

# ANGOLA NORWAY

– the perfect  
partnership?

Business, politics and the challenge of human rights in Angola

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EDITED BY

ASLAK JANGÅRD ORRE AND MAGNUS FLACKÉ



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# Angola and Norway – the perfect partnership? Business, politics and the challenge of human rights



## **Preface**

From the 18th to the 23rd of September 2014 the Norwegian Council for Africa and the Chr. Michelsen Institute hosted a series of events on various topics related to Angola – including author talks in Stavanger, Bergen and Oslo with the leading Angolan novelist Jose Eduardo Agualusa, a pub debate at the Kulturhuset in Oslo, a seminar at Stortinget (the Norwegian Parliament) and a full day conference at KS Agenda in Oslo on the 23rd of September.

The Angola days 2014 looked at social and political developments in Angola and raised debates about Norwegian-Angolan relations. With close to 300 visitors at the events, several media articles, and meetings between Angolan civil society, Norwegian journalists, decision makers and other stakeholders, we hope that the events have contributed to raising awareness and knowledge about Angola in Norway.

In this report we have collected and edited all ten speeches held at the full day conference. We have also made an attempt at summarizing some messages and recommendations the organisers took away from the events.

We would like to thank all participants at the events for their contribution. More than twenty experts, activists, artists, politicians and representatives from the private sector contributed with their knowledge – among them seven participants who came all the way from Angola.

We would also like to thank our sponsors Norad, Fritt Ord and the Norwegian Embassy in Luanda for their kind financial support to the conference, the Norwegian Church Aid for the cooperation and the Norwegian political party Venstre for co-hosting the seminar at the Norwegian Parliament. Lastly we wish to express gratitude to many colleagues at the Norwegian Council for Africa and the Chr. Michelsen Institute, and in particular senior researcher Eyolf Jul-Larsen, who worked hard and shared experience to guarantee a successful conference.

## Why Angola-days in Norway?

The title of this report – “Angola and Norway – the Perfect Partnership?” – alludes to the feature article in March 2014 issue of *Universo*, a business magazine made for the Angolan state oil company Sonangol. The original article made the claim in the affirmative, as did the Norwegian Ministry of Foreign Affairs when it linked to it on its website. The conference organisers, less convinced, added the question mark.

In most respects, Angola and Norway are, if anything, very different partners. Since the devastating civil war ended with the death of rebel leader Jonas Savimbi in 2002, Angola has gone through major changes. In the years after the civil war Angola became one of the world’s fastest growing economies, and the third biggest economy in sub-Saharan Africa. President dos Santos has ruled the country since 1979. Angola is still challenged by a corruption-ridden political economy, widespread poverty and extreme concentration of power and wealth.

Today, Angola is by far Norway’s biggest and most important economic partner in Africa. The bulk of the Norwegian investments are related to the development and exploitation of the large deep-sea oil fields off the coast of Angola. The Angolan continental shelf is the largest contributor to Statoil’s production outside Norway. Statoil alone has invested around NOK 80 billion through the years in Angola. In 2013 the company paid more than NOK 30 billion in taxes and other payments to the Angolan government – more than the sum total of Norwegian development aid. In 2014 the company paid NOK 23 billion, the decrease caused by the fall in oil prices internationally. Still, Statoil and other Norwegian companies make great returns on their investments there.

At the conference the Norwegian Vice-Minister of Foreign Affairs Morten Høglund informed us that Norwegian companies presently employ more than 1,000 people in Angola, and it is roughly estimated that some 1,100 people in the private sector in Norway work directly with Angola.

Official Norwegian development aid dwindles in comparison to these business activities in Angola. In 2014 it stood at NOK 92.7 million (or less than 0.5 per cent of taxes paid by Statoil that same year), split between state-to-state aid and aid through Norwegian non-governmental organisations and institutions, as well as through multilateral organisations in the UN and World Bank system.<sup>1</sup> This development aid does, however, uphold important fields of engagement with Angola’s “non-oil society”.

Notwithstanding all this activity, Angola is practically invisible in Norwegian media and public debate. Does Norway’s activity in Angola – oil and aid – contribute to Angola’s stability and development over time?

The following points are attempts at extracting some messages and recommendations from the conferences, seminars and debates held on various topics related to Angola held in three cities (Oslo, Bergen, Stavanger) during the days of 18-23 September 2014. They also capture some of the many ideas and concerns put forward by the speakers and participants, digesting them into summarised set of policy oriented recommendations for a variety of stakeholders. Evidently, they do *not necessarily reflect the views of the speakers, nor necessarily of the Norwegian Council for Africa or of CMI*, but rather what we as organisers took away from the four days of debate as a whole – and that we find it urgent to communicate to the broader public.

Johan Hermstad  
Executive Director  
Norwegian Council for Africa

Aslak Orre  
Senior researcher  
Angola Programme, CMI

More than 20 Norwegian or partly Norwegian companies are doing business in Angola. Some of the major ones are Statoil, Aker Solutions, Det Norske Veritas, DOF Subsea, FMC Technologies, Framo Engineering, Ocean Rig, Odfjell Drilling, PGS and Subsea7. Yara and Norsk Hydro have made long-standing, yet so far unsuccessful, attempts at setting up industrial ventures in energy-intensive fertilizer and aluminium industries, both which would have involved multi-billion dollar investments.

