

**The 'COTONOU AGREEMENT' and ANGOLA**

PROFESSOR DR. JUSTINO PINTO DE ANDRADE  
(06/05/05)

## Index

### A –Preliminary Issues

### B – Objectives of the COTONOU Agreement

- Declared objectives
- Implicit objectives

### C – Pillars of the EU – ACP Relationship

- i) The global political dimension
- ii) The promotion of participative approaches
- iii) Poverty reduction
  - o Economic development
  - o Human and social development
  - o Integration and regional cooperation
- iv) The new economic and commercial framework for cooperation
  - o Economic Partnership Agreements
- v) The reform of financial cooperation
  - o The rationalization of cooperation instruments
  - o Financial resources
  - o Reform of the programming system
  - o Procedures for execution and agents for execution

### D – COTONOU Agreement Institutions

- o Council of Ministers
- o Committee of Ambassadors
- o Joint Parliamentary Assembly

### E – Protection to Less Developed, Landlocked and Island ACP States.

### F – Violation of the Essential Elements of the Cotonou Agreement

### G – Non-State Actors

- G1 – List of Potential non-State Actors
- G2 – Involvement of non-State Actors

### H – Past and Present Cooperation

### I – The Fishing Portfolio

- o As main points of the Fishing Law
- o Angolan businesses within the fishing domain
- o The European market and alternative markets

### J – Advantages and Opportunities for Angola

### K - Conclusions and Recommendations

## **A – Preliminary Issues**

In recent decades, cooperation between the EU and ACP countries – Africa, the Caribbean and the Pacific – took place within the framework of the successive Lomé Conventions. All four Lomé Conventions granted ACP countries the right to decide on which priorities to support in its development and permitted wide long-term programming. Each financial programme coupled to the Lomé Convention represented a financial commitment for five years. However, the recent evolution in international relations imposed a revision of this cooperation framework, given that:

- i) We are dealing with greater liberalisation of world trade, a dominant role for private investment and initiative, and greater weight is given to the criteria for the effectiveness of international assistance;
- ii) The EU recently underwent a major enlargement, growing to 25 countries, which now comprises a majority of countries without any historical associations with ACP countries;
- iii) The international donor countries are also introducing some political conditionality to assistance, associating it to principles of transparency, good governance and respect for human rights;
- iv) Progressively, new non-state actors have emerged as part of the internal development of ACP countries, generically referred to as Civil Society.

These are the changes that have imposed a new relational framework between the EU and ACP countries, by which the process of revision of the Lomé Convention, begun in the mid-1990s, flows into a new framework - Cotonou Agreement. The last of the four Lomé Conventions expired on February 29, 2000, and on June 23 2000, a Partnership Agreement was signed in Cotonou, between the states of Africa the Caribbean and the Pacific, and the member states of the European Union.

After the handing over of the ratification instrument by the EU to the Secretary General of ACP states on February 27, 2003, the Agreement became operational on April 1, 2003. It is applicable to the 76 ACP states that ratified it when it entered into force. With reference to the ACP states that did not ratify at the time when it entered into force, the Agreement will apply from the first day of the second month after the required ratification instruments have been submitted (nº 3 of article 93).

## **B – Objectives of the Cotonou Agreement**

### **B.1. Declared Objectives**

The Agreement serves as a joint ACP-EU response, with the following declared objectives:

- i) Promote and accelerate economic, social and cultural development of ACP states;
- ii) Contribute to peace and security;
- iii) Promote a stable democratic political environment.

The new Economic Partnership Agreement represents a new more advanced phase in the cooperation of ACP and EU countries.

In relation to the limited success of the principal approach in issues of non-reciprocal commercial preferences, foreseen in the old conventions, and the necessity for adaptation to international developments, such as globalization, technological evolution and the profound social changes witnessed in ACP countries, the Cotonou Agreement clearly establishes a new approach to cooperation.

## **B.2. Implicit Objectives**

The principal implicit objectives of the Cotonou Agreement are:

- i) The reduction of poverty, and in time, its eradication;
- ii) The ending of the system of preferential treatment which some ACP products enjoyed;
- iii) The introduction of the clause of “corporate social responsibility”.
- iv) A financial assistance programme connected to the progressive integration of ACP countries into the world economy, in harmony with the objectives of sustainable development;
- v) An enlargement of cooperation with new non-state actors.

The objective of the Agreement’s new approach is to strengthen the political dimension, as well as ensure a new flexibility and grant more responsibility to ACP states.

## **C. The Pillars of the new EU-ACP relationship**

The EU – ACP Cotonou partnership Agreement is based on five principal pillars, simultaneously consisting of an integrated and sectoral approach:

- Global political dimension
- Promotion of participative approaches
- Development strategies focus on the objective of poverty reduction
- The establishment of a new economic and commercial cooperation framework
- Reform of financial cooperation.

In the context of the Agreement, the diverse interventions should have a specific sector as the objective (health, transport, etc) but combine different aspects of cooperation (economic, environment, social, etc.) with a view to orientating the assistance better.

The Cotonou Agreement was established for a period of 20 years, but includes a revision clause every five years.

### **i) Global political dimension**

The essential elements of the political dimension are:

- Political dialogue.

Political dialogue allows each part the possibility of discussing with restriction on themes of common interest. In this domain, the partnership will focus specially on regional initiatives and the strengthening of local capacity. It equally foresees arrangements destined to guarantee that financial resources are not diverted from development objectives.

- Policies of peace consolidation and conflict resolution;
- Respect for human rights, for democratic principles based on a Constitutional state and responsible transparent government.

All of these are essential elements and their violation could imply the suspension of assistance.

In the case of violation of these elements, a new procedure was developed, which stresses the responsibility of the state implicated. Serious cases of violation of these precepts could be sanctioned by suspension from the cooperation.

A new procedure was specifically created. This will be applied in serious cases of corruption. Not only in cases of corruption which involve funds from the European Development Fund (EDF), but also more generally, in the case of countries where corruption constitutes an encumbrance to development and where the EU is financially involved.

## **ii) Promoting participative approaches**

The Agreement foresees that non-state actors exercise an important role in the conception, as well as the execution, of development strategies and programmes, as is the case with the private sector or economic and social partners.

The role of civil society is especially important and the strengthening of nongovernmental organisations (NGOs) is unfortunately necessary to ensure an important contribution in the development process.

