



COMMISSION
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DRAFT

COMMUNITY PLATFORM TO ASSIST ANGOLA'S SOCIAL AND ECONOMIC RECONSTRUCTION

Two-year programme 1992-93

I - BACKGROUND AND FRAMEWORK

1. When the Angolan peace agreements were signed on the 31st May 1991, the Community and its Member States issued a declaration, in the framework of European Political Cooperation, reiterating "their commitment to participate in the reconstruction of Angola". At the Development Council of 28 November 1991, the Community and its Member States expressed "their willingness to support Angola in the framework of the process of peace, national reconciliation, social and economic reconstruction, and democratization of the country, with a special effort and in a coordinated way", and decided that they "will strengthen their internal coordination efforts, both in Angola and Europe, in order to participate together, where possible with other donors, in the social and economic rehabilitation and reconstruction programmes for Angola".
2. The Commission is aware that several Member States have implemented in the past, and are now implementing, important development programmes in Angola in the framework of their bilateral cooperation. Nevertheless, both the efficiency and the visibility of overall European cooperation can be improved by more efficient coordination and synergy, which a broader approach would allow. For this reason it is proposed to strengthen Community cooperation in the framework of the reconstruction process of the Angolan society and economy, in order to achieve a more visible political presence of the Community in Angola. This strengthened cooperation will naturally be undertaken in the light of existing Council resolutions and on the basis of existing experiences in this field.
3. In February 1992, following a visit to Angola of the Community's "Development Troika", the peace process was re-launched and many important decisions were taken, notably at the "CCPM" (Joint Political and Military Commission) and at "bi-partisan" levels, providing a favorable base for contributions in the framework of the "Community Platform". This situation led to the announcement made by Vice-President Manuel MARIN at Lisbon on 28 February 1992, of a Commission initiative to implement the Community Platform in the light of the conclusions of the Development Council of November 1991, in particular through the organization of a meeting to coordinate Community and Member States' cooperation with Angola in the 'short term' (1992-93). This meeting has been called for 26 March 1992.

4. The 1992-93 programme is designed with a view to a gradual transition, bridging the gap between the current emergency and food aid operations launched since the cease-fire, and the future long term development operations. In this sense the 1992-93 programme will overlap, to a certain extent, both with the Community and Member States' emergency response of 1991-92, and with the social and reconstruction programmes implemented in 1993. The Commission services identified three main "areas" for short term action:

- PREPARATION FOR ELECTIONS,
- RE-SETTLEMENT OF DISPLACED PEOPLE, REFUGEES AND DEMOBILIZED SOLDIERS,
- EMERGENCY REPAIRS IN SOCIAL AND ECONOMIC INFRASTRUCTURE.

Member States are invited to comment on these proposals on the basis of their own experience in cooperation with Angola and are requested to indicate during the coordination meeting of 26 March how and to what extent financially they envisage contributing to this coordinated Community support action for Angola.

II - PREPARATION FOR ELECTIONS

5. The peace agreements laid down the supervisory role to be played by the UN and their agencies in the electoral process. The electoral process was drastically speeded up in February, in such a way that prior consultations with Member States became impracticable. According to a UNDP document, "Global Budget of Donor Contributions (Estimates) as of 23 February 1992", Portugal, France, UK, Germany and the Community, as well as Sweden, Norway, US and Canada, are expected to share with the Angolan Government the financing of the foreign currency budget for the electoral process (9 MECU, excluding pre-registration operations).
6. The Community contribution may amount to 2½ MECU, including the financing of international (0.4 MECU) and national (0.5 MECU) consultants, as well as of equipment and supplies (1 MECU). The international consultants and a reserve of 0.6 MECU (to be allocated following further detailed identification of needs) will in principle be financed under the VII EDF's National Indicative Programme, whilst the remaining costs (1½ MECU) are likely to be financed by the Commission's budget line B7-5053 ("human rights and democracy"). Additionally, 400 million NKZ (± 0,7 MECU), representing ± 12% of the local currency budget, may be financed by Community "counterpart funds". Donors' pledges now cover the total budget; but the need to increase the visibility of the combined contributions of the Community and its Member States remains to be done.

