



Strategy of the National Development Plan in the Angolan Economy Diversification

Mucuta S.G.

Ulofa Palme 6, 119590, Moscow, RUSSIA

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Abstract

Role of International Investment in the Economic Development of Angola. Despite the substantial increase in small and medium enterprises, have been few investigations, for the study of problems and potential of the small and medium enterprises in developing countries, particularly in Angola. Small and medium enterprises were long recognized as important tools to diversify economic development, creation of jobs, increase income, combat poverty and reducing economic vulnerability the oil sector dependence in Angola. The research study focus on essential tool presenting a national policy for the growth of the Angolan economy and especially to support the diversification of the national economic structure.

Keywords: Economy of Angola, oil sector, non-oil sector.

Introduction

The focus on sectors diversification of the Angolan economy is expected to give priority to activities with the greatest potential for growth and job creation. Taking into account the geographical position. The favorable climate, the ability of the soil and the wealth of mineral resources, agriculture, livestock and fisheries must be strategic sectors, and taking into account the respective input-output relations, agro industries, the building materials and trade generally they tend to grow rapidly, reducing the current excessive dependence on imports¹.

Historically, Angola was a country self-sufficient in major food crops, and also one of the world's leading exporters of coffee and corn, cotton, sugarcane, sisal, banana, cassava and wood. The agricultural sector has lost its internal and international relevance, but in recent years, this sector began to show signs of recovery. Although, agricultural production is insufficient to meet the population's needs. The Angolan agricultural sector is dominated by small farmers engaged in subsistence agriculture and family more than 90% of agricultural activity. Angola need entrepreneurship to develop a non-artisanal agriculture and then the foreign direct investment is essential in terms of capital, technology and know-how.

Angola Investment

By 2025 Angola will invest 125 billion US dollars to create an economic structure less dependent on oil and with a turn of industrial production for the transition to a service economy¹.

The diversification of the Angolan economy is fundamental to fight poverty and to create jobs. The oil sector alone cannot significantly contribute to the creation of jobs for unskilled

workers. To recover a non-oil economy and to promote initiatives that encourage business activity, specialized institutions were created, such as the National Institute of Support to Small and Medium Enterprises (INAPEM), the Fund for Economic and Social Development (FDES) and the National Agency for Private Investment¹.

The main vehicle for economic diversification is the National Development Plan of Angola till 2025. Its strategy is to guide and improve the pace and quality of development in the following directions: to improve the quality of Angolans' life, to preserve macroeconomic stability, to promote an active employment policy and enhancement of national human resources, to increase productivity and to transform, modernize and diversify the economic structure of the country¹.

Efforts to diversify the economy of Angola implement a set of measures to increase the non-oil sector. The increase in agriculture, livestock and fisheries, industrial production and the country's services is a concrete sign of the country's success in economic diversification. This is a complex process for a country that was subject to one of the bloodiest wars. The conflict reduced to zero the most economic sectors. Angola became very dependent on a single sector. Today, the challenges are huge, but the prospects for the development of non-oil sector have never been as encouraging as now with the implementation of the Government Programme of 2012/2017¹.

Angola's oil sector represents 46 percent of gross domestic product, generating a high dependence and vulnerability for its economy. The oil industry provides 80 percent of total tax revenue and accounts for 94 percent of the country's exports. To reduce the economic vulnerability to the oil sector dependence, there was prepared the National Development Plan with

measures to improve the basis for growth by encouraging labor-intensive sectors².

The challenges of the economy in Angola are enormous; relate mainly to finance most of the programs and projects of the national plan for Angola 2013-2017 development. With the outbreak of peace in 2002, the Angolan government has funded much of the national building program and infrastructure with funds from marketing the oil sector⁵.

The National Development Plan 2013/2017 contains measures such as a strategy to diversify the structure of the national economy during the first current cycle of governance to expand the base of growth, stimulating intensive sectors work. Employment generation will be accomplished through the diversification of the national economic process structure, resulting from the implementation of training policies and training of human resources through the national human resource development and the national staff training plan strategy. Economic diversification of the labor-intensive sectors, such as agriculture and livestock will be driven by private investment and leveraged by public investment.

The National Development Plan 2013/2017 is the essential tool presenting a national policy for the growth of the Angolan economy and, especially, to support the diversification of the national economic structure. The diversification of the Angolan economy process is possible only with a strong development of the private business sector and the contribution of Angolan entrepreneurs. Therefore, the National Development Plan 2013/2017 establishes as one of its national objectives the promotion of the entrepreneurship and the development of the domestic private sector policies.

