearly believed its efforts to be inadequate for developing their area. In fact, people referred to authoritarian methods such as the quite frequently violent expulsion of people from their shelters under the pretext that the occupants were squatters without legal title to the ground.

In the absence of most local government services normally associated with the periphery of a city, foreign aid organisations and NGOs are now working in Kilamba Kiaxi to provide water, sanitary facilities, trash collection and more. One important actor, CARE and its LURE project, is trying to achieve local responsibility and sustainability by creating community groups and locally selected 'Area Development Organisations'. These are to engage the authorities and the inefficient MPLA-based 'neighbourhood commissions' in concerted activity through high-profile 'Development Forums'. In the absence of any support from the *município* government, which has no tax revenue or other means, the philosophy of CARE is to use cost-recovery as a means of achieving sustainability for development projects (CARE Angola 2003).<sup>21</sup> The CARE project is working in a population where social trust is scarce, and establishing a collective good is difficult. The day before our visit, CARE had cleared a space at the marketplace for the construction of a crèche. A group of 50 saleswomen had subsequently invaded the space, spread out their products for sale, and now refused to move. CARE threatened them with the police, and they aggressively heckled the CARE representative.

### 7.3 Traditional Authorities between State and Rural Society

Traditional authority in Angola is a no less controversial subject than in many other African democracies. However, the MPLA government seems to diverge in their dealings with the traditional authorities as compared with other regimes which draped themselves in the red banner after independence. After a period of initial vacillation, MPLA opted for a *de facto* 'integrative' approach to traditional authorities, as the need for improved organic links with the rural masses became a practical necessity shortly after independence. Traditional authorities are, somewhat imprecisely, commonly referred to as the *sobas* – the Mbundu word for a particular kind of chief. The MPLA state adopted more or less the same approach to the *sobas* as had the Portuguese colonial administration: they gave them formal appointments at the lowest administrative level of the territorial state administration, responsible for ensuring local popular cooperation with the decrees of the state. In addition,

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<sup>21</sup> One example of a cost-recovery based service was a marketplace latrine which was operated by two cleaners. They also collected the fees for latrine visitors: 5 *kwanza* for doing the 'minor', and 15 for 'majors'.

they would serve as the state's 'eyes and ears' on the local level. Up until today, the MPLA government has employed approximately 33,000 *sobas*. They supposedly receive a small fee for their services.<sup>22</sup> Our experience from a visit to two municipalities in the Huambo province is that the *sobas* still provide the municipal administrations with vital intelligence about the whereabouts and doings and dealings of the rural population in many vast and inaccessible areas.

### **Roles and functions of *sobas* and other traditional authorities**

This list is not exhaustive, and its functions do not necessarily accrue to all *sobas* or other traditional authorities<sup>23</sup>:

- Connect to the ancestors of the dominant lineages
- Assume magical-religious recourse to specific agents for this purpose
- Administer justice, with the ability to dispose of the lives of their subjects
- Administer and distribute the land to subjects and strangers
- Administer community issues related to dwellings, organisation of agricultural work, and barter
- Control the population, statistically and security-wise
- Establish social and juridical norms
- Inform military forces about young men for recruitment
- Reinforce and inspire construction and maintenance work
- Watch over solidarity mechanisms
- Handle conflicts
- Negotiate on behalf of the communities with external agents (State, NGOs, private businesses, political parties etc.), including matters of natural resources
- Transmit information to the population
- Be spokespeople for the communities
- Be points of connection between the community and the State

The role of traditional authorities is such that they are still absolutely vital parts of rural community life. In most rural areas they are supposed to provide social cohesion, serve as upholders of a commonly accepted cosmology, and be points of reference for the negotiation of questions of justice. Thus, in the absence of a state with a solid local presence, the *sobas* mediate, record, and *judge* in many areas in which a modern state would want to regulate and

<sup>22</sup> Figure from interview with MAT officials, António da Costa Lopes Faria and José Santana. A *soba* I met in the Katchungo, Huambo, acknowledged his responsibilities and his regular reporting to the Municipal Administrator, but complained about the lack of payment for his services.

<sup>23</sup> The list is based upon the text in the MAT study 'Macro-estrutura' MAT. 2002. "Estudo sobre a macro-estrutura da Administração Local (contribuição para a desconcentração e descentralização) - documento de trabalho". Luanda: Ministério da Administração do Território (MAT). Translated and abbreviated by the author.

legislate. In some places – in particular on the *planalto* and in the North-East – there are still remnants of virtual ‘kingdoms’ with a highly hierarchical system of authority (Marques Guedes, Feijó et al. 2003:186-8).<sup>24</sup>

A continuing debate on traditional authority includes the question of how to identify both its institutions and individuals. If the traditional authority is to be recognised formally with specific rights and duties, who will decide who they are? How will their ‘jurisdictions’ be circumscribed? How can one ensure that the *sobas* who are presented with a formal status in the governance system are the ‘real’ ones?

These are not only theoretical challenges. The question of identifying the ‘real’ *sobas* has led to local power struggles and quarrels at least since colonial times, and has continued since the post-independence state started to grant them quasi-formal recognition by employing them.

In many localities, the local population would protect the ‘real’ *sobas* from the colonial state – which frequently castigated unruly *sobas* – by putting forward the name of someone who was not the ‘real’ leader, usually a junior member of the same lineage (see Pacheco 2002:4). This practice is likely to have continued after independence.

The autocratic power<sup>25</sup> of the traditional authorities – who merge several instances of power in one person – is not uncontroversial. Although the traditional authorities enjoy acceptance and respect, and still have the power of command among many local populations, their power will be increasingly contested. The process will accelerate as younger generations become educated, break with rural life and become susceptible to the ‘civil rights’ encoded in Angolan citizenship.<sup>26</sup>

## 7.4 Demographic and Political Characteristics

A brief note on the regional demographic and political characteristics is worthwhile at this point. Local government operates in widely different local conditions depending on the region. The major differentiator is that between the rural and the urban. But even for the rural administrations there is a significant difference between the sparsely populated and ‘remote’ South-East

<sup>24</sup> In the *município* Chinjenje, Huambo province, Benjamin Soma claims to be the king of a large area which historically covered various *municípios* and that he ‘controls’ 32 *sobas* and 81 *sekulos* DW. 2003. “Uma viagem ao Município de Chinjenje”. *Ondaka - Boletim mensal do projecto comunitário 'Vozes da Paz', Development Workshop, Huambo(27)*..

<sup>25</sup> Autocratic power here refers to the traditional leaders’ hereditary authority, which invests in them several instances of power: legislative (normative), judicial and administrative. The term is not meant normatively or to imply that the traditional authorities’ ‘rule’ is inherently illegitimate or authoritarian. Many traditional leaders in Angola, as elsewhere in Africa, take great care in seeking consultation and consensus within their ‘constituencies’.

