

IFP DEMOCRATISATION AND TRANSITIONAL JUSTICE CLUSTER

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# THE INTERNATIONAL COMMUNITY'S INFLUENCE ON STATE-SOCIETY RELATIONS IN ANGOLA

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## ACRONYMS

<b>ABC</b>	Brazilian Cooperation Agency
<b>BNDES</b>	Banco Nacional de Desenvolvimento (National Development Bank)
<b>CACS</b>	Conselhos de Auscultação e Coneratação Social (Social Consultation and Coordination Councils)
<b>CSO</b>	Civil Society Organisation
<b>CSP</b>	Country Strategy Paper
<b>CSR</b>	Corporate Social Responsibility
<b>EC</b>	European Commission
<b>EDF</b>	European Development Framework
<b>EITI</b>	Extractive Industries Transparency Initiative
<b>EU</b>	European Union
<b>FDI</b>	Foreign Direct Investment
<b>FNLA</b>	Frente Nacional de Libertação Angola
<b>GDP</b>	Gross Domestic Product
<b>GIT</b>	Governance Incentive Trench
<b>GONGO</b>	Government Operated Non-Governmental Organisation
<b>GRN</b>	Gabinete de Reconstrução Nacional (National Reconstruction Cabinet)
<b>HDI</b>	Human Development Index
<b>IC</b>	International Community
<b>IEA</b>	International Energy Agency
<b>IfP</b>	Initiative for Peacebuilding
<b>IMF</b>	International Monetary Fund
<b>MPLA</b>	Movimento Popular de Libertação de Angola
<b>NGO</b>	Non-governmental organisation
<b>ODA</b>	Official Development Aid
<b>OPEC</b>	Organization of Petroleum Exporting Countries
<b>SADC</b>	Southern African Development Community
<b>UNDP</b>	United Nations Development Programme
<b>UNITA</b>	União Nacional de Libertação Angola

## EXECUTIVE SUMMARY

The present document is part of the second phase of the Democratisation and Transitional Justice Cluster of the Initiative for Peacebuilding (IfP) project. The paper focuses on the case study of Angola and aims to analyse whether the international community's engagement in Angola is transforming, or rather reinforcing, the current status quo of state-society relations.

The study is based on the results of the first phase of research on the situation of state-society relations in Angola.<sup>1</sup> The objective is to analyse the international community's contribution, with particular attention to the EU, to improving (or reinforcing the existing) state-society relations in Angola; taking into account official development cooperation, especially projects aiming to promote good governance, as well as economic engagement and political relations.

The paper argues that the impact of international donors' engagement in the field of governance and state-society relations appears to be quite limited and driven by the Angolan elite's interests, rather than being supportive of concrete governance reforms or improving the political and economic participation of the population and more fluent state-society relations. Furthermore, the economic interests of foreign actors in Angola seem to override the commitment to achieve good governance and transparency. In particular, the international community's diplomatic and economic engagement appears to reinforce, rather than doing anything to improve, the current state-society relations in the de-facto authoritarian system. Although there are important entry points for international actors to exert a positive influence, what is crucial but still absent is a deeper level of donor commitment; from global powers and diplomatic representations as well as private and public companies and financial entities, in order to overcome the huge gap between state elite and population and bring about real democratic change and consolidation in Angola.

**Keywords:** international community, democratisation, transparency, governance

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1 Footnote?

## INTRODUCTION

The intended research of this second phase of the Initiative for Peacebuilding (IfP) Democratisation and Transitional Justice Cluster paper on Angola aims to analyse if the international community's (with particular attention to the EU) engagement in Angola is transforming or rather reinforcing the current status-quo of state-society relations?

The study is based on the results of research in the first phase on the situation of state-society relations in Angola.<sup>2</sup> The objective is to analyse the international community's contribution, with particular attention to the EU, to improving (or reinforcing the current) state-society relations in Angola taking into account official development cooperation, especially projects aiming to promote good governance, as well as economic engagement and political relations.

With this purpose, this study refers to Barnett and Zürcher's analysis, indicating that the international community's interventions in post-conflict countries often 'begin with grand notions of transformation but nevertheless adopt strategies and strike implicit contracts with local elites that reinforce existing state-society relations'.<sup>3</sup> This means that in the particular case of Angola, the international community has the officially declared goal to implement reforms that lead to democracy and good governance, while the Angolan state elites want to preserve their power and ensure that the reform processes either enhance or do not harm their political and economic interests. At the same time, resources of international donors are rare and goals are to be achieved as quickly and easily as possible. This means that elite cooperation is needed and in this context, the elites (try to) achieve their preferences.<sup>4</sup> In the Angolan case, this study reflects that local elites attempt to alter the content and implementation of IC programmes and that the outcome of the external actors' intervention is captured. The international actors become agents of local elites and international resources are transferred to local actors who have control over its allocation and use.<sup>5</sup>

In this framework, in section two will focus on of the engagement of the international community in Angola, with particular attention to the European Union, the European Commission and member states, as well as Brazil as an emerging power. This part will take into account especially economic and political relations, as well as development cooperation, in order to provide an overview of Angola's integration in the international system. This section focuses on the general question of how the international community's engagement in Angola influences state-society relations.

Against this background, the third section of this paper focuses on the development of state-society relations with particular attention to the year since elections took place in 2008. The section will examine if there has been an improvement in human development, how the institutional set-up is organised and the situation of civil society. Drawing on the analysis of sections two and three, the last section will summarise the main conclusions and perspectives regarding the effects of the international community's engagement on state-society relations in Angola.

The empirical analysis for the paper is based on official EU documents, secondary sources and interviews conducted in Brasilia, Brussels and Angola in February and November 2009.

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2 P. Ferreira (2009). *State-society relations in Angola*. Democratisation and Transitional Justice Cluster. Brussels: Initiative for Peacebuilding.

3 M. Barnett and C. Zürchner (2009). 'The peacebuilder's contract: How external statebuilding reinforces weak statehood' in R. Paris and T.D. Sisk (Eds.) *The dilemmas of statebuilding. Confronting the contradictions of postwar peace operations*. London: Routledge, pp.23-52, p.29.

4 Ibid., pp.31-32.

5 Ibid., p.33.

## HISTORICAL CONTEXT

Angola's link to the international community and in particular Western European powers is historically based on its status as a Portuguese colony until 1975. Anti-colonial unrest which led later to the war started in the early sixties. At the same time, Portuguese settlers saw the need to change colonial politics combining a “hearts and minds campaign” with major economic reforms. In this context, protectionism was lowered, the economy was opened and important investments in the metropolitan infrastructure were taken. The diversified Angolan economy grew around 5 percent yearly in the sixties and seventies, mainly due to exports of sisal, coffee, cotton, diamonds and iron ore and starting in 1973, oil became a major export product. Already in the fifties, during the Portuguese colonial administration, major oil findings and extraction started to develop quickly in Angola, with the very important involvement of the American Gulf Oil, later purchased by Chevron.<sup>6</sup>

When the democratic revolution in Lisbon took place in 1975, the Portuguese government committed to decolonisation and signed the Alvor peace agreement with the three competing nationalist fractions in Angola, confirming its independence. Nevertheless, the country went into a low-intensity but very costly war lasting three decades. The warring nationalist parties, the coastal and urban *Movimento Popular de Libertação de Angola* (MPLA) (at the time with a leftist outlook and pan-Angolan discourse) and the ethnic-based *Frente Nacional de Libertação Angola* and *Uniao Nacional de Libertação Angola* (UNITA) each claimed supremacy as the future national independent government of the recently proclaimed Angolan republic.

In the following war years, the majority of settlers left the country, while at the same time South African, Zairian and Cuban troops invaded Angola, each in support of one of the different competing parties. Furthermore, although officially the US administration did not recognize the MPLA regime and independence in 1975, the US Company Gulf Oil agreed in 1976 on paying an important share of royalties to the party in power, in effect accepting it as the legitimate government of Angola.<sup>7</sup>

Hard and soft infrastructure in Angola was almost completely destroyed and the “brain drain” affected negatively the economic and political administration of the country. Already during the conflict, the MPLA, supported by Cubans and Soviets, consolidated its position as strongest party “governing” the majority of the country's territory. Following a communist ideology, the MPLA decided to expropriate Portuguese properties without any compensation and established a centrally-planned economy. In this context, almost all colonial-era sectors of economic significance mentioned above were inefficiently run and mismanaged by unqualified political appointees and retreated or almost disappeared in the following years.

