

**STATEMENT BY HER EXCELENCY ANA DIAS LOURENCO
MINISTER OF PLANNING OF ANGOLA
AT THE
I ANNUAL SESSION OF THE UNDP/UNFPA EXECUTIVE
BOARD ON RECOVERY, RECONSTRUCTION AND
ECONOMIC DEVELOPMENT IN POST-CONFLICT SITUATION
IN ANGOLA**

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Your Excellency Mr. President of UNDP's Executive Board

Your Excellency Mr. President of UNFPA's Executive Board

Ladies and Gentlemen,

It was fortunate that in April of 2002 the Angolan people successfully put an end to 27 years of internal armed turmoil, which wasted incommensurable human, material, and financial resources whose magnitude is still being estimated. War has specifically provoked the disruption of the economic structure, the destruction of the social, economic and physical infrastructures, the deficient provision of basic

social services such as education, health, housing, water and sanitation, in addition to having generated nearly 4,1 internally displaced persons above 400,000 refugees. The World Bank has estimated the damage throughout this period to be around 30 thousand million dollars in infrastructures alone.

Agriculture was one of the production sectors most intensely affected by the bitterness of the armed conflict that established farming fields as one of its main stages for the conduct of military actions.

The copious rural exodus that lasted for the duration of the whole war period has debilitated agricultural production, has overwhelmed the main urban centers, forcing them to exhaustion, and consequently degrading the quality of their respective services, and it has caused an almost chronic food deficiency (which has been mitigated by international food assistance.) Manufacturing industries have also fared badly during the armed conflict, since their operation model was strongly based on two factors: the import of diverse inputs and national agricultural products, which were both negatively impacted by the armed conflict. Finally, the war destroyed the inter-urban and rural roads as well as rail transports, which virtually stopped existing at a certain point during the armed conflict. Without substantial incentives for production, with deficient systems of distribution, and with the internal displacement of people, the national economy during the period of armed conflict grew weaker.

It was estimated that up to 1990, efforts to replace physical infrastructures would reach 20 thousand million dollars. In view of the fact that the devastation did not cease until 2002, it is probable that the actual value necessary for the replacement of what was destroyed borders on 35 thousand million dollars. In order to make more sense of this figure and extract from it a more real notion, I will say, in agreement with prospective studies, that the Angolan GDP will in 2010 approach 36 thousand million dollars (35 thousand million foreseen for 2006.) These are indeed very high figures, which demand a great capacity for financial mobilization, effective economic policy, and a true engagement in reconstruction efforts.

Before the end of the armed conflict, the economic and social situation was completely dominated by operational opportunities concerning the war, owing that the national priority was, justifiably, centered on ending it.

The post-conflict juncture is, of course, very different. We do not yet possess assessments on the dividends of peace. Evidently, there are benefits of peace that can not be quantified, such as peace of mind, regaining hope, the reunification of families, the possibility of a bright future, national reconciliation. In this connection, in order to alleviate the situation created by war, the Government has established the following main objectives in light of its Poverty Fight Strategy: (i) support the return and resettlement of internally displaced persons, refugees, and demobilized soldiers in their hometowns, integrating them socially and economically in a sustainable manner; (ii) guarantee minimum citizen physical safety through mine action, disarmament, and establishment of law and order throughout the national territory; (iii) control the propagation of HIV/AIDS and mitigate its impact on the people living with the disease and their families; (iv) improve the health condition of the population, especially through the increase of access to quality health services and the control of the spread of HIV/AIDS; (v) rebuild, rehabilitate and expand basic infrastructures for social, human, and economic development; (vi) value national human resources, promote access to employment and self-employment, reenergize the job market, guarantee the protection of workers' rights; (vii) create an environment of macroeconomic stability capable of preventing imbalances in the markets and of stimulating economic growth, thus assuring a sustainable reduction of poverty.