<sup>26</sup> Three typical scenarios of *sobas* confronting ‘modernity’ are described by ADRA’s Fernando Pacheco Pacheco, F. (2002). Autoridades tradicionais e estruturas locais de poder em Angola: Aspectos essenciais a ter em conta na futura administração autárquica. Ciclo de palestras sobre descentralização e o quadro autárquico em Angola, Luanda, Friedriech Ebert Stiftung.: 1) weakening and irrelevance 2) aggressive defence of the ‘traditional’ and lineage, and 3) ‘modernisation’ as a modern community leader.

provinces and the densely populated central 'Planalto' highlands, the Luanda and Kwanza provinces and the Benguela and Namibe coastline.

The urbanisation rate has continued to increase, but it is likely that its exponential growth will decline as the war has ended and rural areas are perceived as safer. The National Statistical Institute has estimated that whereas in 1996 about 42 per cent of the population lived in urban areas, this figure had risen to 60 per cent by 2001. This figure creates a skewed impression and needs to be adjusted for the immense weight of Luanda. The following figures say it all: in 1950, three per cent of Angola's population lived in Luanda; in 1983 eleven per cent; and in 2000 23 per cent – with the population now having reached approximately 3.3 million (UNDP 2002:69-71). Due to the city's sheer size, and the fact that the urban social and economic infrastructure has not kept pace with the population influx, Luanda's local government has to face the most challenging problems of urban development in the country.

One should also take note of political differences. Except for the strength of FNLA and PRS in the North-East, the country is very bipolarised. The best indicator was the 1992 election results, where MPLA got a clear majority in the larger cities and the coastal provinces (Tvedten 1993:115). It received 85 per cent of the vote given to the two main parties in its four main provinces, whereas UNITA received 76 percent of the vote in the central highlands (Tvedten 1997:58-9). It is difficult to assess what the subsequent ten years of war have done to the warring parties' supporters. But there is still reason to believe that – if nothing else – tradition will ensure that certain areas will 'belong' to given parties. To this it must be added that the skewed, youthful population structure means that traditions may mean less than they do to the older population.

## 8. Post-war Local Government

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### 8.1 How Power is Exercised Locally

Territorial administration – a term frequently used to denote local government in Angola - is currently dominated by the growth of the power of the governors and their provincial administrations. As part of the stated efforts at ‘deconcentrating’ state power, law 17/99 paved the way for an increase of the governors’ power at the expense of the ministries’. Previously, the line ministries were represented with their ‘commissars’ and delegations at the provincial level. The new law ensured the direct transfer of budgeted funds to the provincial administrations, which subsequently divided their resources between the newly established provincial directorates.<sup>27</sup> The number of directorates is fixed at 11, each led by a director who is nominated by the Governor. However, not all line ministries’ functions are deconcentrated. The three ministries of Justice, Finance, and Interior (dealing with the police and security) are led by delegates who are nominated centrally. This guarantees the president and the central government a check on the governors in case they act too autonomously.

However, the governors should still be seen as ‘the President’s men’, and will remain so for the foreseeable future. More than anything, it is the concentration of power in the hands of the governors and their close links with the Presidency which makes the Angolan system of government very centralised – despite recent talk about deconcentration.

Most people interviewed for this study complained about the excessive power of the Governors, and that they frequently operate outside their juridical parameters. Rumours and accusations in the press about the governors’ or their administrations’ corrupt dealings are omnipresent. Some extreme voices claim that they practically run their administrations as private businesses, and terms such as ‘fiefdoms’ or ‘sultanates’ are often employed as analogies. One rumour has it that civil servants’ wages in some provinces arrive notoriously late because elements of certain provincial administrations use the wage transfers from Luanda to import products from neighbouring countries. Wages are only paid as profits from the sales as these are realised. It is assumed that key people in the provincial administrations in the north-eastern diamond provinces are operating in the diamond business, and that they do so in a way which blurs the borders between the public and the private.

MPLA and UNITA agreed in the constitutional committee set up after April 2002 that the governors shall not be up for election after the constitutional revision but be nominated by the President of the Republic, albeit emanating from the majority party in each province. No other parties are in a position to revoke this paragraph. Keeping in mind that the governors are not up for

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<sup>27</sup> *Direcções* is its Portuguese term.

election, a significant occurrence took place in the Malanje province where the President was forced to withdraw the governor in 2002 after popular opposition to his rule was vehemently expressed in popular rallies.

Another central feature of the current local administration is that its apparatus is staffed by MPLA cadres at all levels, or people purporting to be so. When travelling through the country, one can frequently see the offices of *municípios* or *comunas* with MPLA slogans or banners nearby. This is not surprising given the fact that local governments in the one-party period of the '1<sup>st</sup> Republic', which lasted approximately until 1992, were automatically staffed by MPLA adherents. However, the current constitutional regulations have not done away with the party dominance of the local government and civil service in general in favour of professionalisation. As a general rule, the direct nomination system characterising recruitment eventually brings all threads back to the party elite (if not the Presidency) in Luanda. Will this concentration of power in MPLA-dominated local government administration be countered by recent power-sharing agreements between UNITA and MPLA? In principle it could, but most informants pointed out that UNITA's three provincial governors were 'following MPLA's programme' rather than presenting any alternative policies or modes of governance. Their autocratic behaviour has proved little different from MPLA's governors. In some places, UNITA representatives are occupying the posts as administrators of *municípios* and *comunas*, recallable by the governors.<sup>28</sup>

In Huambo city, informants pointed out that the UNITA *Administrador Municipal* was practically powerless in terms of effecting development projects. A visit to his offices confirmed that impression – a large building with little furniture, insufficient archives and a few computers. Several NGO representatives agreed that if somebody wanted support for a project or proposal, they would have to first inform the UNITA administrator. The real green light, however, would only come after seeking 'facilitation' with the MPLA *vice-administrator*. If the matter was of any importance, the *vice-administrator* would facilitate access to the provincial level. This description of local authorities suggests that power still rests within MPLA.

Quote from conversation with a Huambo intellectual:

- The administrators don't have any resources for development, hardly to run their offices. Even here in Huambo, the Administrator has to go to the provincial administration to retrieve money to buy paper for his office.
- You're exaggerating!
- No, I am telling you: I am not exaggerating.

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<sup>28</sup> A parallel is what happened in Mozambique, which has an almost identical system and post-war situation. As a part of the peace agreement, the Renamo opposition received some 'district administrations' (corresponding to Angola's *municípios*). Yet their administrators were successively recalled by the governors of their respective provinces.

The lower echelons of the civil service, at *município* and *comuna* levels, are to an even greater degree staffed with people recruited for their loyalty to the MPLA government rather than for their professional merits.

The issue of corruption in the Angolan civil service has been high on the agenda. However, this problem was not particularly emphasised by our informants. Rather, there was almost universal complaint about the lack of resources and trained cadres for development at local level. Insiders also emphasise the dysfunctionalities of excessive centralisation and bureaucracy. Should it be found that corruption is hampering the efficiency of the local administrations, then this is likely to be a consequence of systematic and systemic clientelism rather than purely individual and isolated searches for material gain. The MPLA state is a network of personalised loyalties, emanating from the President and down to *comuna* or even village levels.