An important exception was the oil sector, which was ‘allowed to flourish according to “modern”, “rational” and “pragmatic” criteria. The instrument for this policy was to be Sonangol, Angola's national oil company’.<sup>8</sup> The decrease in oil prices in the mid-eighties led to an increasing engagement of Western banks in the country, which was borrowing money against future oil production. These oil-backed loans were used to pay Sonangol's cash calls as well as to acquire weaponry when the conflict became more violent in the years after 1992. Very soon, they were also deployed for general government use and Sonangol was consolidated as the ‘centrepiece of the presidency's vast system of parallel finances’.<sup>9</sup>

6 R. Soares de Oliveira (2007a). *Oil and politics in the Gulf of Guinea*. London: Hurst and Company, p.173.

7 R. Soares de Oliveira (2007a). *Op. cit.*, p.192.

8 R. Soares de Oliveira (2007b). ‘Business success, Angola-style: Postcolonial politics and the rise and rise of Sonangol’. *Journal of Modern African Studies*. Vol. 45, No. 4, p.598.

9 *Ibid.*, p.606.

Since the very beginning the national oil company has been one key factor holding up Angola's current regime and is at the same time strongly linked to foreign actors and the international economy. In addition to Gulf Oil (acquired in 1984 by Chevron) operating since the fifties in Angola, other Western European companies started in the eighties to engage in joint ventures with Sonangol in oil extraction. Furthermore, the competence and success of Sonangol does not support inclusive development in Angola, but rather supports the interests of the presidential clique.<sup>10</sup>

The three-decade long conflict in Angola only came to an end when the UNITA leader, Jonas Savimbi, was killed in 2002. The Angolan peace process differs to the majority of post-conflict situations, in that a strong winning party was established, the MPLA, whose power over the country was affirmed by parliamentary elections in 2008. In fact, there is low risk of re-emerging conflict in Angola and the country is a relatively strong state, controlling the major part of its territory and exercising a highly centralised power over its population.

However, state-society relations do not really seem to have improved during the last few years. Even worse, some interview partners and experts stress that they have worsened. The clientilistic government with Sonangol as a major instrument centralises power around the president Eduardo dos Santos and a small group of families and friends, who control the major economic and political decisions taken in Angola.

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<sup>10</sup> Ibid., p.606.

## INTERNATIONAL INTEGRATION OF ANGOLA

One structural cause for the de facto authoritarian and clientilistic regime can be found in the strong relations of the Angolan elite with the “broader” international community, including not only aid donors but in particular economic superpowers, multinational enterprises and finance institutions, especially active in the oil extraction sector. As Ferreira and several other analysts affirm, it is certainly not official development aid (ODA) that has an important influence in the country, but rather the strong economic ties between the Angolan elite and international actors.<sup>11</sup>

In order to analyse the development of state-society relations in Angola it is crucial to keep in mind the role of the international community in Angola and how the elite is integrated into the global economy. The Angolan political economy ‘cannot be separated from the external constituencies, chiefly the global oil and banking industries, and strongly favourable diplomatic and military currents driven by western strategic interests (...) (and the problems of internal governance) (...) are at the same time problems of global governance’.<sup>12</sup>

### ANGOLA'S INTEGRATION INTO THE INTERNATIONAL ECONOMIC SYSTEM

While ODA is insignificant in relation to Angola's GDP, oil revenues account for more than 57 percent of GDP and around 80 percent of fiscal revenues for the state.<sup>13</sup> According to the International Energy Agency (IEA), Angola is Africa's biggest oil producer since 2008 and the world's eighth-largest. Its important role as an oil-exporting country is also reflected in its OPEC membership, holding the presidency in 2009.<sup>14</sup>

Nevertheless, while the oil sector still accounts for the majority of GDP and exports, the country's production and economic structure is beginning to become more diversified. According to recent World Bank data, the real GDP growth rate of 22.3 percent is composed by an average of only 20.4 percent of the oil sector and 25.7 percent of the non-oil sectors, mainly construction and manufacturing and to a lesser extent also agriculture.<sup>15</sup> While the latter is developing very slowly, the construction sector has grown quickly in the past years supported by huge foreign investments from China as well as, although to a lesser extent, Western Europe and Brazil.

### TRENDS IN ANGOLA'S INTEGRATION INTO THE INTERNATIONAL ECONOMY

Against this background, the key characteristic about Angola is its high integration into the international system and in particular global economic and finance structures. As outlined in the first phase of this project by Ferreira, the ‘underlying political culture is one which is based on the nexus of connection between foreign governments, oil companies and the Luanda elite, which largely serves its own economic interests and power relations’.<sup>16</sup> This means that the Angolan elite's power depends to a high degree on the international community and the latter plays a key role in strengthening the regime and reinforcing the existing state-society relations. The discourse of official representatives of western democracies and multilateral donors stress the apparent positive democratic progress seen in Angola since the end of

11 See for example: P. Ferreira (2009). *Op. cit.*; D. Sogge (2009). *Angola 'failed' yet 'successful'*. Working Paper No. 81. Madrid, Spain: FRIDE. Available at <http://www.fride.org/publication/599/angola-failed-yet-successful>; N. Shaxson (2005). ‘New approaches to volatility: Dealing with the “resource curse” in sub-Saharan Africa’, *International Affairs*, Vol. 81, No. 2.

12 D. Sogge (2009). *Angola: Global “good governance” also needed*. Working Paper No. 23. Madrid, Spain: FRIDE. Available at [http://www.fride.org/download/WP23\\_AngolaGob\\_ENG\\_jun06.pdf](http://www.fride.org/download/WP23_AngolaGob_ENG_jun06.pdf)

13 International Energy Agency (2008). *World Energy Outlook 2008*. Available at <http://www.worldenergyoutlook.org/2008.asp>, p. 356-357.

14 OPEC website, ‘155th (Extraordinary) Meeting of the OPEC Conference’ accessed 18th January 2009. Available at <http://www.opec.org/opecna/Press%20Releases/2009/pr132009.htm>

15 World Bank (2009). *Macro brief Angola November 2009*. Luanda: World Bank Angola Office.

16 P. Ferreira (2009). *Op. cit.*

the war, denying or at least not implicitly criticising that de facto an authoritarian regime is ruling with only very limited and insufficient progress towards improving good governance having taken place so far.<sup>17</sup>

In this context it is important to distinguish between the perception of the “official international community” in Angola, the major multi- and bilateral aid agencies, and the “real international community” referring to diplomatic representations of the big powers, mainly the US, France, Portugal, China and to a lower level also South Africa and Brazil, as well as strong multinational private and state-owned enterprises. While the former has a very limited importance for and influence on the government, the latter is very interlinked with the Angolan elite, in the oil sector represented by Sonangol, and could probably achieve higher impacts on economic and human development as well as democracy and governance issues in Angola. As Sogge indicates, ‘In Angola, the political class resides onshore but is anchored financially offshore. Its power depends on its partnership with oil corporations and the technical, financial, diplomatic and military resources they provide directly or effectively guarantee. (...) The largest operators in Angola are among the industry's worst performers when it comes to publishing what their operations actually yield in profits or what payments they make to the government.’<sup>18</sup> This basic bargain among elites thus rests on a mutually assured denial of information to the public.<sup>19</sup>

International actors in the country have important interests in Angola and they are not keen to risk their energy security and economic interests by criticising or exercising pressure on the government in order to push for more transparency, good governance or sustainable development. For European powers, the US, as well as several emerging powers engaging in Angola as a resource-rich country, energy security trumps concerns over governance.<sup>20</sup>

As mentioned above, unlike other oil-based economies, the Angolan Government has taken care of chaotic corruption and competition for revenues, and has established exploitation rights of the oil fields ensuring that rentier practices do not affect the smooth running of the oil company, Sonangol, as an internationally credible enterprise. Sonangol is considered by external economic actors as a committed partner that controls every big business in the country and imposes its conditions, but at the same time honours contracts and is highly responsible in complying with agreements, payments and deadlines.<sup>21</sup> Although international civil society criticise strongly the lack of transparency in Sonangol, the majority of Western companies and banks have a positive perception of Sonangol's competence and predictability.<sup>22</sup>

An important step towards increasing transparency and accountability of the government with particular attention to the oil sector is Angola's willingness, despite not being part of the Extractive Industries Transparency Initiative (EITI), to publish more information regarding oil revenues since 2004.<sup>23</sup> Nevertheless, these publications are still very limited and, according to different interviewees, do not represent the real output of oil revenues. Clientilistic organised corruption still dominates in the highly non-transparent oil sector. Furthermore, although the government successfully avoided chaotic mismanagement in the oil sector, the de facto authoritarian and clientilistic system undermines real progress. The highly non-transparent economy, the significant lack of accountability of the government and the international actors enhance personal enrichment and concentration of capital among the elite and broaden the gap between state and society in Angola.

