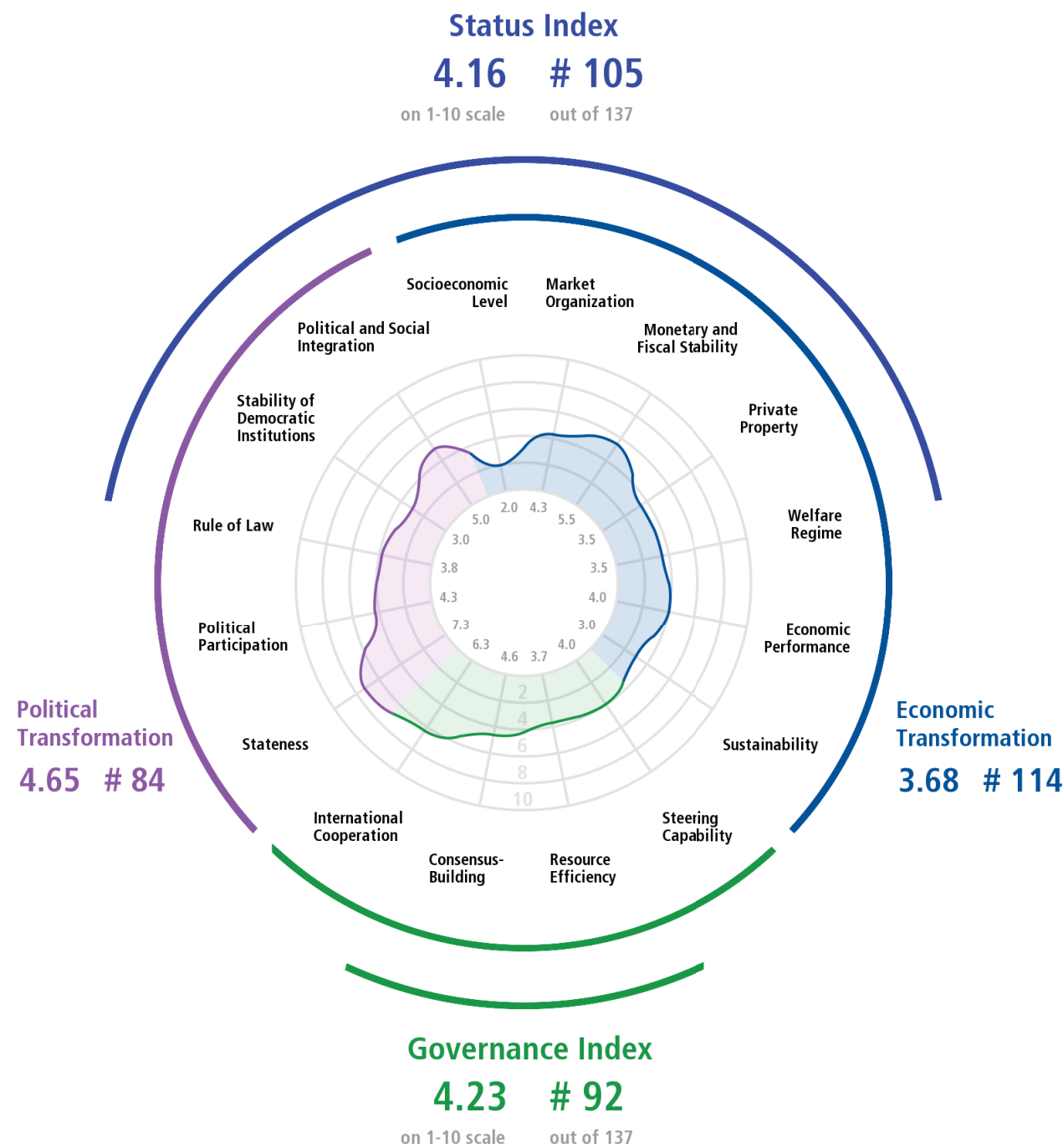


Angola



This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2020**. It covers the period from February 1, 2017 to January 31, 2019. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	30.8	HDI	0.574	GDP p.c., PPP \$	6441
Pop. growth ¹	% p.a.	3.3	HDI rank of 189	149	Gini Index	42.7
Life expectancy	years	60.4	UN Education Index	0.498	Poverty ³	% 55.7
Urban population	%	65.5	Gender inequality ²	0.578	Aid per capita \$	7.5

Sources (as of December 2019): The World Bank, World Development Indicators 2019 | UNDP, Human Development Report 2019. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

The main change that Angola saw in the period under review is the election of a new president, João Lourenço, on August 23, 2017. After 38 years in power, José Eduardo dos Santos of the ruling MPLA (Popular Movement for the Liberation of Angola) made way for a successor of his own choosing when he announced, in early 2017, that he would not seek re-election and the party selected the then defense minister, João Lourenço, as its top candidate for the August elections.

Lourenço, a former army general and party stalwart, had in the early 2000s announced his own presidential ambitions a bit too clearly, and had been “demoted” to first vice president of the National Assembly, a largely symbolic post. Having proven his loyalty to dos Santos and the party in the decade that followed, he was eventually restored to influence when he was made defense minister in 2014.

Lourenço seemed an unlikely candidate for instigating change: he was seen as a hand-picked loyalist and until then “not known for his intellectual capabilities,” according to Angolan commentators. While he tried to present himself as more accessible and down-to-earth than dos Santos (including on social media) and was soon nicknamed “JLo” by the population, his campaign, running under the motto “correct what is bad, improve what is good,” (“corrigir o que está mal, melhorar o que está bem”) failed to ignite much enthusiasm ahead of the elections. Given that dos Santos would stay on as the president of the MPLA for the foreseeable future, Angolans were understandably wary.

The elections were peaceful and saw notable opposition gains, particularly in Luanda and Cabinda. However, the MPLA-controlled National Electoral Commission still announced a comfortable, if reduced, MPLA majority, which translated into 150 seats in the 220-strong National Assembly – enough to pass any law and even potential constitutional changes without opposition support.

Within weeks of his inauguration, however, Lourenço surprised everyone by starting to make use of the near-absolute presidential powers that the 2010 constitution, tailored to serve dos Santos,

gave him. He denounced the evils of corruption and said the public media should serve all Angolans and not just the interests of the ruling party. Almost overnight, state media started reporting more openly and critically. He then started moving very swiftly against the economic interests of the dos Santos family and its allies, and had, until the end of the year, dismissed more than 300 figures in the public service and parastatal companies.

This has won him the support of the population and the party (he was eventually elected party president in June 2018). His moves against some very prominent individuals and his new style of politics have reassured foreign backers, including the IMF. This has also defused some of the most pressing social tensions in Angola by taking up some of the parliamentary and civil society opposition's most vocal demands (thereby neatly neutralizing them in effect).

While this sense of opening up and relief has been most palpable in the way in which Angolans of all walks of life now comment on and criticize politics in tones previously unthinkable in public, there are indications that Lourenço is simply replacing the previous network of dos Santos-allied beneficiaries with a new one, and that fundamental changes to Angola's oil-fueled, import-dependent rentier economy will take longer to come about. Accordingly, in terms of the actual socioeconomic situation of a majority of the population, things have not improved since the onset of the economic crisis in 2015, and 2019 is likely to see further worsening of living standards and social indicators.

History and Characteristics of Transformation

Following a tumultuous transition to independence from Portugal in 1975, the MPLA, one of Angola's three armed liberation movements, declared independence and, with Cuban support, secured the capital city. The newly independent country was thus immediately plunged into a civil war between the MPLA and the 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. While both espoused varieties of socialism, 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 Angola to bring in some revenue, though it served more to transform the party nomenklatura into a tiny class of oil rentiers rather than improving general socioeconomic 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 country’s interior, but it 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, which 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. The MPLA made full use of the privileges of incumbency – access to state funds, media control, intimidation of the opposition 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 a system whereby the head of the majority party or coalition’s list of candidates was declared president.