As a consequence of colonial negligence, decades of war, and the apparent prioritisation of *loyalty* (party and personal) over competence, the lack of educated staff to deal with development programmes and projects at local administrative level is a very serious constraint. The MAT is quite aware of the situation and refers to this as the principal impediment to improving public services and the capacity for development within the system under the MAT's responsibility.<sup>29</sup>

To what extent can the provinces deliver public services and development projects to the people? The discussion above indicates that outside the larger cities, the development capacity of the *municípios* and *comunas* is negligible, since they have no resources, little infrastructure and inadequate staffing. In addition, in the cities they are only likely to be able to implement works initiated and funded from a higher level. A change in this situation would require major changes in the present laws. At present, it is tempting to conclude that the main function of the administrations below the provinces is to provide the state with control and repression of its population. Local administrators often act in authoritarian ways, which appear to citizens to be arbitrary. In Luanda, informants referred to cases where the administrators were accomplices with the Province in tearing down dwellings for squatters without providing adequate alternatives. Other informants provided examples of administrators being involved in the harassment of competing political forces – be they other parties or oppositional *sobas*. In the absence of useful service delivery, such authoritarian behaviour will result in a loss of trust and further undermine the legitimacy of the state.

Having said this, some local administrators are trying hard to make the best out of what little resources they have. But the real development capacity is currently kept in other hands – the *provincial administrations* under the governors, and the *Institutos Públicos* under the (formal) tutelage of the line ministries.

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<sup>29</sup> MAT is running the Institute for Public Administration in Luanda, where administrators are given some training.

The *public institutes* provide resources for and carrying out vital public service or development functions, as their names indicate. There are institutes for forestry and agrarian development, employment and professional development, social security, socio-professional reintegration of ex-soldiers, highways, children and much more. Of the country's total of 51 *public institutes*, 28 have delegations in the provinces; the rest are only in Luanda, but have hardly any presence at the *município* level or below. Curiously, they often appear to duplicate efforts at both central and provincial levels (MAT 2002:20-24). Even though the public institutes are supposed to be 'public persons with legal personalities and with administrative, financial and patrimonial autonomy', it seems their resources are sometimes appropriated by the governors or the provincial administrations. As a MAT study (MAT 2002:22) states:

The institutional position of the public institutes has been heavily influenced by the confrontation which, case by case, has been established between its autonomy and its institutional relation to the deconcentrated organs (the Provincial Governments).<sup>30</sup>

The MAT study concludes that the efficiency of the *public institutes* is better where their autonomy has not been jeopardised by the provincial administrations. In some places the Governors' offices have entirely appropriated the *public institutes'* resources and staff. These tendencies reinforce the centralisation of power and complicate inter-governmental relationships.<sup>31</sup> It should be mentioned that although significant funds are channelled through the public institutes, their staffs are always subordinates and seldom wield heavy political influence.

## 8.2 Bread and Butter Politics

A corollary to democratic decentralisation is community based politics and popular participation in local governance. These are scarce goods in Angola, for many historical reasons. One cannot only blame colonialism. The major warring parties have to take their share of the blame. A constant situation of authoritarian politics for 30 years – and especially harsh periods of repression following events such as the 1977 uprisings of 'Nito Alves' in Luanda - was a strong disincentive for local independent leaders to organise around community politics.

Today, the two major parties seem more interested in the struggle for central state offices, and hardly campaign 'on the ground' around bread and butter issues which are important to people. This may, of course, change with the approaching elections. With the absence of local elections however, it is not so surprising that few politicians feel it worthwhile to do much campaigning in the localities. Looking at the Parliamentarians as key politicians, it is clear

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<sup>30</sup> Author's translation

<sup>31</sup> Conflicts over resources between the line ministries with tutelage over the *institutos públicos* and the provincial administrations have been reported, for instance, in MAT's own study MAT. 2002. "Estudo sobre a macro-estrutura da Administração Local (contribuição para a desconcentração e descentralização) - documento de trabalho". Luanda: Ministério da administração do território (MAT)..

they were all elected almost twelve years ago and were not obliged to respond to local constituencies; more than half – 130 out of 220 – were elected on the basis of national party lists, and the rest were elected with large provincial rather than local populations as constituencies. The UNDP even argues that the Parliamentarians' sense of representativeness is less than during the time of the provincial assemblies in the period of the 'popular republic' (UNDP 2002:84).

There is now a political vacuum on several issues or conflict lines in the communities which the main political parties do not fill. Cases in point are gender, citizenship and human rights. In these areas the vacuum has been filled by NGOs such as *Mãos Livres*, *SOS Habitat* and *Associação Justiça, Paz e Desenvolvimento*. Elsewhere, issues of community development or complaints against the local authorities may sometimes be picked up and voiced by church organisations.

As the new *autarquias* (to be treated in detail below) are created, a real test case will be Luanda. Will the provincial governor cede power to one mayor or autarchic assembly, or will they maintain the city's current division into several *municípios*? Luanda city is the locality with the most resources, the most vibrant civil society, and a population quite capable of civic mobilisation. Luanda is a city where the introduction of local electoral politics could provide the impetus for civic engagement and a shake-up in the current two-party dominance. The current proliferation of NGOs and the media density has fertilised the ground for the growth of political challengers, whose base could be politics of protest or communitarian bread and butter issues.

On the other hand, Luanda presents the greatest difficulties for future local governments. The makeshift character of the *musseques*, the virtual absence of urban planning, the characteristic lack of trust, social cohesion, solidarity or capacity for collective action in the immigrant population (Robson and Roque 2002:88-92) have had profoundly disruptive consequences: the population is used to finding spontaneous, family-unit/individual and almost anarchic solutions to practical problems. One example of problems that cannot be solved is the notorious trash and sanitation problem. My visit to Kiliamba Kiayi also provided examples of the difficulty of creating social infrastructure which could potentially improve people's lives. Robson and Roque claim there are 'few examples of successful voluntary, collective action on which to build' (Robson and Roque 2002:92). If that is so, a major challenge for both development agencies and local government will be to find ways of convincing the millions in the *musseques* that cooperation and collective action is worthwhile and so mobilise a potentially untapped source of 'social capital'.

### 8.3 Reforms in the Pipeline – some Considerations

1. As stated, no fundamental reform is foreseeable regarding the local governance system's most powerful level, the provincial administrations.<sup>32</sup>

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<sup>32</sup> Except for MPLA, different parties had been proposing varying alternatives for the state and provincial reform. Notably, UNITA and the third largest party in Parliament wanted the country to be divided into six sections, in the form of a federal state.

However, what has been decided – in principle – is that in addition to the ‘local organs of the state’ independent organs of ‘local power’ will be created in the form of *autarquias*.<sup>33</sup> These *autarquias* will be ‘collective territorial legal persons which will pursue the interests of the population, thus having at their disposal elected representative organs and the right to manage their respective communities.’<sup>34</sup> The *autarquias* will also have the right to collect and keep taxes. Other rights and duties are not as yet specified, but they will be under the tutelage of the provincial government (see Feijó 2002).