The important foreign investors and lending sources interested in increasing their presence in the Angolan economy and particularly the oil sector combined with very little international push for transparency are reinforcing the current regime rather than providing any real external incentive structures to promote bigger changes in Angola.<sup>24</sup> During the last few years, the government has sought to secure its survival and international relevance through a strategy of diversifying foreign relations with countries such as United States and France as well as Brazil, China, several European countries and India, signing significant economic and financial agreements.<sup>25</sup>

17 Interviews, European officials, Luanda, November 2009. D. Sogge (2009), *Op. cit.*, p.11.

18 Transparency International (2008). *Promoting revenue transparency: 2008 report on revenues transparency of oil and gas companies*. Berlin: Transparency International.

19 D. Sogge (2009). *Op. cit.*, pp.5-6.

20 R. Soares de Oliveira (2007b). *Op. cit.*, p.305.

21 P. Ferreira (2009). *Op. cit.*, p.15; Interview, Brazilian oil company representative, Luanda, November 2009.

22 R. Soares de Oliveira (2007b). *Op. cit.*, p.605.

23 D. Sogge (2009). *Op. cit.*, pp.5-6; N. Shaxson (2005). *Op. cit.*; P. Ferreira (2009). *Op. cit.*, p.15.

24 R. Soares de Oliveira (2007b). *Op. cit.*, p.614.

25 P. Roque (2009). ‘Angola's façade democracy’, *Journal of Democracy*, Vol. 20, No. 4, p.148.

In general terms, since 1999 Angola is one of the five main beneficiaries of foreign direct investment (FDI) in the African continent and the majority of investment projects are undertaken in the extractive and since 2002 also the construction sectors. Nevertheless, more money flows out of the country than goes in. Angolan companies, mainly the state-owned enterprise Sonangol, acting as a sovereign wealth fund, has made acquisitions and is investing abroad, in particular in the financial and banking sectors in Portugal and the United States, as well as in Brazil.<sup>26</sup>

Since the end of the war, China has become an increasingly important economic partner of the Angolan elite. Since 2004, the Chinese Government is certainly the biggest investor in Angola providing oil-backed loans not linked to conditionality, adding up to at least US\$4.5 billion or, taking into account the money provided by the officially government-independent China International Fund, around US\$7 billion. These huge credit lines provided by China since 2002 are financing in particular the reconstruction of roads, railways and other transport infrastructure as well as civil construction while the Asian country secures its energy access.<sup>27</sup>

Also among the export partners, China plays an increasingly important role and has recently passed the US, accounting now respectively for around 30.42 percent and 28.62 percent of the overall export volume followed by France with 8.2 and Chile with 4.74 percent, almost exclusively due to oil exports. South Africa is also growing as important destination for Angolan oil, in particular in the context of Angola's increasing integration in the SADC region. In general terms, the economic growth of Angola was during 2002 and 2007 mainly driven by exports, in particular of oil.<sup>28</sup>

This is changing slightly as important investments in the construction and agriculture sectors are taking place and might become a motor for the Angolan economy. Nevertheless, the boom in the construction sector is, similar to the oil sector, accompanied by non-transparent management and a huge part of benefits are going directly into the pockets of government elites and the president's clientelistic network as is explained further below.

Since the end of the war in 2002, Angola has become an important export market for Portuguese and Brazilian products, mainly machinery, food, medicines and consumer goods. While Portugal accounts for around 18 percent of the country's total imports, Brazil participates with more than 8 percent in the national market.<sup>29</sup> The high preference for Portuguese and Brazilian goods was usually explained by interviewees as resulting from cultural and language facilities, which makes understanding of the instruction manuals and package inserts easier. This also means that Portugal and Brazil have an important economic interest in the country as fast-growing export market. As mentioned above, the economic interest often override aims to promote good governance, transparency and accountability which would lead to more fluent state-society relations.

Regarding the effects of the financial crisis on Angola, growth slowed significantly to not more than 13.3 percent in 2009 and oil revenues remained at almost 30 percent below the 2008 level as the average price declined from US\$98 in 2008 to US\$55 in 2009 and is estimated to be around 60 US\$ average in 2010.<sup>30</sup> The falling oil prices and revenues caused liquidity problems for the state, which was unable to pay back credit lines on the agreed deadlines. In this context, negotiations with the International Monetary Fund (IMF) on a new (and first) credit begun in 2008 and finished in November 2009 with the agreement between both parties that the International Monetary Fund will provide a loan of US\$1.5 billion.<sup>31</sup>

The international financial crises offered in this sense a "window of opportunity" for the international community to push the government for improving transparency and accountability and promoting further democratic reforms as, in contrast to previous periods, oil revenues were not enough to maintain the independence of Angola's economy and the government asked for international credit support.

26 UNCTAD (2009), *World Investment Report 2009*, pp. 44-47; P. Roque. (2009), *Op. cit.*

27 OECD (2008). *African Economic Outlook 2008*, p. 129; A. Vines and I. Campos (2009). *Op. cit.*

28 World Trade Organization website, 'Country Profiles – Angola', accessed on 20th January 2010. Available at [http://stat.wto.org/CountryProfiles/AO\\_e.htm](http://stat.wto.org/CountryProfiles/AO_e.htm)

29 European Commission Directorate General Trade website, 'Angola's trade with main partners (2008)', accessed on 20th January 2010. Available at <http://trade.ec.europa.eu/doclib/html/122456.htm>

30 World Bank (2009). *Op. cit.*

31 International Monetary Fund website, 'IMF lends Angola \$1.4 billion to support reserves, reforms', accessed on 18th January 2009. Available at <http://www.imf.org/external/pubs/ft/survey/so/2009/car112309b.htm>

Nevertheless, the IMF credit line provided is not linked to any stronger political conditionalities, as was the case for the first “offer” in 2002.<sup>32</sup> This is an example of the strong ownership the Angolan Government (elite) exercises on external funds, being ODA or further credit lines. The international community does not influence the government, rather the Angolan state has the power to impose its own terms and conditions due to its high diversification and important energy resources. These developments were an opportunity for the international community to influence the government, but instead the Angolan Government received the funding it needed with the conditions they wanted.

## EUROPEAN UNION ECONOMIC ENGAGEMENT

The European Union member states together are Angola's main import and third-largest export partner after China and the US. The EU receives almost exclusively mineral fuels (oil) from Angola while the African country imports from Europe mainly machinery and transport equipment, as well as manufactured goods, including medicines for example, and to a lesser extent, food.<sup>33</sup>

Among the member states, Portugal is Angola's most important economic partner in general as well as the major origin of Angolan imports. In this sense, the African country is an important market for Portuguese goods outside the EU and accounts for 6 percent of its total export volume.<sup>34</sup> Furthermore, the Portuguese and Angolan financial sectors are linked through huge mutual investments and Angolan enterprises, mainly Sonangol, are also investing and acquiring shares in Portuguese energy firms and media enterprises.<sup>35</sup>

Regarding oil imports, Angola represents not more than 1.7 percent of total EU oil imports and is a far more important energy source for China and the US than Europe.<sup>36</sup> Nevertheless, several European countries are highly interlinked with the Angolan economy. But, in general terms, it is difficult and often impossible to get concrete and correct figures regarding Angola's external economic relations due to the high level of non-transparency in the oil sector as well as the predominant position of Sonangol in controlling not only the energy sector but also important parts of the Angolan as well as foreign financial and other areas such as construction and media.<sup>37</sup>

For example, since 2008 Sonangol is a major shareholder of the biggest private Portuguese bank *Banco Comercial Português* (BCP).<sup>38</sup> Furthermore, Portugal's largest construction company Mota-Engil SGPS SA signed in June 2009 an agreement with the Angolan national oil company to establish Mota-Engil Angola as a new company owned 40 percent by Sonangol Holdings.<sup>39</sup>

Furthermore, almost all EU member states who engage as development actors also have economic interests in Angola, in particular in the oil sector representing the major part of the country's GDP and exports. Different Western European enterprises are operating and investing in the several oil extraction blocks organised and controlled by Sonangol. This means that Sonangol oversees, approves and is informed about what companies are doing and the revenues and financial flows. But, as mentioned before, public information is rare and transparency is still very low. Concrete data regarding oil revenues and financial relations with international actors is hardly available, in particular due to the mutual agreement of silence between major oil companies and Sonangol.

