

BTI 2016 | Angola Country Report

Status Index	1-10	4.16	# 102 of 129	
Political Transformation	1-10	4.25	# 86 of 129	➔
Economic Transformation	1-10	4.07	# 106 of 129	➔
Management Index	1-10	3.61	# 107 of 129	
	scale	score	rank	trend

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2016. It covers the period from 1 February 2013 to 31 January 2015. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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Key Indicators

Population	M	24.2	HDI	0.526	GDP p.c., PPP \$	7227.4
Pop. growth ¹	% p.a.	3.3	HDI rank of 187	149	Gini Index	42.7
Life expectancy	years	51.9	UN Education Index	0.474	Poverty ³	% 54.5
Urban population	%	43.3	Gender inequality ²	-	Aid per capita \$	12.3

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | UNDP, Human Development Report 2014. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.10 a day at 2011 international prices.

Executive Summary

While the run-up to the 2012 elections in Angola saw a multiplication of opposition and civil society activism to curb the dominance of the ruling Popular Movement for the Liberation of Angola (MPLA) party, raising hopes for reform, developments in the period of 2013 to 2015 have been much less positive. The MPLA's strong electoral victory has been interpreted by the regime as a plebiscite on President José Eduardo dos Santos' continued rule and has made the regime less responsive to opposition and civil society demands and criticism. Although opposition parties remain vocal in their criticism of the government, the MPLA's dominance in parliament has made their calls for reform and participation largely ineffective.

The human rights situation and freedom of press also markedly deteriorated over the past two years. All attempts by youth protesters to organize anti-government demonstrations in the public space were immediately thwarted. Indeed, activists have repeatedly faced intimidation, harassment, arbitrary detention, beatings and torture. The police's preferred method to prevent demonstrations in Luanda is currently to round up usually no more than a handful of demonstrators in the back of police vans, give them a good thrashing, and release them some 200 kilometers outside of the city limits. Advocates for greater autonomy and against persistent human rights violations by private and state security forces in the diamond-producing Lunda provinces continue to languish in jail. In Cabinda, there is a continued security crackdown on suspected sympathizers of the separatist movement, with civil society and church activists complaining about constant surveillance, harassment and restrictions on free speech. In Luanda, social media published cases of routine and regularized torture of inmates in the overcrowded prisons; female street vendors ("zungueiras") accuse police agents of blackmail, intimidation, extortion and sexual assault. There were also new cases of evictions of urban poor and the demolitions of informal inner-city settlements in Luanda and several provincial capitals.

In the past two years, the few remaining independent print weeklies and radio broadcasters have been threatened with suspension and legal action, and critical journalists faced threats and trials in courts for offenses ranging from “slander of public office holders” to “threatening state security,” “calling for public disorder,” and “inciting war and violence.”

While democratic progress has been reversed, economic progress has also not made great advances. The high dependency on oil revenues of the Angolan economy and state revenues means that while oil prices were high, the government has made little progress in diversifying the economy and broadening the fiscal base, and the expansion of services to the poorer majority of the population has remained very limited. When international oil prices fell in late 2014, the government was caught short, having done too little too late, making severe budget cuts and heavy borrowing necessary.

Overall, the gap between the few rich and the many poor grew wider, and the looming recession and import cuts drive consumer prices further up, thus adding to the hardship of ordinary citizens – especially in the capital Luanda, which in 2014 again topped rankings of the world’s most expensive cities. On most other international rankings, however, Angola accordingly fell down several places, from press freedom, to governance, to ease of doing business, to perception of corruption.

History and Characteristics of Transformation

Following a tumultuous transition to independence from Portugal in 1975, one of Angola’s three armed liberation movements declared independence and, with Cuban support, succeeded in pushing back the two other existing movements. The newly independent country was thus immediately plunged into a civil war between the Marxist MPLA and the “rebel” UNITA (National Union for the Total Liberation of Angola) parties. Both had fought for independence, though based on different leadership and constituencies – the MPLA’s early leaders came from a cosmopolitan, urban, mixed-race bourgeoisie, while UNITA tapped into the discontent of the marginalized population in the central highlands. Their “ideological” differences were exacerbated in the Cold War context, when the MPLA received Soviet and Cuban backing, while UNITA was supported by the South African Apartheid regime and, indirectly, the United States and other Western powers.

During this time, the MPLA faced – and brutally repressed – internal dissidence, and wartime scarcity was compounded by the inefficiency of the planned economy and the dearth of a skilled labor force. Only the discovery of oil reserves off the coast allowed for some revenue, though it served more to transform the party nomenklatura into a tiny class of oil rentiers rather than improving general socio-economic conditions.

By the late 1980s, a military stalemate had been reached. The MPLA’s socialist regime was crippled by mismanagement and debt, and both parties were facing the drying out of their Cold

War funding and were forced to negotiate a settlement. The MPLA then formally adopted a multiparty democracy and the 1991 Bicesse Accords foresaw the disarmament of the warring parties, followed by elections. The first democratic elections in 1992, however, were derailed by a return to civil war, as both parties in the conflict were unwilling to envision power-sharing and had maintained armed troops at the ready. After bloody confrontations in Luanda, the civil war started again, taking a much higher toll on civilian lives than in the first phase.

The MPLA government, now legitimized by elections, managed to co-opt parts of UNITA as “UNITA Renovada” into a “Government of National Unity and Reconciliation” (GURN). UNITA initially managed to capture strategic cities in the interior, but was depicted as the “greedy spoiler” of the peace process, and subjected to ever-stricter sanctions. Although civil society and especially the churches actively lobbied for a negotiated end to the war, the conflict ended only when UNITA-leader Jonas Savimbi was killed by government troops in February 2002.

In March 2002, the military command of a leaderless, demoralized, famished and militarily defeated UNITA signed the “Luena Memorandum of Understanding” with the Angolan Armed Forces that ended the nearly 30 years of conflict. The memorandum, however, amounted to little more than a technical agreement on the cessation of hostilities, with President dos Santos supervising the process as if he were a neutral arbiter instead of a party to the conflict.

Since then, the MPLA-government has successfully recast itself as the party of stability and peace, and embarked on an ambitious reconstruction drive financed by growing oil revenues and oil-backed credit lines. This has transformed the face of the country, though the gap between rich and poor is growing and a majority of the population subsists on less than \$2 per day.

After repeated delays, the first postwar legislative elections were finally held in 2008. Though overall peaceful, the MPLA made full use of the privileges of incumbency – access to state funds, media control and electoral manipulation – and successfully painted the specter of a return to war in case of an opposition win. Having won a crushing 82% of the popular vote and thus an absolute majority in parliament, in 2010 the MPLA pushed through a constitutional change that abolished presidential elections, replacing them with the automatic nomination of the head of the list of candidates of the majority party or coalition.

This change, indeed “reflective of Angolan realities,” further blurred the lines between executive and legislative, and party and government. Despite a slight decline of the MPLA’s popular vote to 71%, President dos Santos was thus easily “elected” – for the first time – in the 2012 elections. This unique “parliamentary-presidential” system consolidates his grip on power, allowing him to stand again as the MPLA’s top candidate in the next 2017 elections, and paving the way for a controlled handover of power to a candidate of his choice.

Since the transition from state socialism to a multiparty democracy and market economy in 1990, Angola has thus made formal progress towards those two goals; in practice, however, the ruling elite has consolidated its stranglehold on political and economic power through only formally democratic institutions and mechanisms.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

Question
Score

In the oil-rich northern province of Cabinda, the Liberation Front for the Enclave of Cabinda (Frente de Libertação do Enclave de Cabinda, FLEC) has waged a low-level guerrilla war for independence since the 1960s, first from Portugal, then from Angola. FLEC claims that Cabinda is historically and culturally different from Angola, referring to the 1885 Treaty of Simulambuco, which established Cabinda as a Crown Protectorate of Portugal. FLEC claims that the social and cultural rights of Cabindans are being violated, and that the population is not benefiting from the province's natural resources. Indeed, the oil-rich waters off the coast of Cabinda are responsible for almost 50% of Angola's oil productions. Since the end of Angola's civil war in 2002, the simmering conflict in Cabinda has been the only organized armed challenge to the state's monopoly of force.

Monopoly on the
use of force

8

A peace memorandum was signed between the Government of Angola and parts of FLEC and Cabindan civil society in 2006. This led, however, to a further splintering of FLEC, with two armed factions vowing to continue the fight, targeting army units and supply convoys escorted by the military. While Angola was hosting the African Cup of Nations soccer championship in 2010, FLEC staged a high-profile attack on the Togolese national team, which killed three and injured nine, and brought FLEC back into the international limelight. Since then, FLEC attacks have been few and far between, and concentrated in the municipality of Buco Zau, towards the border with Tshela (DRC).