2. The term *autarquia* brings out curious connotations, not only of autonomy, but also of ‘self-sufficiency’ and something outside the realm of the state. The influential juridical expert Carlos Feijo – a presidential adviser – has drawn up some thoughts on the character of the *autarquias* in Angola (UCA 2002: 232-3).<sup>35</sup> His portrayal of the *autarquias* is that of bodies that will be *in opposition* to the State. Mr. Feijo and officials in MAT<sup>36</sup> refer to the *autarquias* alongside ‘traditional power’ and ‘other civic organisations’ as the three instances of Local Power, insinuating that the *autarquias* are outside the state, and no more linked to the state than traditional authorities and civic organisations. Similarly, the government refers to the *autarquias* and *traditional power* as being separate and unconnected in its ‘Strategic plan for administrative deconcentration and decentralisation: local autarchic power and traditional power in Angola’ (Conselho de Ministros 2001). A worrying scenario which could result from this attitude is that the future *autarquias* will be stripped of the transfer of state funds. As they are in principle given the right to collect local taxes, the central state may decline its responsibilities for a number of public services.

3. Although it has not yet been put into law, informants were expecting that *autarquias* would first be created within the territorial borders of some of the major cities’ municipalities. However, those who hope that everybody in Angola will have the opportunity to elect the leadership responsible for local development will need patience. Suggestions of creating the *autarquias* and holding local elections outside the bigger cities are usually dismissed with reference to the lack of ‘condições’. By this is meant that there are not sufficient infrastructure, economic potential or human resources to sustain a locally elected administration, again implying that the *autarquias* would have to ‘do by themselves’ and ‘nurture by sucking its own thumbs’.

4. What has apparently not yet been decided is whether or not the existing administrations of the *município* and the *comuna* will continue to exist as the state’s ‘local organs’, in parallel with the elected bodies.<sup>37</sup> There is a chance that there will be ‘double administration’ and disputes over resources, as has

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<sup>33</sup> The term is drawn from the Portuguese system and law.

<sup>34</sup> Authors’ translation of the text of the law.

<sup>35</sup> Some claim that Feijó is the most powerful driving force in the whole decentralisation process – perhaps even more than the Minister of Territorial Administration – since he is close to the President, and it is the Council of Ministers led by the President that eventually writes laws sent for ‘rubber stamping’ approval in Parliament.

<sup>36</sup> Interview with Jaime Pinto, Human Resources Director, MAT, September 8, 2003

<sup>37</sup> Interview with Jose Santana, Director dos Assuntos Autárquicos, MAT, September 8, 2003.

happened in many places in Mozambique where autarchic mayors and local assemblies have been introduced and now work alongside the old state administrative organs.

5. The key remaining question is: when will the first *autarquias* be created? At the time of writing (October 2003) the issue was enmeshed in the general debate over new election dates.<sup>38</sup> Since it is the prerogative of the President to call new elections and MPLA enjoys a parliamentary majority, much will be decided within the confines of the party. UNITA's Abel Chivukuvuku's suggestion that local elections could be organised in 2007<sup>39</sup> might not be far off the mark. It should be noted that the timetable for the introduction of local elections and *autarquias* is not likely to be set by MAT with development considerations in view, but according to political negotiation between the two major parties. At the moment, none of the key forces in the Presidency, MPLA, UNITA or MAT have taken the role as prime protagonist of the autarchisation process.

6. All the parties, including leading figures in MAT, seem to accept the principle of *gradualismo* – gradualism. In this context it refers to the gradual process of introducing *autarquias* in the *municipios* judged to have 'the necessary conditions' (conditions referring to its resource base), leaving out other parts of the country until they are 'mature' enough, which may be difficult without resources from the central state institutions.

7. The current political dialogue seems to favour 'softening' the centralising laws and administrative practices, so as to strengthen the manoeuvrability of local bodies of the state. As an example, law no. 80/99 ensures that some minor taxes can be collected and kept locally in provinces and *municipios*. However, people outside governmental or leading circles of the two main parties say that it is not the laws that are the problem, but the deeply embedded political and administrative culture of the elites, who are not interested in sharing power and authority.<sup>40</sup> They argue that change will not come through laws, unless there is a major political shake-up in the current elite's hold on power.

## 8.4 Traditional Authorities and their Future Role

In one way or another, the social fact of traditional authority (TA) must be recognised and respected by the state. Three key questions are debated today. Should the TA be *formally* recognised as part of the state's governance system? If so, at what levels? In the state Parliament? In the state's *municipal* and *comuna* administrations, and/or would they have a formal role in the *autarquias*? If in elected bodies, would they, as in some other African countries, be appointed or elected to reserved seats, or should there be elections for a '2<sup>nd</sup> chamber'?

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<sup>38</sup> A coalition of smaller political parties (not UNITA) signed a joint petition and held rallies in Luanda to put pressure on the President, whose prerogative it is to call fresh elections.

<sup>39</sup> Interview with Abel Chivukuvuku, senior UNITA politician, member of the Constitutional Committee, September 8, 2003.

<sup>40</sup> Examples were interviews with Araújo, Major, Pinto, and Nascimento.

The politicians do not seem to agree. There are people in MPLA defending the integration of traditional powers into national and local second chambers,<sup>41</sup> and some people within MAT are playing with the idea of confining the jurisdictions (territorially and functionally) of traditional authorities within a new 'customary law'. Other influential figures are more cautious and ambivalent when it comes to the question of whether the TA's jurisdiction over certain territories on the level of *bairro* and village should overlap with those of *autarquias* (Feijó 2002). The political opposition, on the other hand, seems unified in the view that TAs should be 'liberated' from the grip of MPLA.

Hidden in the current public debate led by jurists are significant issues relating to reforms of the state which could eventually reduce or empower traditional authorities at the expense of democracy. If the state recognises the *sobas'* right to represent or even administer, legislate, and judge in local matters, it will resuscitate a system of territorial administration reminiscent of that of the colonial power. If the state chooses not to grant such recognition, and instead tries to impose alternative authorities, many local populations may feel that their current beliefs and practices have been trampled upon. Neither scenario – 're-africanisation' or 'abolition' – seems a satisfactory way of dealing with the heritage of TAs and their role in the bifurcated state system.

ADRA and Fernando Pacheco emphasise the need to facilitate the traditional authorities' transition process from the realities of colonialism and war and into the realm of citizenship and modernity:

I believe that we can make a peaceful and soft transition from the current situation to another in which the local [*traditional*] powers would reflect an adequate articulation between the democratic aspects and the cultural reality, and at the same time introduce [...] democratising aspects in the exercise of traditional power, and still take advantage of everything of value in their institution. (Pacheco 2002:12)

In any case, questions about the integration of the 'traditional' within a modern democratic state are problematic, complex, and still unresolved. Several Angolan researchers at Universidade Católica are currently studying the future role of traditional authorities in a local governance system.

Yet a word of caution seems in place. The current process could eventually lead to the recognition of traditional autocratic power by central power-holders. These could, through laws and the administrative practice of provincial governors and administrators, come to turn certain *sobas* into pawns for local domination and reinforce undemocratic governance in rural areas where populations have been refused the right to elect their own leadership. The concern is not so much what will happen in cities which will

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<sup>41</sup> Moises Gaspar Kamabaya, Deputado MPLA, Vice-presidente da quarta comissão, Sept 8, 2003.