32 Interview, International Organisation official, Luanda, November 2009. Global Witness website, 'IMF risks condoning corruption with new loan to Angola', accessed on 10th January 2010. Available at [http://www.globalwitness.org/media\\_library\\_detail.php/843/en/imf\\_risks\\_condoning\\_corruption\\_with\\_new\\_loan\\_to\\_an](http://www.globalwitness.org/media_library_detail.php/843/en/imf_risks_condoning_corruption_with_new_loan_to_an)

33 European Commission Directorate General Trade website, 'Angola's trade with main partners (2008)', accessed on 20th January 2010. Available at <http://trade.ec.europa.eu/doclib/html/122456.htm>

34 World Trade Organisation website, 'Country Profile Portugal', accessed on 15th January 2010. Available at [http://stat.wto.org/CountryProfiles/PT\\_e.htm](http://stat.wto.org/CountryProfiles/PT_e.htm)

35 UNCTAD (2009). Op. cit. and D. Sogge (2009), Op. cit., p.9.

36 European Commission Directorate General Trade website, 'Angola's trade with main partners (2008)', accessed on 20th January 2010. Available at <http://trade.ec.europa.eu/doclib/html/122456.htm>

37 R. Soares de Oliveira (2007b). Op. cit.

38 El Economista website, 'Portugal – El BCP cede a Sonangol y al BPA el 49,9% del Millennium Angola por 68 millones de euros'. (Portugal – The BCP provides Sonangol and BPA 49.9% of Millennium Angola for 68 million euros). Accessed on 10th January 2010. Available at <http://www.economista.es/economia/noticias/767639/09/08/Portugal-EI-BCP-cede-a-Sonangol-y-al-BPA-el-499-del-Millennium-Angola-por-68-millones-de-euros-.html>

39 New Europe website, 'MOTA-ENGIL signs MoU on partnership with Sonangol'. Accessed on 10th January 2010. Available at <http://www.neweurope.eu/articles/94981.php>

The major European oil companies engaged in Angola are the French TotalFinaElf and the British BP as well as the Italian Eni/Agip, all three as operators as well as non-operating investors. The Portuguese Petrogal/Galp company is engaged mainly through investing. Furthermore, also the Netherlands with Shell with the Spanish company Repsol YPF are involved in Angolan oil extraction, although to a much lesser extent.<sup>40</sup> The majority of these companies were already present in Angola during the nineties and France for example is suspected to have been involved in operations with Sonangol during the civil war in highly non-transparent “oil-for-arms” deals through over-invoicing.<sup>41</sup>

Although the European member states' importance for Angola's oil investments and exports is relatively low compared to the US and for several years also China, they have an increasingly important role as the African government seeks to diversify its foreign relations in order to reduce dependence on one or two major markets and investors. Furthermore, according to different publications, Western European Banks, in particular the British Barclays, the French BNP Paribas and Cylon as well as the Portuguese Banco do Espírito Santo, have provided several billions of US dollars to Angola's economy since 2002 mainly through pre-export financing and mostly oil-backed loans.<sup>42</sup>

In comparison to the overall ODA of the EC and EU member states, the amounts of Western European money involved in the oil business and “linked” areas such as financial and construction sectors are huge and probably much higher than any estimated numbers. In order to positively influence state-society relations, good governance and transparency in Angola, cooperation and coordination with European private enterprises and financial entities seems to be a key condition. By supporting the elites, mainly by accepting Sonangol's elitist and clientilistic network and institutionalised corruption, the economic relations between European companies and financial entities and Angola seem to reinforce the lack of transparency and the gap between state and society.

At first view, there might be a positive tendency regarding foreign oil companies' engagement in the social sector. While ODA is decreasing, during the last few years private companies have increased spending for social purposes and this is estimated at around 300 million US\$ annually.<sup>43</sup> These funds are supposed to be directed first of all to social projects in the fields of health, education and environment. But, although they might have a positive impact on human development in Angola, the real effects are very difficult to measure due to the fact that transparency and accountability, in particular when it comes to the money provided by oil companies, is also very low in this area. Furthermore, the majority of these funds are channelled through organisations controlled by or directly linked to Sonangol, and this means the Angolan state proposes and controls these projects.<sup>44</sup> In this sense, the effects of these funds on state-society relations don't seem to be positive or even reinforce the regime in power.

## BRAZIL'S ECONOMIC INTERESTS IN ANGOLA

Brazil is to a much lesser extent engaged in the oil and construction sectors, although the national oil company Petrobras as well as Odebrecht are both starting to be increasingly active as investors. Petrobras is an operator in some of the Angolan offshore oil blocks. Furthermore, Odebrecht is also involved in some construction projects in the country. But more importantly for Brazil is the engagement of Odebrecht as well as of the national agriculture research agency *Embrapa* in the agricultural sector, mainly in the promotion of biofuels production.<sup>45</sup>

Brazil's increasing economic interests in Angola are reflected for example in the loans the Brazilian state-controlled *Banco Nacional de Desenvolvimento* (National Development Bank, also called BNDES) directs to the Southern African country. Among all countries receiving credit lines in the context of the export and internationalisation support for Brazilian enterprises, Angola is the most important. Between July 2008 and June 2009, Angola received US\$725,526 million, according to the last data published by the BNDES, linked to the condition of buying Brazilian goods or services as for example in the agriculture and construction sectors.<sup>46</sup>

40 Energy Information Administration website, 'Country Analysis Briefs – Angola – March 2008'. Accessed on 20th December 2009. Available at <http://www.eia.doe.gov/emeu/cabs/Angola/Full.html>

41 R. Soares de Oliveira (2007). Op. cit. p.607.

42 K. Sharife and J. Feffer (2009). 'The battle for Angola's oil', Foreign Policy in Focus. Global Witness website, 'Western banks to give huge new loan to Angola in further blow to transparency', accessed on 10th January 2010. Available at [http://www.globalwitness.org/media\\_library\\_detail.php/397/en/western\\_banks\\_to\\_give\\_huge\\_new\\_loan\\_to\\_angola\\_in\\_f](http://www.globalwitness.org/media_library_detail.php/397/en/western_banks_to_give_huge_new_loan_to_angola_in_f)

43 I. Amundsen and A. Wiig (2008). 'Social funds in Angola: Channels, amounts and impact'. *CMI Working Paper 8*. Bergen: Christian Michelsen Institute, p.12.

44 Ibid., pp.15-22.

45 OECD (2008). Op. cit., p.129.

46 BNDES, Área de Comercio Exterior, accessed on 20th December 2009. Available at [http://www.bndes.gov.br/SiteBNDES/bndes/bndes\\_pt/Institucional/BNDES\\_Transparente/Consulta\\_as\\_operacoes\\_do\\_BNDES/setorprivado.html](http://www.bndes.gov.br/SiteBNDES/bndes/bndes_pt/Institucional/BNDES_Transparente/Consulta_as_operacoes_do_BNDES/setorprivado.html)

In this sense, in addition to Brazil's interests in promoting investments in the biofuels production in Angola, the African country represents also an increasingly important export destination for Brazilian products, mainly machinery, medicines and consumer goods and a new market with high expansion potential. Sharing the same language and to certain extent, a similar history with Portugal as the ex-colonial power, Brazil and Angola have traditionally good political and economic relations.<sup>47</sup> During the last decade and especially due to Brazil's strong interest in promoting South-South cooperation in the fields of development and trade, an increasingly strong relationship between both countries started to develop.

From the Angolan side, Brazil is usually identified as a positive partner for the country's development and Brazilians are generally perceived as being able to integrate well in Angolan society when they come as entrepreneurs or workers to the country.<sup>48</sup> For Angola, Brazil is, after Western Europe, China and the US, one of the most important trade partners accounting for 4.5 percent of its total trade volume.<sup>49</sup> Furthermore, investment flows from Angola towards Brazil are increasing, mainly due to members of the elite seeking further living possibilities if things in Angola might turn difficult for them in the future.

In general terms, Brazil is obviously not one of the most important economic partners for Angola. Nevertheless, Brazil's presence in Angola is growing, especially since the end of the war in 2002 and trends indicate further increases. When it comes to good governance or the promotion of more fluent state-society relations, Brazil, in the same way Western European countries are, is rather reluctant to express any criticism and economic interests seem to prevail.

