

FY 1995 ABS FOR ANGOLA

TABLE OF CONTENTS

Program Focus Narrative.....Page 1
FY 1994 Program.....Page 3
FY 1995 ProgramPage 4
1994 Proposed Project Amendments.....Page 5
Program Table I
Table IV: Project Budget Data
AC/SI Aggregate Analysis Activity Codes
AC/SI Aggregate Analysis Special Interest Codes
AC/SI Summary Report
Congressional Interest Attribution
Table IV D: Central/Regional Bureau Support Needs
Table V: Proposed Program Ranking

Angola Bilateral Program

I. Program Focus Narrative

As the third largest country in land area south of the Sahara, and with an abundance of natural resources including extensive petroleum reserves, arable land and a fairly well developed infrastructure, Angola should be advancing rapidly towards sustainable development. Despite these favorable factors, Angola's economy has been characterized by serious distortions and declining output since 1975. These conditions have actually worsened in recent months, due to a raging civil war which has resulted in the loss of hundreds of thousands of lives.

The stagnation and recent decline experienced in Angola's productive sectors, particularly agriculture, manufacturing and mining, is traceable to three factors. In the first place, the persistent war, which has characterized Angola during the entire period since independence, has created insecurity, increased the number of displaced persons, and curtailed production in many areas. The World Food Program presently estimates the number of Angolans severely affected by the outbreak of hostilities since October 1992 at over 1.9 million persons, and the number is increasing daily as the war spreads to secondary population centers.

The second major factor accounting for the decline of the Angolan economy was the massive outflow of about 300,000 Portuguese during the transfer of power to the Angolan Government. The Portuguese had monopolized virtually all of the administrative, managerial and technical jobs in the economy. Their departure not only created immediate chaos in the economy, since few Angolans had been allowed to occupy professional positions in either the public or the private sectors, but also curbed opportunities for investment. In spite of impressive progress in the area of education, the scarcity of trained, experienced manpower continues to be a major constraint on development and the implementation of projects in Angola.

The third element is inefficient economic management and inadequate economic policies which have, until recently, been in line with an official socialist ideology, emphasizing central planning, State ownership of productive enterprises and administrative control of economic activities. These organizational shortcomings, coupled with lack of trained personnel, and the need to allocate a substantial portion of revenues to war-related expenditures, have contributed to sharp declines in aggregate production, reduced the supply of goods and inputs to consumers and industry, and distorted income distribution. Oil accounts for about 35% of GDP, 65% of government revenues and 93% of total exports. In view of the excessive dependency on oil exports, the decline in oil prices in early 1993, combined with the resumption of the war, has had a

severe impact on the Angolan economy. It is estimated that GDP, expressed in current dollars, may have fallen about 11% in 1992, and is being further reduced by inflation which is running at an annual rate of over 1200%. Adding to this decline is the stabilization of industrial and agricultural output at levels far below those reached during the colonial period, and severe shortages of essential consumer goods and services plague the country.

Several important political and economic steps have been taken since 1991, including the peace agreement in May 1991, significant devaluations of the local currency and the holding of the first round of general elections in September 1992, to help Angola make the transition from war, authoritarianism and a command economy to peace, responsive governance and a free market system. The refusal of UNITA to accept the results of the first round of elections has led to large-scale fighting in several major areas of the country, further damaged the country's meager infrastructure, interrupted the agricultural planting season and forced hundreds of thousands of Angolans to flee to urban fringe areas. Face-to-face negotiations between the two sides have been held since January 1991 under the auspices of the U.N., but the prospects for a new peace agreement to put an end to the fighting remain at best uncertain.

The 1991 economic reform package included a number of measures [removal of price controls, devaluation, and transfer of public enterprises to private operators] to radically alter Angola's incentive framework and reduce the impact of distortions in the economy. Without fiscal and monetary discipline, and faced with mounting military expenditures and falling oil prices, the temporary benefits of the program have been wiped out by inflation. Thus key societal and structural constraints which will influence medium-to-long term growth prospects depend on the outcome of the following: the re-establishment of peace in the country; the rehabilitation of the physical, economic and social infrastructure; the country's capacity to increase the number of skilled personnel and raise the level of education; and the speed and extent to which successful economic and administrative reforms are implemented.

