ANGOLA

PUBLIC-PRIVATE INFRASTRUCTURE INITIATIVES IN LUANDA SUL

The Luanda Sul Self-Financed Urban Infrastructure Programme in Angola shows how the public sector can enlist the capital and skills of the private sector to provide essential infrastructure development. The financial returns can be used to fund public works and satisfy the needs of citizens.

The civil war in Angola, southwest Africa, resulted in limited investment in urban infrastructure and housing projects. At the same time, large numbers of people fled to the capital Launda from fighting in rural areas. As a result of rapid growth during decades of civil wars and instability, Luanda suffers from an acute housing shortage. With an urban population growing at 7% a year, an additional 50,000 houses are needed annually until 2010 to deal with the crisis.

The Luanda-Sul programme, which was started in 1995, encouraged investment from the private sector in an effort to address the housing shortage. The programme has enlisted private investment to develop three new residential areas to the south of the city, namely, Talatona, Novos Bairros and Morar. The aim was to take pressure away from the old city centre and provide homes for refugees and other city residents. The programme operates through an 'Achievement and Management Fund,' which allows the Provincial government to amass funds for social investment. This was achieved mainly through the sale of land titles to private companies, and the collection of taxes and tariffs in regularised (or approved) residential areas.

The city government started the process by identifying suitable land for development, and acquiring it from its owners. Limited land legislation under the socialist regime which existed in Angola until 1990 led to confusion about legal ownership of much of this land. This was a major challenge, resulting in a protracted conflict with those occupying land and those who had ownership prior to the socialist regime. The next step was to mobilise private companies to undertake development. In return, deeds to serviced land within the newly developed areas were given to private companies. In 1995, an investment of US$ 30 million was pledged by Sonangol, an Angolan state owned oil company, and CABGOC (an international petrol consortium). Both of these companies urgently needed good quality accommodation for their workers. An investment of US$ 14 million followed from Odebrecht (a Brazilian company), for water treatment and distribution to the new residential areas.

To date, a total investment of US$ 96 million has been made in infrastructure as part of the programme, including US$ 16 million for social investment. The result is that over 800 hectares of land has been developed with urban services, including 70 km of piped drinking water, 23 km of drainage channels, 12 km of power lines, and 2,210 houses as well as community facilities, schools, commercial establishments, an industrial estate and a hospital. Furthermore, the new housing is designed for a wide range of income groups, from those who can afford to invest in housing using their existing savings, to those who do not have the financial means for land investment.

As a result, some 2,700 displaced families have been resettled. An additional benefit of the programme has been a boost for the fledging construction and real estate industries in Luanda, creating an estimated 4,000 new jobs in a city, which urgently needs new economic opportunities of this kind.

One key problem that the programme faced (besides difficulties with land titles) was mistrust of public authority. Many people felt that the state was simply giving land away to private developers. However this suspicion has been largely overcome as people see the benefits of infrastructure and facilities being provided to the new areas, and the social benefits of refugees being re-housed.

The programme shows that co-operation between private investors and the public sector can be used to deliver vital urban infrastructure and stimulate the local economy. Already, other cities in Angola are showing interest in developing similar schemes. Moreover, this model can be successfully used in other countries, where there is a private sector keen to invest in the area.

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