Since the run-up to the elections in 2012, FLEC's leader in exile, N'zita Tiago, called for a dialogue with the Angolan authorities, offering an end to the fighting in return for autonomy, rather than independence. The government, however, never took up the offer. It appears that the strategy of military "pacification" combined with increased social spending in Cabinda has solved the problem for the government. However, demands for economic, political and cultural autonomy continue, and reports of systematic, widespread human rights abuses of suspected FLEC

sympathizers at the hands of the Angolan Armed Forces continue, and thus the root causes of the conflict remain unaddressed. FLEC still has support among the population and a revenue stream from the smuggling of timber and precious woods through neighboring Republic of Congo. In December 2014, FLEC staged two small-scale attacks on army units in Buco Zau.

In the diamond-producing Lunda provinces, a “Movement for the Protectorate of Lunda-Chokwe” has been advocating greater autonomy of the region, as well as an end to abuses of the local population by state and private security forces in the mining areas, but only by peaceful means so far.

A vast majority of people identify as Angolans, a national identity that supersedes ethno-regional affiliations (with the exception of Cabinda and the Lundas, see above). An indicator for this is the dominance of Portuguese as a lingua franca over national (vernacular) languages in all but the most remote rural areas.

This is in part a result of colonial policies that promoted labor migration and the use of Portuguese and repressed the use of national languages. In part, the MPLA’s homogenizing nation-building project of “only one people, only one nation” – justified also by a socialist fight against obscurantism and tribalism – has had an impact in the areas under its control during the war; moreover, widespread population displacement during the war has resulted in population mixing, to the extent that an “Angolan” identity largely supersedes local affiliations. Although cleavages during the civil war, to a certain extent, played on and were connotated with ethno-regional identities, any “ethnic question” has been largely absent from public debate ever since, and most political parties stay well clear of the issue. The Party of Social Renewal (Partido de Renovação Social, PRS), which based its original support on a specific Chokwe identity in the eastern Lunda provinces, is nowadays limiting itself to advocating for a federative system with greater political and fiscal autonomy for the provinces.

However, parts of the rural population and the urban poor are largely disenfranchised in terms of access to citizenship. While not subjected to formal limitations on their citizenship status, in Angola’s context of a politically controlled public sphere and the strong centralization of political and economic power, these two groups face significant hurdles in accessing state services such as the obtaining of identity documents, education, health and voting.

State identity

8

Due to its socialist past, Angola is a secular state, and religious bodies have little influence on political decisions. In fact, due to the dominance of the political power, most Christian denominations have affiliated themselves with the ruling party and have repeatedly come out in outspoken support of it, as evidenced around the 2008 and 2012 elections.

No interference of religious dogmas
9

However, since the 2012 election, several church leaders, including Catholic bishops of the Episcopal Conference of Angola and São Tomé (Conferência Episcopal de Angola e São Tomé, CEAST) have started voicing somewhat more assertive positions against the government, criticizing political intolerance, poverty, lack of caring and solidarity.

Local administration formally exists but is underfunded, politicized and inefficient. A government-led reconstruction drive since the end of the war in 2002 has extended formal structures like roads, hospitals and schools across the country and into areas previously not under the control of the central government. However, the capacity to actually deliver these basic services is still weak: water, electricity, health and education are all in a dismal state, especially in informal, peri-urban neighborhoods as well as in rural areas.

Basic administration
4

Especially in the provinces, administrative structures at the district, municipal and village level usually double the hierarchies of the ruling party with administrators also acting as the head of the local MPLA committee; traditional authorities have, with few exceptions, also been co-opted into the state's administrative apparatus, where they serve as intermediaries between the administration and the local population, and provide jurisdiction at local level.

2 | Political Participation

Since gaining independence in 1975, Angola has had only three elections. The country returned to civil war before the second round of the first election in 1992. By comparison, the postwar general elections of 2008 and 2012 have been largely peaceful, though the 2012 election were especially marked by an increase in the state repression of opposition parties and youth activists.

Free and fair elections
3

Although two major opposition parties, UNITA and PRS, successfully lobbied in parliament for a more independent composition of the National Electoral Commission (CNE), the commission was ultimately headed by a judge loyal to the ruling party. The 2012 election was marked by an increased abstention, which reached 40% nationwide including invalid or empty bulletins (compared to 12.6% abstention in 2008). Some interpreted this as a sign of the population's dissatisfaction and justified distrust in elections to actually change the distribution of power in Angola, but opposition parties and youth activists complained about severe irregularities. In the capital Luanda, where more voters were registered than in 2008,

abstention reached 44%, but was concentrated in those municipalities that had seen the most protests in the previous year, and where the opposition vote was expected to be strongest. Voters complained that they had been turned away at the polling stations where they had been registered, and about the presence of MPLA delegates to “oversee” the process; later in-depth analyses of the election spoke of targeted voter disenfranchisement. Rumors about dead voters on the electoral register and the impossibility of verifying the electronic counting of the votes were further possible sources of errors; domestic observers were excluded while the AU and Southern African Development Community (SADC) observer missions approved the electoral process.

Local elections, as stipulated by the 2010 constitution, have repeatedly been delayed, officially because of logistical challenges. Now that a census was finally completed in 2014, the government should in principle be preparing the framework for local elections. However, because of the very real possibility of the MPLA losing key urban municipalities to the opposition, as highlighted by the gains of UNITA and the Broad Convergence for the Salvation of Angola Electoral Coalition (CASA-CE) in urban circumscriptions in 2012, it is unlikely that local elections will be held before the next general election in 2017.

The strongest veto power undermining democratic procedures in Angola is President dos Santos himself. Democratically elected political representatives – the National Assembly – only theoretically have the power to propose, pass and refuse laws elaborated by the executive. In practice, however, the parliament is a largely ineffective rubber-stamp assembly, approving presidential decrees and executive decisions. The house rules give opposition representatives only very limited time to voice their opinion, and the MPLA has, because of its dominance, little incentive to engage in a constructive dialogue with the opposition. The cabinet is directly appointed by the president though a parallel structure, the civilian cabinet and the security cabinet at the presidency, mirrors and de facto supersedes the competences of portfolio ministers. Despite formal democratic institutions, the president thus remains the ultimate arbiter of political decisions.

The constitution foresees the right of association and assembly, though in practice these rights are curtailed for anyone perceived to be operating against the government and the stability of the state.

Local associations that limit themselves to “apolitical” issues like health, water and sanitation, rural development, or “culture” are tolerated and even encouraged as part of “organized civil society,” as they compensate for a lack of public services at local level. The regime has also created or indirectly funds a number its “own” associations, like the aptly named “Spontaneous National Movement” (Movimento Nacional Espontâneo, MNE), which regularly comes out in support of the government and develops high-profile social or cultural initiatives to “whitewash” the image of the president and his family.

Effective power to govern

2

Association / assembly rights

3

Associations critical of the government and its programs, such as SOS Habitat which protests against forced evictions and slum clearances, however, face impediments and harassment at many levels – from bureaucratic, legal and financial obstacles to the physical abuse and arbitrary detention of their members. Youth activists, which have been staging small, visible anti-government protests in provincial towns and Luanda since early 2011 and are loosely grouped under the header “Revolutionary Students’ Movement” (Movimento Revolucionário Estudantil, MRE), have been the main target of repression. Plainclothes “heavies,” in fact agents of the state security service, have been breaking up gatherings in private homes and demonstrations armed with iron bars and mace sprays, severely beating up activists. While public demonstrations and opposition rallies were still tolerated, albeit within very narrow limits, ahead of the 2012 election, protests since then have been nipped in the bud, with Rapid Intervention Police immediately detaining the usually no more than two dozen youth demonstrators and releasing them 200 kilometers outside of the city with a beating.

Following a period of liberalization in the 1990s and early 2000s, press freedom in Angola is increasingly under attack. There is only one national, state-run newspaper, which serves as a mouthpiece for state propaganda and has forced more critical journalists to resign. The few independent weeklies that circulate mainly in the capital, Luanda, have over the past few years been bought up by investors affiliated with the regime, after their sources of advertisement dried out. A certain amount of criticism is allowed, as it displays media pluralism to the international community and the local upper and middle class, though it only reaches a very limited audience in Luanda. When interviews or articles are too critical of the government, the owners print a white page instead. Overall, self-censorship is widespread, including most private conversations in public and even private settings.

One independent weekly, *Folha 8*, is still published, but regularly faces lawsuits for libel and defamation, or the seizure and burning of entire editions. Investigative journalist Rafael Marques, who runs a website that reveals cases of corruption and abuses of power, is facing a new trial in March 2015, following the publication of a book on human rights violations in the diamond-mining industry in 2011.