## INTERNATIONAL DEVELOPMENT COOPERATION IN ANGOLA

In general terms, international development cooperation does not even reach 1 percent of Angola's GDP and even less of the overall state budget.<sup>50</sup> In this sense, the impact of aid donors is, compared to economic actors, especially low in the Angolan case. Nevertheless, aid does have some effects, although limited, on state-society relations in the country as the following brief overview shows.

### GENERAL TRENDS IN DEVELOPMENT COOPERATION IN ANGOLA

The relation between Angola and traditional aid donors is characterised by the particular strong ownership of the government on the one hand and the lack of coordination and a coherent approach among the donors as well as the relatively low impact of ODA on the general budget of the country on the other.

Since 2002, just after the war has finished and the peace agreement was signed, the Angolan Government, dominated by the MPLA, asked the international community to organise a donor conference. However, at the time, the main focus of the international community was on Afghanistan and Iraq and very little attention was paid to Angola. The conference never took place and different experts stress this as a sign of the failure of donors in Angola from the very beginning.<sup>51</sup>

Between 2002 and 2005, multilateral agencies and some bilateral donors still provided significant levels of emergency and food aid, debt relief and post-conflict emergency aid, for example through demobilisation programmes, resettlement and reintegration of ex-combatants. But since 2005, international aid has been continuously decreasing and no significant long-term development cooperation programmes have been implemented. Currently, ODA rounds up to not more than around US\$200 million, 0.5 percent of GDP.<sup>52</sup> The low and decreasing aid levels are coinciding with increasing oil revenues, as seen above.

47 Interviews, Brazilian officials, Luanda, November 2009.

48 Interviews, Angolan officials, Luanda, November 2009.

49 European Commission Directorate General Trade website, 'Angola's trade with main partners (2008)', accessed on 20th January 2010. Available at <http://trade.ec.europa.eu/doclib/html/122456.htm>

50 According to OECD and World Bank data ODA accounts in Angola since 2006 for less than 1% of GDP.

51 P. Ferreira (2009). *Op. cit.*, p.26.

52 OECD website, 'Angola fact sheet', accessed on 18th January 2009. Available at <http://www.oecd.org/dac/stats>

Due to the low levels of traditional ODA, the failure of the requested donor conference as well as China's offer to provide important credit lines backed with oil revenues and free of any political conditionalities, China became increasingly important as a major investor in the reconstruction of the post-conflict country. In addition to China, other important actors providing non-traditional development cooperation are, for example, Brazil and South Africa. Furthermore, as mentioned before, private aid provided mainly by foreign oil companies as well as oil-backed loans from European banks are of great importance to the country's economic development.

Furthermore, over the last few years it has become clear that Angola lacks interest and political will for stronger donor coordination. The government rather aims to diversify its economic, political and aid foreign relations and exercise strong ownership, selecting projects the state is really interested in instead of accepting externally designed programmes or conditionalities and pressure.<sup>53</sup>

The lack of engagement of the international donor community has also led to negative perceptions on the Angolan side and limited significantly the influence of international donors in improving state-society relations and promote good governance. The Angolan Government seems to be rather resistant to outside pressure and influence, in particular due to its diversified foreign partnerships.<sup>54</sup>

Furthermore, among the international donors, the majority cooperate almost exclusively with government entities – the Finance Ministry (bilateral donors) and the Ministry of Planning (multilateral donors) – as counterparts. Only very few donors also support civil society and this generally with a quite limited budget, although their role and activities are identified as essential to achieve governmental transparency and accountability and to promote good governance in Angola.<sup>55</sup>

## EUROPEAN UNION'S OFFICIAL DEVELOPMENT COOPERATION

The European Commission's engagement in Angola is defined by the Country Strategy Paper (CSP) 2008-2013 and the Country Indicative Programme as well as guided by the 10th European Development Fund (EDF) Multiannual Financial Framework. The CSP as a joint agreement between the Commission and the Angolan Government plans to allocate a total amount of 227.9 million Euros during the five-year period to the focal areas of governance and support to economic and institutional reform (20%); human and social development (32%); and rural development, agriculture and food security (32%) while the non-focal sectors (regional integration, private-sector support, non-state actors support and biodiversity) account for 16% of the overall budget.<sup>56</sup>

The fact that in this jointly-agreed CSP governance, economic and institutional reform has been accepted by the Angolan state as one of the three focal areas is at first view a positive surprise, as the government has up to now been rather reluctant to accept any external pressure to improve governance and democracy in the country. Nevertheless, in this context, the concept of governance as one focal area of EC aid is based on a very broad definition not focussing on concrete transparency or anti-corruption measures, but rather on training and capacity-building in public institutions. In practice, not even all projects of the previous CSP<sup>57</sup> have been implemented and very few of the projects in the current CSP have been agreed on and partly started.<sup>58</sup> In particular, in the field of good governance promotion and institutional capacity-building, the gap between commitment and disbursements has been wide.<sup>59</sup> Furthermore, civil society organisations in Angola do not receive funding in the focal areas of the CSP agreement. Only separate budget lines such as the 10th EDF programme section for non-state actors and EDF programme for democracy human rights are accessible to NGOs. The main funding goes however directly to government entities and the support for civil society organisations is almost insignificant in financial terms. In this sense, it can have only a very low impact in the creation, support and consolidation of a well structured and political participative civil society and on the promotion of a more fluent dialogue between state and society.

53 Interviews, international organisation officials, Luanda, November 2009.

54 N. Shaxson, J. Neves and F. Pacheco (2008). *Drivers of change, Angola. Position Paper 1: Strengthening public institutions*. Available at <http://mirror.undp.org/angola/LinkRtf/Drivers-change-PP1.doc>, p.13.

55 I. Amundsen and C. Abreu (2006). 'Civil society in Angola: Inroads, space and accountability'. *CMI Report 14*, Bergen: Christian Michelsen Institute.

56 Republic of Angola – European Commission (2008), *Country Strategy Paper and National Indicative Programme for the period 2008-2013*, European Commission Delegation, Luanda.

57 European Commission website, 'Country Strategy Paper 2002-2007'. Accessed on 20th January 2010, available at [http://ec.europa.eu/development/center/repository/print\\_ao\\_csp\\_en.pdf](http://ec.europa.eu/development/center/repository/print_ao_csp_en.pdf)

58 European Commission (2009), *Country Level Evaluation Angola*, p.55.

59 European Commission (2009), *Op. cit.*, p.19.

As the major part of programmes and funding is directed and negotiated directly with the government, which in fact does not really represent the population but rather exclusively its interest in maintaining power and control, the gap between state and society is reinforced instead of empowering civil society and promoting a more fluent dialogue. Nevertheless, agriculture and food aid as well as some other smaller development programmes have been implemented without major delays and obstacles and, although being very small and with limited influence, have marginally improved the situation of the population. But real progress in human development as well as governance would need a more committed long-term approach that includes civil society in the programming and funding of EC and EU member states aid.

Furthermore, the Government Incentive Trench (GIT) aimed at incentivising good governance reforms and performance in practice did not create any real incentives to improve the governance situation in Angola and to overcome the gap between state and society. The Governance Profile drafted by the EU member states and the Commission was not shared with the Angolan Government. Furthermore, the country also rejected drafting its Governance Action Plan for the EU arguing that the CSP and the Development Plan already includes some points regarding governance reforms to be promoted during the next few years. The EC accepted to draft this as the Action Plan for Angola and, despite there being no initiative taken by the government, Angola received an increase of development cooperation aid, which was originally intended to go only to those countries whose governments showed particular collaboration and progress in the field of governance.

Furthermore, the mid-term review on the governance situation provided by a local consultant showed very poor results, with not even a third of the goals in the governance and democracy sector reached.<sup>60</sup> Nevertheless, these results did in practice not have any effect on the funding Angola receives and will receive from the EC. The evaluation as a whole consists of different parts all influencing the final result. As the economic situation, in particular economic growth, received a positive evaluation, the overall conclusions have been acceptable and the poor governance performance has been counterbalanced by the relatively good economic development during the last years. This means, that the non-compliance with the Governance Action Plan and the poor performance in this sector do not have any consequences for the Angolan Government and therefore no incentive to improve the governance and democracy situation has been created.