Prior to the renewed outbreak of fighting, A.I.D. had developed a \$17.5 million program to assist Angola in making the difficult transition to democracy and to start on the path to long-term sustainable development. With the renewal of armed hostilities in Angola, following the initial round of elections in October 1992, that program, which provided support for resettlement of displaced persons and reintegration of demobilized soldiers into civilian society, was suspended in June 1992. The purpose of the suspension was to halt temporarily the expenditure of funds in order to ensure that maximum resources would remain available for Angola should security conditions in the country permit a resumption of A.I.D.'s development program in FY 1993. Consistent with this approach and

in line with President Clinton's decision to recognize the MPLA-led Government of Angola (GRA), the \$5.0 million budgeted for Angola in FY 1993 was made available to OFDA to permit a timely response to the March 1993 U.N. Appeal for Angola and to support U.S. P.V.O. activities involving the distribution of seeds, tools and the provision of health and vaccination services to needy Angolans. Concurrent with this effort, the AFR Bureau is proceeding with an economic and bilateral technical assistance agreement with Angola this year, as well as contingency planning for a possible resumption of development activities in Angola in FY 1994.

Because of the need to move forward rapidly with activities which supported the peace process in Angola, an A.I.D. Mission in Angola was never formally established and a Country Program Strategic Plan, including strategic objectives, budgetary and staff resources and verifiable indicators, was never developed. Nevertheless, experience with the Angola program over the past year underlines the need for the identification of short to medium term goals and objectives which support and advance U.S. interests and help focus GRA and other donor resources on humanitarian needs and urgent reconstruction activities. Thus, the overall goal for the U.S. assistance program in Angola should be to support the creation of conditions which permit the implementation of the Angola peace accords and the establishment of conditions to increase food security in areas which have recently experienced major conflict. A.I.D.'s ability to implement this approach is contingent upon security conditions in Angola and U.S. Embassy/Luanda concurrence in the reactivation of the suspended program, based on program management by the new regional mission in Southern Africa, supplemented by TDY visits from AID/W. Adopting this regional management approach, which would result in substantial savings in OE, while allowing the USG to be responsive to the expanding humanitarian crisis in Angola and to gain experience in working with the GRA, is needed before September 30, 1993.

II. FY 1994 Program

75% Scenario

With FY 1994 resources reduced to 75% of the proposed Congressional presentation [\$5.0 million], if supplemented by the \$5.8 million already obligated and available for the Angola program, A.I.D. would be able to continue support for reconstruction and food security through activities managed by U.S. PVOs. In addition, modest resources would be available for a grant to the Angolan Government to facilitate its monitoring of PVO/NGO activities in country and for Angolan NGOs to work with US PVOs in food production activities. Also, an additional activity would be initiated, probably through a buy-in to a regional project, to provide short-term training, technical assistance and commodities to staff and key members of the Angolan National Assembly and key

ministries involved in the administration of justice as a means of starting to strengthen democracy in Angola.

100% Scenario

With a 1994 program level of 100% of the proposed FY 1994 Congressional Presentation level, or \$5.0 million, more resources would be available to support reconstruction, food production and democracy activities. Specifically, \$1.7 million in additional resources would be provided to U.S. PVOs for activities involving the provision of seed, tools and agricultural inputs for rural families in secure areas of Angola; another \$1.6 million would be added to an existing grant to a U.S. PVO to support health and vaccination activities; and \$2.7 million would be provided for NGO coordination, small grants to local NGOs, and initiation of the democracy institution-building activity.