'gradually' be turned into autarquias, but what will happen in the towns and rural areas which will not. The overriding issue is how to improve conditions in the rural areas and their regional cities. Rural and regional discontent is a dormant danger in Angola. As in other oil-rich countries, regional groups might feel sidelined or underprivileged and mobilise political action along ethnic or regionalist lines, a process which is encouraged if the national polity emphasises and reinforces the role of 'tradition' and the 'customary'.

## 9. Development Interventions

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### 9.1 Development NGOs Relating to Local Governments

At least three non-governmental organisations – one national (ADRA<sup>42</sup>), one semi-Angolan (Development Workshop - DW) and one international (CARE) – are in different ways trying to relate to the issue of local governance by establishing local development forums. Such forums are often referred to as forums for social consensus in which all stakeholders in a local community participate, including the local administrations. These organisations all seem interested in creating a sort of ‘pilot’ or ‘pre-assembly’ to what would eventually be locally elected assemblies in the *autarquias*. They all report relatively positive experiences with these pilot forums. In some cases, forums are preceded by participatory groups or the creation of local associations. ADRA and DW in particular as a rule work through the creation of responsibility/co-ordination groups or by creating local associations – for the administration of a water pump, a school, a women’s association, an agricultural group or other initiatives. Staff in both NGOs argue that in the rural areas the associations *must* work in collaboration with *both* the local *município* or *comuna* administrator and the traditional authorities to have a chance of success. Failure to gain the confidence of either might result in lack of cooperation or outright obstruction.



**A community administered water pump in Caala, Huambo, organised by Development Workshop**

We found the advantage of ADRA and DW to be their innovative approaches towards creating social infrastructure through popular participation. This was observed in the rural areas, where the work input from locals ensured school construction or agricultural co-ordination for a fraction of the cost of, for instance, FAS. The projects of CARE in the peri-urban Kilamba Kiayi necessitate, perhaps, a different approach. Some of their projects, following their stated philosophy, depend on user fees for their social infrastructure provision. In the rural areas user fees are not necessary – is it so in the towns?

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<sup>42</sup> ADRA is the acronym for Acção para o Desenvolvimento Rural e Ambiente – Action for rural and environmental development.

Devolution of power to decentralised local government will raise the question of user fees and 'cost recovery' approaches, approaches which have recently proved to have, at best, mixed results in Africa. In relating to this issue, learning from the Angolan NGOs seems pertinent, rather than simply basing the approach on *a priori* solutions inspired by 'New Public Management' thinking.

In the Huambo area DW and ADRA have varying experiences with regard to co-operation with local authorities, from facilitation to inattention and non-cooperation. Sometimes there was a mix of these depending on which level of local administration they were relating to. The international NGO CONCERN has learned from its experiences that in order to achieve sustainable health and nutrition projects, it has to relate to the provincial level, the only government level with any resources to provide permanent staffing. But it has experienced enduring difficulties in gaining the provincial administration's dedication and commitment. Relating to any lower level of state organs was pointless. NGOs like ADRA, DW and some others have educated staff and financial resources which by far exceed those of cooperating *municípios*.

## 9.2 Governmental Organisations and the International Community

In the absence of the creation of *autarquias*, the government and the international community have started two major initiatives for support and development at the municipal level. One is the Fundo de Apoio Social (FAS), which is formally a Public Institute but primarily funded by the World Bank and other donors. FAS is the government programme with the most substantial impact on the construction of schools, health clinics, and other social infrastructure in many provinces. The recently initiated FAS III programme aims to build administrative and planning capacity in about 18 chosen municipal administrations. The planning is meant to include local participation through a Consultative Forum and by employing a Community Driven Development (CDD) approach.<sup>43</sup> Perhaps a little self-defeating, the first point on the chosen *municípios*' activity list for the FAS programme for *município* development is 'training in CDD'.<sup>44</sup> At present, FAS' coordination with MAT seems limited. It is our prediction that FAS will be a major provider of social infrastructure. Its contribution to political and democratic decentralisation, however, will remain fairly modest.

Whereas FAS seems to be under the strong influence of the World Bank, the European Union is supporting local government development through its Programa de Apoio à Reconstrução (PAR). It is essentially a programme for the studying of how to *reconstruct* municipalities, their administrations and vital social infrastructure. When a reconstruction plan is ready, it will be 'auctioned off' to development funders and contractors. Its leader, Walter

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<sup>43</sup> The term is now fashionable in certain WB sections.

<sup>44</sup> Critical voices claim that FAS is a pet MPLA project, and that it is driven according to the dictates of political patronage.

Viegas, expressed less interest in issues of democracy, as long as people 'get their roads, bridges and hews to till the earth'.

Finally, UNDP's approach seems by far the most interesting when it comes to moving the political forces in Luanda. Alfredo Teixeira of UNDP suggests<sup>45</sup> a gradual transfer of duties and responsibilities – *along* with resources – to pilot *municípios*. The pilots would be drawn from *municípios* of various categories, from cities to more rural ones without 'condições'. These would then function almost as *autarquias*, although without having an elected leadership. The project would entail transferring funds and competence so that the administrations at *município* and *comuna* levels could take responsibility for the following: trash collection, cemeteries, water and electricity distribution, urban transport, health clinics, primary schools, licensing of commercial activities, real estate concessions, urban planning, management of nationalised real estate, street maintenance, management of forests and beaches, construction of sports facilities and student residences. Teixeira emphasised that this deconcentration could take place now and without the holding of elections but that one would have to find ways to set up 'Development Forums' to inspire popular participation. It is clear that, if realised, the UNDP plans would involve relocation of management capacities from the provincial to lower levels and would bring about significant changes as compared to today's service provision. In addition, it would take some of the power base away from the governors.

### 9.3 Dilemmas Facing Funders of Local Government Reform

When asking people in MAT or people close to MPLA what the international community could contribute in order to support the development capacity of local government in Angola, the answer was clear: training.<sup>46</sup> There was also a tendency for people not close to the MPLA state to emphasise the support of civil society through the media, NGOs, free debate and so on. The latter group expressed considerable hesitation about the desirability of supporting the local organs of the state (the MAT system), which many saw as *viciados* – 'corrupted/monopolised' – by MPLA.

When first looking at the highly centralised government's lower level administrations, with their extremely weak ability to provide public services and democratic governance, providing institutional support seems a good idea. There is a lack of training, staffing, infrastructure and resources, so these are obvious places where some financial input could make a difference. MAT itself appeals for *formação* – staff training. Doing so, however, would inevitably entail supporting and training the MPLA state cadre.

Would supporters of democratic decentralisation really solidify structures of one-party rule with a history of power monopolisation even as substantial reforms of deconcentration and democratic decentralisation keep being

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<sup>45</sup> UNDP plan described by Alfredo Teixeira, Senior expert on governance, UNDP, interviewed September 19, 2003.

<sup>46</sup> Interviews with Faria, Santana and Jaime Pinto.

delayed or indefinitely postponed in the name of 'gradualism'? This question must be followed by pondering on the substantial uncertainty regarding the future of many *município* administrations. Would it be wise to train a municipal administration cadre which might well be – or should be – replaced with *autarquias* institutions and elected officials?

