

Angola

Status Index (Democracy: 1.6 / Market economy: 1.4)		3.0	Management Index		2.8
System of government	Autocracy/ Civil War System ^b		Population	12,8 mill.	
Voter turnout	91.35 % (1992)		GDP p. c. (\$, PPP)	2040	
Women in Parliament	15.5 % (1992)		Unemployment rate	n. a.	
Population growth ^c	2.8 %		HDI	0.377	
Largest ethnic minority	~4.0 ^a		UN Education Index	0.38	
			Gini Index	51 (2000)	
<p>Data for 2001 – if not indicated otherwise. Source: UNDP: African Development Report 2002; UNDP: Human Development Report 2003. a) Number of “effective” ethnic groups modeled after the Laakso-Taagepera index (1979) for the fragmentation of party systems. b) Peace since 4 April 2002 (with the exception of the Cabinda enclave). c) Annual growth between 1975 and 2001.</p>					

1. Introduction

The signing of a cease-fire agreement on April 4, 2002 signified the beginning of the end of the Angolan civil war between the ruling MPLA (Movimento Popular de Libertação de Angola) and the insurgent UNITA (União Nacional da Independência Total de Angola.) It took place just a few weeks after Jonas Savimbi, long-standing leader of UNITA, was killed in an ambush. The period from 1998 to 2003 therefore incorporates the flaring-up and presumed end of the civil war in Angola. The cease-fire agreement has been implemented smoothly so far. General elections are expected in 2004 or 2005.

This report on the status of the country's democratic and market-economy transformation during the last five years (1998-2003) draws the conclusion that clear progress has been made in the achievement of goals in a political respect. So far, progress has been limited to attempts to restore state security and begin the democratic transition. Thanks to peace and external aid, slight improvements could be achieved in terms of the market economy, but these improvements started from an extremely low base. The considerable wealth in mineral resources has not benefited the population thus far. Moderate management success was achieved mainly in the implementation of the peace agreement. It is extremely uncertain whether the current ruling powers are striving for a social market economy. The continuation of the economic transformation will also be shaped by further political developments.

2. History and characteristics of transformation

The history of transformation in Angola is marked by almost uninterrupted violence. The market-economy development has also been extremely deficient. This is despite Angola's considerable wealth in mineral resources such as petroleum and diamonds.

Angola's independence from Portugal (11 November 1975) after decades of struggle for independence also marks the beginning of the civil war which turned into a typical East-West conflict. The MPLA, which was anchored among the Mbundu and Creoles in the west and northwest, managed to stand its ground in the capital and environs of Luanda with Cuban and Soviet support. Holden Roberto's FNLA (Frente Nacional de Libertação de Angola, based in the northeast around Bakongo) became irrelevant after Zaire's Mobutu withdrew his support at the end of the 1970s. Jonas Savimbi's UNITA (based in the eastern highlands around Ovimbundu), which was able to secure South African and American support, became the MPLA's most dangerous adversary.

Peace in Angola came with the end of the Cold War. The Bicesse Accords in 1991 led to relatively free and fair parliamentary elections in September 1992 in which the MPLA emerged victorious with 129 of 220 seats. In the first round of presidential elections, which took place at the same time as the parliamentary elections, Eduardo dos Santos (MPLA) won with just under 50 % (49.5 %) beating Jonas Savimbi, (40.1 %). Savimbi claimed there had been election fraud and resorted to violence before the required second round of elections. With great difficulty, the government in Luanda was able to launch a counter-offensive and repel UNITA.

It was never possible to completely implement a second peace accord (the Lusaka Protocol of 1994), which was based on the first agreement. Hostilities broke out in full force again in 1998. UNITA again achieved initial military successes, pushing the government troops back to the large cities and the region around Luanda. Garnering increasing international condemnation including UN sanctions, UNITA permanently lost support, however, and had to resort to guerrilla tactics. The death of the especially ambitious and intransigent Jonas Savimbi made it possible for the peace process to begin anew, this time with better chances than ever before.

Beginning in 1975, the Marxist-oriented MPLA first professed loyalty to a socialist economic model. All the same, however, it continued cooperation with American oil companies, which had been involved in extracting offshore deposits on the Angolan coast since the 1950s. Oil production had become the most important mainstay of the economy, while previously strong coffee and other agricultural production had declined. This was caused, among other things, by the flight of approximately 400,000 Portuguese settlers, which produced a drastic shortage of qualified personnel in all sectors. Along with the burdens of war and

the fluctuations in world market oil prices (1980-1981, 1986), the MPLA's state-controlled economy and widespread bad governance produced a serious economic crisis, which induced the MPLA government to initiate reforms starting in 1987.