The enlargement of cooperation to new non-state actors is perhaps the most important change, once Civil Society Organisations come to have the right to participate in all phases, from the definition of priorities and of projects to their execution and evaluation.

National Indicative Programmes (NIP) therefore come to have designated budgets for Civil Society Organisations, and supports these organisations from an institutional point of view, so that they can strengthen their capabilities. The participation of these actors depends on specified criteria relative to their management and their form of organisation.

Of these new actors, one gives particular attention to the private sector, as complementary to government action in the development process. In the

context of the Cotonou Agreement there are a large number of institutions and instruments to support the private sector of ACP countries.

It is important to highlight the following institutions:

- Business Development Centre (BDC) – to support business and make it more competitive, promoting partnership with European businesses. Equally, it foresees technical assistance to private sector businesses and associations.
- European Investment Bank (EIB) – which should finance investment projects in countries that sign cooperation agreements with the EU. In the context of the Cotonou Agreement, and for the first time, finance from the Bank can be obtained without getting guarantees from the State.

With regard to support mechanisms, it is important to mention the Investment Facility (INFAC), which encourages regional and national investments and helps private sector investment, financing its projects and businesses from this sector from a trade perspective. The objective is to improve the sector's capacity, promote better functioning and international competitiveness of ACP countries.

### **iii) Poverty Reduction**

The Cotonou Agreement defined a general strategic framework, referring to international obligations of contracting partners, bearing in mind political economic, social, cultural and environmental components, as priority areas for cooperation. One is dealing with a complex and multi-dimensional approach to poverty reduction.

#### **- Economic development**

This area centres on:

- Investment in and development of the private sector (for example, strengthening export activity)
- Macroeconomic and structural policies and their reform
- Sectoral policies (for example, the development of industrial, commercial and tourist sectors).

#### **- Social and Human development**

Its principal elements are the following:

- Social sectoral policies (for example, improvement to the educational, health and nutrition systems, as well as the integration of demographic issues in such strategies.
- Issues related to youth (for example, protection of child and youth rights, particularly girls).

- Cultural development (for example, recognition, protection and valorisation of traditions and cultural patrimony).

#### - **Integration and Regional Cooperation**

The objective of Integration and Regional Cooperation is to facilitate development in all sectors, including the management of natural resources and socio-economic problems.

Integration and Regional Cooperation seeks to:

- Accelerate the diversification of the economies of ACP countries
- Promote and develop inter and intra-ACP trade, as well as commercial exchange with third countries, benefiting less advanced ACP countries.
- Put into practice sectoral reform policies at a regional level.

Cooperation is also foreseen in areas such as fishing and food security.

Intervention priorities will be established for each country, as the principle of differentiation has been an essential component of partnership.

The global framework for development strategies simultaneously foresees the taking into consideration of three transversal questions in all areas of cooperation:

- Gender equality
- Sustainable management of the environment
- Institutional development and strengthening of capacity.

The inclusion of sustainable management of the environment deals with diverse issues such as tropical forests, water resources, desertification, use of renewable energy, etc.

#### **iv) A new economic and business framework**

The new framework introduces important alterations to the existing system with the purpose of changing it to comply with the rules of the WTO and allow the ACP states participate fully in international trade.

Stipulations regarding are analysed in part 3, title II, articles 34 to 54, under the heading “economic and business cooperation”, covering the following aspects:

- i) The objectives and principles which form the basis of ACP-EU economic and business cooperation;
- ii) General agreements pertaining to trade to be implemented during the so called “preparatory period” (2000 – 2008);
- iii) Protocols on products;
- iv) Modalities and procedures for negotiation of business relations between ACP-EU in the long run:

- v) Institutional arrangements for common consultations on business questions;
- vi) Cooperation agreements in international forums:
- vii) Services in trade and trade related areas.

### **- Economic Partnership Agreement**

One is dealing with an essential and innovative part in the area of cooperation between ACP states and the EU. During the recent decades, ACP states, in the context of the Lomé Convention, benefited from non-reciprocal commercial preferences.

With the Cotonou Agreement, economic and trade cooperation will occur in a wider arrangement of provisions, with the objective of promoting the liberalisation of trade exchange between the various actors. Along with this trade liberalisation, other issues are contemplated such as competition policies, protection of intellectual property rights, regulation and certification, as well as measures of a health nature, business and environment, business and labour legalisation, and defending the consumer.

Community policies will bear in mind states social and economic restriction in two ways: on the one hand, through social and human development policies (combating poverty), and on the other, through cooperation and the strengthening of ACP state capacity in the international arena.

The objective of economic and business cooperation is to promote the progressive integration of ACP countries in the world economy, strengthening production capacity, and attracting investment, conforming to WTO regulations and the respective stage of development.

In the context of the new strategy of ACP-EU relationship, one associates development assistance with modernisation of the economy, as well as to change and to social policies, but equally, trade policies to the development of trade and private investment.

The current system will continue irrespectively during the transition period, until 2008 (the envisaged date for the new agreements to enter into effect) with a transition period of at least ten years, in 2020. In October 2003, the negotiations for a new agreement of regional economic partnership with CEMAC began (Economic and Monetary Community of Central Africa) and with CEDEAO (Economic Community of West African States).

An improvement in the business regime granted by the EU to less developed countries is foreseen (39 of which are part of the ACP group). This process will last five years, so that until 2005, the most developed exporting countries will benefit from tax-free access to the community market for almost all its products. Protocols on sugar and beef will be maintained provisionally. These will be re-examined in the context of the new economic agreements.

Establishing the main objective of ACP-EU economic and trade cooperation as the progressive and harmonious integration of ACP states into the world economy, with a view to their sustainable development and the eradication of poverty, raising the question of the basis upon which this integration into the world economy is founded.

The objective of placing trade relations in conformity with WTO rules implies the definition of a preparation period, as was said, during which “one should continue to benefit from the application of non-reciprocal trade preferences under the IV Lomé Convention”. This means that ACP exporters will continue to benefit from access, free from tariffs, of all goods exported to the EU originating from ACP countries, until January 1, 2008.