If one believes that political development is such that the territorial administration will gradually transform itself into a less party-based civil service, then both dilemmas can be answered in the affirmative. And if some *município* and *comuna* officials' posts disappear, their staff could function in the running of the *autarquias*' business and management. Luís Araújo of SoS Habitat was the most outspoken opponent of that thesis. He argued that any institutional support uncritically channelled to the local organs of the state would cement MPLA in the state apparatus 'for the next fifty years'.<sup>47</sup>

Another major difficulty with supporting the planned local government reforms is that no significant changes in the power of the provincial governments are envisaged. Is it really wise to support reforms at lower levels when all resources seem to be channelled through the provincial administration, and the notoriously corrupt and unaccountable governors? Lindo Tito of PRS<sup>48</sup> claimed that the governors would jeopardise the *autarquias* over which they will have tutelage authority. His opinion is similar to that of Abel Chivukuvuku of UNITA:

“The country needs reforms from above. The challenges of the country cannot be resolved from bottom up, there must be reforms in the state: from top-down. Introducing *autarquias* is all very well, but it alone cannot solve the country's problems.”

Apart from many diverging points of emphasis, most non-MPLA informants expressed distrust in MPLA and believed that they would not loosen or renounce their power over the state apparatus and territorial administration. Opposition politicians see the way MPLA uses the governors as key nodes in their system of local power. As long as they are there, MPLA will monopolise power. The logic of this kind of opposition politics is to try to gain political power at national level in order to rearrange the state and its staff, a thinking which has in other countries (such as Mozambique) led the opposition to ignore local politics in favour of the national.

As an alternative to supporting a politicised system of local governance, the international donor community could channel funds for local government through independent agencies. The multilateral system is already doing that, co-ordinated by UN's Office for the Co-ordination of Humanitarian Assistance (OCHA). The government is also doing the same through its system of Public Institutes and Public Funds, which only partially co-ordinate its activities with the provincial administrations. The idea of circumventing a local government system with very low capacity might seem attractive. An

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<sup>47</sup> Interview with Luis Araújo, Coordenador da Direcção, SOS Habitat, September 11, 2003.

<sup>48</sup> Deputado PRS, membro da Comissão Constitucional, interviewed September 9, 2003.

obvious counter-argument is that such an approach would do little to strengthen this system, which is obviously a necessity for future sustainability. The International Crisis Group proposes a combined solution (ICG 2003:9):

In order to gather some momentum and make its actions more transparent and inclusive, the government could consider establishing an **independent development corporation**<sup>49</sup> tasked to deliver services and administer areas at the provincial and municipal levels. Such a corporation could organize pilot projects in service delivery and skills development for provincial and municipal government officials, support the placement of qualified technical personnel in municipal offices, help determine competitive salary structures, and focus on attracting the Angolan diaspora back to increase its professional cadre.

The idea of creating such a corporation would be more attractive were it not for the fact that Angola already has 51 public institutes in addition to the Public Funds. Most of them are dedicated to countrywide development and are supposed to work in co-ordination with provincial and municipal organs, yet there are, as previously argued, notorious difficulties regarding this co-ordination. The odds that another public institute (or 'corporation') would make a difference are thus low.

## 8.4 The Mozambique Case – some Parallels and Lessons

As Angola sets out to decentralise the political system, the question should be asked whether there is anything to learn from Mozambique's decentralisation process. At first glance, there is a series of historical parallels between the two countries.<sup>50</sup> First and foremost, the two radical movements which took power in 1974-75 – *Frelimo* in Mozambique – are still in power. The similarities extend to the system of local governance.

*Frelimo* installed a highly centralised state administration<sup>51</sup> and endeavoured to run the country as a state directed and planned economy. There was little difference between the political and the administrative/bureaucratic power-holders in the provinces, districts and villages. The State and the Party was, and is, difficult to distinguish in many administrations and institutions.

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<sup>49</sup> Emphasis added.

<sup>50</sup> Both were former Portuguese colonies, both became independent in 1975 after more than ten years of fierce guerrilla warfare against the Portuguese, and in both countries the leading guerrilla movements assumed state power. They soon transformed themselves into 'vanguard parties', which claimed the right to function as the only legal party. They did their utmost to exclude other political forces from power. In both countries war broke out again almost immediately after independence. In addition to massive external interference, there was a domestic element in the wars. The military opposition was dominated by discontented regional/ethnic elites.

<sup>51</sup> It must be noted that this centralism was not only due to their 'communist ideology' but also due to traditions inherited from the Portuguese colonial administration, and its failure to build any kind of locally run administrative system, with the exception of a few urban municipalities in which Africans had a negligible formal role.

As in Angola in the 1990s, regional power in Mozambique has been ever more concentrated in the person of the provincial governor, directly nominated by the President. Under the provinces, the next administrative level is the 'district', more or less corresponding to Angola's *municípios*. These were headed by the District *Administrator*, appointed by the provincial governor. The administrators are often local strongmen, and were frequent targets of the guerrillas of Renamo during the war.

It is worth mentioning one major difference in the way Frelimo sought to exercise local power, as compared to MPLA and the Angolan state. Frelimo launched fierce attacks against the 'traditional authorities' (the *regulos*) after independence under the slogan: 'Down with obscurantism'. Enlightenment was the order of the day, and to achieve social change the magico-religious influence of the *regulos* would have to be broken. MPLA in Angola took a more pragmatic stance, and 'integrated' rather than 'alienated' the traditional authorities.

Mozambique has had the chance to rebuild a civil territorial administration throughout the country since 1992, and introduced the first *autarquias* with locally elected governments in 1998. Since the main opposition party Renamo boycotted the process, Frelimo won power in *all* the *autarquias*. Angola can learn from the Mozambican experience with decentralisation since its judicial framework shares the same Portuguese background, and since the Angolan law-makers admit to drawing inspiration from Mozambique.<sup>52</sup> When it comes to *autarquistion* of some cities and towns, Mozambique is now at least six years ahead of Angola.

Eventually, in 1996, the government and Parliament of Mozambique decided that democratic decentralisation would be limited to the conversion of 33 city and town administrations into *autarquias* – and would not include elections of governors or district administrators. The concept of *autarquias* was introduced to signify the institutions in the cities to which power and authority was devolved.

The second local elections for Mozambique's *autarquias* in November 2003 and the first five years' experience of *autarchic* local governance could bring home many lessons. Even now, some points seem relevant for Angola.

- The legacy of the bifurcated state has not been overcome. The rural areas and their districts are still under direct state rule. Consequently, almost two-thirds of the population have been prevented from having local elections. For how long can this situation persist without engendering political discontent and instability?
- Five years after the first 33 municipalities were created there is no timetable for the introduction of more. Hence, the promise to introduce local elections 'gradually' where 'conditions' are ripe could turn into a

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<sup>52</sup> Interview with Jaime Pinto, Human Resources Director, Ministério da Administração do Território, Sept 8, 2003.

smokescreen for central rule of rural areas and their populations for the foreseeable future. For instance, it means that natural resources in more than 90 per cent of the national territory remain within the jurisdiction of the (still) party-based state administration.