The government's verbal commitment to a market economy at the beginning of the 1990s was stillborn however because of the political situation. Persistent violent conflicts have prevented the implementation of a market-economy transformation so far. Even market-economy reforms that were possible were not completely implemented by the government. Relations with the International Monetary Fund (IMF) and the World Bank have been hampered considerably as a result. A rent-seeking economy and a corrupt ruling class continue to characterize economic conditions in Angola. It remains uncertain whether the pending political changes can provide a remedy for this.

3. Examination of criteria for democracy and a market economy

3.1 Democracy

Angola has made clear progress in transforming the political regime in terms of the assessment criterion of state security. Considerable deficiencies still continue to exist in all other areas. However, Angola is at the beginning of a democratic transition with general elections planned for 2004 or 2005. Naturally, the outcome cannot be predicted, but it will have a crucial effect on further transformation.

3.1.1 Political organization

(1) Stateness: Angola's state identity problems have diminished since the end of hostilities with UNITA. Nevertheless, the criterion of a monopoly on the use of force is only partially met. There is still an armed secession movement in the Cabinda enclave, but it is subject to considerable military pressure from the central government. These forces reject an affiliation with the nation, but otherwise there are no problems in this respect. However, a national sense of solidarity exists only tenuously due to the violent conflicts described above, which definitely had or have ethnic/regional dimensions.

Now that the main conflict has ended there are attempts at a nationwide administration, but these have begun with huge administrative deficiencies. As a result of the long years of war, which have resulted in a high rate of violent crime and an estimated third of the population with access to weapons of war, order and public safety are not (as yet) a given.

(2) Political participation: The current government emerged very precariously at best from free and fair elections. The last elections took place in 1992 and were

aborted before the required second round of presidential elections. Persistent violent conflicts have prevented further elections. Parliamentary and presidential elections are indeed planned for 2004 or 2005 although there is no concrete schedule yet. The executive branch, which does not have adequate legitimacy, has the effective power to govern, but is restricted due to security problems, particularly in Cabinda.

The military does not have a strong vetoing power. Independent political and civic groups can form relatively freely, but they are sometimes subject to intervention by the government. Demonstrations are sometimes forcibly prohibited or dispersed by security forces. Freedom of speech is also restricted. Angola ranks 93 out of 139 countries evaluated in terms of the freedom of press index compiled in a 2001-2002 report from Reporters without Borders, a human rights organization that monitors infringements on freedom of the press. However, progress is expected in this regard in the course of current developments.

(3) *Rule of law*: The rule of law has not yet been recognized in Angola. There is an informally secured hegemony of the executive, which controls the other institutionally separate powers by virtue of the MPLA parliamentary majority. However, there is growing self-confidence among opposition members of Parliament, who in June 2002 demanded the disclosure of the government's oil bonus.

The judiciary is also institutionally separate, but is subordinate to the decisions of political authority and is severely impaired by functional problems (equipment, territorial penetration, alleged corruption). There is no legal prosecution of abuse of authority, but abuse is increasingly receiving critical publicity in the media.

The government is involved in considerable corruption in the use of government revenues (2002 Corruption Perception Index: 1.7 of 10, with a low score indicating high corruption). The lack of transparency is one of the main concerns of the IMF and World Bank. Civil liberties continue to exist only on paper. Due to the deficiencies in the judiciary, attempts at legal action are limited, with little prospect for success. Human rights violations by the security forces, above all those committed in the past are not liable to legal prosecution.

3.1.2 Political patterns of behavior and attitudes

(1) *Institutional stability*: The government executive is fully functional on the basis of its hegemony as a decision-making authority. The other institutions are subordinate to it. New elections have been overdue for some time. Because of this, one can only speak tentatively of democratic institutions. The administrative system is decidedly deficient and thus the implementation of decisions is only partially successful. Acceptance of institutions appears to have increased after the

conclusion of peace and the implementation of the peace accord provisions. These included a general amnesty for war crimes, disarmament and demobilization UNITA combatants, integration of 5000 rebels into the government's armed forces, and government jobs for UNITA functionaries in accordance with the requirements of the Lusaka Protocol of 1994. Nevertheless, this acceptance is tinged by reservations, which could multiply as transformation proceeds. Recourse to violent political options is not precluded.