The question of the ‘origin’ of goods is now the object of some restriction, given that, under the Lomé Conventions, one extended ‘origin’ to goods produced with inputs from developing countries (non-ACP), as long as they were ACP neighbours. In the new Agreement, the inputs must come from ACP states. The Agreement deals in a particular way with products produced in ACP states, with raw materials of intermediary products coming from South Africa, with which the EU established a Business, Development and Cooperation Agreement.

But other tariff-free restrictions to free access are placed on products from ACP states in the following way: ongoing restrictions to access for agricultural products, processed agricultural products which are dealt with under the EU Common Agricultural Policy, and detailed stipulations on rules of origin.

However, the EU renewed its promise to examine requests from ACP countries for greater access for agricultural exports on a case-by-case basis, not the widening of particular arrangements so as to safeguard control over exports from ACP countries that may threaten the equilibrium of the European market.

While the so-called ‘transition period’ is underway, according to the Cotonou Agreement, preferential agreements on reciprocal trade will be negotiated. These Agreements of Economic Partnership will be negotiated with “ACP countries considered prepared to do so, at the level regarded as adequate and according to procedures acceptable to the group of ACP, bearing in mind the process of regional integration between ECP states”.

As well as this, “the negotiation of economic partnership agreements envisage, namely, the definition of a calendar for the progressive elimination of obstacles to trade between the signatories, according to the WTO norms in this area”.

Nevertheless the WTO does not concretely set out its understanding of the concept of compatible free trade, and with the aim of prioritising the creation of reciprocal Economic Partnership agreements, the EU decided to interpret the concept of compatibility in the following way:

- i) Covering about 90% of total trade;
- ii) Non-exclusion of any sector;
- iii) Establishment for a period of 10-12 years.

So as to safeguard the interests of Less Developed Countries, the EU is disposed to maintain the right of non-reciprocal preferential trade, granting them, at least in appearance, special and differentiated treatment, in agreement with WTO agreement wishes. However, the EU restricts this treatment “to less developed countries who are part of regional groups”, extending to these countries the duties of the regional groups where they are part. This position could have negative implications for less developed countries, given that homogeneity of development does not exist between the respective ACP regional groups.

#### **v) Reform of financial cooperation**

One is dealing with the fourth innovative element of the Cotonou Agreement. It seeks to improve the management of development assistance based on rationalisation criteria, simplification of instruments, and evolving programming.

In this way, the form of assistance based on ‘automatic’ sentiments, independent of performance of the host country, is overcome.

The guiding principles of financial cooperation reflect a global partnership approach, and are the following:

- Coherence, flexibility and effectiveness – guaranteed by the exercise of flexible programming, and unique to each country or region, associated with regular evaluations.
- Evolution in the nature of assistance for sectoral programmes or budgetary programmes.
- Indicative concessions and not from rights that have been granted.
- Global approach, foreseeing the participation of non-state interveners (civil society).
- Local level dialogue, scheduling and coordination.

#### **- Rationalisation of the instruments of cooperation**

So as to simplify the process and make finance more flexible, a rationalisation of the instruments of cooperation is foreseen, especially in what is referred to as the European Development Fund (EDF), principal instrument of community help to ACP states.

Contrary to what happened with the preceding Conventions, the EDF should be shared through different instruments with rigid systems for disbursement. As well as this, resources to achieve specific objectives will no longer be blocked.

All available EDF funds will pass through two instruments, two five year ‘financial packages’, merely of an indicative nature and subject to revision in function of the evolution of the needs and the performance (capacity to absorb):

- ‘Package A’, brings together all non-returnable assistance;
- The other ‘package B’, which provides risk capital and loan capital, so as to support the private sector.

## **- Financial resources**

Financial resources, to the amount of €13.5 thousand million euros, divided between Non-Returnable Assistance and Private Sector Risk and Loan Capital, are the following:

- Non-Returnable Assistance.

These represent €11.3 thousand million euros of 9th EDF, of which €1.3 million euros are reserved for regional programmes. These will be managed conjointly by the Commission and ECP states. Each country receives a fixed amount.

- Private Sector Risk and Loan Capital – Investment Facility.

This new instrument, endowed with €2.2 thousand million euros from the 9th EDF, will be managed by the European Investment Bank. The Bank may invest, in the form of loans, its own resources and counterbalancing its own resources. Equally, it may give support guarantees to national and foreign private investment.

As well as this, there is also:

- Balances from previous EDF: + €9,9 thousand million euros.
- The European Investment Banks own resources: €1,7 thousand million euros.

One is dealing with a sum approaching €23.5 thousand million euros for the period 2000 – 2007, as well as the €1,7 million<sup>1</sup> euros from the EIB.

The financial protocols are established for a period of five years.

Due to the vulnerability of the ACP countries, arising from their extreme dependence on foreign exchange from exportation from the agricultural and mining sectors (fluctuation in foreign exchange), there will be the possibility to obtain supplementary resources in the context of the Strategic Community Support and the Indicative Programme.

The STABEX and SYSMIN instruments from the old conventions will not be continued.<sup>2</sup>

## **- Reform of the Programming System**

The new programming system of assistance granted by the EU strengthened the partnership flexibility and confers greater responsibility to ACP countries, namely to restore a flexible programming system which eliminates the concept of non-programmed assistance, that is assistance programmed unilaterally by

---

<sup>1</sup> I take this to be an error, that it should read thousand million.

<sup>2</sup> Neither acronym is explained.

the EU. ACP states gain more responsibility regarding the definition of objectives, of strategies and of actions, as well as in the management and selection of programmes.

The programming process is centred on results. Financial assistance of fixed sums ceased to be an automatic right. Non-refundable assistance is attributed on the basis of a needs assessment and of performance, based on criteria negotiated between ACP and EU states. These criteria reflect the principal objectives of the partnership, as well as the advancement of institutional reform, poverty reduction, etc.

The main instrument of programming of non-refundable assistance is the Country Support Strategy (CSS). A CSS defines a general orientation for the use of assistance and will be through a completed indicative operational programme with specific actions and a calendar for implementation.

An annual review mechanism will be put in place, so as to adapt the operational programme or the granted funding to the CSS. The annual review should also include an examination of the support strategy, required to confirm to CSS orientation or to the suggestion of adequate adjustments,<sup>3</sup> at the face-to-face level, as well as at the end of the implementation period of the Financial Protocol. The volume of resources granted to the country in question can be adjusted to conform. It is foreseen that the actors on the ground participate in the annual review in agreement with the principle of decentralisation.