- In the year 2000 political violence in Mozambique was centred on regional politics. Renamo demanded power sharing at the provincial level. Did MPLA learn the lesson when granting UNITA the right to have governors in their 'majority provinces'?
- The unelected governors are still far more powerful than locally elected officials. Among other consequences, there are indications that the provincial governors have remained the locus of attention for development funders even after the introduction of *autarquias*. Politics in Mozambique still seem to revolve around central state power, to the prejudice of local politics and 'bread and butter' issues.
- In relation to the concept of *autarquía* - an inheritance from the Portuguese system - there are some drawbacks. Although solid conclusions are premature, there are indications that the creation of these local *autarchic* bodies means that the state declines responsibility for many public services and fails to transfer the funds necessary to create effective local development and service provision. In Mozambique, many *autarquias* run the risk of becoming very unattractive bodies to govern, with little chance of accumulating sufficient resources to make a significant development impact. Consequently there will be little political gain for its officials. Donors supported (massively) the holding of local elections, but had, at least up until the elections, failed to provide support for the very government institutions to which officials were to be elected.
- The local elections in 1998 appeared to be little other than dress rehearsals for the Renamo opposition in preparation for the real thing - the presidential and parliamentary elections in 1999. This pattern appears to be repeating itself before the 2003 local elections and 2004 national elections.

Further points to study after the Mozambican elections in November 2003:

- Did the institutional set-up (almost identical to that foreseen in Angola) increase popular participation in local governance?
- Did local elections contribute to support for democratic ideas and electoral politics in general?
- Did 'autarchisation' contribute to more development-oriented local governments which were more accountable and responsive to the local populations?<sup>53</sup>
- Is the continuing domination of provincial governors over locally elected officials jeopardising the efficiency of *autarquias* and popular participation and trust in the elected institutions?

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<sup>53</sup> The author has previously done extensive research on local government and reforms in Mozambique Orre, A. 2001. "Local government reform in Mozambique - does it matter?" *Department of Comparative Politics*. Bergen: University of Bergen., and will participate in a follow-up study led by Einar Braathen (NIBR) in late 2003. The follow-up has been funded by NORAD and aims to gauge the experiences of 10 out of the 33 *autarquias*.

## 10. Afterthoughts

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The framework is not promising so far for the creation of real democratic decentralisation, for the following reasons:

- First and foremost, there is no ‘master plan’ with a timetable for devolution of power and the creation of democratic local governance in the entire national territory. In one way, the ‘horse is being put before the cart’, since radical decisions are now being taken (at least officially) in the current Constitutional Commission by politicians who were elected eleven years ago.
- Almost in competition with an agenda for real local development and reconstruction, power devolution and pro-poor local empowerment, the current deconcentration and decentralisation process seems to be driven by a) MPLA’s (or forces within) interests in maintaining and expanding centralised control over the country’s territory and b) the political compromising between MPLA and UNITA (which focuses on power-*sharing*) and c) the tendency for ad hoc solutions when creating more localised service provision.
- The adopted model of creating *autarquias* is too locked into the Portuguese legal and political framework. Few alternative or innovative models seem to have been considered.
- Suggested laws and the setting up of decentralised local government bodies fail to deal with problems related to the historical legacy of the bifurcated state; that is, the lack of integration of the rural and the urban in a national framework for citizenship and democracy. The ‘gradualism’ of the process implies that only selected cities will be given self-government in *autarquias* within the foreseeable future. The rural population will be left without such institutions. Instead, if the role of the traditional authorities is indeed formalised as suggested by the government, its revamping could mean not only ‘respect’ for rural populations and their local customs, but also disrespect for their attempts to emancipate themselves as citizens. Traditional leaders will be confined to a role where, like Don Quixote, they are defending tradition against the forces of modernity.
- There is a failure to integrate decentralisation plans with a global government agenda for pro-poor policies and empowerment. The gradualism of the *autarquias* – focusing on the need for *a priori* capacity - raises the question of whether the government will give priority to the transfer of human and financial resources for the newly elected local institutions to be actual ‘organs for development’.
- Administrative culture at local levels, from province to *comuna*, is still excessively centralist, authoritarian and clientelistic. The suggested reforms fail to mention – far less attack – these factors, which limit their democratic accountability.
- Provincial leadership will not be up for election. The deconcentration process has strengthened the provincial administrations at the expense

of the line ministries. The reform could possibly be justified with reference to improved service delivery, but it has transferred power and authority from a body (the national government) which in principle is removable through elections, to one which is not. Little is said and done to deal with the excessive resource concentration and management powers at the provincial level – a resource concentration which works to the direct detriment of dispersal to lower levels of the state administration.

Given these unpromising prospects, how can Norwegian development organisations support local government and its role in popular participation and service delivery? Should international development organisations contribute to the current process of ‘deconcentration and decentralisation’, and support government efforts to improve existing institutions under MAT’s tutelage, the local organs of the state?

The answer will depend on whether aid organisations are seen as most effectively pressurising the government from within or from without – by contributing to the process and formulating aid conditionalities, or by being external critics. Outsiders are, in any event, likely to have a limited impact when it comes to the restructuring of the state that eventual autarchisation involves.

Should the choice be to stay outside the process, the risk is that local development projects might appear to be working in isolation or in duplication of government efforts. It would leave the aid organisations vulnerable to the charge that they are failing to develop sustainable domestic capacity. One recommendation that seems fairly safe was made by Sabine Fandrych of Friedrich Ebert Stiftung: to create a donor working group on decentralisation and work out joint policies there. The efforts by the World Bank, EU and UNDP now appear to be partly overlapping and uncoordinated. In any case, supporters of democratic decentralisation will need to consider and discuss the questions and dilemmas raised in the previous section.

Since donors hesitate to intervene in politically controversial matters, supporting institutions led by able technocrats is the ‘easy way out’. In the eagerness to support old and new institutions – or ‘corporations’ – one should not lose sight of the need for introducing elections as a paramount check on the politicians and bureaucrats. As Crook & Manor (Crook and Manor 1998:299) conclude in their seminal work on democracy and decentralisation, elections ‘do form an irreplaceable element in any system of public accountability. It is, therefore, an obvious requirement that whatever the system of representation, elections should be regular and fair if they are to function effectively.’

Encouraging democratic decentralisation is not only about ‘how to generate local development, and improved public services’. The country’s territorial governance is also one of the major determinants of the future development of a democratic state, its stability and peace. Flickers of instability in

Mozambique on the issue of how to reform the state 'from the top down' are warnings that local politics could lose out in the battle for state power.

Organising local elections in Angola will make little sense if the new institutions with locally elected representation are seen as unattractive both by potential officials/politicians and the autarchic populations themselves. Locally elected governments should be embedded in local society and equipped with sufficient institutional capacity and resources to make a development impact. The new institutions should also be attractive for opposition politicians. It must be guaranteed to potential office holders that other parts of the state machinery are supportive of local initiatives, even if they come from independents or politicians of parties other than the state incumbent. One challenge for the international community and others supporting democratic decentralisation is to enable the establishment of this kind of environment.