(2) *Political and social integration*: Due to the lack of regular elections one cannot speak of an established party system. In actuality, the MPLA has thus far secured a hegemonic position for itself within a framework of moderate fragmentation (after the 1992 elections: effective parties 2.2). UNITA, which is the most important potential opposition party, was split into several factions up until the beginning of 2002. The UNITA Renovada, which cooperated with the MPLA as a junior partner in a unity government and is a moderate opposition wing that is critical of the government, remained active in the capital. This is in contrast to the militarily active "militaristic UNITA", and the foreign UNITA.

After Savimbi's death, there was an initially successful reconciliation among these factions, the viability of which is again in question. The general patterns of political conflict have relaxed. With the signing of the peace accord and a declaration of intent for constitutional reform, a clear centripetal tendency can be observed. Ethnic and regional undertones continue to exist. Social reintegration of the demobilized UNITA combatants has also not made sufficient headway. So far interest groups only exist in rudimentary form.

Angolan civil society is concentrated in the capital of Luanda. The Catholic Church, in particular, which played a moderate and constructive role in the peace initiatives even before the cease-fire agreement in April 2002, must be mentioned. There are sporadic labor union strikes, which, however, usually have socioeconomic objectives.

No survey data is available about the population's approval of democratic standards and practices. However, there is obviously great potential for democratic support because of war fatigue and dissatisfaction with the performance of political actors. Civic self-organization is still rudimentary and concentrated in central urban areas. The long years of war that produced this situation are probably also responsible for a less developed culture of confidence. However, there are no hard data to support this.

3.2 Market economy

Angola is one of the least developed countries in the world, even though the country has extensive deposits of raw materials. Increasing petroleum production

is mostly responsible for the very positive economic growth rates. Other economic achievements and characteristics are at a low level. There have been some improvements since the end of the war. Nevertheless, Angola as a whole is still far away from displaying the characteristics of a social market economy.

3.2.1 Level of socioeconomic development

The key indicators of development show a very low level of development. No HDI is available for the last few years because of a lack of data, however. Social exclusion is very prominent quantitatively and qualitatively, and is structurally reinforced. There are inequalities in income (2000/2001 Gini index: 51) The population rate of the absolute poor in 2000-2001 showed that over 63 % of the urban population lived with an income below the national poverty line and, of that, 24.7 % lived in extreme poverty. Because there is no data for the rural population, the values may well be worse. All this signifies that there is not even the minimum equality of opportunity. All in all, advancements in this regard cannot be noted due to diverging developments and a lack of data. The most recent development may have brought advances, however.

3.2.2 Market structures and competition

The fundamentals for free-market competition do not exist in Angola. The utilization of revenues from petroleum production and diamond mining is subject to state monopolies. "Sonangol" in the petroleum sector, in particular, represents a state within a state. Its lack of transparent financial management practices is one of the central criticisms of the international financial institutions. The institution of a state monopoly in the diamond sector led to the withdrawal of the international corporation DeBeers in 2001.

Foreign trade and the banking sector have been subject to a deregulation process since 1992; private foreign banks were approved for the first time in 1991. However, protectionist tendencies and a strong state role in the banking sector still exist. At the beginning of 2002 there were seven foreign commercial banks, three private domestic banks and three state banks. However, further-reaching IMF privatization requirements have not yet been complied with. The privatization program again experienced difficulty in mid-2002.

3.2.3 Stability of currency and prices

Angolan fiscal and monetary policy is traditionally characterized by a serious lack of discipline. The central bank, which is heavily influenced by the state, shows operational deficits and was unsuccessful in combating inflation. Though the

inflation rate dropped continually in the period under consideration, it still remains at an alarmingly high level, above 100 %. A new currency had to be introduced in 1999 (the *kwanza*), which has constantly lost value since then. The official budget numbers are so chronically inconsistent that data must be viewed with caution. Many revenues are apparently never reported. In terms of debt, a debt restructuring or reduction program with the Paris Club is a long way off because of unmet IMF conditions. However, institutional and political arrangements are being made for sustainable inflation control and an appropriate exchange-rate policy.