This change further blurred the lines between the executive and legislature, and party and government. In the 2012 elections, despite a decline of the MPLA’s popular vote to 71%, President dos Santos was thus duly elected for the first time. This unique “parliamentary-presidential” system consolidated his grip on power and led, in the post-2012 period, to an even more deliberate monopolization of economic assets by dos Santos’ children. This, however, also led to dissatisfaction among the population at large, as well as, increasingly, within the ruling party.

The dissatisfaction was compounded by the onset of a deep economic crisis in 2015, triggered by a fall in world oil prices in late 2014. The severity of the crisis was also increasingly seen as a result of dos Santos’ mismanagement of the economy and the system of frenzied asset grabbing that he had installed.

Dos Santos by now had not only become the focal point of small but increasingly vocal and visible protests, but he was also plagued by ill health. He hand-picked a successor of his choice, João Lourenço, to run as the MPLA's candidate in the 2017 elections, while he himself would stay on as party leader. This, many suspected, would allow dos Santos to continue controlling the country from behind the scenes. However, as outlined above, Lourenço surprised many in the first year of his tenure by moving decisively against the interests of the dos Santos family, thereby defusing some of the most pressing issues for the moment.

Nonetheless, the dominance of the MPLA continues, and the political economy of Angola remains dependent on oil revenues and hostage to entrenched politically connected private interests.

As such, Angola has made formal progress toward multiparty democracy and a market economy since the transition from socialism in 1990. 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

There is very little competition with the state's monopoly on the use of force, as the Angolan Armed Forces (FAA) are deployed across the territory, and comparatively well-equipped and well-trained. In the northern enclave province of Cabinda, a separatist guerrilla movement, the Front for the Liberation of the Enclave of Cabinda (FLEC), has been waging a low-level insurgency against government forces, staging occasional ambushes against FAA units. With Cabinda one of the most heavily militarized areas in the world and FLEC disunited internally, its remaining fighters are confined to remote forest areas bordering the Republic of Congo, and attacks have been few and far between in the past two years.

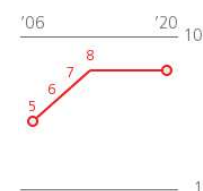
Though all Angolan citizens are equal before the law, in practice some groups are excluded from the benefits of citizenship. Both in the northern oil-producing province of Cabinda and in the eastern diamond-producing provinces of Lunda Norte and Lunda Sul (the Lundas), inhabitants feel that their civic and cultural rights are not respected, and that they see little to no benefit from the resource extraction taking place in their respective provinces. In these two areas, autonomist/separatist groups contest the legitimacy of the Angolan nation-state. In the rest of the country, a vast majority of people identify as Angolans, a national identity that supersedes ethno-regional affiliations.

In both Cabinda and the Lundas, there have also been repeated raids against suspected undocumented migrants from neighboring DRC, which, as access to identity documents in Angola remains costly and complicated, also target paperless Angolans. Moreover, human rights violations are rife in both areas. In addition, some urban poor and some rural "indigenous" communities like the San of southern Angola are in practice often excluded from accessing identity documents, voting, and health and education services. More generally, in the interior of Angola there is mistrust about

Question Score

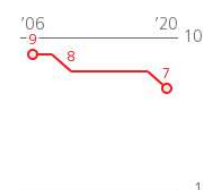
Monopoly on the
use of force

8



State identity

7



the autonomy of the Angolan state, which is seen as indistinguishable from the MPLA party.

Although the citizenship law has been revised repeatedly, significant legal uncertainty persists for many long-term residents who might theoretically be eligible for citizenship, while others, who are in principle not eligible, find shortcuts to obtain the desired identity papers.

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 MPLA government, some 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.

However, in the late 1990s and early 2000s, and again since the 2012 elections, several church leaders, including bishops of the Episcopal Conference of Angola and São Tomé (Conferência Episcopal de Angola e São Tomé, CEAST), the leadership of the dominant Catholic Church, have started voicing somewhat more assertive positions against the government, criticizing political intolerance, poverty, and a lack of caring and solidarity.

Despite long-harbored plans for administrative and political decentralization, Angola remains a strongly centralized state, with relatively little autonomy and competences for local administrations. Accordingly, the capacities of local administrations to provide for the needs of the population is low.

Especially in the provinces, administrative structures at the district, municipal and village levels usually increase the control 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 the local level.

Beyond administrative structures that extend the control of the party-state to municipal level, people in large parts of the country do not have access to basic government services. In 2015, 49% of the population were reported as having access to water and 52% to sanitation; the urban-rural imbalance is stark, with the southern regions especially affected.

For example, recurring droughts in the Cunene and Namibe provinces regularly expose people to famine, most recently in March 2019 when 285,000 families in Cunene were declared at risk. Despite the recurrence of droughts (and the presence of two major rivers), the government seems unwilling or unable to address the situation, relying on humanitarian assistance instead. Local activists have emphasized

No interference of religious dogmas

10



1

Basic administration

4



1

that the population in the south have lost access to the river and their hunting and fishing grounds because of the presence of agro-industrial projects.

Plans to revise revenue distribution and hold local elections would strengthen local administrations. However, as this might also lead to local political autonomy from the ruling party, both of these processes are still in the planning and debate phase.

2 | Political Participation

The 2017 elections, Angola's third, saw the ruling MPLA's share of the vote drop further, to 61% (after 82% in 2008 and 71% in 2012). These numbers were announced by the nominally independent National Electoral Commission the day after the voting took place, but were in fact more or less fabricated out of thin air: none of the provincial results had been tallied and parallel counting by the opposition indicated substantial opposition gains in key urban areas. Opposition injunctions to the Supreme Court were unsuccessful, so the official result left the MPLA with an absolute, if significantly diminished, majority in parliament.

Even so, the opposition made significant inroads in the two most populous municipalities in Luanda, as well as in Cabinda province, as there was less intimidation and violence than in previous polls, and civil society associations and opposition made valiant efforts to independently monitor and tally the vote.

The new administration of President Lourenço promised to finally hold local elections as foreseen by the 2010 constitution but delayed ever since. However, because of the very real possibility of the MPLA losing key municipalities to the opposition, as highlighted by the gains of UNITA and CASA-CE in urban constituencies in 2017, the government is now debating the "gradual" introduction of local autonomy, doubtless only to municipalities likely to vote for the MPLA.

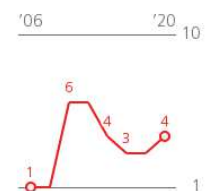
The transition from ex-President dos Santos to President Lourenço has resulted in a serious curtailing of the capacities of an unelected elite (the dos Santos family and its allies) to undermine the power of elected political representatives to govern.

Given that Lourenço was elected as head of the MPLA's candidate's list in the (albeit flawed) 2017 elections, he is a democratically elected political representative, and one with considerable power to govern. With ministers and provincial governors directly appointed by the president, Lourenço remains the ultimate arbiter of all political decisions.

In contrast, the National Assembly (parliament) remains subordinated to the executive. House rules give opposition representatives only very limited time to voice their opinions, and the MPLA has, because of its dominance, still little incentive to engage in a constructive dialogue with the opposition.

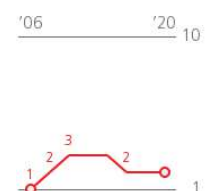
Free and fair elections

4



Effective power to govern

2



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 more or less tolerated and even encouraged as part of “organized civil society,” as they compensate for a lack of public services at local level. Here, there have been some improvements regarding the right to demonstrate. For example, in February 2017, parliament approved a bill that would criminalize abortion as a penal offence, which triggered an outcry from civil society, led by a small group of feminist activists in Luanda, who organized a protest march. The mobilization proved successful, to the point where regime-affiliated women endorsed the march. Accordingly, the police, usually quick in cracking down on any unauthorized demonstration, held back and cleared the streets for the demonstrators. The protest persuaded parliament to reopen discussions on the bill, though not to shelve it entirely; however, as a test case for mobilizing the population across social classes and sectors around a common “apolitical” issue, it was a relative success.