Considering the limited circulation of print media, broadcast media that could reach a wider audience are more controlled. Though a host of commercial radios broadcast locally along the National Radio of Angola, they are decidedly focused on light entertainment. Only two more independent stations exist in Luanda, UNITA’s *Rádio Despertar* and the Catholic Church’s *Rádio Ecclésia*. *Despertar* regularly receives warnings from the Ministry of Communications for “inciting unrest,” while *Ecclésia*’s annual applications to expand its signal beyond Luanda are always turned down. The public television TPA and private channel *Zimbo* are hardly more critical and source some of their entertainment content from *Semba Communications*, a company owned and run by two of the president’s children.

Freedom of
expression
4

3 | Rule of Law

Although legally the powers are formally separated, in practice there is a predominance of the executive over the legislative and the judiciary, which was consolidated in the 2010 constitutional reform. More than just the executive, it is in fact the president and his close advisors who regularly overrule parliamentary and ministerial decisions by presidential decree. The state budget, normally approved by the parliament amidst opposition objections, also earmarks substantial sums directly to the president to be used at his sole discretion. In fact, the National Assembly of 220 deputies is strongly dominated by the ruling party, which enforces party discipline among its members; opposition objections or walkouts remain ineffective in their attempt to control the executive.

Separation of
powers
3

Finally, the members of courts and commissions are appointed by the president according to political loyalty and are routinely subjected to political interference; in large parts of the country, especially the provinces, courts are largely irrelevant.

Although there is a Supreme Court, a Constitutional Court, a State Attorney-General, and an Ombudsman of Justice, they are appointed according to political loyalty and are subjected to political influence. Investigations are routinely opened or closed according to “superior orientations,” (i.e., directives from the president).

Independent
judiciary
3

Complaints filed by the opposition or civil society activists are dismissed or not followed up, as was the case for opposition challenges to the 2012 electoral results, or corruption and land-grabbing charges against high-ranking officials. Such politically connected individuals are only prosecuted in cases of political account-settling.

By contrast, the courts are quick to prosecute opposition figures for libel and defamation, and order the detention of civil society activists, including youth activists who are minors and legally not liable.

At lower levels, the judiciary functions more independently (civil and criminal courts), but corruption is rife. Moreover, more than 90% of lawyers practice in Luanda, and most parts of the country outside provincial capitals do not have any functioning law courts. In these areas, “traditional” justice, administered by local chiefs, as well as popular justice, including lynching, are widespread.

Angola has adopted an anti-corruption framework and a justice reform, initiated in 2014, and plans to include the crimes of money laundering and embezzlement in the new criminal code. However, despite regular public proclamations of “zero tolerance” against corruption, only a few cases of office abuse and corruption are ever prosecuted.

Prosecution of
office abuse

2

Thus, despite a law of public probity that demands that office holders disclose and divest their stakes in commercial ventures to prevent conflicts of interest, most senior politicians are notable rentiers and their holdings and business interests are common knowledge, without any legal or political consequences whatsoever. Members of the ruling elite – high-ranking party members, office holders or members of the military hierarchy – normally go about their business interests unhindered by any legal obstacles. Independent and foreign media regularly try to publicize these cases of influence peddling, embezzlement and corruption, but charges are only brought about when it suits political interests to get rid of potential rivals within the system.

Civil rights, though included in the 2010 constitution, are far from being properly respected and protected. Violations of civil liberties increased in the run-up to the 2012 election and still continue (see freedom of assembly). Arbitrary arrests, torture and extra-legal killings at the hands of state security forces continue. This is especially the case in Cabinda, where civil society activists and suspected FLEC-supporters are subjected to random house searches, arbitrary detention and torture. In the diamond-producing areas of Lunda Norte and Lunda Sul, the local population is subjected to human rights abuses by the army, the police and private security forces, including torture and extra-legal killings. In provincial capitals, female street vendors are routinely chased by the police, beaten with sticks, sexually harassed, and their merchandise confiscated or destroyed.

Civil rights

4

In November 2013, world media, mainly in the Arab world, also reported that Angola was the first country to “ban Islam,” after authorities destroyed two mosques in Luanda. The authorities later backtracked, saying there was no prosecution of Muslims but that the mosques had been built without permits. Islam has historically played only a marginal role in the predominantly Christian (90%) country of Angola, with a small trading community of mainly Lebanese families as the only adherents. Since the end of the civil war in 2002, with the growing presence of West African and Somali economic migrants, several mosques and Islamic schools have sprung up, and a small but noticeable number of Angolans have converted to Islam. Although the authorities have tolerated the presence of these mosques since 2006, Islam is still not recognized by the state as an established religion. The public and state media discourse portrays Islam as “un-Angolan,” speaks of a “Muslim invasion” and highlights the “dangers of Islam in Angola”: the Minister of Culture repeatedly declared that she was “preoccupied” with the expansion of Islam, while the Secretary General of the Council of Christian Churches (CICA) named Islam as “one of the greatest challenges churches are facing at the moment.” In a context where the ruling

party liberally uses accusations of “foreign interference” to discredit any possible homegrown political dissent, Islam is equated with foreignness, illegal immigration and terror risks (despite no factual evidence for the latter).

However, thanks to the 2010 constitutional revision, opposition parties and civil society activists have more frequently publicly invoked these legal safeguards and the principle of human rights to block, for example, housing demolitions, or to demand the right to demonstrate. The impact of these appeals is minimal thus far, especially in view of the lack of independence of courts, but this is certainly a positive dynamic.

4 | Stability of Democratic Institutions

Today, Angola is by and large an authoritarian state that presents the formal trappings of democracy and allows for some political participation, so long as it does not threaten the stability of the regime. Thus, while democratic institutions exist, they are not free from political interference. At the national level, elected deputies are subordinated to the decisions of the executive. At the regional level, the president can freely and directly appoint and dismiss provincial governors; these, in turn, nominate the district and municipal administrators. Local elections, as stipulated by the constitution, have been repeatedly delayed “for technical reasons” and are unlikely to be held before the next general election in 2017. Moreover, fiscal centralization means little budgetary autonomy and the decisions of local administration can easily be overturned by “superior orientations.” At the communal level, there are “social consultation and auscultation councils” (Conselhos de Auscultação e Consulta Social, CACS) to provide a forum for the population to express their demands, but experiences have been inconclusive so far. The judiciary is underfunded and subject to political interference at all levels.

While some units of public administration have seen a certain amount of professionalization over the past years, a lack of transparency, excessive hierarchy, internal rivalries and arbitrariness undermine their smooth functioning; a cumbersome bureaucracy and widespread corruption further hamper their efficiency. Also, as positions are often attributed thanks to personal connections or political affiliation, this professionalization has made slow progress.

Nonetheless, there has been a modicum of progress over the past years, with some reforms enacted (at least on paper) with regard to fiscal administration and tax reform, for example.

Performance of
democratic
institutions
3

The idea of democracy is widely accepted and fully entrenched across the political spectrum and among all social actors, including the military, churches and opposition parties. Opposition parties adhere to the principle of democratic alternance rather than challenging the political system as such, and they hold no illusions about achieving power by non-constitutional means.

Commitment to democratic institutions
3

However, as elaborated above, democracy is in reality undermined by the anti-democratic practices of the regime – the repression of dissent, the censorship of information, and the disregard for checks and balances. The ruling MPLA often acts as it once did during the time of the single-party regime.

Youth protesters demanding the resignation of President dos Santos sometimes rally under the name of “Revolutionary Movement,” but this has more to do with an idea of political change that resonates within the context of Angola rather than an intention to violently overthrow the regime.

5 | Political and Social Integration

Following the transition of the single-party regime to multiparty democracy in 1992, Angola has seen a semblance of plurality. However, in practice the ruling MPLA today backs an authoritarian, dominant-party regime. As one of the three historic anti-colonial liberation movements, the MPLA emerged victoriously from the civil war in 2002, and today boasts 4 million card-carrying members. However, party membership is often a vehicle for social ascension rather than a way to bring in ideas and demands, as the party leadership enforces strict discipline. In fact, MPLA members of parliament faced a disciplinary procedure for questioning a draft bill on cybercrimes submitted by the executive in 2011. Only a few party luminaries with impeccable liberation war credentials can take a more independent stance and criticize the president and his family, but while still active in the party, these members have largely been removed from any political function. Whatever tensions exist within the party leadership, especially over the question of President dos Santos’ succession, rarely make it to the public. To the outside, the party displays a unity of purpose and stability. Moreover, the party hierarchy is very effective down to the local level and often doubles the hierarchy of public administration. At the village or municipal level, the local party secretary is often also the party administrator.