<sup>1</sup> For more on Norwegian development assistance in Angola, see Norad.

# Messages and recommendations for the Angola-Norway relationship

## What responsibility does Norway have?

Deeply engaged in the extraction of Angola's natural resources, Norwegian companies create profits for themselves and, for Angola, jobs and huge tax income. Yet they operate in an environment notoriously known for its glaring poverty in the midst of riches, lack of concern for human suffering, authoritarianism and corruption - and the local institutions of governance are completely inadequate for upholding the citizenship rights enshrined in Angola's own constitution.

Does that mean that Norway, or Norwegian companies, have a particular responsibility for human development – in a broad sense – in Angola? None of the participants at this conference argued that Norway, or Statoil for that matter, should build hospitals and social infrastructure in Angola. Norway, or any other country, cannot and should not seek to plug the holes where Angola's authorities fail to prioritise the poor or the future generations. What inspired the conference debates was the question: *Can and should concerned citizens, companies and governments of Norway (and other countries with economic stakes in Angola) press to change development policies in Angola that are so widely regarded as flawed? If so, how?*

We know that the below points are not all the answers we need. These debates need to continue – but we do know a few things. For instance, large-scale natural resource extraction and dependence on one commodity (such as oil in Angola) tends to shape the workings of the political system and economic development, and too often negatively. The “resource curse” debates highlighted the problems of mono-commodity dependence. With this knowledge comes responsibility. We also know that Angola, despite its oil wealth and a 13 years in peace, stubbornly continues to score poorly on the indicators of human development.

Furthermore, we also know that the age of oil exploration is verging on its final decades. Now, in early 2015, the oil price is half the level it was a year ago. While this is very challenging to the Norwegian economy, Angola and other oil states are reeling from the shock. For these reasons, Norway itself has become, more than ever, conscious about how important it is to develop alternative industries. Norway's presence in Angola, however, suggests the exact opposite course. Norway's presence in Angola seems to be, first and foremost, about that which Angola already has too much of: the oil business. Is Norway really driving Angola down the same blind alley that Norway itself – according to Prime Minister Erna Solberg – wants to escape from? What will Angola live off, once the known oil reservoirs start to dry up in ten or fifteen years?

Although relatively small in monetary terms, both Norwegian official development aid, as well as Norwegian NGOs have had long-term commitments in Angola. It thus seems that Norway has already acknowledged, implicitly or explicitly, a distinct responsibility. At the conference, this was pointed out by Vibeke Skauerud, Norwegian Church Aid's representative in Angola: *Norway contributes with huge amounts to the Angolan economy through taxes and fees. Thus, Norwegian Church Aid believes that Norway does have a shared responsibility in making sure that these funds are being used to the benefit of the whole population. [...] The best way of contributing to a constructive solution is to create a transformational force from within, so our core business in Angola is to support actors and stakeholders in civil society.*

*[...] You need to know that currently very few foreign donors support civil society in Angola, and Norway is one of the few bilateral donors still giving funds to that. In that capacity, the few things we are doing are disproportionately important.*

Put differently, Norway already makes a strong imprint on development in Angola through the oil business – and that gives Norway its potential clout. The things it does that are not oil related (mostly non-profit) can continue to be important sources of inspiration for Angola's drivers of change.

# Angola's challenges

## **Economic diversification – sine qua non**

Angola needs to diversify the economy. In 2015, this has moved to the top of the Angolan government's public agenda. In this context, foreign direct investment, Norwegian included, in various non-oil sectors, is generally welcome. While the oil industry itself is a potential source of diversification (through broadening the scope of oil related industrial activities on shore), it is by no means evident that this will reduce Angola's current and dangerous oil dependence.

- However, there are significant risks associated for foreign investors in non-oil sectors, not least due to the weak Angolan financial services. A major risk seems to be that well positioned Angolan partners will appropriate themselves of the resources from investments and channel them into consumption or foreign accounts, thus hampering production and job creation.
- Renewable energy and fishery are sectors where Norway and Angola have converging potential and competence that could be built upon.
- Norfund has invested in Angolan non-oil businesses as a means to encourage development and a sustainable business culture. We encourage Norfund to disseminate the results of those investments.

## **Corruption and capital flight**

Corruption is one of the main impediments to further human development in Angola. While general productivity remains low and the country imports almost everything it consumes, the public coffers are drained of enormous sums each year – towards ends that remain unknown and unexplained. We can only suspect that it is associated with illicit use of public funds.

- The citizens of Angola would benefit from a realistic assessment of and discussion about corruption and misappropriation of public resources in Angola. Foreign actors should contribute to such an informed discourse. While the principal actors of Angolan corruption are Angolan, the incentives for it are created both at home and from abroad.
- Norwegian and other foreign politicians should not attempt to conceal corruption problems in Angola by references to "general improvement" or "increased signs of openness", or the likes – unless well founded in concrete and robust observations.
- Tax havens are associated with the hiding of capital originating from corrupt acts. As a general measure, Norwegian and Angolan authorities should intensify its efforts against tax havens.