FY 1994 Operating Expense Impact

It would be possible to implement the proposed FY 1994 program at both the 75% and the 100% levels if the AFR Bureau allocates sufficient operating expenses to cover at least four TDY trips from AID/W, four to six TDY visits by regional staff, and at least one visit each by the Regional Controller and a PSC Executive Officer in FY 1994. In addition, there would be a need to hire one full-time secretary and one Executive Assistant/translator. Vulnerability would increase substantially if regularly-scheduled TDY visits and minimal local staff were not ensured, but it should be possible to restart the Angola program under this type of arrangement, while limiting OE expenditures to about \$125,000 in FY 1994.

III. FY 1995 Program

50% Scenario

A base level of only 50% of the FY 1994 Congressional Presentation level, or \$2.5 million, assumes that the U.S. is not prepared to take a leadership position in helping Angola to increase food production in secure areas, provide basic immunization services for vulnerable groups and help the country strengthen its fledgling democratic institutions. These efforts would be severely constrained with this minimal level of resources.

75% Scenario

With an additional \$1.25 million, supplemented by unexpended FY 1994 resources, there would be sufficient funds in the Angola program to continue, but not expand, ongoing health, vaccination

and food production activities with U.S. PVOs. In addition, this level would permit minimal increments to activities to improve coordination of relief programs and support training and technical assistance for democratic institution building.

100% Scenario

With an additional \$1.25 million, equivalent to 100% of the 1994 CP level, no major new initiatives would be undertaken in Angola. Rather these funds would be used to augment ongoing PVO activities and two modest projects undertaken to support donor coordination and democracy with the GRA. In a symbolic sense, maintaining the level of assistance at \$5.0 million in FY 1995 is important as a means of signalling continued U.S. support for the peace process and the alleviation of suffering in Angola.

FY 1995 Operating Expense Impact

The Angola program should be able to continue to operate under the same modality and with a straight-line OE budget level of \$125,000 as would be the case in FY 1994. It should be emphasized that this approach is presently untested, and that neither the GRA nor AID has a clear idea of the vulnerabilities associated with a program run from afar given Angola's weak administrative environment. This being the case, AID/W may wish to consider a rapid management assessment of the staffing and support requirements for the Angola program before the end of FY 1995.

IV. Planned 1994 Project Amendments

A. Angola Democratization Project, 654-0002

LOP Funding: \$4.5 million currently authorized;
\$7.2 million planned authorized level
FY 1994 obligation: \$700,000

Purpose: To support nonpartisan activities which promote the development of democratic institutions and the conduct of free and fair elections in Angola.

Background: Since the completion of Angola's first round of elections for both the presidency and the legislature in September 1992, the country has again erupted in renewed fighting with levels of violence exceeding those reached in the prolonged civil war. A series of peace talks has been held between the two sides since January under the auspices of the U.N. and with the participation of observer delegations in repeated efforts to halt the fighting.

Thus far these efforts have been unsuccessful. In June 1993, the U.S. recognized the Government of Angola and President Clinton has pledged U.S. support in helping the parties find a solution to the conflict. The Angolan National Assembly, elected in November 1992, has taken office and except for representation from UNITA, has been meeting on a regular basis in connection with the national budget and other initiatives. This project amendment would build on the political party training and voter education activities which were carried out with A.I.D. funding in FY 1992 by providing commodities, training and technical assistance for members and key staffers of the Angolan National Assembly to enable them to organize the work of the Assembly; write, adopt, and monitor legislation; and strengthen the Assembly's capacity to review laws in terms of their impact on development and various segments of Angolan society.

Relationship of Project to Mission and Agency Strategic Objectives: The A.I.D. strategy for Angola is based Section 1041 (a) of the International Cooperation Act of 1991, which directs the President to provide "nonpartisan election and democracy-building assistance" to Angola. This project helps contribute to national reconciliation in Angola by promoting the formulation of and oversight of laws and legislation which broaden the participation of previously excluded groups in the political process.