Although the situation in Luanda appears to have improved since the 2017 elections, political demonstrations in the provinces face continued repression. In November 2018, peaceful demonstrators calling for greater autonomy in Cafunfo, Lunda-Norte, were dispersed when combined police and army forces opened fire on the crowd and beat up and arrested participants.

Prior to the 2017 elections, the main target of oppression was youth activists, who began staging small, visible anti-government protests in provincial towns and Luanda from early 2011 onwards. Plainclothes “heavies,” in fact agents of the state security service, regularly broke up demonstrations and gatherings in private homes armed with iron bars and mace sprays, severely beating up activists.

A small rally against Bornito de Sousa’s candidacy as vice president for the MPLA in Luanda in February 2017 was blocked by the police, with police dogs being set loose on the activists. Two months later, seven demonstrators were sentenced to 45 days in prison for “resistance to authorities” when they tried to protest against irregularities in the electoral registration process. Subsequent demonstrations against irregularities in the preparation of the electoral process were also swiftly impeded.

Association /
assembly rights

5



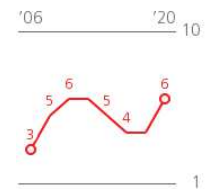
One of the areas where the election of Lourenço had an almost immediate impact is press freedom. In previous years, press freedom had been seriously curtailed, with obstacles to both independent media and self-censorship, and partisan reporting in the national state media.

Accordingly, ahead of the elections, critics lamented the unequal space and airtime given to political parties on public media (television, radio and daily newspapers). Journalists from independent weeklies were also routinely impeded from access, intimidated or detained. In April 2017, the Angolan bishops' conference also decried the "lack of political will" to extend beyond Luanda the coverage area of Rádio Ecclesia, the Catholic Church's broadcaster and one of the few independent radio stations in the country.

However, in one of his first speeches following the elections, João Lourenço stated that public media should be unbiased and serve all Angolans, not just the interests of one party. Almost overnight, the public media started running news items that, though not overtly critical of the government, admitted that some things were perhaps not quite as perfect as they had until then been made out to be. A few weeks later, Lourenço replaced the board of directors of the "Jornal de Angola," thereby formalizing this new spirit. More importantly, Lourenço also cancelled an existing contract that the public TV channel TPA2 and the regime-affiliated private channel Zimbo had with Semba Communications, a production company owned by two of dos Santos' children. Since then, the public media has started giving more space and coverage to opposition politicians and opinions, even if the independent media remain largely restricted to Luanda.

Freedom of
expression

6

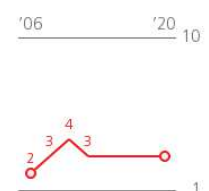


3 | Rule of Law

The executive largely dominates the two other branches of power, the parliament and the judiciary, despite there being a formal separation of powers. The 220-strong National Assembly is strongly dominated by the ruling party, which enforces party discipline among its members. Opposition objections and walkouts remain ineffective in their attempts to hold the executive accountable. Judges are appointed by the president according to political loyalty and are routinely subjected to political interference, especially in higher-level courts.

Separation of
powers

3



Although there is a Supreme Court, a Constitutional Court, an 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 “higher orientations” (i.e., directives from the president).

Complaints filed by the opposition and civil society activists are dismissed or not followed up on. Examples include opposition challenges to the 2017 election results as well as corruption and land-grabbing charges against high-ranking officials. Such politically connected individuals are only prosecuted in cases of political account-settling.

Lourenço’s new attorney general, General Hélder Pitta-Grós, continued that pattern when he opened up investigations against some former dos Santos allies and family members as part of Lourenço’s sweeping remodeling of the state administration and parastatal companies.

In contrast, the courts have been quick to prosecute opposition figures for libel and defamation, and to order the detention of civil society activists, including youth activists who are minors and legally not liable. A notable exception, and one that possibly indicates an improvement as a result of a more open political climate, happened in July 2018, when the renowned human rights activist and investigative journalist Rafael Marques was exonerated of charges of “injury to state authorities” brought against him by the former attorney general, General João Maria de Sousa.

At lower levels (the civil and criminal courts), the judiciary functions more independently, 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.

Corruption was rife at all levels of the public administration under dos Santos. Since Lourenço came to power, Angola has seen a number of high-level corruption inquiries opened, including against ex-President dos Santos’ family members and former government ministers. While these inquiries certainly also serve a political purpose, it is still a remarkable reversal of the situation from previous years, when virtually no office holders were ever prosecuted.

The media, civil society and opposition parties overall applauded these moves enthusiastically. It is, however, too early to tell whether the investigations will result in actual condemnations or be watered down eventually. A case in point is the example of the former vice president, Manuel Vicente. In early 2018, President Lourenço convinced the Portuguese judicial authorities to transfer an ongoing corruption investigation against Vicente to Angola so that he could be tried there. Once the case had been transferred to Angola, the procurator general’s office declared that, as former vice president, Vicente still benefited from impunity. Vicente, whose

Independent
judiciary

4

'06 '20 10



Prosecution of
office abuse

4

'06 '20 10



business interests extend into all spheres of the Angolan economy, then became President Lourenço's advisor for the oil sector, a rather low-profile but highly influential position. Similarly, there was speculation in March 2019 that dos Santos' son, José Filomeno "Zénú" dos Santos, who is in preventive detention under money laundering charges, might have the charges dropped if the money was restituted to the government. It therefore remains to be seen whether the positive trend of 2018 will be sustained beyond that initial spectacle of very public accusations or whether, as some Angolan critics fear, it will be a mere show para o inglês ver ("for the English to see").

Civil rights are codified by law, but rights violations remain frequent, particularly for marginalized groups such as the urban poor and rural communities. Until recently, suspected members of the political and civic opposition were denied civil rights, though this has improved since late 2017 under the João Lourenço presidency.

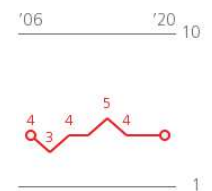
Accordingly, despite legal protections, arbitrary arrests, torture and extra-legal killings at the hands of state security forces continue. This is especially the case in Cabinda, where civil society activists and suspected FLEC supporters are subjected to random house searches, arbitrary detention and 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 Luanda and provincial capitals, female street vendors are routinely chased by the police, beaten with sticks and sexually harassed, with their merchandise confiscated or destroyed, while "marginals" (i.e., unemployed youth suspected of being gang members), are regularly killed by the police in summary executions.

While religious freedom and sexual orientation/identity are protected by law, fringe churches and religious movements, as well as the small Angolan Muslim community, face systematic repression, including the destruction of "illegal" places of worship and police violence. Similarly, the country's first and only LGBT association, Associação Íris Angola (from arco íris, which means "rainbow" in Portuguese), was only legalized in 2018, after years of waiting and surmounting countless administrative and legal hurdles since its foundation in 2013. According to the association, violence and discrimination against LGBT people is still rife in Angola. However, in January 2019 the new penal code abolished a colonial-era paragraph on "vices against nature" (effectively used as a ban on homosexual practices) and introduced a new law penalizing discrimination of persons because of their sexual orientation.

This seems indicative of the new "spirit" of government branches following Lourenço's election. Some other developments could be seen as positive signals, such as the acquittal of the journalist Rafael Marques in July 2018 after a long-running libel suit, but it is at this stage too early to tell whether these will translate into fundamental improvements.

Civil rights

4



4 | Stability of Democratic Institutions

Despite the successful transition from dos Santos to Lourenço, democratic institutions in Angola still largely present a facade of democracy while being subjected to political interference and ruling party control. Parliament and the judiciary are largely subordinated to the whims of the executive; provincial governors are directly appointed by the president and have a great deal of autonomy; and municipal administrations have little budgetary or political autonomy, despite individual instances of a commitment to improving the circumstances of the local population.