## **...but don't forget Angola's public spending**

Several conference speakers made a principal point in emphasising how corruption is spurred through the spending of public money in Angola – and the opportunities for corruption and grabbing have been multiplied during the post-war reconstruction period. Although due attention is needed to what foreign businesses pay in taxes and with whom they do business, one of the principal problems in Angola is the wasteful and corrupt spending of the oil rent. That being said, transparency in Angola has improved since the government started to publish its national accounts in 2013.

- Several forces in Angolan civil society struggle to monitor public budgets and spending. Norwegian support to their efforts has been beneficiary, both practically and symbolically, and should continue.

# Norwegian actors in Angola

## Angola needs more attention in Norway

Given the size of Norway's and Norwegian companies' involvement in Angola and its economy, the attention that Angola and Angolan matters receive in the Norwegian public, media and government agencies is low. In addition, Angola is likely to establish itself as a leading power in the Southern Africa region.

- We urge Norwegian politicians, and companies engaged in Angola, to encourage and take the initiative to frank debate on Angolan matters. This is important to do in Norway, as it is in Angola.
- Exchange at the level of civil society should also be welcomed and stimulated more actively than it is today. Public/government support is essential.
- The knowledge base on Angola in Norway needs to be cultivated, and in this government support can underpin important tools such as visitor- and internship programmes, cultural and academic exchange, as well student grants.
- Norwegian civil society and non-governmental organisations active in Angola should use its knowledge from the country to spur debate and general interest in Norway about Angola.
- Norwegian cultural and academic institutions who wish to engage in partnerships need support and encouragement. (It is exceptionally expensive to uphold the civil society networks and partnerships between Norway and Angola). Personal relations developed through joint projects stimulate the spreading of insights and ideas.

## Transparency in business

Norwegian businesses who invest in and trade with Angola seem to be generally welcome in Angola. Several speakers at the conference emphasised Norway as a country known for “responsible business” and for solidarity with developing countries. If so, Norway has a reputation to take care of. That reputation cannot be taken for granted. Surely, if deeds counts as much, or more, than words, then the following are points to consider.

- Norway needs to clean up its own house with regard to investor and ownership legislation. It should eliminate all instances of hidden ownership. Only recently Statoil agreed to release the names of all its shareholders. Knowing who owns what is a precondition for combatting corruption, tax evasion and many other forms of international crime.<sup>3</sup>
- Transparency in all transactions! It requires a pro-active attitude by the companies working in Angola. Statoil has become a front runner in reporting on its payments in Angola. Other Norwegian companies should follow suit. Still, there are remaining unanswered questions about Norwegian businesses Angolan partners.
- Where there are problems of hidden ownership, Norwegian companies should go public about it, thereby facilitating Angolan and international scrutiny.<sup>4</sup>
- Revelations about unsound business practices in Norwegian newspapers make for bad publicity. Be transparent before the journalists force you to!
- How much money do Norwegian companies make in Angola? This is of great interest to the Norwegian public and should be clarified in simple language and illustrations.
- Companies doing business in Angola have an individual responsibility for being transparent about their businesses. But responsibility also lies with Norwegian political authorities, which strongly influence business incentives for transparency by creating the legislative, regulative and cultural environment in which companies operate.

<sup>3</sup> On hidden ownership and the responsibility of European leaders and companies, see Mo Ibrahim's statements in Uppsala, 2014.

<sup>4</sup> Hidden ownership in Angolan companies is pervasive and legal according to local legislation. However, the misuse of public office for personal benefit is not. Therefore, Angolan public officials are by law required to declare their possessions (although the declarations are not publicised).



## **Promote a democratic culture and support human rights**

Angola is among the most centralised political systems in Africa. In practice, it remains a presidentialist party-state. The institutions and instruments of democratic governance – courts, the national assembly, the media sector, ombudsmen and opposition parties – remain weak. A clientelistic culture of loyalty towards the President and the Party makes it difficult to find much dissent and criticism within the public sector. Drivers of change are thus more frequently found in civil society and elsewhere outside of the realm of government.

- Moral and material support to NGOs and other civil society organisations dedicated to democratic governance, popular representation, and human rights, is a possible way of promoting processes of democratisation.<sup>5</sup>
- Norwegian authorities should assess the feasibility of supporting increased pluralism through civil society and media support funds – of which there have been precursors in Angola (embryonic, at least) and in the region.<sup>6</sup>
- Norwegian authorities should speak out against Angolan authorities when they blatantly use public resources to favour the ruling party, and otherwise limit the scope of critical thought through the media and in the public sphere.

## **Journalists – look out!**

Børge Brende, Norway's minister of foreign affairs, stated that being responsible is ingrained in Norwegian companies' DNA. Recent corruption scandals involving Norwegian companies that have invested abroad (Hydro, Yara, Telenor, Statoil) underline that Brende's assumption cannot be taken for granted.

- A healthy Norwegian business culture is dependent on constant attention from journalists who shed light on Norwegian businesses abroad. Angola is a case in point.
- Norwegian media houses should encourage and enable investigative journalists who are willing to focus on the lead Norwegian economic actors in Angola. Likewise, this activity should be welcomed by the same economic actors, as a natural consequence of their dedication to transparency. This has not always been the case, even recently.