Expected Outputs and Impact measurement:

The amended project will have the following outputs:

- A. Trained personnel in the areas of political party organization and management.
- B. Senior staffers and legislators trained in analysis, parliamentary procedures and budget review techniques.
- C. Legal, administrative, and economic policy reforms explained to the population and enacted in an accountable manner.

Implementation and Management Arrangements: Funds will be obligated through a bilateral grant agreement with the Government of Angola. Technical assistance and commodities will be provided through a buy-in to a regional democracy project.

Sustainability: By improving the effectiveness and elevating the influence of the Angolan National Assembly, the project will reinforce the concept of alternative forms of political participation in Angola.

Design Strategy and Schedule: A diagnostic survey of Angola's needs in democracy and governance will be carried out in January 1994. The results will be used in designing the project amendment during the second quarter of FY 1994. Obligation of funds is expected to occur in the third quarter of 1994.

B. Angola Relief and Rehabilitation Project, 654-0003

LOP Funding :\$10.0 million
FY 1994 obligation :\$4.3 million

Purpose: To address the immediate relief and rehabilitation problems of war-torn Angola which are necessary to implement the Angola Peace Accords.

Relation to Mission and Agency Strategic Objectives: The A.I.D. strategy for Angola is based on the International Cooperation Act of 1991 which directs the President to provide, beginning in FY 1992, "appropriate assistance to implement the Angola Peace Accords." This project will be continued and amended to add additional funds for health, vaccinations, seed and tool distribution, and health worker training activities which were initiated in FY 1992 and are presently suspended. It will also provide computers, training and technical assistance to help the GRA coordinate humanitarian assistance programs, plus finance small grants (\$20,000 each) to Angolan NGOs to facilitate their involvement with humanitarian and food production activities.

Expected Outputs and Impact Measurement:

Project outputs will be as follows:

- A. Decreases in malnutrition and health related deaths in targeted areas.
- B. Increased area planted in basic food crops in the target areas.
- C. Collection and analysis of statistics on the health/nutritional status of mothers and pre-school children in the targeted areas.
- D. Increased Angolan involvement in humanitarian assistance activities.

Sustainability: This project will take the first step towards sustainability by increasing the involvement of the Angolan Government and indigenous private organizations in health and food production programs. Longer term sustainability and cost recovery issues will be addressed in the amendment design.

Implementation and Management Arrangements: Funds will be obligated through amendments to existing cooperative agreements with U.S. PVOs, a bilateral grant agreement with the GRA, and grants to Angolan NGOs. Project management will be provided by regional staff, supplemented by TDY visits from AID/W.

Design Strategy and Schedule: Design of the amendment will start during the second quarter of FY 1994, with obligation of funds expected to take place during the third quarter.

ATTACHMENT 1

FY 1994 PROGRAM BY STRATEGIC OBJECTIVE (\$000)

Strategic Objective	Policy Area	FY 1994 Congressional Presentation Level	
		100 %	75 %
1. Improve Health and Education			
	Pop/Health	2,500	1,500
	Growth	0	0
2. Increase Crop Productivity			
	Environment	2,500	2,250
	Growth	0	0
Total		5,000	3,750

ATTACHMENT 2

FY 1995 PROGRAM BY STRATEGIC OBJECTIVE (\$000)

Strategic Objective	Policy Area	BASE: 100% FY 1994 CP Level					
		50 % of BASE		75 % of Base		100% of BASE	
		Ongoing	New	Ongoing	new	Ongoing	New
1. Improve Health and Education							
	Pop/Health	1,250		1,500		2,000	
	Growth	0		0		0	
2. Increase Crop Productivity							
	Environment	1,250		1,500		2,200	
	Growth	0		0		0	
Other							
	None	0		750		800	
Total:		2,500		3,750		5,000	

ATTACHMENT 3

ANGOLA (654)

FY 1994 ANNUAL BUDGET SUBMISSION

TABLE I : APPROPRIATION SUMMARY (\$000)