3.2.4 Private property

As a rule, property rights and the acquisition of property have been legally guaranteed since a controlled economy was abandoned at the beginning of the 1990s. The functional problems of state administration and the judiciary (primarily corruption and political co-optation) mean, however, that *de facto* protection of property rights is weak. Intervention by the state is a serious obstacle to private economic activity. With the end of massive military conflict in wide parts of the country, war-related restrictions have largely been eliminated. Private companies are permitted, but they are subject to the restrictions cited above. Privatization has made headway in the last few years, but has not met IMF conditions. State monopolies continue to exist in the key sectors of petroleum and diamonds.

3.2.5 Welfare Regime

There is no efficient government network to combat poverty due to administrative deficiencies as well as a lack of commitment on the government's part. No reliable data on social spending is accessible, but the education and health of the population are dismal. Traditional structures, which may have withstood neglect by the government, have been damaged or destroyed by the long years of war causing, among other things, forced resettlement in many parts of the country, especially the rural and UNITA regions in the east.

The government has left the job of combating poverty to international aid organizations. There is no equality of opportunity. There are considerable discrepancies that also affect women; institutions to equalize these inequities have only been attempted in Luanda.

3.2.6 Strength of the economy

GDP growth was quite strong thanks to petroleum revenues, reaching values estimated at 2.1 % to 9.0 % between 1998 and 2002. On the other hand, inflation was unquestionably high, although it was reduced in the last few years. Nevertheless, it still persists at extremely critical levels. There is a positive trade balance from the export of raw materials, but the same does not apply to the current account balance. Economic potential is relatively high, especially due to the deposits of raw materials. Substantial benefits from peace can be expected for the future as long as political conditions remain stable. However, the potential has not yet been fully exploited due to bad governance and, above all, considerable corruption. Expectations for progress in this regard must remain conservative.

3.2.7 Sustainability

Ecological compatibility factors do not play a role in the push for growth. Educational conditions are catastrophic. There are few institutions for education, research and development. Reliable data concerning education is incomplete, and the data that is available paints an alarming picture. There is no modern physical infrastructure. The road system, for instance, is in dismal shape. Removing land mines that have been laid all over the country will still take years.

4. Trend

(1) *Democracy*: Savimbi's death evidently paved the way for sustainable peace. If the scheduled elections actually take place in a free and fair fashion, the political regime will be moving increasingly toward a constitutional democracy based on the rule of law. State security, political participation and the rule of law have clearly improved in individual areas. The lion's share of political progress was made with regard to state security. With the exception of the Cabinda enclave, a monopoly on the use of force was essentially achieved as of April 2002, even though there are still problems with public safety and order.

Additional progress has been made in terms of political participation and the rule of law. Political conflicts are increasingly taking place in the civil political arena. Political patterns of conflict have been improved by the joint signing of a constitutional memorandum in November 2002. Peace has also paid off in the realm of the rule of law. Violations of human rights have diminished. On the whole, though, the minimum conditions for a democracy are still not met. MPLA's hegemony continues to exist. The timetable for transformation leading up to elections is still not fixed. (The degree to which democracy has been consolidated will not be discussed here.)

(2) *Market economy*: The level of development has not changed substantially in the last few years. However, improvements are to be expected for the past year. The institutional frameworks have improved as a whole in several areas. This is almost completely attributable to the end of the war, however, and also because they began at such a low level (2000 Index of Economic Freedom for Angola 2000: 4.5 = repressed, no subsequent ratings).

Table: Development of socioeconomic indicators of modernization

	HDI	GDI	GDP index	Gini index	UN Education Index	Political representation of women	GDP per capita (\$, PPP)
1998	0.405	n/a	0.48	45 a)	0.36	15.5 (1992)	1,821
2000	0.403	n/a	0.51	51 b)	0.36	n/a	2,187

a) The Inquérito Prioritário sobre as Condições de Vida aos Domicílios (IPCVD);

b) The Inquérito aos Agregados Familiares sobre Despesas e Receitas (IDR)

Macroeconomic development has clearly improved quantitatively to some extent. Real economic growth averaged 4.94 % in the period under consideration. Along with the easing of political tensions, this growth can be attributed primarily to the increase in oil production. Negative developments persist, however, in other key indicators of performance, especially inflation.