## **Delink development aid from business interests**

Technical assistance to Angola is often subject to "elite capture", meaning that a small elite uses aid to promote narrow private interests rather than to the benefit of the general public, or otherwise, that such aid will be politically directed so as to further enhance the incumbency advantage of the MPLA. Elite capture should always be given strong attention in considering bilateral aid programmes to Angola. The Norwegian Oil for Development (OfD) initiative has provided long-standing technical advice to the Angolan Ministry of Petroleum (MinPet) and, recently, short-term dialogue with the nascent Angolan Sovereign Wealth Fund (oil fund) – headed by President dos Santos' son, José Filomeno dos Santos. An evaluation of the OfD cast some doubt about the effectiveness and results of the long-standing aid to MinPet.<sup>7</sup>

- Sonangol and Angolan ministries pay, each year, enormous sums for desired international consultancy services. Thus, development aid (donations) in the form of technical assistance to the top tiers of the Angolan government should be exceptionally well justified.
- Norwegian bilateral support for the Angolan Ministry of Petroleum needs special attention in order to safeguard that development aid is not driven by Norwegian economic self-interest in Angola's oil sector.

## **Speak out!**

When harm is done and harm is known, speak out against it. There is considerable room for Norwegian authorities, media and civil society to be more critical against the Angolan authorities' handling of negative tendencies, such as human rights abuses, corruption and the lack of priority for poor peoples' needs. But the impact of such pressure will be immensely greater if combined with the voices of like-minded states.

- A case in point: The renowned human rights activist Rafael Marques was recently convicted in Luanda, accused of defamation and libel. The plaintiffs were some of the most influential generals and politicians. Powerful people in Angola already actively use the very peculiar "libel"- legislation to silence critics, trials often fails to meet the international standards of best practice. The Angolan authorities needs to know that it is being watched internationally. Attention on Rafael Marques' case and other similar matters may reduce the scope for human rights abuses, corruption and other forms of poor governance.

<sup>5</sup> See Norway's "white paper" on human rights, *Opportunities for All: Human Rights in Norway's Foreign Policy and Development Cooperation, and Norway's efforts to support human rights defenders* Guide for the foreign service, published by the Norwegian Ministry of Foreign Affairs.

<sup>6</sup> See the official Norwegian policy in *Principles for Norway's Support to Civil Society in the South*.

<sup>7</sup> See Facing the Resource Curse: Norway's Oil for Development Program.



The following ten texts are edited versions of the speeches given during the conference.

# Angola and Norway – The perfect partnership?

MORTEN HØGLUND – NORWEGIAN VICE MINISTER OF FOREIGN AFFAIRS.

- **Norway and Angola have a strong and long-lasting partnership. Norwegian companies have been present in Angola since the beginning of the 1990s.**
- **Norwegian companies employ more than 1,000 people in Angola and an estimated 1,100 people in Norway's private sector work directly with Angola.**
- **Norway should cooperate professionally and encourage Angola to continue its path towards transparency.**
- **Norway's government would also welcome efforts by Norwegian civil society organisations to engage with counterparts in Angola.**
- **Since 2011, Norway and Angola have held annual bilateral consultations on human rights, initiated at the request of the Angolan authorities.**

I have been asked to give a speech on the subject “Norway and Angola – the perfect partnership?” – phrased as a question. This refers to an article about relations between Angola and Norway that appeared in the March 2014 edition of Sonangol's Universo magazine, but the question mark is new. I will focus on the substance of our partnership, how we perceive the relationship, and the way ahead.

Norway and Angola share some striking similarities. Like Norway, Angola has a long coastline – with abundant maritime and petroleum resources. In addition, both Norway and Angola are blessed with considerable hydropower resources. This provides a very good basis for a mutually beneficial bilateral relationship.

On the other hand, Norway is a developed country, while Angola is still a country in development. Despite high economic growth during the past decade, poverty is still widespread in Angola and the inequality between rich and poor is striking. Social and economic rights remain a serious problem. The Angolan government's responsibility for further improvement in these areas is evident.

Norway, of course, has not experienced a devastating civil war (as has Angola) and has had more time to develop extensive know-how in the management of its natural resources. Norway has been happy to share its knowledge with Angola in this area. Norway has offered technical cooperation to the government of Angola in the areas of fisheries and petroleum since the late 1980s and in the clean energy sector since the mid-1990s. Norway welcomes the opportunity to continue such cooperation in the years ahead.

Norway and Angola have a particularly strong and long-standing partnership in the petroleum sector. Angola is currently Sub-Saharan Africa's second biggest oil producer (after Nigeria). With its deep-sea offshore operations, Angola represents the next frontier for innovation in the oil services sector. Norwegian companies and technologies are actively involved in these operations. Statoil, which has had a presence in Angola since the beginning of the 1990s, currently produces 200,000 barrels a day in the country – about one third of its international portfolio. Other Norwegian companies such as Aker Solutions, FMC Technologies, DNV, PGS, and Odfjell also have a strong presence in Angola. Norwegian companies presently employ more than 1,000 people in Angola, and it is roughly estimated that some 1,100 people in the private sector in Norway work directly with Angola.