Party system
5

UNITA, the former liberation movement and wartime opponent of the MPLA, has successfully transformed itself into Angola’s largest opposition party. UNITA has risen in profile ahead of the 2012 election, formulating strong critiques of the government and proposing some policy alternatives. Although the MPLA heavily invested in campaigning in UNITA’s traditional heartland, winning the vote in Huambo and Bié, UNITA nowadays has a substantial following among urban youth who are dissatisfied with the MPLA government. In terms of efficiency and

mobilization capacity, UNITA remains the only party that could match the MPLA so far. Accordingly, UNITA won 18.6% of the national vote, doubling its representation in parliament to 32 seats. Nonetheless, UNITA is also beset by internal leadership disputes and, to some of its adherents, a lack of internal democracy, resulting in the suspension or expulsion of members not toeing the party line.

By contrast, the National Front for the Liberation of Angola (FNLA), the oldest of the three historic liberation movements, further lost votes at the 2012 election, only managing to hold on to two seats in parliament. This marginalization is attributed to a persistent internal rift which, according to many party members, was instigated by the MPLA.

CASA-CE, formed in early 2012 by UNITA dissident Abel Chivukuvuku, successfully emerged as Angola's third political force in the 2012 election. CASA-CE attracted General "Miau," a highly respected member of the "MPLA aristocracy" as its Vice Presidential candidate and positioned itself as capable of breaking up the existing MPLA-UNITA polarization. Chivukuvuku toured popular neighborhoods on foot or on the back of a motorcycle taxi, engaging directly with the residents – a novel sight in Angola, where politicians are usually whisked around behind the tinted windows of limousines. Accordingly, although it was only formed six months prior to the election, the party gained eight seats in parliament, all from the Luanda circle, where it took close to 13% of the popular vote.

The Social Renewal Party (PRS), originally a regionalist party advocating for federalism and greater autonomy for the Lunda region, won two seats from the Luanda circle. Party leaders later complained they could have won at least six more seats in Lunda Norte and Lunda Sul if no ballot-stuffing or voter intimidation had taken place.

Smaller, very critical opposition parties, such as Bloco Democrático and Partido Popular, were excluded from running in the 2012 election for procedural reasons. Both parties, however, have only a small social base, mainly among educated urbanites in Luanda. Other small parties were "extinguished" by the Constitutional Court after the elections, having failed to gain a seat in the National Assembly.

As in formal politics, associative life in Angola is marked by the strong dominance of the ruling MPLA party and its affiliated organizations, such as the Organization of the Angolan Woman (Organização da Mulher Angolana, OMA). The government has also promoted the creation of local associations in order to have interlocutors from "organized civil society," rather than independent associations that might be more difficult to control. Nonetheless, some local community associations have been successful in engaging in dialogue with local authorities to improve service delivery.

Interest groups

5

Unionism does not have a long tradition, as the largest union, the National Union of Angolan Workers (União Nacional dos Trabalhadores Angolanos, UNTA), was the only permitted union during socialism and was associated with the MPLA. Nowadays, independent unions exist and are moderately active in the education sector, for example in the key oil sector, however, workers are poorly unionized and strike attempts are regularly broken up by Rapid Intervention Police.

With the exception of war veterans, who regularly protest for the payment of overdue pensions, oppositional interest groups are often only loosely organized, as is the case with youth and student protesters, moto-taxi drivers, and street vendors. Nonetheless, these have become more visible and vocal over the past three years, despite their swift repression by the security forces.

There are no reliable public opinion surveys available for Angola, though popular opinion indicates a high acceptance for democratic norms and procedures. However, there is decreasing trust in these factors to bring about a government change, indicated by the abstention rate of nearly 40% in the 2012 election. Still, after nearly 30 years of civil war, Angolans are put great value on stability and peace overall, and reject the idea of violent transformation or an upset of the status quo – a sentiment that the ruling regime has actively nurtured and exploits to discourage any opposition protests.

Approval of
democracy
n/a

Again, public opinion surveys are unavailable, but despite popular laments about decreasing solidarity in comparison with the period of socialism and hardship in the 1980s, solidarity and trust are still strong, but are limited to relatively close family, church parishes, and neighborhood networks. These do very important work at the grassroots level, compensating for missing state social welfare nets. Any form of more organized associative life automatically attracts the scrutiny of the authorities and confines their activities to the “apolitical” delivery of basic services such as water, microcredits or food security. They are thus only effective to a limited degree and cannot counterbalance the dominance of the party-state.

Social capital
5

II. Economic Transformation

6 | Level of Socioeconomic Development

Question
Score

Socioeconomic
barriers
2

Despite record economic growth rates since the end of the war, today Angola is one of the most unequal societies, with a Gini Index of 42.6 in 2009. The 2014 UNDP HDI ranked Angola 149th out of 187 countries. Although per capita GDP grew to \$3,890 in 2013, more than 55% of citizens lived on less than \$1.25 per day, and in May 2013, the Africa Progress Commission, chaired by Kofi Annan, stated that Angola was one of the African countries “where the inequality between natural resource endowment and social well-being was felt at its most powerful.”

A small, politically connected elite has enormously benefited from oil revenues and the postwar reconstruction boom, while a large majority of the population suffer from exorbitant costs of living and socio-economic exclusion. This structural inequality is, however, largely political and not a result of gender or ethnic discrimination, although there is a persistent urban-rural divide. While the countryside survives largely on subsistence farming, the population in the cities overwhelmingly depends on informal commerce to make ends meet.

While a younger, better educated generation is gaining access to the lower rungs of formal employment in the service industry and public service (as teachers, for example), this by no means already constitutes an independent “middle class” that would support the popular “Africa rising” narrative. True, compared to the war years, an embryonic, urban would-be middle-class is forming in Luanda and some provincial capitals, but their situation is still very precarious and dependent on personal sacrifices such as formal employment, informal commerce, and further studies, as well as family solidarity networks.

Economic indicators		2005	2010	2013	2014
GDP	\$ M	28233.7	82470.9	124163.2	131400.6
GDP growth	%	18.3	3.4	6.8	3.9
Inflation (CPI)	%	23.0	14.5	8.8	7.3
Unemployment	%	6.8	6.9	6.8	-

Economic indicators		2005	2010	2013	2014
Foreign direct investment	% of GDP	-4.6	-3.9	-5.7	-
Export growth	%	-54.8	-19.7	0.0	-2.0
Import growth	%	-40.4	-4.8	7.0	9.8
Current account balance	\$ M	5137.9	7506.0	8348.4	-
Public debt	% of GDP	38.6	38.8	36.2	42.2
External debt	\$ M	12224.0	16949.1	24003.9	-
Total debt service	\$ M	2614.4	2310.3	4872.0	-
Cash surplus or deficit	% of GDP	0.9	0.9	-	-
Tax revenue	% of GDP	26.4	19.5	-	-
Government consumption	% of GDP	20.0	17.7	19.9	20.7
Public expnd. on education	% of GDP	2.8	3.5	-	-
Public expnd. on health	% of GDP	2.1	2.1	2.5	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	4.8	4.2	4.9	5.2

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | International Monetary Fund (IMF), World Economic Outlook, October 2015 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2015.

7 | Organization of the Market and Competition

Angola aims to present itself as an attractive destination for foreign direct investment and has made some progress to eliminate obstacles for new market entrants. This includes the creation of a “Guichê Único da Empresa,” a one-stop-shop for the various administrative procedures necessary to open up a business. Despite such measures, the country ranked 181 out of 189 surveyed countries in the World Bank’s 2015 ease of doing business report. This is largely to do with the preponderance of informal factors such as the politically connected nature of all business in Angola, which in practice supersede the few improvements made over the past few years. These translate into high operating costs, weak rule of law, poor investor protection, the routine payment of commissions and kickbacks, and the existence of entrenched, politically connected oligopolies. Thus, foreign investors in the Angolan market are more attracted by oil than the business environment.

Still, the National Bank of Angola (Banco Nacional de Angola, BNA) has successfully counteracted the inflationary tendencies of the national currency,

Market-based
competition
4

kwanza, and introduced measures to combat the “dollarization” of the economy. This includes the requirement that oil companies pay for services and goods in local currency and through local accounts, as well as some controls on the transfer of profits abroad. Nonetheless, the kwanza remains vulnerable to oil price shocks, and the drop in crude oil prices and subsequent contraction of the supply of U.S. dollars to the Angolan economy has translated into restrictions and taxes on transfers abroad, as well as currency convertibility controls. Moreover, the introduction of import restrictions on “non-essential goods” in 2014 and 2015 constitutes a further hurdle to market-based competition.