Table: Development of macroeconomic fundamentals (1998-2002)

	1998	1999	2000 ^a	2001 ^a	2002
Growth of GDP in %	6.9	3.4	2.1 ^a	3.3 ^a	9.0 ^a
Exports in millions of US\$	3.579	4.970	8.090	6.910	8.640
Imports in millions of US\$	2.079	2.287	2.470	2.667	4.141
Inflation in % (CPI)	107.3	248.2	325.3 ^d	115.0	106.0
Total debt in billions of US\$	11.1	11.0	10.1	9.9	9.9
Budget deficit in % of GDP	-16.8	-5.2	4.8	5.6	n. a.
Current account balance in millions of US\$	-1,007.8	-756.9	-109.9	-497	n. a.

EIU Country Report, February 2003; EIU Country Report Angola, November 2002; African Development Report 2000; 2002; a: EIU estimate d. actual

5. Transformation management

5.1 Level of difficulty

The conditions for transformation management in Angola were and still are unquestionably adverse. The country is among the group of Low Income Countries. The educational level of the population is also among the bottom third as measured by the UN Education Index (2000: 0.36). Ethnic heterogeneity is relatively high. There were ethnic undertones in the main civil war parties (see above) even if personality-based political factors, and external factors in the past, played a dominant role.

In spite of this, the extent of social conflict at the beginning of the reporting period was decidedly high. In view of the warfare that has continued practically uninterrupted since independence, it has never really been possible for a mobile and moderate civil society or a “civic culture” to develop in Angola. Only the Catholic Church stands out as a moderating force. From 1998 to the beginning of 2002 one could also not speak of even the beginnings of minimum standards for the rule of law, democracy and a functioning state administration. The very adverse political conditions for transformation were reduced only because of the personality-based nature of the civil war. The swift negotiation and implementation of the peace accord after Savimbi’s death points to his role in maintaining the conflict.

5.2 Reliable pursuit of goals

Without a doubt the government is pursuing long-term goals and is able to implement relevant measures to a large extent. However, these only fulfill the developmental and transformational requirements of the country to a limited extent. Before 2002, the government was at least as willing to consider negotiations, albeit only verbally, as it was military options against UNITA and, currently, against the various rebel factions in Cabinda. It has, however, been successful in creating a monopoly on the use of force. The government only partially pursues consistent and coherent reform policies. The political class quite clearly regards maintaining its own power and narrow economic interests as secondary goals to creating a market economy and democracy. However, greater orientation toward reform can currently be recognized in the political arena. Although the political class is evidently counting on victory in the pending elections, this orientation toward reform is probably subject to the government’s remaining in power. Though the government increasingly guarantees fundamental reliability in its citizens’ security expectations, it cannot yet guarantee legal or economic stability. Social and political actors still take on relatively large, politically induced risks. However, the reliability in achieving expectations is currently seemingly greater in political questions than in economic ones. Overall,

the government's strategic goals are only partially aimed at the transformation to democracy and a market economy.

5.3 Effective use of resources

For the most part, the government does not make optimum use of the available economic, cultural and human resources. The elite tends to help itself to revenues from the petroleum and diamond businesses. The international NGO Global Witness speculates that more than \$1 billion are in secret accounts in other countries. BP Amoco's 2001 plan to disclose its finances from the Angolan petroleum business met with the indignant resistance of the state oil company, Sonangol. The lack of transparency in the government's finances is the chief reason for the IMF and World Bank's refusal to launch a comprehensive poverty reduction and growth facility (PRGF) aid program.

The state budget figures are chronically deficient and lack transparency. It can be presumed that a large portion of the revenues is not being declared. There is no local self-administration or provisions for financial and legal controls. Nevertheless, the government was able to realize its reform goals to a large extent. These goals were, however, only partially oriented to democracy and a market economy. The end of the military resistance of UNITA and the successful implementation of a cease-fire agreement, as well as other important negotiations (constitutional memorandum) are the most obvious successes. On the other hand, the MPLA does not guarantee adequate public services and has thereby prevented further economic development. This was shown recently in the way they dealt with the humanitarian crisis, which culminated after the war was over and was aggravated by domestic refugees returning home and seeking aid. International aid organizations complain of a lack of collaboration. Doctors Without Borders even accused the government in June 2002 of "chronic, criminal neglect of its own population."

All the same, the end of the war might produce quick progress in the socioeconomic situation. Corruption is a crucial problem. Private interest groups around President dos Santos control large portions of the country. His cabinet is nicknamed "Ali Baba and the Forty Thieves." Angola was also rated extremely low on the Corruption Perception Index (2002: 1.7 of 10). The government also does not seem willing to combat corruption. There is no apparent cultural heritage to fall back on in the transformation process.