Regional programmes will equally be subjected to a system of flexible programming, based on the same components. Nevertheless, the review of regional programmes will only be done at mid-term at a face-to-face level, and at the end of the implementation period of the Financial Protocol (at the end of the fifth year). Progress and the perspective for cooperation and regional integration, will be borne in mind.

#### **- Procedures for execution and agents of execution**

The execution agents are the Principal Orderer, National Orderer, and the Leader of the Delegation.

In agreement with the principle of decentralisation, it is foreseen that administrative and financial responsibility will be conferred on the Leader of the Delegation. It is proposed to grant to the Leader of the Delegation, the power to make financial decisions for lesser projects of a fixed amount.

#### **D – Cotonou Agreement Institutions**

The joint instructions of cooperation, created by the old Lomé Conventions are maintained:

---

<sup>3</sup> ...ou à sugestão dos ajustamentos adequados, tanto ao nível intercalar como no fim do período de aplicação do Protocolo Financeiro].

- The Council of Ministers
- The Committee of Ambassadors
- The Joint Parliamentary Assembly

#### **- The Council of Ministers**

The Council of Ministers is comprised of members of the EU Council, by members of the European Commission, and by a member from the government of each ACP country, meeting once a year at the initiative of the presidency, or more frequently if necessary, under diverse geographic forms.

The presidency alternates between one member of the Council and between one member of government from an ACP state.

The Council of Ministers has the following functions:

- Lead public dialogue.
- Adopt political orientations and make necessary decisions so as to apply the Agreement provisions.
- Analyse and resolve any issues which impede the implementation of the Agreement.
- Guarantee the functioning of consultative mechanisms.

The Council speaks with the agreement of its members. It may adopt decisions binding on members, as well as formulate general resolutions, recommendations and opinions. Equally it may delegate responsibilities to the Committee of Ambassadors

#### **- The Committee of Ambassadors**

The Committee of Ambassadors assists the Council of Ministers. It is comprised of the permanent representative of each member state of the EU, by a member of the Commission and by a chef de mission of each ACP state.

The presidency alternates between the permanent representative of a member state appointed the Community and by a chef de mission of an ACP state appointed by ACP states.

#### **- The Joint Parliamentary Assembly**

The Assembly is a consultative organ composed of an equal number of representatives from UE, member of the European Parliament and ACP state representatives. Members of the Joint Parliamentary Assembly on behalf of ACP states are representatives of these states, or, if necessary, the representatives nominated by the national parliament. In the case of no parliament existing, the participation of a representative is subject to the prior approval of the Assembly.

The Assembly may adopt resolutions and send recommendations to the Council of Ministers. The Assembly meets twice a year in plenary session, alternating

between the EU and an ACP state. Assembly members may also meet at a regional or sub-regional level, should they wish.

### **E – Protection of Less Developed, Landlocked and Island ACP States**

The Agreement seeks to give special treatment to less developed, landlocked and island ACP countries - most vulnerable -, with a view to promoting the acceleration of their development.

Independent of specific measures and provisions of the different Agreement chapters (environmental provisions, economic, etc.) special attention should be given to countries in certain domains, such as strengthening regional cooperation, infrastructure development for transport and communication, and the execution of food strategies.

### **F – Violation of Essential Elements of the Cotonou Agreement**

Article 96 of the Agreement foresees the possibility of taking necessary measures, in the case of violation by one side regarding their obligation to essential elements of the Agreement, that is, respect for human rights, for democratic principles, and a lawful state.

The Agreement foresees a consultative procedure so as to resolve the situation, through the application of necessary measures. However, should one not reach an acceptable solution, more adequate measures may be taken, including suspension of the agreement, though this is a measure of last resort.

Without detailing here all the aspects that differ from the Lomé Convention, we outline some new elements that deserve particular attention for NGOs and other civil society organisations.

### **G – Potential Non-State Angolan Actors**

Previous ACP-EU agreements established a working framework for cooperation between the European Commission and governments from Africa, the Caribbean and the Pacific. Until 1990, ACP-EU cooperation was almost totally driven by governments. Without excluding non-state actors from ACP-EU cooperation activities, nevertheless, they were only involved in these activities on the basis of the will of each individual ACP state. However, since 1990, greater emphasis has been given to decentralized cooperation and the promotion of wider and a more varied range of involvement of non-state actors in the process of ACP-EU cooperation. This fact reached its highest expression in the Cotonou Agreement.

In this way, the Cotonou Agreement establishes the following relationship with non-state actors:

- i) They should be informed and involved in the consultations on cooperation policies and strategies, and on cooperation priorities, especially in areas which effects them directly, and in political dialogue;

ii) They should be provided with financial resources, so as to support local development processes;

iii) They should be involved in the implementation of cooperation projects and programmes in their areas of interest or where these actors have a comparative advantage;

iv) They should be supported at the level of building capacity in critical areas, so as to strengthen the capacity of these actors, especially with respect to organisation and representation, and the creation of consultative mechanisms, including communication channels and dialogue, and the promotion of strategic alliances.

## **G1 – List of Angolan non-state actors in the context of Agreement of Economic Partnership negotiations:**

### Non-State Institutions

- Professional Associations

UNTA	– National Union of Angolan Workers
CGSILA	– General Confederation of Free Unions of Angola
SINPROF	– National Teachers Union
UEA	– Union of Angolan Writers
AIA	– Industrial Association of Angola
CCIA	– Angola Chamber of Commerce and Industry
INAPEM	– National Institute for Support to Small and Medium Businesses
UNACA	– National Union of the Farmers Associations
OAA	– Order of Angolan Lawyers
OEA	– Order of Angolan Engineers
OMA	– Order of Angolan Doctors
AEA	– Association of Angolan Economists
AAA	– Association of Angolan Architects
UNAC	– Union of Plastic Artists
FACE	– Business Forum for Auscultation and Agreement

- Universities

UAN	– Agostinho Neto University
ULA	– Lusíada University of Angola
UCAN	– Catholic University of Angola
Piaget University of Angola	
ISPRA	– Higher Private Institute of Angola