Over 50% of Angolans work in the informal sector, many in subsistence farming.

As soon as a certain threshold of profitability is reached, all sectors of the Angolan economy are dominated by entrenched oligopolies of enterprises connected directly or indirectly to members of the ruling elite.

This includes the strategic oil sector, where the state oil company Sonangol by law holds 51% of any oil concession. While the rest of the shares in exploration and production blocks are then tendered publicly to international oil majors, the shareholder structure often includes a “silent” Angolan minority partner, usually holding 10 to 15% of the concession. These companies, in turn, have a questionable operational track record and are held by politically connected individuals.

Thus, the U.S. company Cobalt Energy came under scrutiny by U.S. regulatory authorities in 2012 for its joint venture with Nazaki Oil & Gas, a company held by Vice President (then Sonangol CEO) Manuel Vicente, and Generals Manuel Hélder Vieira Dias “Kopelipa” and Leopoldino Fragoso Nascimento “Dino” of the president’s security cabinet. Following the serving of a “Wells Notice” – allowing enforcement action – by the U.S. Securities and Exchange Commission to Cobalt Energy, in August 2014 Angola’s petroleum minister excluded Nazaki from the joint venture with Cobalt, allegedly for not paying its shares. However, similar deals continue: in May 2014 the minister of petroleum, José Maria Botelho de Vasconcelhos, authorized Sonangol to sell 10% of its 51% participation in an exploration block to a private Angolan company called Prodoil, allegedly owned by the holding of Marta dos Santos, the sister of President dos Santos. The value of the sale was not disclosed.

In the diamond-mining sector, state oil company Endiama also holds a controlling majority in all exploration and production.

The construction sector is dominated by a handful of Brazilian and Portuguese firms. The Angolan “trusted entrepreneur” (a term designating entrepreneurs who had the approval of the MPLA during socialism) António Mosquito in 2014 bought the majority of Portuguese civil engineering firm Mota Engil. The Brazilian company Odebrecht enjoys privileged market access due to its long implantation in the country

Anti-monopoly
policy
2

and personal friendship between President dos Santos and CEO Emílio Odebrecht – on the Luandan grapevine, word is that “dos Santos is the boss/owner of Odebrecht” though. In the meantime, there have been new entrants to the construction sector, especially Chinese, but also Lebanese, Israeli and South Korean companies, but these have also been “encouraged” to form partnerships with local gatekeepers.

Finally, although there is an anti-monopoly law for the telecommunications sector, only two politically connected mobile operators exist. Unitel is owned by President dos Santos’ daughter, Isabel dos Santos, who also holds substantial investments in banking (Banco BIC), property development (ESCOM), media, retail and mining. Movitel, created as a state company, was privatized by presidential decree and bought by a national conglomerate of investors, led again by Vicente, Kopelipa and Dino.

Despite an investment-friendly rhetoric and formal adherence to multilateral institutions such as the WTO, or the drafting of a new trade policy framework in cooperation with the United Nations Conference on Trade and Development (UNCTAD) in October 2014, Angola has in practice significant barriers to foreign trade in place. Import tariffs are high and customs processes lengthy and complicated, with imports usually requiring the services of “despachantes” to get the goods “out” of the port or airport in which they are held.

Liberalization of
foreign trade
4

In addition, in 2014 the Ministry of Commerce raised import tariffs for “uncompetitively priced” goods such as beverages, cement, and agricultural produce from 30% to 50%, allegedly to curb import dependency and stimulate national production. Though the implementation of the measure was then delayed by three months, it mainly resulted in driving up the cost of living.

Moreover, although Angola has signed the existing SADC free-trade agreement, it has repeatedly delayed the implementation the accord, most recently announcing it would not be applied before 2017, citing concerns about its “weak economy” to protect Angolan enterprises from South African competition.

Angola’s banking sector has been one of Africa’s fastest growing over the past five years. The country has adhered to international banking standards regarding the liquidity reserves of banks. However, as the example below shows, effective oversight is limited, raising systemic risks of a banking crisis.

Banking system
4

In April 2014, the Angolan President authorized the state to attribute a sovereign guarantee to Banco Espírito Santo Angola (BESA), the Angolan subsidiary of the Portuguese Banco Espírito Santo, following revelations of “bad loans” on its books. Indeed, as investigations revealed, about 70% of loans were irrecoverable (about \$5.7 billion), as former BESA CEO Álvaro Sobrinho had very liberally given credits to members of the ruling elite, without any securities. When dos Santos tried to incite the debtors to repay their credits, MPLA Vice President Roberto de Almeida

reportedly said he thought the \$10 million grant he had received for property development in Luanda had been a gift.

To safeguard the investments of BESA's Angolan shareholders Portmill and Geni (held by Isabel dos Santos) and to avert a banking crisis, in August 2014 BESA was put under oversight by the BNA and received a capital injection of \$ 3 billion. In October, the state oil company Sonangol entered BESA, now renamed as "Banco Económico," as new majority stakeholder with 35% of shares.

Despite this emergency rescue, the sector is still at risk and needs strengthening, which was one of the conclusions of the IMF Article IV Consultation with Angola in June 2014. Following the BESA case, the BNA intended to strengthen its monitoring and oversight of commercial banks, though due to the opaque and politically connected ownership structures of the five banks that dominate the sector, there will be significant political interference, impeding effective oversight. Furthermore, former Finance Minister José Pedro De Morais was appointed as new governor of the BNA in January 2015, replacing José de Lima Massano, potentially further undermining banking supervision by the central bank. It remains to be seen whether the much-delayed launch, in December 2014, of Angola's Debt and Securities Exchange, will, as Finance Minister Armando Manuel stated, stimulate the public investment program through the sale of government bonds.

8 | Currency and Price Stability

The BNA had to abandon the unofficial peg of the kwanza to the U.S. dollar in 2009, yielding to downward pressure due to falling oil prices. Since then, the kwanza has been relatively stable, with yearly inflation contained at about 7.5%. However, since early 2014, the currency has depreciated due to falling oil production. Although the BNA raised the benchmark lending rate by 25 basis points to 9% in October 2014, these tendencies are exacerbated by the significant drop in world oil prices. Since early 2015, the official exchange rate to the U.S. dollar has increased from previously about 92 to 108 kwanzas to the dollar, but the dollar is traded in informal markets at a street exchange rate of 160 to 180 kwanzas, a clear indicator of the downward pressure on the currency. Due to overall and ongoing dependency of the Angolan economy on oil revenues, the kwanza thus remains highly vulnerable to oil price shocks.

Anti-inflation /
forex policy

7

Overall, since the end of the war in 2002, Angola has enacted significant macro-economic reforms to open up and stabilize the economy. Following the 2008/2009 oil price crisis, Angola also had to appeal to the IMF for a standby credit and partially implemented some measures suggested by the institution to improve budgetary transparency and the governance of public finances. However, as soon as oil prices recovered, reforms were largely put on hold. Thus, these reforms have only insufficiently addressed the exposure of the economy to oil price volatility.

Indeed, due to the drop in world oil prices and the dependency of state finances on oil revenues, the 2015 budget stipulates an increasing deficit by 40 times over 2014, to \$10 billion or 7.6% of GDP. In addition to a \$2 billion loan from China in December 2014, the authorities announced the issuance of further public debt over 2015 to guarantee the continuation of state-led projects.

Moreover, stability policies are undermined by the politicized nature of the Angolan economy. In October 2012, the Angolan Sovereign Wealth Fund (Fundo Soberano de Angola, FSDEA) was launched with an initial capital of \$5 billion. Fed by oil revenues, the fund should invest in the diversification of the Angolan economy to help counteract cyclical tendencies. However, by December 2014 the fund had only announced unspecified investments in energy supply and hotels, both locally and abroad for 2015. Moreover, the presence of President dos Santos' son José Filomeno "Zénú" de Sousa dos Santos as chairman of the board does little to placate suspicions that the FSDEA is yet another vehicle for the personal enrichment of the dos Santos family, rather than an arm of the government's debt policies that would buffer the economy against cyclical downturns.

9 | Private Property

Since the end of state socialism, Angola has nominally embraced market capitalism, including mechanisms to safeguard private property. This includes a 2003 Voluntary Arbitration Law, which in principle allows for international arbitration.

All land legally remains the propriety of the state, with the possibility to acquire long-term leases. Nonetheless, the past ten years has seen the large-scale acquisition and fencing off of huge plots of land in the interior by army generals, province governors and public administrators despite legal provisions that protect the customary rights of people living, cultivating and herding in the area. In December 2014, the investigative news website Maka Angola revealed how Silvio Burity, the Ministry of Finance's national director of state assets, received the authorization by General Eusébio de Brito Teixeira, governor of Kwanza-Sul, to legalize his acquisition of 8,974 hectares of land for cattle rearing.