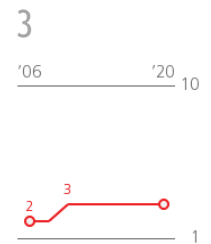
Some units of public administration have seen a certain amount of professionalization in recent years, though a lack of transparency, excessive hierarchy, internal rivalries and arbitrariness often undermine their smooth functioning. As administrative positions are often attributed on the basis personal connections or political affiliation, this professionalization has made slow progress.

All social and political actors adhere in principle to democratic rules and institutions, including the armed forces, churches, NGOs and opposition parties. Among the parliamentary and civic opposition, no one seeks to overthrow the system by anti-constitutional means (with the exception of FLEC in Cabinda), and the army is politically neutral, even if in practice it is there to protect the status quo (i.e., the primacy of the MPLA).

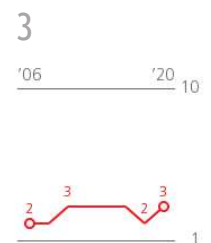
Equally, the ruling party pays lip service to the principles of democracy, even if it regularly undermines them regarding campaigning, the holding of elections, media freedom and civic rights. Some improvements can be noted since Lourenço's election, especially regarding the media, but overall the MPLA is still willing to protect its interests, only formally adhering to democratic procedures.

Opposition political parties and some civic groups have as recently as the 2017 election challenged the legitimacy of the electoral system and consequently of the parliament, which they claimed, with some justification, was fraudulently elected. Nevertheless, the opposition parties eventually agreed to take up their seats in parliament and to continue to work within the system.

Performance of
democratic
institutions



Commitment to
democratic
institutions



5 | Political and Social Integration

The political landscape is dominated by the ruling party, which makes use of the full privileges of incumbency to entrench its dominance. The MPLA is a formidable machinery, with structures down to neighborhood level that still stem from the socialist period. The party has made efforts to bring more people into its fold and claims to have 4 million card-carrying members, as the benefits of being “one of ours” are many, opening doors to business opportunities and employment.

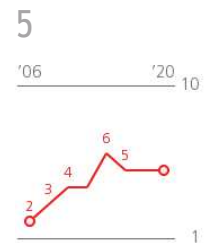
In contrast, opposition parties are relatively weak. Having said that, the two main opposition parties, UNITA and CASA-CE have demonstrated their potential to mobilize voters, especially in the populous peri-urban municipalities of Luanda, and both managed to double their seats in parliament at the 2017 elections. Still, under President Lourenço the MPLA has yet again proven very apt at cannibalizing the opposition’s most vocal demands, thereby in practice neutralizing political parties as an effective opposition force.

UNITA, the MPLA’s wartime opponent, has succeeded in transforming itself into a credible political party, especially since the 2012 elections. UNITA also has a long tradition of training cadres and delivering services, which it has revitalized in Luanda and its former heartland, the central highlands. It is, however, also plagued by leadership problems, as its long-time president, Isaiás Samakuva, has still not stepped down, despite repeated promises to do so.

CASA-CE’s position is also delicate: as much as it succeeded in attracting a good share of the urban protest vote in 2017, it is structured as an electoral coalition rather than a classical party. This has allowed for the election of independent and small party candidates to parliament, but it dilutes its effectiveness as party funding is allocated according to the number of seats in parliament. After the 2017 elections, the Constitutional Court also vetoed its request to transform into a “real” party, leaving its founding leader, Abel Chivukuvuku, in a mere “coordinating” position (and outside of parliament).

The Social Renewal Party (PRS), originally a regionalist party advocating for federalism and greater autonomy for the Lunda region, as well as Angola’s oldest anti-colonial liberation movement, the National Front for the Liberation of Angola (FNLA), have become increasingly marginalized over the course of the last three elections, though this is also partly to do with deliberate government interference.

Party system



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.

Angola’s largest trade union, the National Union of Angolan Workers (União Nacional dos Trabalhadores Angolanos, UNTA), was the only permitted union during socialism and was structurally tied to the MPLA. Independent unions have gradually become more vocal, especially in the education and transport sectors. In the key oil sector, however, workers are poorly unionized and strike attempts are regularly broken up by the Rapid Intervention Police.

Loosely organized interest groups such as youth activists, street vendors and women’s rights advocates have proven their potential to mobilize support, though widespread and cross-cutting popular support is limited due to fear of reprisals.

There are no reliable public opinion surveys available for Angola, though popular opinion indicates a high level of acceptance of democratic norms and procedures as well as a widespread reluctance to upset the postwar status quo.

Trust in democratic institutions and procedures has waned, indicated by the abstention rate of nearly 40% in the 2012 election and the widening dissatisfaction of the population.

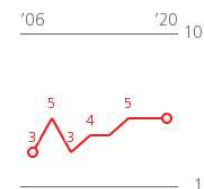
The election of Lourenço has in many ways defused the tension, by removing ex-President dos Santos as the focal point of increasing popular discontent, giving a fresh lease of life to the ruling party.

Data on social capital collected through public opinion surveys is unavailable. Complaints about decreasing solidarity in comparison with the period of socialism and hardship in the 1980s appear widespread. However, in practice solidarity and social trust are still strong, although they 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 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.

Interest groups

5



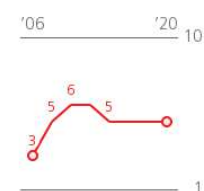
Approval of democracy

n/a



Social capital

5



II. Economic Transformation

6 | Level of Socioeconomic Development

Close to 50% of the population are poor and remain excluded from the “benefits of peace,” while only a small elite has become fabulously wealthy thanks to the reinvestment of oil revenues during Angola’s boom years. While this has led to the emergence of a small urban middle class, the country remains structurally dependent on oil money and political subservience to the regime.

The drop in world oil prices in late 2014 plunged the Angolan economy into a deep crisis from which it has yet to recover. One of the first measures in 2015 was to phase out fuel subsidies, which hit the country’s urban poor and lower middle class hardest, as they spend a disproportionate share of their disposable income on transport. As a result of rising fuel prices and dollar shortages, imports dropped by 50% to 60% with the price of basic goods rising substantially.

At the time of writing, the government had planned to introduce further austerity measures in 2019 to redress the budget, including the introduction of VAT. While likely to satisfy multilateral lenders and reassure private investors, the measures have further hiked up prices for basic goods, squeezing a large part of the population even more.

Angola remains one of the most unequal societies in the world, ranking 147 out of 189 countries in the 2017 Human Development Index.

Economic indicators		2015	2016	2017	2018
GDP	\$ M	116193.6	101123.9	122123.8	105751.0
GDP growth	%	0.9	-2.6	-0.1	-2.1
Inflation (CPI)	%	10.3	32.4	31.7	20.2
Unemployment	%	7.3	7.3	7.1	7.3
Foreign direct investment	% of GDP	8.6	-0.2	-6.1	-5.4
Export growth	%	-14.7	-18.4	24.5	-
Import growth	%	-23.9	-24.7	11.2	-
Current account balance	\$ M	-10272.8	-3085.2	-632.9	7402.6

Question
Score

Socioeconomic
barriers

2

'06 '20 10



Economic indicators		2015	2016	2017	2018
Public debt	% of GDP	57.1	75.7	69.3	89.0
External debt	\$ M	56272.3	57167.4	52617.6	54563.4
Total debt service	\$ M	7852.8	9626.6	9180.6	9177.8
Net lending/borrowing	% of GDP	-6.1	-5.6	-6.8	-
Tax revenue	% of GDP	11.0	9.7	9.2	-
Government consumption	% of GDP	16.4	13.9	12.9	-
Public education spending	% of GDP	-	-	-	-
Public health spending	% of GDP	1.4	1.3	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	3.1	2.7	2.4	1.8

Sources (as of December 2019): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Angola aims to present itself as an attractive destination for foreign direct investment and has made progress in eliminating obstacles for new market entrants, significantly lowering the capital requirements for foreign private investment in 2018, for example, and reducing the number of procedures to start a business from eight to seven in 2015. According to the World Bank's 2019 Doing Business report, however, it still takes 36 days to establish a business in the country, at a cost of 13.9% of the average income per capita, placing Angola at a meager 139 out of 190 countries in the "Starting a Business" subindex.