- Churches and Religious Associations

CEAST	– Episcopal Conference of Angola and São Tomé
CICA	– Angolan Christian Council of Churches
Catholic Church	
ICEA	– Christian Evangelical Church of Angola
ACAM	– Christian Support Association to the World
ACI	– Christian Association for Infancy
ACJ	– Christian Association of Angolan Youth

ACRS – Christian Association for de Social Reintegration  
AEDS – Evangelical Association for Social Development  
MIFRO – Mission without Borders (Christian Rural Action in Angola)  
USODEC – Social Christian Union for Community Development  
IMUJB – United Methodist Church of John the Baptist  
IMUA – United Methodist Church  
OFRACRISTÃ - Christian Fraternity and Charity Organisation.  
AMA – Moslem Alliance of Angola

- Foundations

FESA – Eduardo dos Santos Foundation  
FSE – Sagrada Esperança Foundation  
Lwini Fund for Development  
Friedrich Herbert Foundation

- Donors

Social Support Fund  
Norwegian Fund  
USAID  
IMF Representation  
World Bank Representation  
UNDP – United Nations Development Programme  
UNICEF – United Nations Children’s Fund  
WFP – World Food programme  
FAO – United Nations Fund for Food  
UNESCO  
FNUAP

- Embassies of EU member countries

EU delegation  
Sweden  
France  
Germany  
Portugal  
Britain  
Italy  
Low Countries  
Belgium  
Spain  
Denmark  
Norway

- Media Organisations

Jornal de Angola  
Agora  
Folha 8  
Independente  
Angolan National Radio  
Angop  
Semanário Angolense

Angolense  
LAC – Luanda Commercial Antenna  
Rádio Ecclésia  
Rádio Luanda  
TPA – Angolan Public Television

- NGOs

FONGA – Forum of Angolan NGOs  
ADRA – Action for Rural Development and the Environment  
AAD – Angolan Action for Development  
AAAI – Angolan Friendship Association for Infancy  
AAMJ – Angolan Association of Women Lawyers  
AAPI – Support Association to the Elderly  
ADA – Angolan Association for the Unemployed  
ADESMA – Angolan Association for Demobilised  
CVA – Angolan Red Cross.

## **G2 – The Involvement of Non-State Actors**

In reality, Angolan government practice is one of almost complete blindness to non-state actors in negotiations with partners from other states. Their involvement is not part of government culture. This is primarily due to State fears of submitting its actions to external critical agents who are capable of demanding new regulations or other ways of behaving.

Many of the leaders of potential non-state actors are subject to enormous responsibilities by the state. Because of this, not all can be regarded in the same way. It is normal for there to be some overlap between public and private actors, and it is frequently common for someone to simultaneously act as referee and player.

Bearing all this in mind, one notes a certain increase in critical awareness, be it at the level of the private media, or among certain civil society organisations. In the earlier, somewhat exhaustive list of non-state actors, that was presented, some institutions have exercised a more important role in relation to economic processes. Many of these could act as a restraint to government appetites, which generally tend to monopolise external economic relations. I cite, for example, FONGA, (Forum of Angolan NGOs) ADRA, (Association for the Rural Development of Angola) CCIA, CGSILA (Federation of Independent Trade Unions), etc.

The role of civil society in the control of economic processes will grow, as long as organisations of a more specialised nature emerge. Only then will the economic activity of the government, and processes of negotiation, have the necessary accompaniment and involvement of civil society.

Monitoring government action requires understanding and knowledge of these actions themselves, and some organisations, such as the churches, will serve as vehicles for the transmission of ideas among the population.

At the moment, under the Cotonou Accord framework the negotiation process is done only with the involvement of state institutions.

It is therefore recommended that the capacity of non-state actors be strengthened, so that they become real partners of the state. A large training and clarification programme should also be established, for example on a regional basis nationally, where representatives from organisations based in various Angolan provinces could meet.

For example, for this purpose, I believe one could have a Luanda-Bengo-Kwanza Sul zone; a Cabinda-Zaire-Uíge zone; a Malange-Kwanza Norte zone; a Lunda Norte-Lunda Sul-Moxico-Kuando Kubango zone; a Huambo-Bié zone; and finally a Huíla-Namibe-Cunene zone

Among the actions to be carried out, one could distribute small summaries on the Cotonou Agreement, offering clarifications. One could also present a programme of 'actions underway' or 'actions planned', soliciting suggestions or ideas. Afterwards, one could establish mechanisms and models of accompaniment and monitoring. Only in this way can the state be subject to the control of civil society.

## **H – Past and Current Cooperation**

The indicative presumption of the EDF for Angola was €117 million (denominated 'Envelope/package A') and €29 million (denominated 'Envelope/package B'). Also available was a sum of €37 million from previous EDF funds, which will be used in a consensual manner in a EU responsive strategy for cooperation with Angola.

The EU strategy traced for Angola, specifically until 2002, deal with the emergency needs and improve the humanitarian situation. Since then the emphasis has moved to poverty reduction. In a first phase the EU programmes in Angola have been directed principally towards two sectors:

- i) Food Security:
- ii) Social sectors and basic social services, such as health, water and sanitation.

A considerable delay in the implementation of programmes is noted, however, largely due to the incapacity of countries to absorb these same programmes. For this reason, programmes were readjusted, and subsequently financially reprogrammed. In this way, authorizations and disbursement from EDB were accelerated. The funds were directed towards three new project proposals, with the objective of improving mobility within the country through Demining activities and improvement to basic social infrastructure, in either rural and urban areas. The amount approved for the projects, in November 2003 was €91million.

In the social sector arena, notwithstanding EU support, the targets signalled previously by the government, were not met. For example, for 2003, the Angolan government promised to raise the National Budget spending on

Education to 10% and guaranteed complete implementation of this. This has not happened.

The EU supports Angola in the educational area, contributing for the development of access to educational services and for improvements generally in education, especially through institutional strengthening. EU interventions foresee a continuation, even expansion, of the experience acquired and results achieved in support to primary teacher training at primary school level.

In this context, and in the domain of the project called 'Consolidation of PALOP Education Systems', methodological and didactic support have been produced, local training centres have been established, and 170 teacher trainers have been trained for Angolan primary teachers, who in their turn have trained about 4000 teachers in all Angolan provinces, part of the national programme of 'Multiplication of primary school teacher training courses'.