Macrostability
6

Property rights
4

While this problem is most acute in the rural areas, forced evictions of poorer urban dwellers from informal neighborhoods in Luanda and provincial capitals continue. Residents are relocated to “social housing areas” in the periphery, but are often left stranded there without adequate housing provisions or compensation.

While the government has repeatedly hinted at nationalization or license cancellation of certain assets in the oil, mining and banking sectors to avoid stricter oversight by U.S. and EU regulatory authorities, international commercial assets are generally less affected by these incomplete safeguards of property rights.

While the role of state-owned enterprises remains central in service provision (i.e., water and electricity) and the strategic oil and diamond sectors, private companies are active in all other sectors of the economy. Overall, private enterprise is encouraged, but only to the benefit of elite private interests. Thus, since the transition from state socialism to market democracy in 1992, Angola has privatized a number of state-owned enterprises, but often in highly obscure procedures without public tender or by selling off lucrative assets to regime figures.

Private enterprise
4

The manufacturing industry in Luanda’s Cazenga neighborhood has become privatized, as has the mobile operator Movitel (see above). Factories that during colonial times produced tires, soap, matches and cooking oil, providing employment and supplying both the domestic and the export market, were sold off in the 1990s, and were converted into warehouses – allegedly to the benefit of the speaker of the National Assembly, Fernande da Piedade Dias dos Santos “Nandó,” who partnered with the Lebanese company that imports a substantial part of foodstuffs for Angolan supermarkets.

10 | Welfare Regime

The ruling MPLA party campaigned for the 2012 elections under the slogan, “Angola, grow more in order to distribute better” (*crescer mais para distribuir melhor*). This includes programmatic statements and the adoption of policy plans like the 2013 – 2017 National Development Plan (PND). In practice, however, the implementation of these welfare programs and social services is limited at best, as the government gives little to no priority to poverty alleviation. Despite a rising Gross National Income per capita (PPP) to \$6,323 in 2014, 54% of the population officially live under \$2 per day.

Social safety nets
3

Plans to introduce a “*bolsa família*” (monthly subsidy for families) based on the Brazilian model were quietly dropped following the 2012 election. There is no universal health coverage, though state functionaries or employees in the oil sector, for example, benefit from health insurance. The majority of people, however, have to pay for health services, often in advance. Public hospitals are under-funded and

under-staffed, and private hospitals extremely expensive; there is one medical doctor per 10,000 inhabitants and 60% of practitioners are concentrated in Luanda. State pensions exist, for war veterans for example, but are often paid late and insufficient for an individual or family to live on. Populations in the drought-prone southern provinces regularly face hunger while the government spends money to improve its image, such as hosting international sports tournaments. Finally, despite some advances in primary enrolment, mean years of schooling stand at 4.7 years, as demand still outstrips availability in secondary and post-secondary education.

Health and education spending were slightly increased in the 2015 budget in comparison with previous years, though they remain at 9% and 5.6% of budget spending, still relatively low in regional comparison. Moreover, the drop in world oil prices has significantly raised the deficit and public debt, resulting in spending cuts.

Despite minimal improvements, the infant mortality rate remains one of the world's worst at 161 out of 1000 newborn children per year (in 2013).

In politics, public administration and the security forces, women are generally well-represented, as Angola made efforts to promote women during the time of socialism. In social reality, however, women are overrepresented in the informal economy and underrepresented in post-secondary education, leading to lower literacy rates among women at the national level (59.1%, as opposed to 82.5% for men). Moreover, official data that heralds the success of Angola's literacy drive has to be viewed with some measure of skepticism, as statistics in Angola are unreliable and, especially when it comes to social indicators, heavily politicized. In 2011, the bishop of the Catholic Church in the remote Moxico province said that 80% of the population were illiterate, despite official literacy rates of over 70%.

Apart from Muslims, which are viewed with suspicion, there is no religious discrimination, and ethno-regional identities are downplayed in politics and public discourse. However, provinces are treated unequally in terms of budget allocation and spending, reflecting an overall urban-rural and coastal-hinterland divide.

The main factor for discrimination is political affiliation: while aligning with the MPLA opens doors to education, employment and entrepreneurial opportunities, openly aligning with an opposition party may lead to discrimination in the workplace, etc.

Equal opportunity

4

11 | Economic Performance

While Angola has continuously posted some of Africa's highest economic growth rates over the past decade and increased its GDP tenfold since 2002, the high dependency on oil revenue and poor economic diversification makes the economy highly vulnerable to oil price shocks. Indeed, despite attempts to diversify the economy, 60% of fiscal revenue still comes from the oil industry.

Thus, driven by oil revenue, Angola's construction and banking sectors have expanded significantly, and since the heyday of galloping inflation during the war, the inflation rate has successfully been curbed from close to 250% in 2001 to 7.7% in January 2015. Unemployment has also officially dropped to 26%, down from over 50% during the war – though, in practice, a majority of Angolans still engage in informal commerce to make ends meet.

However, drops in world oil prices in 2009 and 2014 depleted foreign exchange reserves, raised the deficit and curbed public spending, with significant overall recession, inflation and non-payment risks.

12 | Sustainability

Angola has made some progress on environmental protection on paper, recently introducing a string of measures and legislative tools designed to improve the government's handle on environmental issues. This includes the drafting of legislation for environmental certification to regulate economic activities potentially damaging to the environment in November 2014. In June 2014, the the defense and environmental ministries also said they were studying the creation of a specialized police unit to fight environmental crimes. Previously, in January 2014, the Ministry of Environment announced plans to introduce an "environment monitoring plan" for the hydrocarbon sector by 2017. Indeed, in 2013, 20 oil spills were recorded, and oil companies Chevron and Eni were fined for the damages. However, in practice, the money from the fines hardly ever finds its way to the local communities affected by the spills and cleanup operations appear to have limited success.

Yale University's Environmental Performance Index ranked Angola at 160 out of 178 surveyed countries in 2014, noting minimal improvement over the past 10 years. More anecdotally, the international NGO "Save the Elephants" accused Angola of being the world's second-largest market for illegal ivory in 2014. There were also repeated reports that "reservas fundiárias" (land reserves) that could serve as nature reserves or wildlife sanctuaries were rezoned for lucrative commercial agriculture or property development projects.

Output strength
6

Environmental
policy
3

Since the end of the war, Angola has made significant progress in primary and secondary education, with enrolment rates at 76.3% nationwide, although there is an inherent gender imbalance (64 females to 100 males) that is even more marked at post-secondary level (37 females to 100 males). Despite a slight increase in public education expenditure to 9.07% in the original 2015 budget (before falling oil prices made 40 % cuts necessary), there is an insufficient number of available places in the country's six public universities. Thus, there has been an explosion of private post-secondary institutions, offering relatively expensive degree courses of questionable quality to Angola's knowledge-hungry youth. With limited availability of places, corruption for "vagas" (study places) is rife, permeating both public and private institutions. This further increases job discrimination against Angolan-trained graduates, as companies have a strong preference for expats or foreign-trained Angolans.

University curricula follow the Portuguese, pre-Bologna reform model, with four-year licenciaturas (undergraduate) and two-year mestrados (graduate, equivalent to MA/MSc), but only very few universities offer master's degrees, and there are no provisions whatsoever for postgraduate research. Angolans wanting to pursue studies at the doctoral level have to leave the country to do so.

A heated debate heard on radio "Luanda Antena Comercial" in January 2014, following the publication of an international university ranking, is very indicative of the attitudes of authorities towards research and teaching. University professor Ana Paula Godinho expressed her "indignation" that no Angolan university figured among the top 100 African universities, especially as Mozambique's Universidade Eduardo Mondlane made the ranking "although, in practical terms, it belongs to a country with less wealth" than Angola. The director of the Private University of Angola (UPRA) also rejected any notion that Angolan universities were of poor quality as "false" and affirmed that many universities were doing "interesting research." Political analyst Alexandra Simeão refuted this claim by pointing to the fact that students can buy their way into a study program featuring professors with poor qualifications.

The expenses for R&D are, as in most other African countries, minimal and data is not available.

Education policy /
R&D
3

Transformation Management

I. Level of Difficulty

The construction and reconstruction of infrastructures has been a top priority for the government over the past several years, resulting in the rehabilitation of primary and secondary roads, railways, and the construction of schools and health centers across the country. However, although the improved road and railway network has significantly eased the travel of persons and goods, schools and health centers lack qualified personnel to deliver services.