ACCOUNT	FY 1991 ACTUAL	FY 1992 ESTIMATE	FY 1993 CP	FY 1993 PLANNED	FY 1994 PROPOSED	FY 1995 PROPOSED
HEALTH	596					
FUNCTIONAL DEVELOPMENT ASSISTANCE TOTAL:	596	0	0	0	0	0
DEVELOPMENT FUND FOR AFRICA		12,151	15,000	4,800	9,151	5,200
DEVELOPMENT ASSISTANCE TOTAL:	596	12,151	15,000	4,800	9,151	5,200
DA & ESF TOTAL:	596	12,151	15,000	4,800	9,151	5,200
PL 480 TITLE II	6,847	17,923	10,106	33,800	5,000	5,000

TABLE IV : PROJECT BUDGET DATA (U.S. \$000)

PROJECT NUMBER	FUND SRC	NPA IND	OBLIG DATE INIT/FINAL	--TOTAL COST-- AUTH PLAN	OBLIG THRU FY 1991	--FY 1992 EST. OBLIGATIONS	EXPEND ITURES	-----FY 1993 PLANNED----- OBLIGATIONS	EXPEND ITURES	YR END MORTGAGE	--FY 1994 PROP. OBLIGATIONS	EXPEND ITURES	FY 1995 OBLIG PROP
654-0000	SS G	PA	94 96	PROGRAM DEVELOPMENT & SUPPORT 1,000							151	50	200
654-0001	HE G		91 91	ANGOLA PROSTHETICS PROJECT 596 596	596			596					
654-0002	SS G		92 96	DEMOCRATIZATION 3,000 6,000		3,000	1,900	100	3,000	700	600	800	
654-0003	SS G		92 96	ANGOLA RELIEF AND REHABILITATION 10,000 20,000		9,151	1,168	1,500	10,849	4,300	5,000	4,200	
654-0004	SS G		93 96	INFRASTRUCTURE REHABILITATION									
-								4,800	3,000	10,200	4,000		5,000
-													
REPORT TOTAL:				13,596 27,596	596	12,151	3,068	4,800	5,196	13,849	5,151	5,650	5,200
APPROPRIATION SUMMARY													
						0	0	0	596	0	0	0	0
						12,151	3,068	4,800	4,600	13,849	5,151	5,650	5,200
						12,151	3,068	4,800	5,196	13,849	5,151	5,650	5,200

AC/SI AGGREGATE ANALYSIS
 ACTIVITY CODES
 (U.S. Dollars Thousands)

ACTIVITY	FY 1992 ESTIMATE		FY 1993 PLANNED		FY 1994 PROPOSED		FY 1995 PROPOSED	
	AMOUNT	PCT OF TOTAL PROGRAM	AMOUNT	PCT OF TOTAL PROGRAM	AMOUNT	PCT OF TOTAL PROGRAM	AMOUNT	PCT OF TOTAL PROGRAM
AGCP CROP PRODUCTION					559	6.1 %	546	3.6 %
DICE CIVIC EDUCATION	600	4.9 %			140	1.5 %	160	1.1 %
DIEA ELECTORAL ASSISTANCE	2,100	17.3 %			490	5.4 %	560	3.7 %
HESD HEALTH SYSTEMS DEVELOPMENT					301	3.3 %	294	1.9 %
INMR MAIN ROADS					301	3.3 %	294	1.9 %
UNCODED ACTIVITIES	9,451	77.8 %	4,800	100.0 %	7,360	80.4 %	13,346	87.8 %
PROGRAM TOTAL	12,151	100.0 %	4,800	100.0 %	9,151	100.0 %	15,200	100.0 %

AC/SI AGGREGATE ANALYSIS
SPECIAL INTEREST CODES
(U.S. Dollars Thousands)