Among other projects, and within the 7<sup>th</sup> EDF, EU participation in the rehabilitation of the Agricultural Institute of Tchivinguiro (IMAT), for €8,24 million, made this institute a pilot-project referential point for the technical teaching of agriculture in Angola. Presently, IMAT is experiencing serious managerial difficulties, which could threaten the sustainability of the project.

In the context of the 'Post-Emergency Health Project - PSPE' we present, the following activities financed by the EU:

- Institutional support to the General and Accounting Secretariat;
- Elaboration of a plan for sanitary development in Luanda. Capacity building activities and trainings have been held in the areas of information systems, epidemiological vigilance, HIV/AIDS, child evaluation and follow-up involving 20 doctors, 178 health technicians, the provision of 2,275 essential medication kits and additional medication to support primary health system in Luanda, the construction and equipping of three new health centres in poor peripheral areas and the rehabilitation of the Provincial Health Office. Micro-activities were also held in the areas of health and nutrition education, HIV, individual and collective hygiene, water provisions and sanitation;
- Physical rehabilitation and equipping of the National Blood Centre;
- Supportive interventions to people who are carriers of deficiencies, implemented through the 'Support Project to the National Rehabilitation programme – PNRF' of the Ministry for Health. This project cost €14 million;
- 'Transition Support Programme to Displaced Populations' with a health component costing €9.14 million, carrying out activities in the provinces of Malange, Uíge, Kuanza Sul, Bengo and Kuando Kubango.

In summary, we outline a brief inventory of some projects and programmes not within the sector on influence (non-focus sectors) which received EU finance.

- Development and urban reconstruction – water and sanitation, through the following activities:

- 1) Provision of water to the city of Tômbua, total of €7.6 million (8<sup>th</sup> EDF);
- 2) Programme for the Provision of Water and Sanitation in peri-urban Luanda, total of €20 million, with 70 water points and 30 water holes, reactivated;
- 3) Transitional Support Programme to Displaced Populations, with 2,300 family latrines and 14 institutional latrines constructed in Malange and Saurimo; 35 Water Committees created and functioning in Malange and Saurimo; 40 water points constructed and 13 points rehabilitated in Malange and Kuando Kubango; 1 water supply system rehabilitated in Kuando Kubango. The value of this programme was €5 million.

Institutional Support in the area of Justice, through the 'Institutional Support Project to the National Institute of Legal Studies', as well as 'Study on the Modernisation of Public Administration', 'Institutional Support Project to the National Statistics Institute', 'Institutional Support Project to the Services of the National Ordenator', and 'Technical Assistance to the Angolan National Assembly', were other areas of intervention, as well as:

- Rehabilitation of 68km of road connecting Namibe and Lubango, costing €12.5 million, part of the project 'Rehabilitation of the Major Road Arteries in the Southeast of the Country';
- Rehabilitation of 112km of secondary and tertiary roads in the Angolan Central Planalto connecting Lubango to Kipungo;
- 'Emergency Demining Programme for the Sustainable Return and Resettlement', costing €26 millions, which began in 2004;
- Institutional Support to the Provincial Coordination of Anti-Mine Action.

Still further complementary interventions in infrastructure include: bridge rebuilding and rehabilitation of key sections of road.

Nevertheless, other financial instruments exist, involving less finance, but equally important in terms of capacity building and reconnecting [people/places] facilitated by (EIB) European Investment Bank. Others enabled greater regional cooperation, such as:

- 'Regional Training Centre for Nurses', costing €2.6 million. This Centre trained 25 managers from different countries for health services and units;
- The 'Network for Nursing and Midwives' at the level of PALOP was created;
- Also at the PALOP level, Angola hosted the regional project for 'Development Support to PALOP Judicial Systems';
- At the SADC level, one can point to the Angolan component of the regional project of 'Support to the Control of Animal Diseases in the SADC Region', and to the regional project 'Monitoring, Control and Inspection of Fishing Activities'.

## **I – The Fishing Portfolio**

In the area of Fishing, since 1987, Angola has had agreements with the EU, in the context of the Lomé Convention. These were two-year renewable

agreements, allowing fishing by European boats in Angolan territorial waters. Angola, however, had maintained bilateral fishing agreements with the kingdom of Spain, outside the Lomé Convention structure.

The admission of Spain to the EU did not invalidate the bilateral agreements between Angola and Spain. The last protocol with the EU, regarding fishing, expired on August 2, 2004. However, since May of the same year, Angola has maintained formal contact with the EU, in the sense to allow the continuation of fishing activity of European boats until December of that year. In that way, the negotiators were given the possibility of concluding an agreement which respected the Angolan fishing law. These negotiations, however, have not yet been concluded.

The Protocol to the Fishing Agreement between Angola and the EU was renewed in 2002 and expired in 2004. In the context of this Protocol, Angola received compensation, with reference to 2003 of €15.5 million, of which €9.975 millions was financial compensation, and €5.525 million for specific activity to develop the sector.

Following an inspection mission of the Union Services to Angola, at the end of 2003, the lifting of the self-imposed suspension of the exportation of fishing products from Angola to the EU was authorised, which had been imposed in 2002.

#### - **The main points of Angolan Fishing Law**

One is dealing with a law which preserves sovereignty over resources and nationality.

The actual new Angolan fishing law, known as the Law of Biologic and Aquatic Resources, is built on two pillars:

- i) It requires European ship owners to associate with Angolan businesses or with Angolans. In such businesses, Angolan citizens must hold the majority of capital, or at least, its control;
- ii) It cares for aspects connected to environmental preservation and biodiversity, as well as sustainability, as a way of guaranteeing resources for future generations;
- iii) It demands from those who receive Angolan fishing rights, the creation of internal infrastructure;
- iv) It determines that the surplus will only be negotiated with the foreign partner, after the search for Angolan business has been satisfied.

The Angolan authorities have found no difficulties in negotiating on these terms with Spanish partners – something that has not yet happened with the EU. However, as it is part of the EU, it is becoming increasingly complex for Spain to negotiate a specific relationship with Angola, at least a relationship which escapes the defined parameters of the Cotonou Agreement.

#### - **Angolan business persons within Fishing**

How to empower Angolan business persons in the area of fishing?

- i) The government intends to grant certain facilities to business people, negotiating credit lines for the purchase of fishing vessels. The businesses themselves will act as guarantors of access to credit.
- ii) Regarding industries involved in fish processing, the actual businesses act as guarantors for bank credit.