While some of President Lourenço's measures to curb politically connected oligopolies are helping to improve the country's reputation, Angola's attractiveness as a destination for foreign investment largely depends on the oil price. The country's currency, the kwanza, remains vulnerable to oil price shocks, and the drop in crude oil prices and subsequent contraction in the supply of US dollars to the Angolan economy has translated into restrictions and taxes on transfers abroad, as well as currency convertibility controls.

Though reliable numbers are unavailable, a majority of Angolans survive off the "informal economy," including those who have a regular salary in the formal sector and are forced to complement it with an informal side business.

Market
organization

4

'06 '20 10



In 2018, the first law regulating competition was approved in Angola. It applies to economic activities carried out in Angola, whether on a permanent or occasional basis, and to public companies, private companies, cooperatives and other kinds of business associations, with or without legal personality.

Furthermore, the Competition Regulatory Authority (CRA) was created by presidential decree in December 2018. The new law regulating competition constitutes the abuse of a dominant position and the abuse of a relationship involving economic dependency as detrimental to competition. The law also targets collective dominance by prohibiting practices among bodies that in effect amount to restrictive agreements (oral or written) and thereby distort competition.

The competition law also outlines a sanctioning procedure, which will be initiated by an inquiry that is triggered either via the CRA or via a complaint filed by an affected or third party.

The new framework for competition policy provides a legal basis for the effective protection of competition. How the enforcement of the new rules will work is so far an open question. President Lourenço has initiated some measures to reduce the influence of politically connected oligopolies across all profitable sectors of the Angolan economy. The business empire of the former president's daughter, Isabel dos Santos, has been particularly targeted.

Lowering the hurdles for foreign investors also reduces the pressure to take on silent Angolan minority shareholders for foreign firms, which in the past had been one of the major factors in the formation of these oligopolies.

While some of the reforms, such as the oversight of the central bank and the creation of a new steering commission for the oil sector, have had a positive impact, there is still a risk that old networks of interests will simply be replaced by new ones.

As mentioned above, the rules guiding private foreign investment were liberalized in 2018. This eliminated the previous requirement of having at least 35% of shares held by Angolan partners and dropped the 50 million kwanza (around \$160,000) minimum investment sum. Similarly, the 2018 import code reduced or eliminated import duties on a number of basic foodstuffs as well as machinery used in construction and agriculture.

However, currency controls and strict limitations on the export of profits still make business ventures in Angola a high-risk endeavor. And while there is a legal framework to promote exports from Angola (with limitations in place for protected timber), there is relatively little domestic production that could be exported.

Moreover, although Angola has signed the existing Southern African Development Community free trade agreement, it has repeatedly delayed the implementation of the

Competition policy

3

'06 '20 10



Liberalization of foreign trade

5

'06 '20 10



accord, citing concerns about its “weak economy” to shield Angolan enterprises from South African competition.

Angola’s banking system has been one of the fastest-growing in the world, exploding from about \$3 billion in assets in 2003 to become an estimated \$79 billion industry in 2013, making it Africa’s third largest banking sector after South Africa and Nigeria.

That growth, however, was largely fueled by oil money and the liberal attribution of credit to politically connected individuals and companies, with extremely weak oversight and regulatory frameworks. Recent attempts to strengthen the regulatory framework and combat money laundering have been introduced, but without any tangible effects to date.

Most commercial banks in Angola, despite formally adhering to international standards regarding liquidity reserves, have found themselves with sizeable amounts of “bad debt” on their books (most notably Banco Espírito Santo Angola, which went bust in 2014). In 2015, 10.5% of loans were nonperforming. While newer figures are not available, in January 2019 the National Bank of Angola (BNA) withdrew the licenses of two commercial banks for failing to increase capital levels after minimum levels were adjusted (the capital-to-assets ratio in 2015 was 8.5%). This might be a step in the right direction to stabilize the banking system, although observers have also noted that the first two banks targeted by the review were linked to the former president’s family.

8 | Monetary and fiscal stability

Monetary stability is a key priority for the National Bank of Angola (BNA), which has introduced currency controls and “dedollarization” measures to strengthen the kwanza. Nonetheless, the kwanza remains extremely vulnerable to oil price shocks.

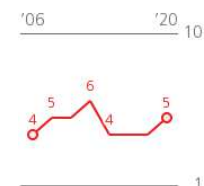
Following the oil price drop in late 2014, inflation rose to 41% by the end of 2016, although it has since eased to about 18%. As a result, the BNA eventually had to abandon its stabilization measures, which had pegged the kwanza to the US dollar at an exchange rate of about 100 to one for the better part of a decade.

The official exchange rate increased from about 108 kwanzas to the US dollar to 165 for most of the period from 2015 to 2017, while street rates neared 350 to 400 kwanzas to the dollar. That unofficial peg was abandoned at the end of 2017 and since then the kwanza has depreciated sharply, from about 200 kwanzas to the dollar in January 2018 to around 300 in January 2019.

Part of the problem was that the BNA’s independence in the last years of dos Santos’ presidency had been seriously curtailed, acting effectively as a piggybank for highly questionable investments abroad. While the previous governor of the BNA, Valter

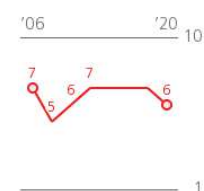
Banking system

5



Monetary stability

6



Filipe, awaits trial, it remains to be seen whether the BNA will effectively have the leeway to set monetary policy independently.

Since the end of the war in 2002, Angola has introduced significant macroeconomic reforms to open up and stabilize the economy. Following the 2008/09 oil price crisis, Angola also had to appeal to the IMF for 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, perpetuating the exposure of the economy to oil price volatility.

The 2014 oil price crisis has resulted in the country rescheduling some of its debt and taking up new loans from bilateral and commercial lenders. Accordingly, external debt reached about \$35.3 billion in 2016, climbing to a staggering \$77.3 billion (71% of GDP) at the end of 2018, with debt servicing making up about 22% of government spending over the previous 12 months.

9 | Private Property

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

All land is still the propriety of the state, with the possibility for individuals and enterprises to acquire long-term leases. Nonetheless, the years following the end of the war in 2002 saw the large-scale acquisition and fencing off of huge plots of land in the Angolan interior by army generals, provincial governors and public administrators, despite legal provisions that protect the customary rights of people living, cultivating and herding in the area.

While this problem is most acute in 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 US 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 (e.g., 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 it chiefly benefits elite private interests. Thus, since the transition from state socialism to market democracy in 1992, Angola

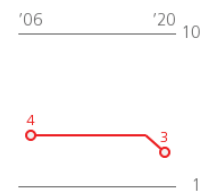
Fiscal stability

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Property rights

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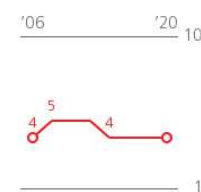


Private enterprise

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has privatized a number of state-owned enterprises, but often through highly obscure procedures without public tender or by selling off lucrative assets to regime figures.

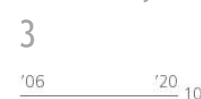
Thus, while the government speaks the language of private entrepreneurship, independent private enterprise in Angola remains largely focused on accommodating the private interests of politically connected individuals.



10 | Welfare Regime

Social safety nets are rudimentary and cover only a few risks for a limited number of beneficiaries – military veterans' pensions, for example, are paid but largely insufficient for people's needs, and not paid consistently to all eligible beneficiaries. Health insurance is private, and thus largely limited to those who have steady employment with private companies or, to some extent, in the public sector.

Social safety nets



Health expenditure remains low in comparison to other African countries, rising from about 4% of GDP in 2018 to a planned 6.6% of GDP in the 2019 budget, while the rise in education spending is small, from 5.78% to 5.83% of GDP.