SPECIAL INTEREST		FY 1992 ESTIMATE		FY 1993 PLANNED		FY 1994 PROPOSED		FY 1995 PROPOSED	
		AMOUNT	PCT OF TOTAL PROGRAM	AMOUNT	PCT OF TOTAL PROGRAM	AMOUNT	PCT OF TOTAL PROGRAM	AMOUNT	PCT OF TOTAL PROGRAM
	I. Substantive								
	A. Spatial/Geographic Distrib. of Beneficiaries								
	B. Special Targets								
CHS	CHILD SURVIVAL					301	3.3 %	294	1.9 %
	C. Food, Agriculture & Rural Development								
	D. Energy/Environment								
	II. Institutional Mechanisms								
	A. Public/Private								
	B. PVO/NGOs								
PVU	PVO/NGOs, U.S.					559	6.1 %	546	3.6 %
	C. International Agricultural Research Centers								
	D. Universities								
	E. Non-Profit Organizations								
	III. Research and Development Activities								
	A. Applied Research								
	B. Basic Research								
	C. Development								
	IV. Training								

ANGOLA (654)
 FY 1994 ANNUAL BUDGET SUBMISSION

PAGE 1

AC/SI SUMMARY REPORT
 (U.S. Dollars Thousands)

	% FY92	% FY93	% FY94/95	FY 1992 ESTIMATE	FY 1993 PLANNED	FY 1994 REQUEST	FY 1995 PROPOSED
PROJECT NUMBER: 654-0000 TITLE: PROGRAM DEVELOPMENT & SUPPORT							
PROJECT TOTAL		0 %		0	0	0	0
PROJECT NUMBER: 654-0002 TITLE: DEMOCRATIZATION							
DICE CIVIC EDUCATION							
TOTAL AC CODE:	20 %	0 %	20 %	600		140	160
DIEA ELECTORAL ASSISTANCE							
TOTAL AC CODE:	70 %	0 %	70 %	2,100		489	560
PROJECT TOTAL	90 %	0 %	90 %	2,700	0	630	720
PROJECT NUMBER: 654-0003 TITLE: ANGOLA RELIEF AND REHABILITATION							
AGCP CROP PRODUCTION							
SI CODE: PVU	0 %	0 %	100 %			559	546
TOTAL AC CODE:	0 %	0 %	13 %			559	546
AGIF AGRICULTURAL INFRASTRUCTURE							
SI CODE: PVU	0 %	100 %	0 %				
TOTAL AC CODE:	0 %	0 %	0 %				
HEPR PROSTHETICS/MEDICAL REHABILITATION							
SI CODE: PVU	0 %	100 %	0 %				
TOTAL AC CODE:	0 %	0 %	0 %				
HESD HEALTH SYSTEMS DEVELOPMENT							
SI CODE: CHS	0 %	100 %	100 %			301	294
TOTAL AC CODE:	0 %	0 %	7 %			301	294
INMR MAIN ROADS							
SI CODE: PVU	0 %	100 %	0 %				
TOTAL AC CODE:	0 %	13 %	7 %			301	294
PROJECT TOTAL	0 %	13 %	27 %	0	0	1,161	1,134

ANGOLA (654)
 FY 1994 ANNUAL BUDGET SUBMISSION

AC/SI SUMMARY REPORT
 (U.S. Dollars Thousands)

	% FY92	% FY93	% FY94/95	FY 1992 ESTIMATE	FY 1993 PLANNED	FY 1994 REQUEST	FY 1995 PROPOSED
PROJECT NUMBER: 654-0006	TITLE:						
PROJECT TOTAL	0 %	0 %	0 %	0	0	0	0
PROJECT NUMBER: 654-0007	TITLE:						
PROJECT TOTAL	0 %	0 %	0 %	0	0	0	0
REPORT TOTAL				2,700	0	1,791	1,854

ANGOLA (654)
FY 1994 ANNUAL BUDGET SUBMISSION

AGGREGATION OF AC/SI CODES FOR SPECIAL ISSUES
(U.S. Dollars Thousands)

	FY 1992 ESTIMATE	FY 1993 PLANNED	FY 1994 REQUEST	FY 1995 PROPOSED
(1) Child Survival Funding	--	--	301	294
(2) Other Health	--	--	--	--
(3) Environment	--	--	--	--
(4) Energy	--	--	--	--
(5) Forestry	--	--	--	--