Regarding the EU member states providing ODA to Angola, the situation is similar. The main European actors in the country are the former colonial power Portugal as well as to a lower extent France, the United Kingdom, Italy and the Netherlands and in recent years also increasingly Spain.<sup>61</sup> While the Netherlands are particularly active in the field of demining and disarmament, Italy prioritises the agriculture sector. France and Spain channel most of their cooperation as food aid as well as to the health and education sectors,<sup>62</sup> and Portugal concentrates for the main part in the education and institutional capacity-building sectors.<sup>63</sup> Only the UK channels most of its aid to human rights and democracy, mainly through multilateral organisations.<sup>64</sup> Civil society organisations receive relatively low funding from the member states compared to their direct support to state institutions, and also programmes aiming directly transparency and accountability or human rights and democracy are rather insignificant in the overall EU development cooperation to Angola.<sup>65</sup>

Against this background, the EC as well as the EU member states ODA to Angola seem to have relatively low impact on improving good governance due to the lack of funding, delay in projects and very limited support of civil society. Furthermore, the Angolan state's poor performance regarding governance and transparency seem to have almost no impact on EU cooperation flows to the country. This is reflected in the way the GIT process has been managed in Angola as well as the fact that for example that Spain has nearly tripled its aid to the Angolan Government in 2007-2008. This is despite the fact that parliamentary elections were delayed, presidential elections still not have taken place and political repression from the Dos Santos Government remains high.<sup>66</sup>

60 Interview, EC Delegation in Angola.

61 Republic of Angola – European Commission (2008). Op. cit., Annex 2A, p.7.

62 Agencia Española de Cooperación Internacional, Plan Anual 2009, p.102, accessed on 19th January 2010. Available at [http://www.maec.es/es/MenuPpal/CooperacionInternacional/Publicacionesydocumentacion/Documents/PACI%202009\\_DEFINITIVO.pdf](http://www.maec.es/es/MenuPpal/CooperacionInternacional/Publicacionesydocumentacion/Documents/PACI%202009_DEFINITIVO.pdf)

63 Instituto Português de Apoio ao Desenvolvimento website, 'Indicative Coopeation Programme. Portugal: Angola 2007-2010', accessed on 10th January 2010. Available at [http://www.ipad.mne.gov.pt/images/stories/Publicacoes/picangola0710\\_ingles.pdf](http://www.ipad.mne.gov.pt/images/stories/Publicacoes/picangola0710_ingles.pdf)

64 Department for International Development website, 'Project Information Angola', accessed on 10th January 2010. Available at <http://projects.dfid.gov.uk/SearchResults.asp?countrySelect=AO-Angola>

65 Republic of Angola – European Commission (2008). Op. cit., Annex 2A, p.7.

66 R. Youngs (May 2008). 'Is European democracy promotion on the wane?' *Working Document 292*, Centre for European Policy Studies, pp.4-5.

## BRAZILIAN OFFICIAL DEVELOPMENT COOPERATION

As part of the overall foreign relations approach focusing on South-South cooperation, Brazil is increasing its engagement in Angola in the field of development cooperation. Being very small in financial terms in terms of its engagement in Angola, Brazil sees its added value mainly in capacity-building and exchange of know-how.<sup>67</sup> The cooperation among both countries started officially with an agreement on economic, scientific and technical cooperation signed in June 1980 and increased during the Lula Government's special focus on the African continent as important export market whose development would benefit Brazil. Starting with Lula's presidential visit to Angola in 2003, followed by several official trips usually accompanied by important delegations from Brazil's development agency (ABC) and especially businessmen, different programmes were established in the areas of agriculture, education, training and capacity-building in public, industrial sectors and public health.<sup>68</sup>

Regarding good governance and state-society relations in particular, the Brazilian position generally supports the idea of non-interference in domestic Angolan issues, especially when economic interests prevail. Furthermore, similar to Western donors, Brazilian officials do not criticise but stress the democratic process in the country as positive although they admit that obviously a lot remains to be done. The Angolan Government is perceived as heading in a positive direction, having already done a lot to prioritise the reconstruction of the country and being aware of the main problems to be overcome in the next few years: lack of capacity and the need to diversify production structure and economic relations. The Brazilians see themselves as important partners for Angolan development in these areas and seek also the pragmatic objective of creating and consolidating an important external market for Brazilian goods.<sup>69</sup>

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67 Interview, Brazilian Development Cooperation Agency official, Brasilia, February 2009.

68 Agência Brasileira de Cooperação (2009). *A cooperação técnica do Brasil para a África*, Brasilia, pp.9-14.

69 Interview, Brazilian officials, Brasilia, February 2009 and Luanda, November 2009.

## STATE-SOCIETY RELATIONS IN THE INTERNATIONALISED ANGOLAN CONTEXT

As the previous sections show, the Angolan regime's power position 'relies on the offshore economy and does not depend on the population for revenues. Thus there is no reciprocal relationship between the ruling elite and the population, which creates an enormous obstacle to democratization'.<sup>70</sup> The integration in the international system of the Angolan elitist government seems to be a key factor of the current de facto authoritarian regime and centralised power. Against this background, the following sections focus on the trends of state-society relations, taking into account whether the population benefits from the significant economic growth, and how state institutions and the civil society have developed since the end of the war, especially since elections in 2008.

### HUMAN DEVELOPMENT – DOES THE GROWTH AFFECT THE POOR?

Since the end of the war, Angola is one of the fastest-growing economies in the world, with a growth rate average of around 14.7 percent according to World Bank data.<sup>71</sup> But so far, this significant economic progress has not been translated into sustainable development and Angola still ranks poorly in key social indexes like the UN Development Programme's (UNDP) Human Development Index (HDI).<sup>72</sup>

The reasons for this gap between economic growth and human development can be found in the high wealth concentration in hands of the elite, the clientilistic network around the president, and the institutionalised corruption. The international community and big economic players are linked with and support directly and indirectly the elite in power, excluding to a huge extent the Angolan population. In particular the oil sector, controlled by the state-owned enterprise Sonangol, as well as the infrastructure and financial sectors are operated in non-transparent ways and often by using a "parallel" system of doing business directly with the elites, avoiding the formal bureaucratic democratic institutions.

There are, however, the slow beginnings of change, and efforts to diversify the production structure have had a positive effect on human development. The government has invested in improving the infrastructure and the development of the agriculture sector gives employment to many Angolans not part of the Luanda-based elite. But a major problem is that an important part of the non-extraction sector growth is generated in the construction sector where mainly foreign firms operate often with no or very few Angolan employees. Also, the agricultural sector is starting to recover from the long years of war and almost complete neglect, developing beyond a subsistence economy creating a domestic market for its goods. Furthermore, social spending as part of the overall government budget has been increasing during the last years.<sup>73</sup>

Nevertheless, human development remains weak in particular compared to the exponential economic growth of the country and progress is extremely slow. High inequality, low education levels, a huge number of people

70 P. Roque (2009). Op. cit., p.149.

71 According to World Bank data between 2002 and 2008 the annual growth rate in Angola was 14% (2002), 3% (2003), 11% (2004), 21% (2005), 19% (2006), 20% (2007) and 13% (2008), World Bank website, 'World Development Indicators', accessed on 20th January 2010. Available at <http://ddp-ext.worldbank.org/ext/DDPQQ/report.do?method=showReport>

72 According to the Human Development Index of 2009, Angola ranks 143rd out of 182 countries and is still one of the lowest-ranked countries in the group of medium developed countries. United Nations Development Programme website, 'Human Development Index 2009', accessed on 20th January 2010. Available at <http://hdr.undp.org/en/statistics/>

73 Bertelsmann Stiftung (2009). *BTI 2010 – Angola Country Report*. Gütersloh: Bertelsmann Stiftung.

living in poverty and a low health indicators puts Angola at rank 143 in the Human Development Index (HDI) of the United Nations Development Program (UNDP).<sup>74</sup> Although, 'most of the major international companies operating in Angola have tried to cultivate a corporate social responsibility (CSR) friendly image by engaging in small scale philanthropy',<sup>75</sup> these projects are much more about image than about having any real impact on the human development in Angola. Furthermore, some of these philanthropic projects are going directly into the elites' pockets, for example through "one-person NGOs" representing in practice a member of the elite, or with links directly to Sonangol or the government,<sup>76</sup> benefiting the regime in power rather than having significant positive effects on the population's social-economic situation.