As some of the objectives cited above are currently being implemented in the framework of the Government's Program of Action for 2005-2006 with quite encouraging results, the Government's strategic priorities were centered around (i) the social and productive reintegration of demobilized soldiers and of the populations displaced during the war; (ii) the increase in access to basic social services for populations along the whole national territory; and (iii) macroeconomic stabilization.

Indeed, nothing will be same as the period before April 2002. The country's capacity to organize economic and social undertakings has been improving and there has been a succession of solid accomplishments owing to the fact that the political and social setting is favorable.

There have been positive results in the social domain. Currently, the country has 4,925,357 students of all academic levels (sensibly 30% of the total population,) 4,707,929 of whom in basic education and 131,239 in k-12. It is possible now to aim at more ambitious educational goals, such as tripling the number of students in k-12 and college. Regarding the results reached in the domain of education, allow me to highlight that the

post-conflict period has witnessed the productive and social reintegration of 4,1 million internally displaced persons, 250 thousand refugees originating from neighboring countries, 85,000 former soldiers of Unita and 360,000 of their dependents.

In the health sector, besides the considerable increase of sanitary units, the results show that the number of children immunized against measles has increased from 53, 4% to 62% in 2004, poliomyelitis has been eradicated, and the number of tripanossomiase cases has been lowered from 6,068 to 2280. Such improvements were reached through the implementation of an array of programs, of which I emphasize (i) the program of epidemic watch; (ii) the wide program of combat of several epidemics; and (iii) the program of combat against HIV/AIDS.

One of the accomplishments greatly hindered by the armed conflict was macroeconomic stabilization, which is one of the indispensable foundations for sustainable economic growth and for an unencumbered relationship with the international community. Success is evident in this sector and is expressed by the significant reduction, in a sustainable and consolidated manner, of inflation from 268% in 2002 and 18,5% in 2005, also by the outcome of the external economic policy, by currency exchange stability and convergence, by the positive outcome of external economy and by the value of liquid foreign currency reserves, which reached 3.142 thousand million dollars in November 2005. All these were undertaken with a view to sustainable economic growth, and also within the framework of the commitment assumed by Angola, in light of the Millennium Goals, to establish free universal basic education until 2015.

It is possible to ascertain gains in some domains, the economic domain in particular. In the Ministry of Planning's 2004 Report about the Behavior of the National Economy, the real accumulated economic growth from 2000 to 2004 is analyzed in two periods, which are 2000 to 2002 and 2002 to 2004, bearing interesting conclusions: energy and water have increased 22% in the first of those periods, and 34,9% in the second. The manufacturing industry grew 31,6% 40% respectively, while construction grew 28,3% and 41,1%. Tertiary activities grew 22,3% and 35,4%. Agriculture displayed an identical behavior in the two periods, which is rooted in the fact that the return of populations was made with the decelerated regularity normally required by such phenomena of demographic reversion.

Concerning our commitment to reduce poverty and eradicate hunger, certain measures have been taken, with a focus on the rehabilitation of

basic sanitation and water supply networks, the improvement and rehabilitation of transportation routes, the different micro credit programs that show a growing inclusion since they were created, the varied forms of support of the FAS (Fund for Social Support,) the Program of Demobilization and Social and Professional Reintegration of Former Soldiers, the Program of Improvement of the Offer of Basic Social Services, etc.

The 50% reduction in the population afflicted by hunger has been at the center of several undertakings, including the approval, in 2004, of the new Law of Land with a view to increasing the economic scope of family agriculture, as well as small and standard irrigation projects favoring low-income farmers, etc.

Ladies and Gentlemen,

To conclude, I would like to underline that the results obtained during the post-conflict period, some of which mentioned here, occurred in a period in which we creatively confronted challenges that at first seemed insurmountable, namely macro-economic stabilization, which demands a cutback in expenses and the extension of the government's administration throughout the national territory, accompanied by the creation of indispensable social conditions, which in turn implies an increase in expenses.

Therefore, as you can see, in an environment such as the one we are currently experiencing, the results accomplished demanded from us much insightfulness and determination, as well as an unfailing desire of implementing the Strategy of Combat of Poverty and the other Government's Programs.