7. Despite its vital political importance (and it should be recalled that a just electoral process is now a "sine qua non" condition for the economic development of Angola), the elections represent, nevertheless, a minor part of the short term financial resources needed for the transitional period. In fact the major part of those resources will be allocated to alleviate the tragic consequences of the war on the people (section III) and on the territory (section IV).

**III - RE-SETTLEMENT OF DISPLACED PEOPLE,
REFUGEES AND DEMOBILIZED SOLDIERS**

8. This is the area in which most of the financial resources will be concentrated. It has to be stressed that a limit to expenditure in this area is considered on the grounds of the short term "absorption capacity" (in 1992-93), rather than on the actual identification of needs. Substantial needs cannot be met in 1992-93 and will be left for later consideration.
9. In this area the 1st action is to make available tools, fertilizers and seeds for those who wish to return to agricultural activities. Similarly, inputs for fishing activities should also be provided in order to stimulate initiatives. Import programmes for these essential inputs amount to 60 MECU (50 MECU for agriculture and livestock plus 10 MECU for fisheries); the Community will be ready to cover 25% of these needs.
10. The 2nd action is to provide vocational training in different sectors. The Commission has already identified some specific projects and is aware that Member States may provide useful further insights in this subject. The Commission estimates on the basis of information received from "CCPM" that the total cost of these training programmes, required for the displaced population and refugees as well as for demobilized soldiers in particular, will amount to some 30 MECU. About 40% of such an amount may be financed by the Community.
11. The 3rd action is to use NGO's in a wide range of projects aiming to promote the social and economic reintegration of displaced people, refugees and demobilized soldiers. These projects should have a total budget of \pm 70 MECU, and the Community may cover \pm 45% of this budget. In particular these projects administered by the N.G.O.s may also include the distribution of agriculture and fishing inputs, as well as vocational training activities.
12. The total budget for this area, besides the technical assistance required to carry out the operations involved, amounts to 160 MECU. More than 100 MECU remain to be covered by Member States, as well as by other donors:

	<u>Community</u>	<u>Member States & others</u>	<u>= TOTAL =</u>
- Import Programmes ...	15 MECU	45 MECU	60 MECU
- Vocational Training .	12 MECU	18 MECU	30 MECU
- N.G.O.s	<u>31½ MECU</u>	<u>38½ MECU</u>	<u>70 MECU</u>
<u>TOTAL</u>	<u>58½ MECU</u>	<u>101½ MECU</u>	<u>160 MECU</u>

It has to be stressed that the amounts mentioned here are indicative and may be changed if more accurate information is obtained.

13. A World Bank mission on public expenditure went to Angola, after a visit to Commission in Brussels, where they discussed the possibility of making use of donors aid in foreign currency to pay a part of the effort of demobilisation of the soldiers. After their mission, they stress this proposal in their mission report, opening up the way to donors to contribute to the peace process.

**IV - EMERGENCY REPAIRS IN
SOCIAL AND ECONOMIC INFRASTRUCTURES**

14. This area of the 1992-93 programme has to be carefully and clearly defined. It does not intend to include neither any reconstruction operation nor any comprehensive rehabilitation which may be eligible for the medium and long term "social and economic reconstruction programmes" to be launched in and after 1993. Operations to be included have to be strictly limited, in such a way as to ensure that only very urgent repairs are considered and that the implementation of these repairs will be concluded in 1993. They will contribute to increase the opportunities for demobilised soldiers to get jobs on labour-intensive projects.
15. Countryside schools and health centers, electricity and water supply systems, railways and roads (with particular emphasis to bridges), will represent most of the facilities to be repaired. The Angola National Plan for 1992 provides useful insights in this area. Having in mind the abovementioned restrictive approach, the Commission services estimate that the total cost of the urgent repairs to be done may reach 21 MECU, most of it ($\pm 16\frac{1}{2}$ MECU) to be decided in 1992. The Community will possibly cover 9 MECU (7 in 1992) out of the total 21 MECU.
16. A close coordination with the Member States, as well as with the Angolan Administration, will be essential to keep this area of the 1992-93 programme in line with the above mentioned guidelines. The Commission will use the instruments which best respond to the exceptional nature and urgency of intervention in this area. Particular attention should be paid to the connections with future social and reconstruction programmes.