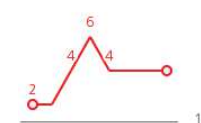
As a result, public hospitals remain underfunded and understaffed, and the availability of basic supplies such as clean water, sterile dressings and gloves is far from guaranteed. Similarly, access to education remains patchy, especially in rural areas.

In politics, public administration and the security forces, women are better represented than in some other African countries, 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-primary education, leading to lower literacy rates among women at the national level (59.1%, as opposed to 82.5% for men). The percentage of female MPs in parliament dropped to 26% following the 2017 elections, from 83 deputies to 59 (though still above the world average of 23%).

Equal opportunity



There are legal provisions for gender equality and it is illegal to discriminate against people because of their sexual orientation and identity, or their religious beliefs. In practice, however, domestic violence, for example, remains a problem: the law in itself does not define a legal sanction for domestic violence. The police are generally reluctant to register complaints and tend to try to convince the victim not to file charges but instead to return home and resolve the issues by talking them through. If charges are filed, the law mandates a family reconciliation, and the police will make this a prerequisite of continuing with the process of investigation and prosecution.



Another major issue is the lack of identity documents for large parts of the population, especially in rural and border areas. As there is significant discrimination against undocumented “illegal immigrants,” undocumented Angolans are sometimes caught

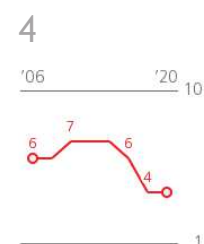
up in the same police sweeps. In October 2018, for example, looking to “clean up” its diamond sector, Angola expelled about 180,000 “irregular” Congolese migrants from the eastern Lunda provinces. According to human rights organizations, this was accompanied by police violence, and also included people who had been recognized as refugees in Angola.

11 | Economic Performance

Following a decade of oil-fueled two-digit GDP growth, Angola’s economy was plunged into a crisis in 2015, from which it has yet to recover. While nominal GDP per capita contracted only slightly to \$6,389 in 2017, inflation rose from under 10% (2013-2014) to around 10% (2015), peaking at 32.4 % in 2016 (after the drop in oil prices. Public debt, previously at about 40% of GDP, rose steeply to 75% in 2016, before lowering slightly to 65% in 2017.

Though nominal unemployment figures are low, at about 8% of the labor force, a much higher percentage of the population is working in the informal sector.

Output strength

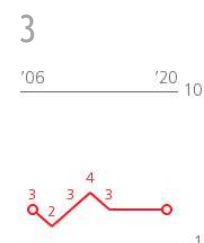


12 | Sustainability

Angola has made some progress on environmental protection on paper, introducing a string of measures and legislative tools designed to improve the government’s handle on environmental issues. The country has also signed a number of agreements, notably with neighboring Namibia regarding the joint management of cross-border national parks and shared fishing grounds, and has been selected to train environmental inspectors for the whole of the Southern African Development Community at the Missombo Polytechnic Institute (Kuangdo Kubango province).

Nonetheless, Yale University’s Environmental Performance Index ranked Angola at 170 out of 180 surveyed countries in 2018, noting only slight improvements since the previous 2014 report. This is mainly due to continued illegal timber logging, and poor performances regarding air and water quality, and species protection.

Environmental policy



Since the end of the war, Angola has made significant progress in primary and secondary education. Its score on the United Nations Education Index was 0.498 in 2017 with consistent slight improvements over the previous years. However, there is a steep drop in enrolment from primary (118%) to secondary (27%) to tertiary (8%) levels. The gender imbalance (60 female students to 100 males), which is reflected in literacy rates (80% for men versus 53% for women) slightly evens out at tertiary levels (80 women per 100 men).

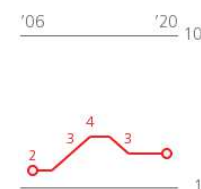
Despite a slight increase in public education expenditure to around 9% of government spending in 2014, the budget cuts following the oil price drop reduced it to 5.83% in the 2019 budget. Schools are oversubscribed and understaffed, and the lack of qualified teachers means that primary school teachers very often only have a secondary education.

There is also an insufficient number of available places in the country's six public universities. Thus, there has been an explosion in the number of private post-secondary institutions, offering relatively expensive degree courses of varying quality to Angola's knowledge-hungry youth. Private universities are also by law restricted to three departments, which reduces the courses they can offer. University curricula follow the Portuguese, pre-Bologna reform model, with four-year licenciaturas (undergraduate) and two-year mestrados (graduate, equivalent to MA/MSc), but few universities offer master's degrees, and there are no provisions whatsoever for postgraduate research.

There is de facto no R&D policy. Angolans wanting to pursue studies at the doctoral level have to leave the country to do so, and there is little to no public research funding for researchers at Angolan universities.

Education policy / R&D

3



Governance

I. Level of Difficulty

The construction and reconstruction of infrastructure was a top priority for the government during the boom years, resulting in the rehabilitation of primary and secondary roads and railways as well as 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. Moreover, the 2015 economic crisis resulted in the suspension of most construction and maintenance activities, with several main overland roads degrading back to their prior state.

Similarly, despite promises of improving services, economic activity is hampered by unreliable electricity supply, and only 17% of households have access to clean water from the public mains. Accelerated urbanization has led to the growth of vast, densely-populated informal neighborhoods in all urban centers, where the population lacks access to water, electricity, sanitation, health and education.

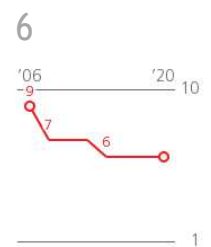
Angola also faces significant constraints from widespread poverty and the lack of a qualified workforce. The Catholic University's Center for Scientific Study (CEIC) estimates that 41% of the population live below the poverty line of \$1.25 a day, which they project is unlikely to change before 2020.

While most of Angola has been unaffected by natural disasters, the southernmost provinces have suffered repeated drought years during the past decade. HIV infection rates are low by southern African standards, at around 1.5% of population. About 25% of the known infected population receives anti-retroviral treatment. Poor public hygiene and lack of access to clean water make cholera a regular occurrence.

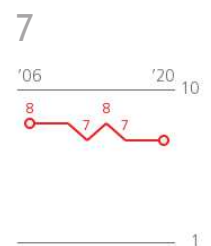
Civil society in Angola is relatively young and weak. It is hampered by structural constraints and obstacles deliberately put in place by the regime. There was an increase in civic activism in the 1990s, when civil society associations (primarily the churches) were very active and vocal in calling for peace and a negotiated settlement to the conflict. However, the government has increasingly curtailed the space for independent civil society activities since the run-up to the first postwar elections in 2008.

The government has encouraged the growth of “organized civil society,” associations active in “nonpolitical” areas who deliver services such as education, health, water

Structural constraints



Civil society traditions



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.

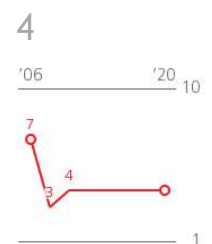
There has been a renewed upsurge in "independent" and "unorganized" civil society activism since 2011, when youth protesters organized anti-government demonstrations to protest against President dos Santos' clinging on to power, poor governance and nonexistent services. However, protest activity has been very limited in scale and reach since, and security forces have acted very swiftly and decisively against any attempts to protest. Around the 2017 elections, however, some of these loosely associated groups did independent vote tallying, and some rallies in 2018, such as a women's march against a new abortion law, were not hindered by the police.

Churches – including the Catholic Church –, which seemed largely supportive of the government until the 2017 elections, have recently taken on more critical and independent positions, expressing vocal criticism of the government. Similarly, some established, independent NGOs such as ADRA and SOS Habitat have been active in rural and peri-urban areas respectively, successfully challenging the government on specific issues such as rural livelihoods and housing.

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 local conflicts; otherwise, there are no open divisions along ethnic or religious fault lines.