5.4 Governance capability

The MPLA government's flexibility and ability to learn from experience is limited. After two attempts at reaching peace failed (Bicesse 1991; Lusaka 1994),

caused, to some extent, by UNITA leader Savimbi, the greatest hope for peace after 1998 was either a military victory or the elimination of Savimbi. His death in an ambush was most certainly brought about intentionally by the government or military leadership, but developments so far confirm the government's course of action. Restrictions in terms of the government's ability to learn from experience result from a lack of commitment to democracy and a market economy for which political power and personal economic motivations are responsible.

Improved cooperation with UNITA that has been observed since the beginning of 2002 does not contradict these findings; the ranks of UNITA have already loudly voiced the criticism that the MPLA does too little for UNITA, especially the reintegration of former combatants. Very wisely no steps were taken concerning the party organization's lack of money and leadership battles after the announced resignation of interim leader Paulo "Gato" Lakumba. The government possesses enough authority to implement reforms, however, but is restricted in its commitment.

Additional problems result from the government's relatively bad reputation, not the least of which is due to the endemic corruption. The latter is also the main cause of economic mismanagement, at least since the end of the war. Overall, it can be reported that the MPLA government utilizes political shrewdness in the selection of instruments and strategies only when it comes to maintaining its own power and interests. This policy will probably have negative consequences not just for the transformation goals of a market economy and democracy, but it can also call the MPLA's basis of power into question in the medium and long term.

5.5 Consensus-building

As mentioned, it is uncertain whether any of the relevant actors are striving for the development of a market-based democracy. The only actors that can be considered to be doing this to some extent are civic groups, the Catholic Church or perhaps even some smaller opposition parties. All of these, however, are quite weak. The current and past behavior of the central political actors, UNITA and MPLA, suggests extreme reservations about transformation; however, a reorientation is not precluded.

Consensus evidently exists about bringing about economic prosperity and political stability, or at least preventing another flare-up of the civil war. Nevertheless, there is strong divergence about the strategy for achieving goals. This comes less from ideologies or party platforms than power politics: The stronger MPLA is building on its own maintenance of power, while the weaker UNITA is at least striving for stronger control of the government. However, the "semi-reformers" in the MPLA have been successful first in dividing the UNITA into several wings, co-opting one part, battling another relatively successfully militarily, and then

integrating them into a political transformation process as a result of the peace accord.

Only the future will show whether the consensus building can extend over the long term to easing the considerable cleavages of the past. Before the peace accord, the government did not do much in this respect but is now doing a lot. Because of widespread war-weariness, citizens are fundamentally ready for solidarity. The government has not steered clear of this, but it has also not vigorously promoted solidarity either. In addition, this readiness is fragile for the foreseeable future, and certainly does not exist in Cabinda.

In view of the violent past with its ethnic and regional overtones, relatively small provocations may suffice to renew social polarization. The social processing of past acts of injustice, which were committed to a significant degree by both sides during the war, was dealt with through a general amnesty. Two days before the cease-fire agreement, Parliament announced a general amnesty for all war crimes for those reported within 45 days. Reconciliation with former war adversaries will require considerable time—no matter how the problem is approached.

5.6 International cooperation

The domestic political actors are only prepared to cooperate with external actors in a limited way. Any cooperation is based on self-interest. The reforms prescribed by the IMF were only followed half-heartedly. The IMF's criticism and the resulting expiration of the staff monitoring programs in June 2001 were met with fierce verbal counter-criticism in February 2002.

Luanda also defended itself fiercely in connection with financial irregularities. External aid was accepted for humanitarian purposes, as well as a means to relieve the government. This also applies to assistance from donors to alleviate war damage. So far cooperation has not been free of shortcomings.

The government can only be subjected to meeting pro-democratic political conditions in a limited way due to Angola's strategic significance as the second largest oil producer in sub-Saharan Africa, as well as the United States' increasing interest in non-Arab oil. Relations with the United States are improving, including military aspects. Relations with France were subject to tensions in the last few years due to a scandal concerning a weapons deal.

The government projects only limited reliability in achieving the expectations of the international community in terms of confidence-building measures. Its goals are certainly clear. A policy of military intervention in four neighboring countries relating to the internal maintenance of power was among these goals. This

intervention policy was scaled back successively in the last few years especially after the victory over UNITA.