#### **- The European market and alternative markets**

Angola possesses a long maritime coast of 1,680kms, and an exclusive economic zone for 200 nautical miles. At the moment, certain restrictions are stipulated for certain kinds of fishing, especially stickleback [carapau] much used in the national diet. The renegotiation of the fishing agreement with the EU places Angola in a difficult situation, since one is dealing with one of the principal powers of the present time, with an internal consumer market of 400 million people, and Angola's partner in other areas. Europe is also one of the principal donors. There does exist however, two other alternative markets, where Angolan fishing products can be placed: the American (US) market, and the Asian market, especially the Japanese in this latter case. Within the AGOA mechanism, Angola has since 2004 been able to export certain products, within which are included fishing products, to the USA.

One of the essential aspects of the previous agreement in place between Angola and the EU, was the granting of financial compensation to the Angolan Government, a financial contribution significantly reduced in absolute terms. As we have pointed out, the amount received by Angola in 2003 was around €15.5 million.

On the other hand, however, there exists the difficulty of inspecting fishing activity, this also being in the hands of the EU. The final result was an absolute failure, given that the EU, as is logical, did not control/inspect the activity of its own boats.

#### **J – Advantages and Opportunities for Angola**

The global value of imported industrial goods is extremely large within the Angolan balance of payments. As well as this, various constraints exist which do not encourage the relaunch of Angolan industry, including preferential labour options. Angola needs to better maximise the enormous natural resources it has. The principal objective should be the substitution of many imported goods.

Angola has also got certain comparative advantages, which would support the establishment of an export strategy facilitating the advent of higher stages of development more quickly.

So that national economic development may be sustainable, it is necessary to formulate a strategy based on complementary vertical and horizontal linkages, and the creation of motivating sectors from other industrial activity. Real national industrial policies should be concerned, with a restructuring of industry, so as to promote greater competitiveness.

External trade from the southern African region is approximately 50% of its GDP. South Africa is the greatest power in the sub-region, with approx 60% of this external trade. Angola is the second economic power in this region, if one includes imports and exports. However, Angolan participation is quite small when compared to that of South Africa.

Angolan imports are still growing faster than exports, due to the non-existence of a correct import substitution strategy, but also the structural fragility of its industrial network and the adoption of an exchange rate policy that was not adequate to stimulate internal production.

The range of actual Angolan imports include, above all, food products, capital and other manufacturing goods. On the whole, these items represent 95% of imported products.

During the 1990s, there were no structural changes favourable to the economy and the productive sector, in fact transformative industry actually decreased within GDP. As a result, the ratio between added industrial value and added material value continues quite low.

Among the countries of southern Africa, Angola is the country where chemical industries and oil derivatives, occupy a large percentage in the industrial sector, and therefore hold greater comparative advantages in this domain.

Practically all Angolan exports are concentrated in the mineral extraction sector, especially crude oil. Many of the exported manufactured goods are refined oil products. The weight of exportations from mineral products, and their derivatives, is greater than 90%.

Within the domain of partnerships, Angolan external commercial relations are primarily with the EU and USA. They are quite small with SADC countries and the community of Southern African countries.

Comparative advantages may be evaluated by comparing the weight of exports of one specific product or range of products within total exports. The greater this weight, the greater the comparative advantage of the product. So as not to exhaust the economic advantages resulting from the existence of oil in Angola, it is fundamental that greater interconnectedness be created between the various sectors of the Angolan economy, in the future.

Putting mineral products to one side, the Angolan economy today is not structurally competitive, particularly in relation to food products, drink, tobacco and other manufacturing industries. This situation will only be changed if there are profound structural changes and if the necessary investment takes place to stimulate capable private investment.

The following are obvious strangulation points in the Angolan economy:

- the majority of technical equipment is obsolete. This is a result of the lack of substitution and modernization investment, as well as the lack of systematic and adequate investment;

- even though some technicians have been trained during recent years, some within the country, some overseas, there is a clear deficit of qualified and trainer labour nowadays;
- low levels of remuneration offer no incentive for people to work;
- decapitalisation of industrial units;
- poor management of the principal economic units;
- degraded state of national infra-structure, particularly roads, energy and water supplies, telecommunications;
- lack of raw materials;
- banking in relation to economic activity involves very high interest rates
- huge bureaucracy in public administration, with consequences for industrial costs, etc.

However, Angola has potential competitive advantages in some sectors and in relation to some products. For example, it is important to refer to non-metallic mineral products. In this area, Angola is the best placed of Southern African countries, including South Africa itself, for commercial activity with Europe. The most important opportunities are presented in the provinces of Uíge, Kuanza-Sul and Kuando-Kubango.

On top of this Angola could develop fruitful partnerships within the Cotonou framework, for the creation of a good industrial basis, with clear advantages for the following products:

- textiles, if above all, there is a return to a development of agricultural activity which provides industrial raw material;
- food products, drinks, oils and margarines;
- soaps, hygiene and cleaning products, etc;
- paper and paper derivatives, as it has forests capable of providing the basic materials. In the past, there were adequate installations for this purpose, some of which are being rehabilitated;
- chemical industrial products (caustic soda, chlorine products, synthetic resins, and pharmaceutical products);
- plastics and rubber derivatives;
- glass and its derivatives;
- non-metallic mineral products;
- non-rust metals;
- assembly of electrical and non-electrical machines;
- transportation equipment, etc.

In relation to wider trade, such as that proposed by the Cotonou Agreement, certain protective measures become necessary to adopt, such as;

- some fiscal protection, above all for those products which may be subsidized in their countries of origin;
- changes in some import tariffs, particularly for those products which can be produced internally under competitive conditions;
- modify and reduce some tariffs in relation to equipment and machinery for productive processes;
- reduction in tariffs for imported raw materials which cannot be substituted by national production; etc.

The Angolan economy does not have any chance of survival, in a diversified arena, if it does not impose some protection measures. However, I am of the opinion that this protectionism needs to be temporary and properly monitored, so as not to reduce overall economic efficiency. The biggest problem is that the gradual adherence to WTO defined parameters will limit the possibility of adoption of protectionist measures, the Cotonou Agreement itself points in this direction.