Conflict intensity



II. Governance 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 “higher orders.”

For years, strategic prioritizing appeared 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. Other than that, there appears to be little institutional capacity or interest in harnessing and organizing domestic or foreign expertise and basing policy decisions on assessments or evidence. Accordingly, policy targets such as the much-vaunted “diversification” of the economy away from oil, which has been part of the government’s rhetoric for at least the past 10 years, have failed to materialize because there is little follow-through beyond lofty pronouncements.

The new president, João Lourenço, has started to enact some reforms that would redress Angola’s international image, attract foreign investment and put the economy on a sounder footing. This includes a restructuring of the governance of the oil sector and increased competencies for the National Bank of Angola to regulate the banking sector.

As a consequence of Angola’s top-heavy policy-setting process, the implementation of policies has overall been patchy. Certain policies that are deemed top priorities and that are to do with maintaining regime stability, internal and external security, and positioning Angola as an attractive destination for foreign investment, have been implemented relatively swiftly.

Other professed policy goals that do not directly serve these priorities – such as improving the delivery of basic services to the population, the creation of jobs and social housing (all part of the MPLA’s electoral promises), or diversifying the economy away from oil – have only been very partially implemented.

Question
Score

Prioritization

4

'06 '20 10



Implementation

4

'06 '20 10



The impact of the drop in oil prices in late 2014, which caught Angola seemingly unawares, shows that there has been little policy learning from an earlier, shorter oil price drop in 2008/09. Back then, the government had to appeal for an IMF standby credit and started introducing some incremental improvements in budget transparency and spending coordination, only to abandon these reforms as soon as the oil price rebounded.

Development projects are often designed according to grand political intentions and wishful thinking rather than based on specific empirical needs, and there appears to be relatively little interest in commissioning studies or taking into account existing study results to shape and adapt policies. Ambitious plans to revitalize cross-border rail cargo to export minerals from the Democratic Republic of Congo (DRC) and Zambia through the Angolan port of Lobito, for example, largely failed to materialize because the tracks on the DRC side have not been rehabilitated yet.

Policy learning

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15 | Resource Efficiency

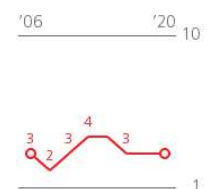
Overall, government spending priorities make rather inefficient and wasteful use of available resources, a problem that has been compounded by a drop in government revenues and an ever-higher percentage of spending allocated to debt repayment. Indeed, in 2018, debt repayment exceeded tax revenues by 16.3% and, with public debt projected at 66.7% of GDP for 2019 at the time of writing, Angola's future oil revenues have effectively been mortgaged to bilateral and commercial lenders.

The \$36.08 billion 2019 budget (Orçamento Geral do Estado, OGE) is based on a forecast oil price of \$68 per barrel, with government expenditure rising by 16.6% in comparison to 2018. Opposition parties criticized the budget, as did the Angolan NGO ADRA, which has for the last few years been analyzing and critically commenting on the government's budget, in collaboration with UNICEF.

Despite increases in expenditure for education (from 4% to 6%) and health (from 6% to 7%), funding remains significantly lower than the average in the Southern African Development Community subregion and also lower than continental spending targets. A project for widening access to the civil registry suffered cuts of 85% in the 2019 budget compared to 2018, which in a country where 75% of children under five have not been registered is considered a setback. In contrast, spending on agriculture has been raised by 404% compared to the previous year. Sanitation and hygiene spending grew by 50% to \$38 million, but remains insufficient for the population's needs, and is extremely asymmetrical between cities and the countryside. Effective budget autonomy for local governments has also been postponed, as the date for local elections (to be introduced gradually) has not yet been set.

Efficient use of assets

3



Policy setting and coordination ultimately rests with the president, which in the past resulted in overlaps and competition between the presidency, the dossier ministries and ad-hoc commissions set up by the president.

However, since coming to power, João Lourenço has taken some steps to widen and improve the coordination process. The Commission for the Reform of the Oil Sector, for example, set up very early into his tenure, brought together representatives from oil majors, state oil company Sonangol and the Ministries of Petroleum and Finance, and was widely hailed as a significant step toward improving the oversight of the strategic oil sector, by reducing Sonangol's regulatory influence.

Nonetheless, the verticality of command lines continues to pose challenges to policy coordination. The dismissal and appointment of provincial governors – especially for the capital, Luanda – is a prime example of this phenomenon. Previous office holders were scapegoated for failing services and incoherent urban planning, while specialist commissions supposed to deal with urban planning and rubbish collection have ultimately little autonomy to push through reforms. Municipal and district administrations have little autonomy and regularly find their decisions revoked by “higher directives.”

Since coming to power, President Lourenço has made some decisive, if selective, moves against high-level corruption. These have specifically targeted the children of ex-President dos Santos and their allies in public administration. José Filomeno ‘Zénú’ dos Santos, the former head of the Sovereign Wealth Fund, has been dismissed of his functions and is awaiting trial for embezzlement (in a VIP cell). His business partners, Jean-Claude Bastos de Moraes and the former governor of the National Bank of Angola Valter Filipe, are also accused. The former minister of transport, Augusto Tomás, has also been charged with corruption.

Lourenço also proposed a “law on the repatriation of capital,” which was approved by parliament. It would give a grace period of six months to Angolans who have hidden assets abroad to return these to Angola, no questions asked. The latter provision was slammed by the opposition as basically the legalization of money laundering.

In addition to grand corruption, petty corruption remains rife, especially in dealings with the public administration and the police, even if citizens have lately begun denouncing such cases of attempted bribe-taking.

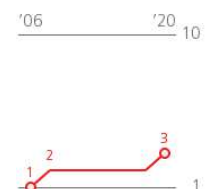
Policy coordination

5



Anti-corruption policy

3



16 | Consensus-Building

There is broad consensus among all actors on democracy as a system of government, the consolidation of which is widely held as a long-term goal. Within that system, however, the ruling party holds an unshakeable belief in its primacy and, while it allows for some expression of political opposition and dissent, it has a history of repressing anything that would threaten its dominance.

This is equally true for the principle of market economy, upon which all actors agree, even if there are some disagreements about the degree of redistribution the state should aim for. However, as above, at least during the dos Santos years the market economy was significantly skewed to the benefit of a relatively small, politically connected elite. While President Lourenço has taken first steps to dismantle these oligopolies, it remains to be seen whether this will mean a genuine opening up of market opportunities for Angolans of all political stripes or simply the replacement of one network of beneficiaries with a new one.

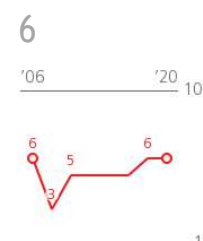
President Lourenço has donned the mantle of a reformist and has reached out to opposition parties and civil society activists. The change of tone has been especially notable regarding the latter, who had faced judicial prosecution, harassment and imprisonment under dos Santos. That change was most evident when some of the most prominent civil society representatives were invited to the presidential palace in 2018 and the president encouraged them to “continue their important work.” The MPLA also has a long history of co-opting or buying off potential opponents, including people in the military command and civil society activists (though the latter are generally only anti-regime and not anti-democratic).

There are nonstate actors, such as the separatist FLEC in Cabinda and the autonomist movement of the Lunda-Chokwe, that are characterized by the government as anti-democratic because they seek independence from the Angolan state, sometimes by violent means, though the government’s own democratic credentials remain questionable. These movements are largely contained by military force.

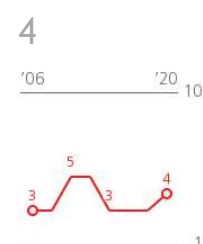
The main cleavage in Angola is social, between a large proportion of the population who remain poor and a small, wealthy elite (buffered to a certain extent by a small, urban middle class). That cleavage, which in the past few years had resulted in growing tensions, has to a certain extent been defused by the election of João Lourenço, who has adopted a reformist stance and taken up some of the parliamentary and civic opposition’s most pressing demands.