Our priority would be that donors and the international community put their emphasis on the virtues of democracy, including local democracy, when relating to Angola. Deconcentration and decentralisation have too often, including in Europe, been fig-leaves for actual centralisation processes, or, equally unfortunately, the means for the state to acquit itself of responsibility for local development – except, of course, when it comes to public security or extractive interests. Angolans have never had a chance to elect local administrations responsible for local development. However rural, uneducated, understaffed or 'unconditioned' the people and local administrations might be, they do deserve a chance to experience the dynamics of holding local politicians accountable through elections, an experience which Lisbon and Luanda power-holders have for too long denied them.



**Huambo**

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## List of Interviews Part II

<b>Name</b>	<b>Organisation/ Position</b>	<b>Interview date</b>
Abel Chivukuvuku	UNITA, Comissão Constitucional	Sept 8
Administrador Municipal	AM de Cachiungo, Huambo	Sept 17
Alan Cain	Director, Development Workshop	Sept 11
Alfredo Teixeira	Senior expert on governance, UNDP - Luanda	Sept 19
Alida Gunvor Endresen	Norwegian Embassy	Sept 7
António da Costa Lopes	Director Nacional da Administração Local, MAT	Sept 10
Faria		
Antonio Katingo	Administrador Municipal de Cachiungo	Sept 16
Armando Marques Guedes	Professor da Faculdade de Direito da Universidade Nova de Lisboa, former diplomat in Angola	Sept 22
Arne Øygaard	Norsk Folkehjelp (Ajuda Popular de Noruega), Resident Representative	Sept 10
Beat Weber	DW Huambo – Research and peacebuilding advisor	Sept 16 & 17
Carlos Figueiredo	Development Workshop, Researcher	Sept 19
Concern Health worker	Huambo	Sept 17
Concern Nutrition worker	Huambo	Sept 17
Cupi Baptista	DW Huambo Representante	Sept 16 & 17
Dinho Major	CID – ADRA - Luanda	Sept 11
Douglas Steinberg	CARE - Angola, Country Director	Sept 8
Fernando Macedo	Presidente, Associação Justiça, Paz e Democracia (AJPD)	Sept 9
Franz-Wilhelm Heimer	Researcher, Centro de Estudos Africanos	Sept 5
Helder Marcelino	ADRA Huambo	Sept 18
Jaime Pinto	Human Resources Director, MAT	Sept 8
Jonathan Howard	DW Huambo – Architect	Sept 16
José Santana	Director dos Assuntos Autárquicos, MAT	Sept 8
Lindo Tito	Deputado PRS, membro da Comissão Constitucional	Sept 9
Luís Araújo	Coordenador da Direcção, SOS Habitat	Sept 11
Luís Nascimento	FPD – Frente Para a Democracia e Advogado	Sept 15
Moises Gaspar Kamabaya	Deputado MPLA, Vice-presidente da quarta comissão	Sept 8
Natalia N. Isaac	Coordenadora Governação e Reforço Institucional, CARE Angola (Kilamba Kiayi LURE Project)	12 sept.
Nelson Pestana	Researcher, Centro de Estudos Africanos	Sept 5
Raúl Araújo	Reitor da Univ. Lusíada	Sept 9
Sabine Charlotte Fandrych	Friedrich Ebert Stiftung, Representante Residente	Sept 9
Vicente Inglês Pinto	Ordem dos Advogados, Vice-Presidente, Coordenador da Comissão dos Direitos Humanos e Acesso à Justiça	Sept 12
Victor Hugo	Director, Fundo de Apoio Social	Sept 10
Walter Viegas	Resident rep. Comunidade Europeia	Sept 15
Xavier João Abrantes	Dir do Gabinete do vice-governador para a área de economia e produção, Província de Huambo	Sept 18
Laurence C. Clarke	Resident Representative, Country Office Luanda, The World Bank	Sept 10
Bernard Ouandji	Economic Advisor, UNDP	Sept 10
Pedro Luís da Fonseca	Director, Ministry of Planning	Sept 12
Dalmacio Benicio	Ministry of Planning	Sept 11
Martin Johnston	Country Representative for Angola	Sept 10

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**TERMS OF REFERENCE  
OF  
ANGOLA STUDY  
BY CHRISTIAN MICHELSENS INSTITUTE (CMI)**

**Terms of reference (TOR) for yearly country report on Angola by CMI.**

**1. Background.**

This is the fourth report on Angola under the Country Advisor Agreement between the Norwegian Agency for Development Cooperation (NORAD), and Chr. Michelsen Institute (CMI). In line with the original Contract and Terms of Reference (signed 24.03/22.04.1999) "NORAD acknowledge the need for assistance from external resources in the form of reviews of economic, social, political and cultural conditions in selected countries of principal co-operation to augment Norwegian country specific knowledge. This country is intended to be one such devise for increased knowledge".

The report should consists of a Part I synthesising and assessing recent information regarding political, economic and social developments in Angola, and a Part II focussing on topics of relevance for Norwegian development aid to be specified by NORAD.

**2. Purpose**

The primary purpose of the reports is to be a point of reference for internal discussions in MFA/NORAD, but they are also made available to other institutions and individuals working with Angola through the CMI Report Series.

**3. Scope of work**

*Part I: Political and Economic Developments in Angola*

1. Political Developments
2. Economic Conditions (incl. PRSP)
3. Social Conditions
4. Development Aid

*Part II: Decentralization and Development in Angola*

1. Introduction (theory, decentralization in a comparative perspective with focus on Mozambique)
2. Centralization and decentralization in Angola (population structure, demographic developments, regional characteristics).
3. The system of local administration (political structure, the formal set-up, main characteristics, funding, the issue of corruption, capacity)
4. Development interventions (experiences from development interventions by ADRA, FAS, Care etc.)
5. Conclusions (decentralization and development. How can Norwegian development organizations support local government and their role in popular participation and service delivery?)

#### **4. Implementation**

The report will be based on relevant documents as well as interviews and discussions with various key/resource persons/institutions in Angola.

Other sources of information will be interviews with Embassy staff as well as counterparts in Angola in relevant ministries. Other relevant partners, national as well as international as decided by the Embassy and Angola should also be included in the consultation.

The responsibility for collecting necessary information rests with the consultant. Rasmus Bakke will assist in completing Part I in relation to the topic concerning Economic conditions and Angola's implementation plans (nationally/ref. decentralisation plan for poverty reduction/) on the Poverty Reduction Strategy

#### **5. Reporting.**

The final draft report will be handed in to NORAD by 31. October 2003.

#### **6. Time frame**

**Maximum 6 weeks** in September/October, and the report has to be submitted by the 31. October 2003

#### **7. Source of funding**

The costs of the mission shall be covered by NORAD, unless otherwise stated by CMI (local consultant through the AIP-CMI agreement).

Approved by:

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Jon Lomøy  
Director of the Southern Africa department in NORAD

Agreed:

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# Summary

This is the fourth report on Angola under the Country Advisor Agreement between the Norwegian Agency for Development Cooperation (NORAD) and Chr. Michelsen Institute (CMI). The report consists of a Part I synthesising and assessing recent information regarding political, economic and social developments in Angola, and a Part II focussing on democratic decentralisation. The latter maps out the main characteristics of the local governance system in Angola, and analyses the reforms which are in preparation. The focus is on how the current ‘deconcentration and decentralisation’ reform process – a key ingredient in the ‘good governance’ tool-box – will transform the Angolan state.

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