A hard course of confrontation is maintained against presumed UNITA supporters and the Cabinda rebels. Angolan troops supported the respective presidents in Congo-Brazzaville and Congo-Kinshasa. In contrast to the situation with Namibia, Angolan government troops crossed the Zambian border to battle UNITA troops without the consent of the local government. International organizations were used above all as a forum for preventing any support for UNITA. This included the maintenance or intensification of UN sanctions, lifted again in the meantime, and a prohibition of the trade in “conflict diamonds” from which UNITA profited.

Supposed economic partners and supporters such as Togo and Burkina Faso were sharply attacked. Relations with Cote d’Ivoire, a former Savimbi ally, improved considerably, however, after Gbagbos took office. Accusations that the government had supported the Ivorian president in the conflict in Cote d’Ivoire were formally denied, however. The international cooperation of political actors is thus not free of considerable tensions, but certainly tensions have been diminishing significantly since the end of the war.

There had before already been good cooperation with several neighboring countries, primarily Namibia. The fact that President dos Santos took over the chairmanship of the Southern African Development Community (SADC) in 2002 and was elected a non-permanent member of the UN Security Council in September 2002 indicates a certain positive change in foreign policy as well as the increased self-confidence of Angolan foreign policy.

6. Overall evaluation

This report reaches the following conclusions with respect to originating conditions, current status and evolution as well as political managerial achievement:

(1) Originating conditions: The originating conditions were very negative. At the beginning of the period there were no functioning free-market structures and not even the minimum standards for a democratic political system had been met. A civil war shaped events throughout the land. Deficits could be noted in almost all economic sectors. Revenues from the petroleum business were solely responsible for positive growth rates, but they did little to benefit the population. Along with enriching the political class, these revenues served primarily to finance the war, and were also used by the rebel side, above all in the trade of diamonds.

(2) *Current status and evolution:* Political transformation has progressed quite considerably. Upon Savimbi's death a peace process was quickly ushered in, which led to demobilizing the UNITA combatants and thus creating a monopoly on the use of force, except for Cabinda. The increasing political integration between UNITA and MPLA is also positive. There have also been several gradual developments in the rule of law and freedom of speech.

All the same, the political transformation is only beginning. General elections can be expected in 2004 at the earliest, but there are still fundamental deficits in terms of political participation. Thus, the minimum standards for a democracy have not yet been achieved. It is possible that the MPLA government's lack of commitment to democracy will still have negative effects. This would then prevent sustainable improvement in the rule of law and political participation. The status of economic transformation that has been achieved is, in absolute terms, just as negligible as its evolution thus far. Progress has been limited largely to the growth rates of a rent-seeking economy. A lasting peace has already led to and will continue to lead to considerable relief in social and humanitarian spheres. Angola still remains far from a self-sustaining social market economy.

(3) *Management:* The conclusion concerning the relative organizational capability of the actors is not certain. Nevertheless, substantial gains in the democratic transformation were achieved as a result of the adverse originating conditions. However, these gains are not assured, and expansion to a full democracy is not guaranteed. Commitment to further-reaching democratic reforms appears to be only limited. Nevertheless, there is a certain reliability in achieving goals where these relate to political stability or achieving power and economic goals, including, to some extent, personal goals. Certain success was achieved in economic terms, but Angola remains far below the minimum requirements.

The effective use of resources is very limited due, in particular, to considerable abuse of authority. However, the government was able to operate creatively within the framework of limited goals. Angola is still somewhat removed from a consensus within the society as a whole, but substantial progress was made in 2002. The willingness to cooperate internationally must be rated as ambivalent with an overall negative tendency, even though some progress has been made.

7. Outlook

The positive aspects of Angola's transformation are due primarily to evolution in the political arena and only partially to the growing revenues from petroleum production. In a nutshell, they are the result of peace that so far has been remarkably sustainable since the beginning of 2002. However, the actual status of transformation appears to be mostly less positive. There are considerable

deficiencies in all areas. Political transformation development will certainly be full of suspense.

The occurrence and outcome of general elections in 2004 or 2005 will be a crucial signpost in this process. However, changes in attitude by the MPLA, and presumably other actors, are necessary for lasting and fruitful development of the country, particularly in social and economic spheres. Otherwise another flare-up of social tensions, which could quickly turn to violence, threatens. For the long term, the MPLA government would be well advised not to jeopardize its own basis of power with policies concentrated on relatively narrow and short-term goals. Whether the government in Luanda will come to realize this, however, is uncertain.