Refer to ABS Guidance Attachment B for aggregation basis

The above summaries are aggregations of ACs and SIs. Other aggregations consist of ACs only and can be derived from AC section of the Aggregate Analysis Report

ANGOLA (654)
FY 1994 ANNUAL BUDGET SUBMISSION

CONGRESSIONAL INTEREST ATTRIBUTION
(U.S Dollars Thousands)

PROJECT NUMBER	PROJECT TITLE/AREA	FY 1992 ESTIMATE	FY 1993 PLANNED	FY 1994 REQUEST	FY 1995 PROPOSED
654-0000	PROGRAM DEVELOPMENT & SUPPORT				
654-0002	DEMOCRATIZATION				
654-0003	ANGOLA RELIEF AND REHABILITATION				
	TOTAL HEALTH	0	0	301	294
	CHILD SURVIVAL	0	0	301	294

	REPORT TOTAL: TOTAL HEALTH	0	0	301	294
	CHILD SURVIVAL	0	0	301	294

2

17

TABLE IV D : CENTRAL/REGIONAL BUREAU SUPPORT NEEDS
(U. S. Dollars Thousands)

CENTRAL PROJ. #	CENTRAL PROJECT TITLE	MISSION PROJ. #	PROJECT TITLE	FY1993 PLAN	FY1994 PROP.	CORE
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ANGOLA (654)
 FY 1994 ANNUAL BUDGET SUBMISSION

TABLE V : PROPOSED PROGRAM RANKING

RANK	PROJECT	TITLE	PROGRAM FUNDING (\$000)	
			APPROP	INCR

MCC LEVEL

INCREMENT LEVEL	TOTAL MCC REQUEST	0
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654-0000	PROGRAM DEVELOPMENT & SUPPORT	SS	151
654-0002	DEMOCRATIZATION	SS	700
654-0003	ANGOLA RELIEF AND REHABILITATION	SS	4,300

TOTAL INCREMENT REQUEST	5,151
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TOTAL REQUEST	5,151
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ANGOLA ABS ISSUES

I. Areas of Focus

The portfolio consists of two projects, currently suspended, which are consistent with Congressional mandates for USG assistance to Angola: to provide non-partisan election and democracy building assistance to Angola, and to provide other assistance appropriate to implement the Peace Accords. 100 % of the portfolio falls under Agency priority areas of population and health (Angola Relief and Rehabilitation Project) and democracy (Angola Democratization Project), and the portfolio contributes to the DFA Target and Agency Earmark area of health and child survival (Angola Relief and Rehabilitation Project.)

II. Proposed Amendments

The ABS proposes to re-activate the currently suspended development activities in Angola as soon as security conditions permit, and to amend the two ongoing project to add activities in democratic institution building, institutional strengthening of local NGOs, and the provision of commodities, training, and technical assistance to the GRA to help in the coordination of humanitarian relief efforts.

The principal issues concerning the proposed amendments are: 1) the extent to which conditions in Angola will permit a resumption, let alone expansion, of development assistance activities in Angola in FY 94; 2) the extent to which the projects can be managed by A.I.D. in the absence of a resident USDH; and 3) the extent to which the proposed activities can be considered to be sustainable.

III. DFA Budget

DFA budget levels for FY 94 and FY 95 are consistent with ABS guidance, and appropriate to the OE level.

IV. P.L. 480 Titles II and III

No issues.

V. Workforce and OE

The major workforce issues are whether an AID-financed development program in Angola can be managed without a resident USDH, and whether the PL 480 Title II program can continue to be managed without a resident food-for-peace officer.

VI. Pipeline and Mortgage

Expenditure levels are reasonable provided that security conditions permit a resumption of suspended activities, and proposed obligations are consistent with Agency forward funding guidelines.

End of FY 94 pipeline and Mortgage projections are not excessive.