In general terms, a lot remains to be done in order to transfer the economic growth of Angola into positive and inclusive human development progress, instead of strengthening almost exclusively the small elite. It is difficult to indicate future development, yet this depends very much on the political processes in the country during the coming years as well as the role the international community will assume. If the current policies of centralising power and wealth among the few and focussing the economy in particular on the oil and construction sector do not change, it is likely that Angola will face serious economic challenges and go backwards in the next 10-20 years when the oil resources might decline and international actors provide less support for the elite.<sup>77</sup> Furthermore, the country will probably face important internal conflicts or at least bigger social unrest if the government does not deliver soon beyond the "hard reconstruction" phase by investing in human and social development, capacity-building, the private sector and job creation as well as opening up to more political participation and increasing democracy and transparency in order to improve state-society relations.<sup>78</sup>

## INSTITUTIONAL DEVELOPMENT – TWO SYSTEMS

Formally, Angola is a democratic republic, having held fair and free parliament elections in 2008 that confirmed the MPLA as ruling party with 81.64 percent.<sup>79</sup> Nevertheless, this result has to be seen in the context of the culture of fear the government has created since the end of the war in 2002, its politics of oppression of any possible opposition and the co-option of civil society and especially independent media which made the 'the only information circulating throughout the country ... controlled and manipulated by the MPLA'<sup>80</sup> confirming its power status.

A further key problem of the institution-building process since the end of the war in 2002 is the lack of capacity of staff working in the different ministries and agencies. As, for example, Ferreira and interview partners in Angola stress, the lack of institutional and personal capacity in the government is a huge problem when it comes to conducting clear policies and reforms in different areas.<sup>81</sup> The fragility of public institutions and the lack of an independent, efficient and competent judiciary limit the change citizens can drive forward and the progress of the democratisation process in Angola.

In contrast to the majority of democratic state institutions, the state-owned company Sonangol has very well developed capacities and human resources and huge capital to promote its international standing, as mentioned previously.<sup>82</sup> Furthermore, according to Shaxson, 'the president and his advisors have actively worked to mitigate challenges from any potential alternative power bases. Loyalty and obedience to the president is a prerequisite for holding political power in Angola. (...) The president closely manages the patronage system, and routinely reshuffles power across government to ensure an overall power balance, including through the creation of unconventional state bodies. (...) Angola's government is rather resistant to outside pressure and influence, especially from traditional development partners'.<sup>83</sup>

74 United Nations Development Programme website, 'Human Development Index 2009', accessed on 20th January 2010. Available at <http://hdr.undp.org/en/statistics/>

75 P. Ferreira (2009). *Op. cit.*, p.13.

76 I. Amundsen and A. Wiig (2008). *Op. cit.*

77 D. Sogge (2009). *Op. cit.*

78 Bertelsmann Stiftung (2009). *Op. cit.*

79 Bertelsmann Stiftung (2009). *Op. cit.*

80 P. Roque (2009). *Op. cit.*, p.142.

81 P. Ferreira (2009). *Op. cit.*

82 R. Soares de Oliveira (2007). *Op. cit.*, p.607.

83 Shaxson et al. (2008). *Op. cit.*, p.13, 20, 23.

The president is in practice the prime minister and head of the state at the same time, presiding over the ruling cabinet and with the power to appoint and dismiss ministers, the attorney-general as well as Supreme Court judges. Furthermore, since the end of the war, dos Santos applied a policy of shifting power toward the presidency and away from the party in order to increase its control while weakening the MPLA's influence on politics. In fact, the presidency is currently the most powerful institution, linked at the same time directly to Sonangol and controlling a major part of economic developments. 'For the last thirty years, the president has kept the MPLA and the government in check by expanding a highly efficient system of patronage that provides incentives to a loyal elite'.<sup>84</sup>

One of the institutions that indirectly formalises this clientilistic system is the National Reconstruction Cabinet (GRN) created in October 2004. The director, General Kopelipa (his legal name is Helder Vieira Días) is characterised by his loyalty to the president. The GRN manages a parallel system of personal contacts and institutionalised corruption. Important decisions regarding not all but an important part of major economic and investment activities, in particular in the fast-growing construction sector, are centralised in this entity around the president.<sup>85</sup> The emergence of the GRN diluted the influence of the Finance and Public Works Ministries as well as the investment agency ANIP. Also the Council of Ministers which, according to constitutional law approves all important decisions regarding legislation, policies as well as concrete investment and cooperation agreements, is more a formal structure but has in fact very limited power as it is manipulated by the GRN and other groups close to the president.

Furthermore, inter-ministerial commissions have been created during the last few years supposedly in order to improve coordination among the ministries and inside the government. But in practice, these commissions are highly centralised within the presidents' network, providing him with an additional layer of control. According to Ferreira's research results, 'Decades of an authoritarian regime and de facto one-party [one person] rule have led to a democratic deficit. (...) Eduardo dos Santos also enjoys a considerable personal power base and dominates the MPLA, where he has always been able to marginalise rivals (...) and to courteously exclude leading MPLA figures that have criticised him from executive positions'.<sup>86</sup> The current state-society relations began to emerge already during the three decades lasting war and continued also after the end of the war in 2002, when the state recovered its relevance and importance and 'the progressive accumulation of wealth by individuals connected to state power began to take place'.<sup>87</sup>

Furthermore, 'despite the rhetoric on increased transparency, accountability and democratisation, therefore, little has yet been accomplished to overcome the gap between rulers and ruled'<sup>88</sup> Civil society members and independent local consultants confirm that they feel even more manipulated, indirectly oppressed and limited in their freedom of assembly, expression and demonstration since elections took place in 2008. Government pressure is characterised as less visible and more subtle. The elite, for example, "buy" journalists or honour the withholding of certain critical articles and prevent assemblies and manifestations before they could take place. Furthermore, an artificial civil society has been created which is unofficially directly linked to and controlled by the government. While independent organisations are often understaffed, lacking resources and traditionally weak,<sup>89</sup> this "second" civil society receives important government funding that allows them to be better organised and to compete for international funding.<sup>90</sup>

Furthermore, presidential elections initially planned for 2009 have not taken place due to the constitutional debate that led to the new constitution announced on 21st January 2010. The constitutional commission was composed by selected members of parliament, and 35 out of 45 were MPLA representatives. Therefore, dos

84 P. Roque (2009). Op. cit.

85 Interviews, international experts, civil society members and a member of the Angolan elite, Luanda, November 2009. Shaxson et al. (2008). Op. cit., p.30.

86 P. Ferreira (2009). Op. cit., pp.20-21.

87 F. Pacheco, M. Jao, T. de Almeida Cravo and U. Schiefer (2006). *The role of external development actors in post-conflict scenarios – The case of Angola*. Centro de Estudos Sociais [Centre for Social Studies] No. 258. Available at <http://www.ces.uc.pt/publicacoes/oficina/258/258.pdf>

88 P. Ferreira (2009). Op. cit., p.21 and S. Kibble (2006). 'Angola: From politics of disorder to politics of democratisation'. *Pambazuka News, Weekly Forum for Social Justice in Africa*. Available at <http://pambazuka.org/en/category/features/33686>

89 I. Amundsen and C. Abreu (2006). 'Civil society in Angola: Inroads, space and accountability', *CMI Report 14*. Bergen: Christian Michelsen Institute, pp.6-8.

90 Interviews, civil society members and local independent consultants, Luanda, November 2009.

Santos and his patronage network could push for the approval of a version that strengthens the president's position even more. Next presidential elections are expected to take place not before 2012 and will be through the parliament while no direct voting is planned. Furthermore, as the president is at the same time prime minister controlling the parliament, there is no separation of powers and the capacity of checks and balances from the parliament are not respected.<sup>91</sup> Although, there is a political opposition led by UNITA confronting this project as well as a more vigorous civil society campaign denouncing the process of the constitutional debate, these movements have not been enough to alter the plans for the implementation of the new electoral system – a fact that reflects well the weakness of the opposition and the strong position of the regime in power.

In formal terms, democratic development has been positive during the last few years, with the holding of elections and promoting of capacity and institution-building. But the parallel system ruled by patronage structures of the elite around the president undermines the legal democratic institutions' power and function. The fact that the MPLA has won elections with more than 80 percent of the votes in 2008 puts them under pressure to deliver more than transport and housing infrastructure to the people. The government has to face and overcome the low level of human development and although there is at the moment no alternative due to the lack of strength, message and organisation of any possible opposition, it will become complicated for the MPLA and the presidential clique to hold its position and control over the people without switching to total (visible) authoritarian pressure if they don't deliver sustainable human development relatively soon.