Structural
constraints

6

Similarly, despite promises of improving services, economic activity is hampered by unreliable electricity supply. Accelerated urbanization has led to the growth of vast, densely populated informal neighborhoods in all urban centers, where the population lack access to water, electricity, sanitation, health and education.

Overall, investment in the physical, built environment has not yet translated into significant improvements for a majority of the population. For example, while smoother roads have reduced journey times, poor driving skills and car maintenance have hiked up traffic mortality to the world's second worst. Moreover, Angola still faces significant constraints from widespread poverty and the lack of a qualified workforce. Reports by the National Statistical Institute and the Catholic University's Centre for Scientific Study (CEIC) claim that 37% of the population live below the poverty line of \$1.25 a day, though the reliability and significance of such data can be questioned, especially considering the recent price hikes for all basic goods.

Civil society in Angola is relatively young, weak, and hampered by structural constraints and obstacles deliberately put in place by the regime. After an increase in civic activism in the 1990s, when civil society associations (namely the churches) were very active and vocal in calling for peace and a negotiated settlement to the conflict, the government increasingly curtailed the space for independent civil society activities since the first postwar elections in 2007. The government has encouraged the growth of "organized civil society," associations active in "non-political" areas, delivering services such as education, health, water and sanitation in the government's stead. Equally, it has fostered or created "dependent" civil society organizations, which dispense funds to "whitewash" the image of the regime.

Civil society
traditions

7

There has been an upsurge of more “independent” and “unorganized” civil society activism in the run-up to the 2012 election, when youth protesters organized anti-government demonstrations to protest against President dos Santos’ clinging on to power, poor governance and inexistent services. However, since 2013 security forces have reacted very swiftly and decidedly against any attempts to protest, and protest activity has been very limited in scale and reach since. Nonetheless, churches – including the Catholic Church – which seemed largely supportive of the government until the latest elections, have recently taken on more critical and independent positions, voicing sometimes harsh criticism of the government.

The MPLA’s dominance of political and economic life leaves little space for dissenting voices to emerge. Despite a fairly high potential for class conflict and social unrest, due to the growing frustration of marginalized urban youth, there are very few open conflicts in Angola at the moment. The separatist rebellion in the northern Cabinda province continues to be active, albeit at a very localized and low level, and there are sporadic incidents of violence in the diamond-producing Lunda provinces. These are also the only two areas where ethno-regional identities are mobilized in a local conflict; otherwise, there are no open divisions along ethnic or religious fault lines.

Conflict intensity

4

II. Management Performance

14 | Steering Capability

Due to the preponderance of the presidency over all branches of government, those institutions of the administration that could drive reforms are regularly overruled by “superior orientations.” Strategic prioritizing thus appears to be concerned primarily with maintaining power and maximizing economic benefits for the ruling elite – and the government has been relatively capable and successful in that respect. Nonetheless, the fall in world oil prices in late 2014 and subsequent frantic scrambling by the authorities to find alternative sources for dollar revenues also indicate the limits of said policy measures.

For example, the government limited imports of foreign foodstuffs in early 2015 to reduce import dependency and the drain on foreign exchange reserves, claiming that over 60% of national demand was already covered by national supply. The precedent, however, shows that such a measure is likely to lead to rising parallel imports, thus driving up the cost of living for the population while lining the pockets of a few well-connected gatekeepers.

Question
Score

Prioritization

4

With regard to socio-economic developments, short-term electoral promises prevail over long-term, sustainable policy priorities. In practice, overall social spending appears to be very low on the list of the government's priorities, despite electoral policy proclamations to the contrary.

As a consequence of the above, the success of implementation is largely dictated by the level of political will at the highest level. Policy reforms designed to position Angola as an attractive destination for foreign direct investment have been relatively successful, though the World Bank still ranks Angola as one of the world's worst countries to do business. Similarly, foreign affairs, security and defense policies enjoy top priority and can be implemented swiftly and relatively successfully.

Implementation
3

Other professed policy priorities, such as diversifying the economy away from oil revenues or broadening the fiscal base, were initiated under the guidance of the IMF following the 2009/2010 oil price crash, but their implementation was largely abandoned once oil revenues recovered.

The building of social housing and job creation, or the improvement of service delivery (i.e., water and electricity), all major promises in the 2008 and 2012 elections, have had a very limited impact on the lives of the large majority of Angolans.

There is very limited indication of any form of evidence-based policy-making or policy learning. The economic crisis that occurred in Angola in early 2015, following the significant drop in oil revenues, is a case in point. Rather than heeding the lessons from the 2009/2010 debt crisis and building upon the incremental improvements in budgetary transparency and coordination stimulated by the previous crisis, history appears to be repeating itself, with no mechanisms put in place to buffer the budget, the currency and the national economy against oil price volatility. Similarly, the prioritizing of oil-backed infrastructure development in partnership with Chinese funders and construction firms regularly results in large-scale infrastructure projects that are poorly adapted to local realities and needs.

Policy learning
3

External audits of policy decisions and administrative processes are either tendered out to local branches of international consultancy firms that have close links to the ruling elite, buried or ignored.

15 | Resource Efficiency

The 2015 budget (Orçamento Geral do Estado, OGE), passed in December 2014, budgeted \$40 billion in fiscal revenues, 60% of which stem from oil revenues (based on a benchmark price of \$81 per barrel of crude oil). Faced with prices dropping to under \$40 per barrel, the government had to revise the budget in late January 2015, leading to widespread budget cuts across all sectors and a steep increase in the deficit and public debt. Indeed, the original proposal foresaw an increase in debt from \$37.9 billion in 2014 to \$48.3 billion at the end of 2015, or a rise to 35.5% of GDP. That was, however, before the budget revision. Hence, any moderate progress that has been achieved over the past three years with regard to budget allocation and control has been undone. Moreover, the capacity of the parliament to audit government spending, while existing on paper, has been severely curtailed by an October 2013 Constitutional Court decision that declared the legal provisions for oversight unconstitutional.

Efficient use of assets

3

Human resource capacities in the administration are generally still weak, although the government has harnessed the available talent in “islands of excellence,” such as the state oil company, Sonangol. However, following budget cuts, the government also declared a hiring freeze in public service until 2016, including those who had just passed admission exams. This is unlikely to improve the efficiency of public administration, which is characterized by frequent politically motivated reshuffles, widespread corruption and entrenched nepotism.

Finally, as local elections have been postponed to “at least 2017,” any plans for increased budgetary autonomy of local administrations have also been shelved.

Coordination of policy priorities rests with President dos Santos, who remains the ultimate arbiter of any political decision. He has intentionally fostered suspicion and an overlap of competences emerged between different organs of the government as means to balance competing factions within the MPLA and ensure that his dominance is not challenged. His civilian and military cabinet in the presidency mirror and de facto supersede the competencies of portfolio ministers.

Policy coordination

4

The dismissal and appointment of provincial governors – especially for the capital Luanda – is a prime example of this tactic. Previous office holders were scapegoated for failing services and incoherent urban planning, while the newly installed urban development commission has little autonomy to push through reforms. Municipal and district administration have little autonomy and regularly find their decisions revoked by “superior orientations.”

Policy coordination is only achieved in the strategic oil sector through the state oil company Sonangol, though the diversification of Sonangol’s activities into property

development and real estate management, banking, and transport has somewhat fragmented the company's profile.

Legal frameworks to combat corruption exist. They include the 2010 "law of public probity," a new criminal code announced by the parliament's justice reform committee in late 2014 that targets money laundering.

Anti-corruption
policy
2

However, despite repeated high-level declarations of a "zero tolerance" policy towards corruption, President dos Santos, his family and his close entourage remain the prime beneficiaries of widespread corruption. Corruption is entrenched at all levels of administration – from multimillion-dollar kickbacks in return for infrastructure tenders or oil concessions, to the regular harassment of drivers by traffic agents.

Public tendering is nontransparent. In the strategic oil and diamond sectors, foreign operators face significant pressure to take on board "silent" Angolan minority joint-venture partners, exposing them to greater scrutiny following the passing of transparency laws in the United States and the European Union.

Overall, there is no substantial economic activity in Angola that can be conducted without the participation of politically connected individuals.

Finally, party financing is regulated, but in practice the official state campaign funding for parties decreased from \$1.2 million per party in 2008 to \$97,000 for the 2012 election – while the MPLA allegedly spent \$75 million for its electoral campaign.

16 | Consensus-Building

All political actors adhere to the ideal of liberal democracy and market capitalism. However, what this means in practice varies. The ruling elite speak the language of democracy, welfare and market liberalization, while in practice monopolizing political and economic power for their own gains. Opposition parties have been increasingly vocal in their calls for greater political openness, dialogue and a fairer redistribution of Angola's wealth but, due the MPLA's dominance, have been largely inefficient in achieving these goals. It is, however, uncertain whether greater opposition influence would in fact significantly change the existing practices.