V - TECHNICAL ASSISTANCE

17. Given the dimension of all this operation it is imperative to arrange for technical assistance in order to ensure the adequate management of the Community Platform. The Community considers to spend about 5 MECU in this field ($\pm 7\frac{1}{2}\%$), whilst an overall amount of 10 MECU is foreseen to this end.
18. A Community Technical Assistance Team could be created with experts indicated by Member States and indicated by the Commission. This Team would be responsible for the coordination of all the actions identified in the framework of this Platform. The Community Delegation will be reinforced as well, in order to ensure accurate information to Member States present Luanda. The finance of two round tables in rural development and human resources in the framework of the preparatory donors round table to be held beginning 1993 will be decided soon.

ANNEX ON INFRASTRUCTURES

1. Roads and railways, with particular emphasis on bridges, as well as electricity and water supply networks, are sectors where the effects of the war were most felt. Schools and health centres in the countryside were also severely damaged. The full rehabilitation of this infrastructure will certainly be addressed in the framework of future long-term social and economic reconstruction programmes. Meanwhile, immediate steps towards emergency repairs of essential facilities should be undertaken, in order to ensure minimum acceptable levels of essential services to the people and enterprises. Such emergency repairs should be labour intensive in order to integrate as much as possible returning refugees and displaced persons as well as demobilised soldiers.
2. Besides three other major infrastructure projects in Angola, the World Bank (WB) is considering a "First Transport Recovery Project" addressing needs of the transport sector to be tackled in "the very short term (i.e., 2-3 years)", as stated by the WB. This time lag is not compatible with the extreme urgency in re-establishing certain essential road links, and in fact a recent visit of a Commission expert to Angola confirmed that some real short term projects are identifiable. The National Indicative Program, recently signed, states that the Community will support "operations to rehabilitate and expand road, rail and port transport and to ensure proper management and maintenance". A road rehabilitation project in the SW region will be submitted to the April EDF Committee (2½ MECU from the NIP, plus 10 MECU from regional Southern Africa funds), whilst the creation and equipment of road maintenance brigades in the region (± 6 MECU). With similar objectives and methods, Italy is prepared to finance two other brigades, in the Provinces of Huambo and Cunene. The State agency for road repairs & maintenance (Instituto de Estradas de Angola) considers that it is now the right time to create the Provincial brigades of Bié and Uíge.
3. The National Plan for 1992 identifies a limited number of bridges requiring urgent repairs; four of these bridges could assure the links with the Zaire Province, in the North, now practically isolated from the rest of the country (total cost 1.2 MECU). Three bridges were also included because they are located at crucial crossroad points (Alto Hama, Calandula, Calai, Balombo), linking different Provinces. Attention should be paid to situations where it is not possible to repair long bridges and the need for "jangadas" (Menongue-Ndjiva e Cabala-Muxima) should be envisaged.
4. The urgent need for sleepers for all three main railway lines was mentioned by the authorities. Two important sections (Huambo-Kuito and Matala-Kuvango) will need about 220 000 sleepers. These could be second-hand wooden sleepers. A similar demand was addressed concerning rails and the material needed to fix them; these requests do not conflict with the technical assistance needed to improve management and better use of existing equipment. More investments are needed but they were not considered in this emergency approach.