Although there are similarities between Norway and Angola in terms of the resources the two countries possess, they have quite different histories. Angola has been in conflict for 41 of the last 53 years. From 1961 to 1975 the country was engaged

in an armed struggle for independence. This was followed by another 27 years of internal conflict. When the civil war finally ended in 2002, more than half a million people had lost their lives, and 4 million had been internally displaced.

Norwegian Peoples Aid (NPA) is currently working to clear landmines from a country that – 12 years after the war ended – is still the world's third most mine-affected country. NPA alone has cleared an area equivalent to more than 70,000 football fields.

The war that followed independence not only destroyed virtually all infrastructure; it also resulted in Angola “losing a generation” to combat and warfare. In addition, to put this in a broader historical perspective, this conflict followed 400 years of foreign rule and colonialism. Furthermore, Angola has experienced almost two decades of harsh communist rule. In short, the country's history was not an auspicious starting point for development. Many claim that Angola has had to start almost from scratch.

Norway and the rest of the international community recognise the hardship that the Angolan population has endured. At the same time, the international community also recognises the great accomplishments that have been made in recent years in the areas of political and macroeconomic stability. With regard to political stability, Angola has held three peaceful elections (in 1992, 2008, and 2012). The country is now preparing for the next milestone in its democratic journey: local elections and decentralisation, designed to give its citizens a greater say in the decisions that affect them. In relation to macroeconomic stability, Angola saw a period of four-digit hyperinflation in the 1990s. Today, however, Angola has an inflation rate of just 7 per cent. Currency reserves are solid. With assistance from the IMF in recent years, state budgets have become more transparent – though there is still more to be done in this area.

Notably, though, while Angola has an income as high as certain European middle- income countries, it still has very low social indicators (e.g.. child mortality). The Angolan government has demonstrated its awareness that it has some distance to go in creating an equitable society. This was reflected in the slogan of the ruling MPLA party at the last elections in 2012 – “to grow more and distribute better.” Like any government, the MPLA government will be held accountable by voters at the ballot box.

In part as a result of technical cooperation with Norway in the 1990s, Angola has established a tax level in its petroleum sector that is comparable to that of Norway. Statoil and other international oil companies pay their taxes to Angola, just as France's Total, or America's ConocoPhillips and other foreign operators on the Norwegian continental shelf pay taxes to the Norwegian government. The fact that French and US companies pay taxes to Norway does not entitle French or US authorities to make demands as to how the Norwegian government spends its money.

It should therefore not come as a surprise when I tell you that I do not think it is my role to try to influence the way Angola uses its tax revenues. Neither do I think it is appropriate for Norwegian companies to boycott Angola.

In my view, the right approach is to cooperate professionally and to encourage Angola to continue its path towards transparency. For example, it would be a positive step for Angola to sign up to the Extractive Industries Transparency Initiative (EITI). In addition, it is a positive sign that civil society scrutinises how revenues are being used – whether in Angola or Norway. This is part of the system of “checks and balances” between a government and its population.

I would welcome any effort by Norwegian civil society organisations to engage with counterparts in Angola and to support them in their efforts to play a vital, visible role in Angola.

The Norwegian Ministry of Foreign Affairs has for several years provided support to civil society in Angola, including to the CICA (Council of the Christian Churches of Angola). Through Norwegian Church Aid, Norway has financed a project on budget monitoring. This project seeks to track how Angolan state funds are being used, for example, to check whether new schools and hospitals that have been promised funding in the state budget are actually being constructed as planned.

The CEIC (Centro de Estudos e Investigação Científica), an independent research institute at the Catholic University in Luanda, is also working with the Chr. Michelsen Institute to conduct research on macroeconomic and social policies in Angola. Norway is financially supporting this cooperation. CEIC presents an annual report on budget execution and socio-economic trends. This reference work reportedly receives much attention from media and policymakers in Angola.

It is encouraging to see that bilateral relations between Norway and Angola have developed beyond business and technical

cooperation. Since 2011, Norway and Angola have held annual bilateral consultations on human rights. These consultations were initiated at the request of the Angolan authorities, who were seeking to cooperate with Norway in this area. Only a month ago the countries had frank and open discussions and exchanged experience on issues such as freedom of speech, expression and association, mediation boards, human rights obligations under national law, transparency, and distribution of wealth.

In these discussions, Rui Manguera, the Angolan Minister of Justice and Human Rights, put great emphasis on the need for capacity building to create a “culture for human rights.” This is something the two countries are already working on. For example, Norway has been assisting Angolan universities in introducing the area of human rights into law faculty curriculum. This was the first time the minister himself decided to lead the Angolan delegation – an indication of the importance Angola gives to these bilateral annual talks.

As part of Norway’s cooperation with Angola on human rights, a group of Angolan representatives from various ministries and civil society organisations recently completed a three-week human rights training course in Oslo (the Oslo Diploma Course). This is the second time this training course has been organised for Angolan partners. One of the many important issues that was discussed related to business and human rights, namely the importance of meaningful engagement between companies and the local communities affected by their activities.

This willingness to discuss human rights reflects a new openness on the part of the Angolan authorities. This openness is also reflected in the country’s wish to take on a greater regional and international role. Angola currently chairs the Great Lakes Regional Cooperation, and plays a very significant role in the quest for peace in the region.