Consensus on goals
5

There is a broad consensus on market economy principles among the elites. But in most cases, the support exists only as long as the political elites, in particular the elites of the government, benefit from the system.

The current government of President dos Santos has to be seen as the major anti-democratic veto actor in Angola today. It has been very successful in silencing or co-opting more reformist political actors, be it from the ruling MPLA or from opposition parties and civil society. While the regime presents the trappings of an electoral system, the current status quo is itself the major impediment to democratic reform.

Anti-democratic
actors

3

Being marginalized and persecuted, more vocal reformers like the nascent youth protest movement have thus no control over the ruling anti-democratic actors. Apart from the remains of the separatist FLEC rebellion in Cabinda, there are no non-state anti-democratic actors.

Since the end of the civil war, the ethno-regional question has been largely absent from Angolan formal politics. With the exception of local separatist (Cabinda) and autonomist (Lundas) movements, all parties evoke national unity. UNITA partially waged civil war on a platform of Ovimbundu nationalism and ethnic/racial Africanness, but has no chance to mobilize support since they lost the war militarily. The MPLA has a checkered history when it comes to the racial and ethno-regional cleavages produced by 500 years of globalized trade and colonialism, and thus from the outset proclaimed a “color-blind” ideology of “one people, one nation.” Although internal cleavages are generally glossed over or taboo in political debate, the government is not beyond exploiting latent suspicion of foreigners for its own purposes, as evidenced in the sometimes virulent anti-Islam opinions professed by some exponents of the regime.

Cleavage /
conflict
management

6

The government views any “independent” expression of civil society with great suspicion and hardly ever consults with civil society actors on policy decisions, strategic outlook or policy implementation. In rare instances, civil society has been able to contribute to policy design and agenda setting, for example the often-cited reform of the land law in 2002, which was drafted with civil society input. However, such consultations have been mainly “for the English to see,” and civil society participation has overall been increasingly restricted to apolitical service delivery since the end of the war. Although some mechanisms for citizen consultation at the local level exist, their success has been limited; any real input that would oppose the government’s policies – or at least suggest alternatives – is generally unwelcome and either ignored or actively repressed.

Civil society
participation

2

Any substantial reconciliation process is markedly absent from the Angolan public sphere. The government has actively promoted a dominant discourse that reduces the civil war to an “actor-less” calamity that befell the Angolan people as a whole and led to the widespread destruction of infrastructures. To avoid addressing its role as one of the two conflict parties, “reconciliation” has thus been reduced to the material dimension of reconstructing infrastructures. Nonetheless, the government also likes to remind UNITA of its role as the “rebel movement” in the civil war whenever the opposition dares to question the postwar status quo, branding any criticism of the government as an attempt to destabilize the country and derail postwar economic recovery.

Reconciliation
2

17 | International Cooperation

Today, Angola is a paradigmatic case of “illiberal peace-building,” or “autonomous recovery,” as the government views any potential development assistance – and the conditions tied to support by international financial institutions – with suspicion, and as meddling in internal affairs. It has thus only very selectively – but very efficiently – engaged with international partners, and, except for situations of dire necessity, largely on its own terms and in line with its own development priorities.

Effective use of
support
6

Historically, Western companies have been instrumental in developing local know-how in the oil sector, and there was a well-established collaboration in security and intelligence matters with the East Bloc during the Cold War. More recently, Chinese oil-backed credits have been instrumental in making the postwar infrastructure boom happen. South-south cooperation on equal terms with Cuba, Vietnam, and Brazil in the sectors of education, health, security and defense, and infrastructures are welcome – conditional support by the likes of the IMF less so.

Angola has invested in foreign affairs and increased its international profile and standing significantly. This is partially due to President dos Santos’ concern with his legacy and desire to emerge as a regional powerbroker and peacemaker, and partially to his desire to diversify Angola’s economic partnerships and improve its global standing through a veneer of democratic normality.

Credibility
6

The successful holding of two relatively peaceful postwar elections has certainly contributed to the promotion of that image, although both polls faced some international criticism for procedural and substantive shortcomings. However, due to Angola’s oil wealth many crisis-stricken Western countries have shown increasing readiness to overlook said shortcomings in return for investment opportunities.

Similarly, the country has enacted a string of business-friendly reforms aimed at positioning the country as a safe and reliable destination for foreign investors. These have been relatively successful as image campaigns, even if in practice the rule of law, for example, is still relatively weak.

Angola is a member of various regional bodies such as the Southern African Development Community (SADC, 2011 – 2012), the Economic Community of Central African States (ECCAS), the International Conference for the Great Lakes Region (ICGLR), the Community of Portuguese-Speaking Countries (CPLP), the African Union (AU), and Gulf of Guinea Council (GGC), as well as of the WTO and OPEC. However, as the examples of SADC, CPLP and ICGLR show, Angola strives primarily for influence and the safeguard of its own interests rather than for constructive cooperation, and is weary to accept the rules set by these international and regional bodies. It has, for example, adhered to the SADC free-trade zone on paper, but keeps pushing back the implementation of the agreement due to concerns over South African economic competition. Cooperation in security matters has been a bit more active, though also somewhat inconsistent over the past years, and it remains to be seen whether the temporary chairmanship of the ICGLR and membership of the U.N. Security Council will prompt Angola to play a more active role in regional peace efforts.

In terms of bilateral relationships, Angola strives for hegemony in the sub-region and is willing to assert its position by displays of force if necessary. Thus, recurring military incursions into the Democratic Republic of the Congo (DRC) and Republic of Congo – allegedly in pursuit of FLEC rebels – are a way of putting its neighbors in their place. The relations with DRC, strained over the mutual expulsion of “illegal immigrants” over the past four years, has somewhat improved following the signing of an agreement for joint oil explorations in the disputed waters off the mouth of the Congo River. Relations with Zambia have also improved over the past years, with cooperation agreements in the areas of fuel supply and the planned rail link from the Zambian Copperbelt to the rehabilitated Angolan rail network.

Regional
cooperation

6

Strategic Outlook

In the coming years, Angola's economic and the political challenges are directly linked to the perpetuation of the "System dos Santos" and the increasingly pressing question of how Angola's political actors will handle the transition.

Clearly, dos Santos himself is operating with the goal of a controlled handover of power. Against internal party resistance, he installed the former CEO of the state oil company and his nephew by marriage, Manuel Vicente, as vice president. In parallel, one of the president's sons, José Filomeno "Zénú" de Sousa dos Santos, has been made chairman of the newly created Angolan Sovereign Wealth Fund, raising suspicions that he is being built up for eventual dynastic succession. Under this scenario, dos Santos would hold on until just before or just after the 2017 election and then step down, handing over power to Vice President Vicente. Vicente, who would safeguard the privileges and investments of dos Santos and his family, would then serve as a placeholder and ultimately hand over power to Zénú.

However, Vicente lacks the liberation war credentials and is unpopular with the MPLA's old guard. Should dos Santos die in office or be incapacitated prior to 2017, Vicente would likely face significant resistance from within the party. In that case, existing rifts within the party would be exacerbated, with either a consensus candidate emerging, or Vicente remaining in power only formally for the remainder of the term. This would, however, also quite likely incite opposition demands for new elections.

Linked to this political uncertainty is the question of the sustainability of Angola's oil-driven postwar economic boom. As both oil revenues and reinvestments into banking, property, commerce and infrastructures have mainly served to pay off the elite, a renewed oil price shock in late 2014 seriously undermined the stability of the Angolan economy, with high risks of capital controls, payment arrears, a banking crisis, inflation and recession.

As long as Angola's leaders continue to manage the country like a private enterprise for their personal profit instead of governing it for the benefit of the population, their commitment to a market economy and democracy must be doubted.

To improve the situation and avoid a crisis of transition, the Angolan authorities should, ideally, seek to defuse the looming social conflict through an honest dialogue with opposition parties and civil society activists. Consensual and more bottom-up strategies are necessary to improve the distribution of wealth and the socio-economic conditions of the majority of the population. Devising a way for President dos Santos to relinquish power without fear of prosecution while protecting his family's assets might offer a way forward to open up the political space – also for reformist forces within the MPLA. Safeguards for freedom of expression – both for ordinary citizens as well as the media – exist only on paper, and need strengthening to improve government

accountability and the dire human rights situation. Equally, more investment in education and health is needed. Finally, improving revenue transparency, broadening the fiscal base and diversifying the economy have so far been professed policy goals, but the government needs to make good on their implementation to break free of the country's rentier-based crony capitalism.