Angola of Economic Growth

In 2012, the government predicted a significant acceleration of the economy, calculating a real GDP growth of 8.9 percent. This growth was supported by the recovery of oil production and the continue diversification of the economy, reflected in the growth of the non-oil sector of 9.1 percent³.

According to the 2012 State Budget Justification report, the government predicted the increased diversification of the economy of non-oil sector by 7.8 percent with particular emphasis on market services, construction, agriculture, livestock and fisheries³.

Statistical data indicate considerable variation in the implementation of projects that focus on sectors that play an important role in the economic diversification. The process of diversification of the economy is functioning as a kind of shock factor, which removes the vulnerabilities. Ongoing reforms in terms of labor legislation, the creation of legal instruments regulating the work, self-employment and other initiatives have played an important role in expanding employment and

improving working relations.

Taking into account the dynamic of modern times, with the diversification of the labor market it is intended that the workforce in Angola is competitive enough to generate income. It satisfies to the level reached in the important agriculture sector. In the area of research there are important advances, judging by the growing number of researchers who are beginning to emerge in Angola. Vocational training and technical managers promoted by the Agricultural Research Institute play an important role for the improvement of food cultures in whole country. In all these efforts, of course, the priority should be to strengthen the national business through its access to a number of factors that facilitate their rapid integration into the national development process. Access to credit and financing on favorable conditions should be essential to strengthen national entrepreneurs.

The process of diversification of the Angolan economy is not only a challenge to the state institutions, but to the whole society as well. Finally, in the interests of all Angolans the Angolan economy must be safeguarded from shocks. Every Angolan is responsible, in its action field, so that Angola wins the battle to become less dependent on the oil sector.

Conclusion

Since 13 years ago of peace, Angolan economy sectors have made greatest progress, in creation new services sectors, construction of roads, electric power plants, factories and agricultural stocks.

After 27 years of civil war, Angola had its infrastructure damaged. Nowadays, with peace and funds from of the petroleum sector, Angola begins rebuilding its infrastructure. Important foreign construction companies have settled in the country, with investments in the civil construction sector. This sector currently accounts 29 percent of foreign investment.

The focus on human resources development perhaps is the primary vector for economic and social development of Angola. Therefore, the education sector weaknesses imply that it is necessary to start at the beginning, since the quality of primary education and, while developing technical education crafts and increase credibility and higher education. This sector is, today, the biggest challenge of the economy getting ready hand labor in the different levels of education, with the necessary knowledge and performance, to raise the country's position in international competitiveness indicators, where others take great advance.

The Angolan economy depends of the petroleum sector. The development of the petroleum sector has generated wealth for the country, providing resources to finance the growth of the non-oil sector. Thus, there is a tendency to increase of the relative weight of the non-oil sector in the GDP and non-oil

sector should play a key role in the economic growth of Angola in the coming years.

The encouragement of foreign investors in Angola is mainly due to the existing wealth in oil and other natural resources, with foreign investment engaged in various sectors, particularly those related to oil. In the non-oil activities, the main interest lies with manufacturing, the rehabilitation of infrastructure and agriculture, providing up its intensification in the near future. The manufacturing sector leads the list of investments, followed by the provision of services, wholesale and retail, construction and design.

Public investments in progress and planned have three fundamental pillars: the valuation of natural resources, upgrading and creation of infrastructure and incentives for fostering the business environment, defining strategic sectors and clusters to a more robust and productive economy. It is thus expected that in the coming years, the national and international private investment increases, which appear new groups and Angolan businesspeople, there is a diversification of economic activities, the number of workers and volume of average trades per business increases and that in context of sub-Saharan Africa, the economic and social development of Angola start to emerge as a remarkable success case.

Projects in the diversification of the Angolan economy are five diamonds, four gold, two phosphates, one in Cabinda and another in Zaire, two copper and two iron, one in Cassinga and one in Andulo. The country is negotiating for investors to accelerate the start-up of enterprises in order to start the tax revenue streams. The universe of areas to invest in Angola is even broader. The ambition of the country's authorities is to open fields of global importance miners. The level of investment, foreign and domestic investors in Angola in the mining sector, points out the need to cover new areas such as the construction of mineral processing plants, training centers, logistics and transport in farming areas.

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