Moreover, from 2015 onwards, Angola is expected to take over the chair of the Kimberley Process (a joint government, industry, and civil society initiative to stem the flow of conflict diamonds) and to assume a non-permanent seat on the UN Security Council.

Finally, oil companies – including Statoil – are exploring new fields off the coast of Angola.

With all this in mind, I see no reason why Norway should not continue to be a strong economic partner to Angola and even to diversify its trade and explore new sectors of business engagement in Angola, while at the same time continuing to have an open and frank political dialogue with the government. It is in the interest of both countries that Norway cooperates with Angola in its efforts to develop, to distribute wealth and opportunities better, and to play an international role that is consistent with what one would expect of Sub-Saharan Africa’s third biggest economy.

# Angola's Reform Trajectory as Regime Enhancement, 2004-2014

RICARDO SOARES DE OLIVEIRA – OXFORD UNIVERSITY ASSOCIATE PROFESSOR  
AND CMI ASSOCIATED SENIOR RESEARCHER

- **Angola has gone through a process of institutional reforms since the end of the war, towards the “transparency agenda” and internationally acceptable practices.**
- **However, reforms have been deployed as regime-changing devices, with partial implementation, thus limiting their depth and rigor.**
- **As Angola's oil income surged and Angola turned to China for much needed finance of its reconstruction projects, its dependence on western powers decreased.**
- **Subsequently, western states de-emphasised their focus on transparency and on rights issues.**

The subject of my brief comments today is Angola's particular trajectory of reform over the past decade, in the oil sector and the management of its economy more generally. It is important to start by emphasizing that there have been major improvements in this regard since 2004. The differences between the status quo today and the reality at the turn of the millennium are sometimes not fully captured in assessments of the Angolan economy, such as the TI Index and the Cost of Doing Business survey of the World Bank, which still ranks Angola very low, and indeed, in similar positions as a decade ago. In fact, there have been changes, which I will briefly review. However, the point about these changes is vital for the discussion that brings us here today: far from having ushered in an era of openness and increased space for rights agendas or improved revenue management, the reforms of the last decade have been deployed as regime-strengthening devices.

As this audience knows, oil represented the lifeline of the Angolan government during the 27 years of war that only came to an end in 2002. The relatively diversified economy of the late colonial years was gone at independence, as were the settlers who had run Angola's modern economy. However, the MPLA regime that controlled Luanda managed to strike pragmatic relations with a number of western oil companies and build a national oil company, Sonangol, which proved a very competent manager of Angolan oil interests during these decades. Under the leadership of president dos Santos since 1979, this oil-based regime was able to weather out difficult challenges (foreign invasions during the Cold War, the transition to capitalism, the UNITA rebellion) and finally prevail in 2002. However, the oil economy was run in a very secretive way through what we could describe as a parallel state, with formal institutions playing almost no role.

In the last years of the war, and immediately afterwards, the Angolan government was subjected to very strong criticism by international NGOs and media, as well as by a number of Angolan civil society actors. In this context, Northern European and North American governments suddenly embraced aspects of the transparency agenda, certainly to an extent that is almost surprising today. This was a major break with the usual “realpolitik” Western approach to resource-rich states. More important, they put those issues at the center of their relationship with Angola and other resource rich but poor countries in Africa (though they never did it in the Middle East for instance).

African governments reacted very differently to this. The Obasanjo government in Nigeria, for instance, almost immediately took up the reform agenda in a shrewd way. In retrospect, it is obvious that President Obasanjo wanted to co-opt the reform agenda as part of his own political project. He did not take it too seriously in practice, but his government presented itself as a champion of reform in the Nigerian context and its international reputation increased accordingly.

The Angolan reaction could not have been more different. The Angolans resorted to a language of national sovereignty and dismissed external impositions as some sort of neo-imperial attack on itself. They said that the state's accounts were nobody's business and that they didn't have to participate in these internationally mandated reforming schemes. The Angolans were infuriated when, from 2002 onwards, IMF Article IV reports leaked, showing that huge amounts of money were unac-

counted for (some 4.2 billion dollars from 1997 until 2002 alone). These are petty sums according to today's standards, but back then it was a lot of money in Angola. Campaigning NGOs such as Global Witness alleged that these funds disappeared into the so-called Bermuda triangle of the Angolan state's financial operations. In other words, the initial reaction on the Angolan side was predictably aggressive and emphasized non-cooperation with these international critics. This initial opposition meant that Angola would deal very differently with the reform agenda. It is still not in the EITI today, though EITI is a voluntary initiative that would not have been very demanding for Angola to participate in. In fact, it has refused to participate in most international schemes, with the major exception of the voluntary framework of the Kimberley Process. However, from 2004 and onwards, Angola did find its own route to reform, and I think that this is what the Norwegian vice-minister was referring to earlier today. Over the last decade there was a significant number of such Angolan-led reforms. Sonangol and the Ministry of Finance, for instance, started publishing large amounts of information online. From 2009 onwards, the National Bank of Angola, which is the central bank, started to pursue reforms under the leadership of a reform-minded team.