Ethno-regional cleavages have been largely absent from Angolan formal politics. With the exception of local separatist (Cabinda) and autonomist (Lundas) movements, all parties evoke national unity, although the smaller Social Renovation

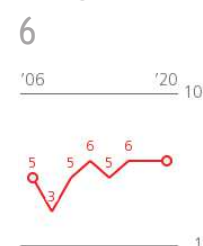
Consensus on goals



Anti-democratic actors



Cleavage / conflict management



Party (PRS) advocates a more federal model with greater competences devolved to the provinces.

Although internal asymmetries 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 by the sometimes virulent anti-Islam opinions professed by some exponents of the regime.

As part of his reformist agenda, President Lourenço has also increased formal civil society consultations, for example, when setting the 2019 state budget and when discussing the new penal code. This constitutes a significant step forward, as under the previous president civil society was largely excluded or was serving as a mere fig leaf for government decisions. Consultation mechanisms at the local level exist in the form of CACS (Social Consultation and Coordination Councils), though their effectiveness in actually influencing local policy-making has been questioned by academic and NGO research.

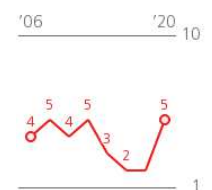
Any substantial reconciliation process is markedly absent from the Angolan public sphere. The government has actively promoted a dominant discourse that reduces the civil war to an “actor-less” calamity that befell the Angolan people as a whole and led to the widespread destruction of infrastructure. To avoid addressing its role as one of the two parties in the conflict, “reconciliation” has thus been reduced to the material dimension of reconstructing infrastructure.

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.

Apart from the civil war, the major divisive incident in Angola’s recent history was an uprising, possibly an attempted coup, on May 27, 1977, and the subsequent violent reprisals by the government against suspected putschists and their families. For several decades, the official attitude toward these events was one of denial and lingering fear, which made May 27 a taboo topic for an entire generation. Since the election of President Lourenço, there have been new calls for a “truth commission” to clarify the events of May 27, 1977 and after.

Civil society participation

5



Reconciliation

2



17 | International Cooperation

Angola has a checkered track record when engaging with multilateral assistance. As the end of the war in 2002 coincided with the start of a new commodity super cycle, the government was flush with oil money for the better part of a decade and could embark on an ambitious reconstruction drive without having to seek assistance from international financial institutions, eschewing the political conditionalities attached to these loans.

The attribution of an IMF standby credit in 2009, following a drop in world oil prices, constituted a departure from that model, though once prices recovered the impetus to improve financial transparency was lost. Negotiations with the IMF in 2015 were scuttled when the then president, José Eduardo dos Santos, stated that the country did not need its assistance and negotiated new loans from China instead.

President Lourenço's government initiated new negotiations with the IMF, which resulted in the signature of the Extended Fund Facility (EFF) in August 2018. The \$3.7 billion program comes with IMF technical support to broaden the taxpayer base, reduce wasteful spending and improving fiscal transparency, as part of the government's January 2018 macroeconomic stabilization program.

Bilateral cooperation has been more successful, and Angola was especially adroit at playing off its different partners for its own benefits during the boom years. Western multinationals have been instrumental in developing local knowhow in the oil sector, with the governments of European countries and the United States largely subordinating their political priorities to these business interests. There was a well-established collaboration on security and intelligence matters with the Eastern Bloc during the Cold War, which has in recent years expanded to include Israel. More recently, Chinese oil-backed credits have been instrumental in making the postwar infrastructure boom happen. South-south cooperation with Cuba, Vietnam and Brazil in the sectors of education, health, security and defense, and infrastructure has been a success, though many of these programs have been halted following the oil price crash.

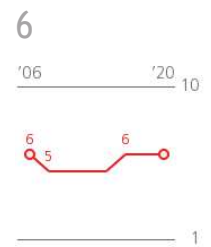
Effective use of support

6



Angola's economic credibility also suffered significantly in the last three years of dos Santos' tenure as president, mainly because of contract and corruption risks, as well as the overall poor performance of the Angolan economy. One of Lourenço's key political priorities has therefore been to redress Angola's international image, which has been relatively successful so far. This is to do with some of the reforms his government initiated, including a very vigorous public crackdown on the previous administration's most egregious excesses of corruption, though it has certainly also been aided by the recovery of world oil prices in 2018.

Credibility

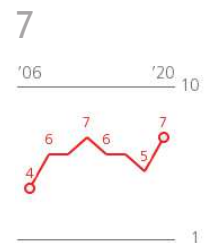


On the political stage, the dos Santos government was somewhat more successful in positioning Angola as a regional powerbroker, with himself as the elder statesman working for peaceful resolutions to conflicts in the subregion. Though Angola's actual record in brokering peace remains patchy, this culminated in Angola's election to the U.N. Security Council for a two-year mandate (2015-2017).

Angola regularly submits to the United Nations' Universal Periodic Review of its human rights record (though it has tended to reject the criticism voiced in the review) and it is signatory to a number of international agreements and arbitration mechanisms, though most of these are still untested. President Lourenço is trying to build upon this work, while investing more time and effort into substantial regional cooperation than his predecessor.

Angola is a member of various regional bodies such as the Southern African Development Community (SADC), 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.

Regional cooperation



It is especially regarding Angola's engagement with SADC that Lourenço's departure in foreign policy from his predecessor has been most notable. Angola's engagement in these bodies had until recently been largely self-serving and rather lukewarm, as evidenced in the repeated postponing of its adherence to the SADC free trade zone (to which it was and still is a signatory). This postponement was justified by Angola's worries about South African competition. One of Lourenço's first foreign policy decisions, however, was to sign an agreement with South Africa for visa-free travel, which is a significant step for its regional integration. Continued talks with Namibia regarding the joint management of national parks and fishing grounds are a further step in this direction.

Strategic Outlook

With the election of João Lourenço, the ruling MPLA has in one stroke defused some of the most pressing tensions of the past few years. Former president, José Eduardo dos Santos, and his family had increasingly been monopolizing key economic assets for their own private benefit. The predatory political economy installed during dos Santos' rule exacerbated the effects of the oil price drop on the Angolan economy. A wasteful, nontransparent system with gatekeepers "eating" profits at every step of the value chain had been kept afloat by high oil prices, but proved highly unsustainable once the prices dropped. As such, dos Santos and his family had become the focal point of popular protests and contestations from both within the ruling party and the opposition.

In terms of ensuring the survival of the MPLA as Angola's dominant party for the foreseeable future, Lourenço's symbolic politics have had a significant impact that should not be underestimated. There have also been some remarkable openings with regard to freedom of expression and the work of the judiciary. When it comes to addressing the key challenges that Angola's political system and economy are facing, however, change is much less evident.

While inviting civil society activists to the presidential palace was a remarkable departure from the dos Santos years, a real, constructive dialogue with parliamentary and extra-parliamentary opposition forces still appears a long way off, though the government has been remarkably adroit at taking up some opposition demands and passing them off as its own reforms.

The other political issue on the table is decentralization, with plans to hold local elections. While opposition parties and domestic and international civil society observers quite rightly fear that the phased introduction of local elections and autonomy is simply a way for the MPLA to cherry-pick those municipalities it feels certain to win, it is also clear that in purely technical terms by far not all municipalities have the capacity to manage their own affairs. This is likely to postpone local elections for another few years.

The main challenge, however, remains the often-invoked diversification of the economy and, connected to this, addressing the glaring socioeconomic inequalities Angola faces. Reaching an agreement with the IMF might reassure investors, address short-term liquidity issues and improve budget transparency in the long run. In the immediate term, however, hiring freezes and measures such as the introduction of VAT will only exacerbate the plight of the population. Investing in domestic agricultural and industrial production, creating jobs, and substantially raising government spending on education and health are long-overdue necessary steps. Yet, the current climate of crisis justifies putting off these necessary reforms for the time being.