The decentralisation programme, launched in 2007 by the government in order to transfer certain competencies from the central state to the regions and municipalities, could be a sign of progress.<sup>92</sup> Although in general terms, power is still concentrated around the president in all important questions, this decentralisation initiative is an interesting entry point where the European Commission could increase its engagement and impact<sup>93</sup> and it also might be a good opportunity to engage more with Brazil which is already supporting with technical assistance and capacity-building.

In general terms, the centralised and de facto authoritarian and exclusive system as well as the power position of the ruling elite is based on its important links with the international community.<sup>94</sup> For the government, the economic support on the one hand (through ODA but mainly through business contracts, investment and credit lines) and the rhetorical support legitimising its position and power in the country and in the international scenario are crucial, as previous sections have shown.

## TRENDS IN CIVIL SOCIETY IN ANGOLA

In November 2009, the third National Conference of Angolan civil society took place in Benguela with the participation of around 200 representatives from local and international civil society organisations as well as from bilateral and multilateral donors in Angola, including the US Ambassador, EC and European member-state representatives. The first conference was organised two years previously in November 2007 and was perceived generally as a “turning point” because since then coordination among civil society organisations as well as some opportunities of improving dialogue between state and society have been gradually increasing.<sup>95</sup>

Nevertheless, at the same time, the huge gap still remaining between state and society in Angola and the general lack of cooperation among both also became clear. The majority of government officials near to the “real power centre” have a rather negative perception of civil society and in particular the organisations criticising the lack of transparency, political participation or democratic practices in Angola. The elite usually tries to undermine critical civil society activities, not with obvious measures such as censorship or prohibition of some organisations, but with indirect instruments such as limiting access to financial resources, “buying” members or “preventing” assemblies and manifestations. In this context, organisations working in the field of social development are usually supported or at least accepted by the government, and the ones engaging in the areas of democracy, human rights, good governance and transparency issues face challenges in a rather hostile political environment.<sup>96</sup>

91 A. Monteiro (2009). 'All-in on Angola's future constitution: The presidential election stake', *IPRIS Lusophone Countries Bulletin November 2009*. Lisbon: Instituto Português de Relações Internacionais e Segurança, pp.1-2.

92 Bertelsmann Stiftung (2009). *Op. cit.*, p.8.

93 P. Ferreira (2009). *Op. cit.*, pp.28-29.

94 D. Sogge (2009). *Op. cit.*, p.22.

95 P. Ferreira (2009). *Op. cit.*, p.24.

96 Interviews, civil society members and independent consultants, Luanda, November 2009; Bertelsmann Stiftung (2009). *Op. cit.*, p.9.

As previously mentioned, there are “two” civil societies in Angola: one independent from the government, usually supported by bi- and multilateral international donors, and the other composed by government-operated NGOs known as GONGOs. The first group faces huge financial problems as well as government pressure having almost no access to public national funds and being in a complicated position when it comes to competing for international funds.<sup>97</sup> Furthermore, the international community considers the second group easier to support because engaging with this group means not putting good relations with the Angolan elite at risk.<sup>98</sup>

Since the first Civil Society Conference in 2007, *Conselhos de Auscultação e Conertação Social* (Social Consultation and Coordination Councils, or CACS) have been created by the government, with the official aim of including civil society organisations in policy-making decisions and to establish a dialogue between the state and citizens and especially on local and municipality levels. Multilateral donors often engage with the CACS to develop their cooperation programmes at the local levels.<sup>99</sup> Nevertheless, these forums are highly controlled and participation is limited to organisations selected and invited by the government.<sup>100</sup> In this sense, the silent agreement of the international community actors to channel their programmes mainly to the government or to GONGOs means to indirectly support the authoritarian regime and the elite in power.

Freedom of press or media in general is constitutionally and legally granted and no direct censorship has taken place since the end of the war in 2002.<sup>101</sup> Nevertheless, in practice freedom of media depends very much on access to capital and other practical issues like print services (owned by state enterprises). This leads to a situation where in fact only state radios and televisions can broadcast nationally and only state-owned newspapers are disseminating broadly in the country, while others have only limited or almost no access to the population.<sup>102</sup> Furthermore, strategies of political violence, promotion of a culture of fear, politics of co-option and persecution of opponents aim to neutralise any possible form of opposition.<sup>103</sup>

Despite this, it certainly was a positive sign that the US Ambassador, as the first official international representative ever, participated as speaker in the opening session of the Civil Society conference in Benguela in 2009, showing his support not only to “governmental” but also to the independent and often critical organisations including those engaging to improve human rights, democracy and governance in Angola. Also the financial support the conference organisation received from the EC, although very low, is a positive indicator of international engagement.

Nevertheless, in general terms, it can be stressed that the international community is doing little to really contribute to the improvement of state-society relations, participative democracy and inclusive human development in Angola. International actors primarily seem to strengthen the regime in place. Several multilateral donors affirmed directly or indirectly that although they have a budget for civil society support including the conference in Benguela, and have been requested by different organisations to provide funding, they ‘had to’ reject these because the government was not very keen to see these organisations engaging in this rather elite critical initiative. Furthermore, they confirmed that although knowing about the elitist control of the CACS, they only work with these organisations to design and implement programmes in Angola, as organisations outside these associations are usually not recognised and not accepted by the government and they ‘don’t want to have trouble with the government’ as it is the partner they have to approach and work with in Angola.<sup>104</sup>

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97 P. Roque (2009). Op. cit., p.142.

98 Interviews, civil society members, independent consultants and International Organisation official, Luanda, November 2009.

99 P. Ferreira (2009). Op. cit., p.22; Bertelsmann Stiftung (2009). Op. cit., p.8.

100 Interviews, civil society members, independent consultants and International Organisation official, Luanda, November 2009.

101 Bertelsmann Stiftung (2009). Op. cit., p.10.

102 Interview, journalist and civil society member, Luanda, November 2009. P. Roque (2009). Op. cit., p.141.

103 P. Roque (2009). Op. cit. p.141.

104 Interviews, international organisations officials, Luanda, November 2009.

# CONCLUSIONS

The impact of the international donor's engagement in the field of governance and state-society relations appears to be quite limited and rather driven by Angolan elite's interests and therefore not supportive for concrete governance reforms or improving political and economic participation of the population and more fluent state-society relations. ODA does not even represent 1 percent of the state budget and GDP, which means that Angola is not dependent on external aid but exercises a strong ownership. Donors are channelling the major part of ODA directly to the government and state institutions, providing very little funding to civil society organisations. In this context, the economic interests in Angola seem to override the commitment to achieving more fluent state-society relations and improving governance and transparency.

The international community's diplomatic and economic engagement seems to reinforce, rather than improve, the current state-society relations in the de-facto authoritarian system. Big enterprises in the oil and also construction sectors provide the elite with legal (taxes going to government) and illegal (corruption) ways of getting money, revenues and goods. At the same time, the international community state and multilateral actors avoid criticising the lack of democracy and transparency, but continue to support and therefore legitimise the regime in power in order to avoid putting at risk their economic interests in Angola.

An opportunity for the international community to influence state-society relations and governance in Angola in a positive way might be the search for international legitimacy and recognition as an important international actor and a crucial regional power that makes the Angolan Government and elite more sensitive to the opinion and rules promoted by the international community. In this context, some progress has been made regarding the Extractive Industries Transparency Initiative (EITI) and other multilateral initiatives that enhance global prestige and might improve the country's image on the international scene – but much more remains to be done.

The international financial crisis and more volatile oil prices on the one hand and Angolan interests in achieving a positive image as regional power are factors that create a window of opportunity for the international community to engage with more diplomatic, political and economic strength with Angola in order to promote transparency (in particular in the extraction sector) and more fluent state-society relations. The inclusion of Angola into EITI would be an important advance. In general terms, the collaboration of the oil multinationals from US, Western Europe and China in particular as well as Brazil would be important.

Nevertheless, the fact that it is rather the international community that changes its positions, softens or even retires conditionalities reflects the capacity of the Angolan elite to exercise power and influence rather than its being influenced by any external actor. This means that as long as economic interests prevail and international actors strengthen the current authoritarian regime by supporting economically and politically the elite in power, real change towards more fluent state-society relations will hardly be achieved. Although there are important entry points for the international community, what is crucial is stronger commitment by donors, big powers and diplomatic representations as well as private and public companies and financial entities in order to overcome the huge gap between state elite and the population and bring forward real democratic change and consolidation in Angola.

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