So why did Angola start in its own way to participate in the reform process? This is an example of what the vice-Minister was referring to: that Angola in its own way started proceeding towards more internationally acceptable practices. I think that there were two reasons for this. The first reason is that the Angolan government started to look at what the IMF was recommending in terms of transparency, what the IMF were recommending in terms of reforms, and they came to the conclusion that not all of these ideas were bad. They in fact realized that many of these policy suggestions, if isolated from the "progressive" implications that some of them contained, could actually be used as technocratic tools to strengthen the system. There was nothing intrinsically reformist about these technical measures that the IMF was putting on the table if we consider the larger issues of state-society relations that had mobilized campaigners in earlier years. These were the sort of apolitical, technical measures that "capacity building" tends to concentrate on: the mechanical aspects of the government systems which would take Angola a step further without necessarily making concessions to either the pressures of the international community or to Angolan civil society.

In fact, some of these initiatives could be used by the elite to ensure its stranglehold over the system. So what you saw next was a process of partial reform, in which the Angolan government looked at a vast list the IMF was putting on the table, especially after they struck a deal in 2009. In this context, they decided to implement a plurality of these measures, which they actually did implement, to a very significant effect. The implementation of these measures had no political consequences in terms of the status quo, but created the impression that the government was serious about reform. Which it was, for its own purposes.

When placed in the context of the increase in oil prices and production after 2004 and the development of partnerships with China and other states – developments that increased Angola's leeway considerably – this resulted in the diminishing of international pressure. Many western states chose to abandon or at least de-emphasize their focus on transparency and on rights issues that had been central to their Angola engagement in recent years. Instead they concentrated on business and on the big financial story of the Angolan miracle. And in that regard, the fact that the Angolan government became more reformist in some arenas, and certainly less confrontational than what it had been a decade earlier, made this partnership much easier to sell in North America and in western Europe.

I hope that I have given you a nuanced portrait of that reform process in Angola. It is certainly happening in key dimensions of the state and the economy. But it's not generating the sort of outcomes that some of us would like to see happening in the country. One could argue that it is achieving the opposite: that these are regime-enhancing techniques that have been successfully employed in a capable way. The trajectory of government-run reform (both in terms of what has been achieved and what has been left aside) shows that Angola may be in need of many things. Capacity building at the very top does not seem to be one of them (the medium and lower levels of the economy certainly lack a critical mass of human resources, but that is not the theme of this presentation).

It is clear that there is sizeable contingent of sophisticated global citizens at the heart of this petroleum economy; the choices they make about the trajectory of Angolan institutions are therefore crucial. Thank you very much.

# International transparency and democratic space in Angola

ELIAS ISAAC – OPEN SOCIETY INITIATIVE FOR SOUTHERN AFRICA, ANGOLA MANAGER

- **Rather than “perfect partners”, Angola and Norway are first and foremost very different oil states, often on opposite extremes of indices.**
- **Anonymously owned companies in Angola exist to enrich the elite, not distribute oil wealth (a public good). What difference is there between Statoil and Chinese companies if also Statoil engages in partnerships with Angolan companies with anonymous ownership?**
- **Angola is not learning from Norway – it follows the path of Nigeria.**

Norway and Angola stand in opposite extremes. Norway ranks 5th, while Angola ranks 161st when it comes to transparency and accountability.

Forty per cent of the foreign companies in Angola pay kickbacks or bribes or engage in other corrupt practices.

Statoil has been caught up in the dilemma of whether to engage in business with anonymous companies.

In Angola, political elites own anonymous companies that they use to launder public funds into businesses and private pockets. These companies concentrate wealth; they do not distribute it.

Statoil should use its leverage to enforce higher ethical standards on its Angolan counterparts.

Do Norway and Angola have a perfect partnership, or not? Comparing Stavanger with Cabinda, the two cities have nothing in common. Angola has more commonalities with Nigeria than it has with Norway. Certainly, it is better to compare oneself with the best players than with the worst players, but is the right process in place for developing Angola?

How do the oil companies themselves figure into this comparison? In the case of Angola, Statoil is the oil company from which we can learn the most. Statoil's Angola operation is the company's largest operation outside of Norway. The Angola operation involves a lot of crude oil, a lot of money, and a lot of profit. What does this mean, not only for Statoil, but also for its shareholders, who are the citizens of Norway? Norway is known for its good reputation in terms of integrity, transparency, and accountability in the management of oil and its resources. Angola, on the other hand, has a lot of problems.

In terms of transparency, Norway and Angola stand on opposite extremes. According to Transparency International's Corruption Perceptions Index (2014), Norway is ranked number five of the countries in the world that have the best practices of transparency and accountability. Angola is number 161, that is, one of the worst countries in the world in terms of transparency.

The policies and practices of the two countries are completely different, as are the policies and practices of the two oil companies, Sonangol and Statoil. When two countries have such extreme, completely different positions, it is not possible for two partners to have a perfect partnership, unless the gap is first bridged. If two companies operate in such different extremes and think they are in a perfect partnership, one of the partners is probably cheating the other.

Consider one indicator: in 2012 the World Bank found that 40 per cent of the foreign companies in Angola had to pay kickbacks or bribes or engage in other corrupt practices. This is very serious, and it is not clear that Statoil or other Norwegian companies have really processed this fact.