Subject as we are, and will be, to constraints of world trade, it is fundamental that government policies are directed to stimulating internal competition, to increase productive efficiency, making the national economy more competitive. In so far as possible, one should increase the number of producers for the same service or goods, removing obstacles to their creation and development.

The present recovery dynamic of the Angolan economy does not yet show sufficient vitality to guarantee that we will have achieved, by the year 2020 – the time when the transition period ends – to be sufficiently competitive in the area of international competition. It is therefore necessary to accelerate incentive mechanisms and the promotion of investment in productive sectors already laid out, based on availing of internal potential, and equally, by the introduction of advanced productive technologies.

If this does not happen, Angola runs the risk of losing the fight for industrial competitiveness, reducing itself solely to the role of provider of raw materials, above all in the mineral sector, as is happening today.

The relative protectionism imposed to protect some industries during the transition period, must be capable of guaranteeing the survival of these industries in a globally competitive world. This will only happen, if there is sufficient courage to stimulate the internal economy through credit, as well as the removal of certain barriers to its development, and technical-material provision. As well as this, the industries in question need to introduce processes to recruit qualified personnel, national and foreign, involving these industries, if necessary in internal and external training.

I also believe, that the autonomous survival of some industries will come about by a restructuring of the Angolan educational system. The present system gives no attention to technical areas or technologies, or to management and marketing, essential to maintain a flow of competitive technicians.

If the Angolan economy does not strengthen, the Economic Partnership Accord could have the effect of eliminating some existing industry, or potential industry, suffocated by the entry of products coming from more advanced countries. These products could enter setting standards of quality and more competitively priced, defeating internal industry. If this happens, the divide between rich and poor countries will increase, and the problems associated: increased unemployment, poverty, social tensions, corrupt policies, loss of state autonomy, etc

## **K - Conclusions and Recommendations**

1. The Cotonou agreement represents a legal framework which flows from verifiable and profound changes in international relations;
2. One is also dealing with an instrument of leverage over ACP states, with a view to promoting greater political and economic openness, as well as stimulating increased and more effective participation of these countries in international commerce.
3. The reduction of poverty is one of the objectives to be reached but this must be seen within the context of food security and rural development;
4. The new Agreement of Economic Partnership values reciprocal economic preferences, almost making redundant many of the non-reciprocal trade preferences, which were key in the Lomé Conventions. The new framework introduced adherence to competitiveness criteria as fundamental for access to the wider European market of products coming from ACP states, in the spirit of WTO regulations;
5. The Economic Partnership Agreement seeks to safeguard from the difficulties flowing from less developed ACP countries and their great weaknesses. However, it is feared that these safeguards will not be sufficient to overcome the obstacles for exports coming from these countries, normally not very competitive, and without serious possibilities of adding value to their raw materials;
6. The introduction of the concept of 'corporate social responsibility' is fundamental for a more rational use of ACP country resources, for the enormous training and capacity building needs of its workforce, towards the protection of the environment – always threatened by the poorly regulated exploration of its resources – for the creation of acceptable conditions for the well being of local populations, almost always without direct benefit from the wealth existing in their soil or under ground.
  - It is recommended that the EU firmly observe this principle, under pain of contributing to the discontent and potential instability which are in evidence in many ACP countries, which would jeopardise EU activities and investment, as many ACP countries have cyclically experienced serious and profound conflict;
7. The involvement of non-state actors in the ACP-EU cooperation, in the conception and execution of socio and economic development strategies, imposes a new political dimension to the Cotonou Agreement. However, it could remain overly dependent on the degree of acceptance of ACP governments, more disposed to distrust these actors, seen as disperse elements of pressure, even by supposedly democratically instituted regimes, in many of these countries.

- It is recommended therefore, that there be an increase in cooperation between non-state actors, to increase the strength and credibility of emerging civil society. But it is equally fundamental to distinguish real non-state actors not politically compromised, from those that are simple extensions of dominant political forces;
8. Also raised is the question of the capacity of these non-state actors for effective participation in this cooperation process. There will be a need to support these non-state actors with financial and logistical assistance, and also technical capacity and know-how.
- Generally, in recently democratic countries, and others ruled by authoritarian regimes, it will be necessary to consider the weakness and fragility of these agents, in case they collapse, therein jeopardising the actual development of these democratic projects;
9. EU intervention in specific sectors will bear in mind the principal aspects involved. It will therefore be a multiform cooperation, with greater probability of success;
10. The extension of cooperation to the private sector, as an essential government developmental partner, is one of the most striking aspects;
- It is necessary that there is no hesitation, given that underdeveloped countries are normally states with economies overly dependent on government, and economic agents are private nationals, often composed of pure rent-seekers. It is also important to prioritise wealth generating activities, those especially which value local possibilities and job creation. ACP states are generally lacking in employment, an obstacle to their development;
11. Regional interconnectedness of projects financed under the Agreement is fundamental for the sustainability of development projects, building on synergies. They could promote economies of scale and create regional markets to stimulate development;
12. Fighting corruption, especially when ACP countries are using European funds, is another important aspect of the Agreement. It is generalised corruption which stimulates and supports autocratic powers, normally overly repressive.
- Without dismantling corruption, above all institutional corruption, transparent regimes, good governance and respect for human rights will not be promoted.

13. Financial instruments created in the context of the EU relationship with ACP states, are more suited to their objectives, be they declared or implicit;
14. The relationship with Angola became, above all, one of humanitarian and emergency aid, carried out via non-refundable assistance. Many of those projects are still underway, and others, after being concluded were not fully availed of;
15. Importance is given to regional integration.
  - It is recommended that regional integration is dealt with more widely, evaluating sufficiently the potential of commercial trade flows between the respective countries, the economic and institutional obstacles to development;
16. It is worth highlighting the great importance given to capacity building and training activities, as well as interventions in vital areas such as health and education, justice, social reintegration, and re-establishing infrastructure destroyed by the war.
  - These are activities to re-establish normality, stability, and empower the development of actual economic cooperation with a reciprocal character;
17. With productive activity in Angola non-operational, with the paralysis or failure of certain industries, and excluding the oil sector, economic cooperation is almost entirely focused on fishing. This is going through a difficult time relationally, with Angola seeking to increase its power regionally with regard the EU, in defence of its recourses and the interests of is economic agents involved in the area.