5. Port equipment and infrastructure is clearly under-used. The existing ones attend only conventional weights and the technology should be improved. A list of equipment was presented (total cost 11.5 MECU) but no priorities were identified, preventing their being considered at this stage. Some airports need light equipment and communications equipment in order to enable aircraft to land and take off over a more extended period and leading to better utilisation of the present fleet. An ICAO (International Civil Aviation Organization) study estimates the needs of the main important local airports at about 1 MECU. Although better accessibility is being developed for surface transport, air transport will remain essential mode in a country of about 1 247 000 Km² and where internal flights can take almost three hours, even by jet.
6. The Government of Angola requested in 1989 assistance from the UNDP/WB to identify the rehabilitation needs of the electric power sector and to develop the corresponding cost estimates. Two missions in the beginning of 1990 and in June 1991 visited Angola to establish priorities for rehabilitation and to develop a programme for maintenance of the transmission and distribution networks. The Government gave a first priority to this sector and allocated funds and credit lines, which are on a shorter term than what is needed for this type of investment. The total planned for 1992 for the electric power system will amount to about 58 MECU. The objectives are the rehabilitation of the installed capacities, the increase of electricity production and a better service quality and system management. This sector is not included in the priorities of N.I.P. and so it is not financially supported by the Community. However, different Member States are involved in these investments and could consider the opportunity of reinforcing their actions and financial commitments in this framework.
7. The situation of the water supply systems is similar to the electricity sector. The Government identified priorities and decided to finance about 42 MECU to increase water production and improve quality as well as to reinforce the management systems. Being again sector not included as such in the N.I.P. but in which Member States have been involved, the same opportunity to increase their commitments applies.
8. The impressive list of schools and health centres in the countryside in need of rehabilitation shows how this will be a long term goal. Even with decentralised management it will be difficult to undertake most of the actions needed, because there is shortage of construction materials and tools. In the Education sector 20 MECU are needed, according to the National Plan for 1992. In the health sector the government expects that donors will contribute about 48 MECU (this represents the overall amount of aid given to specific projects identified in the National Plan, meaning that these are not the contributions expected for 1992). The policy and priorities of the Government in these sectors will be confirmed in the framework of the Donors conference scheduled for early next year.

TABLE 1

ANGOLA: COMMUNITY PLATFORM
(staff working paper)

= 5th March 1992 =

= ECU millions =

	<u>Needs</u> (a)	<u>Community Contribution</u>		<u>Source of fin.</u> NIP other (c)
		1992	1993 (b) as a % of needs	
<u>1. Electoral process</u>				
1.1. GOA expenditure	2,3	-	-	1,0
1.2. Support/Electoral material	2,5	1,0	1,0	0,4
1.3. " /Technical assistance	2,2	0,9	0,9	0,6
1.4. " /Reserve	2,0	0,6	0,6	1,5
	<u>9,0</u>	<u>2,5</u>	<u>2,5</u>	
<u>2. Displaced persons, refugees, demobilized soldiers</u>				
2.1. GOA import prog..	50,0	8,5	4,0	4,0
2.2. GOA import prog.....	10,0	1,5	1,0	2,5
2.3. Training/employ. centers	30,0	8,5	3,5	12,0
2.4. NGO's.....	70,0	19,0	12,5	31,5
	<u>160,0</u>	<u>37,5</u>	<u>21,0</u>	<u>18,5</u>
<u>3. Urgent infrastructure rehabl.</u>	<u>21,0</u>	<u>7,0</u>	<u>2,0</u>	<u>5,5</u>
<u>4. Technical Assistance</u>	<u>10,0</u>	<u>3,0</u>	<u>2,0</u>	<u>5,0</u>
<u>TOTAL</u>	<u>200,0</u>	<u>50,0</u>	<u>25,0</u>	<u>30,0</u>
				<u>45,0</u>

(a)- estimate based on elements gathered from GOA and CCFM proposals.
 (b)- expenditure in local currency of annex. 400 million NKZ (\pm 0,7 MECU) is not included; such expenditure represents \pm 12% of the budget - local currency for salaries, indemnities and transport of personnel.
 (c)- Commission budget (budget line "human rights + democracy", "Front Line States",....) and EDF resources (art. 255,....).