Similarly, for about eight years, Statoil reportedly has been caught up in a dilemma regarding whether to engage in business with anonymous companies. Most anonymous companies are formed so that the people involved can hide their

identities, and generally, people hide because they have something to hide. In Angola most anonymous companies are in the oil industry. They are owned by political elites or are being used to launder public funds into businesses and private pockets. Often the offer to do business is given on a “take it or leave it” basis. In one such company, the shareowners were not officially known, but were understood to be political oligarchs in the Angolan regime.

In these situations, does Statoil have a choice to engage with these anonymous companies? If Statoil starts engaging with anonymous companies, what difference is there between Statoil and the Chinese companies that do not care about transparency or accountability, but are just there to invest and make profits? At least the Chinese companies in Angola are providing infrastructure, such as roads, hospitals, and schools. On the other hand, when oil money is being shared with the ruling oligarchs, with the elite, the issue is not distribution, but rather the concentration of the wealth into the hands of a few people. The problem in Angola is that anonymous companies concentrate wealth – they do not distribute. And oil is a public good, not a private good.

Sooner or later, the oil in Angola will be gone. In Nigeria this has resulted in misery and just a few people in government holding hostage the country’s wealth – which belongs to everyone. Angola should not wait until the oil is gone to change, yet Angola is following the same pattern as Nigeria. Angola is not learning anything from Norway. Even the sovereign wealth fund is managed by the president’s son. Norway’s wealth fund is not managed by the king and queen’s son.

Statoil has a choice to make. Statoil is not using its technology, knowhow, and capacity properly. Rather, Statoil should be using these resources as leverage to get the Angolan government to negotiate. If Statoil continues like this, all Norway’s morals and the ethical principles will mean nothing abroad.

Certainly, Statoil should not try to change Angola, but at the same time Statoil should not allow Angola to change Statoil’s moral and ethical standards. Today it may be Angola that influences Statoil, but tomorrow it may be Tanzania or Nigeria. Then, what would be left of Statoil’s moral and ethical standards in doing business?



# Did oil growth lead to development in Angola?

ALVES DA ROCHA – DIRECTOR OF CENTRO DE ESTUDOS E INVESTIGAÇÃO CIENTÍFICA (CEIC),  
RESEARCH CENTRE AT THE CATHOLIC UNIVERSITY OF ANGOLA (UCAN)

- **The oil sector is still responsible for approximately 50% of Angola's GDP.**
- **Angola now needs foreign investment for other sectors, so that the process of economic diversification can start.**
- **The question of oil revenue distribution in Angola is also important. Numbers show that the oil revenue has not contributed to a greater social balance or to a more equal distribution of wealth.**
- **Given that living conditions of the general population do not seem to be improving, where is the part of the oil revenues formally allocated to social expenses going?**

The topic of how to use petroleum resources to promote development is important to Angola. It is also of interest to Norway, for which Angola is an important economic partner. Norway could be an important partner for Angola even beyond oil production. Norway has experience and capacity in a number of other fields that are also of interest to Angola as it seeks to transform its national economy.

Oil is, of course, the starting point, however: In what sense can Angola's oil economy contribute to economic diversification in Angola, and does it actually do so? A second and related point has to do with how the oil economy can contribute to fighting poverty and generating better income distribution in the country? Angola is currently in a dynamic process of transformation. Angola in 2014 is completely different from Angola in 2002. <sup>1</sup>

Even after the 27 year conflict that ended in 2002, Angola still has an economy where the oil sector is responsible for approximately 50% of the GDP. This percentage has decreased in time as Angola has become a peaceful country and society and additional sectors have grown (especially the construction sector). This does not mean, however, that development since 2002 represents a sustainable process of economic diversification. The economy still largely depends on the oil sector, and not only for the generation of foreign exchange reserves.

Today, Angola has a significant stock of foreign reserves, which is an important signal to inspire confidence in foreign investors. At the end of 2013, Angola had a stock of foreign exchange reserves worth approximately 34 billion US dollars. This corresponds to eight months of imports, an indicator that lies well above the international average. Furthermore, the exchange rate in Angola is stable, the inflation rate is decreasing, and public finance management has improved (even if it remains hard to obtain information and understand the distribution mechanisms of the budgeted public funds).

Since peace was achieved in 2002, Angola has managed to build part of the macroeconomic foundation that is important to attracting more foreign investment, but this is not enough. Oil exportation is the sole basis upon which the current net stock of foreign exchange reserves has been built. Other products do not contribute significantly to foreign exchange earnings. For example, diamond mining, which is usually mentioned as an important activity in Angola, represents 250 million US dollars per year in tax revenues – an amount that does not even represent 1.5% of the GDP. Thus, although the diamond industry employs quite a few people, it does not contribute greatly to the national economy. Oil is what counts.

<sup>1</sup> *Because of the armed conflict that ended in 2002, it does not make sense to make comparisons with Angola prior to that time. Thus, this discussion focuses on the period after 2002, when reasons complicated by war no longer apply. Obviously, from a social perspective, 27 years of military conflict in Angola introduced many weaknesses and imbalances into society. Oil was the principal means of financing the conflict and civil war. Furthermore, if one were to analyse and research the origins of corruption in Angola, one would probably find that important explanatory factors originate in the war economy.*

The oil sector has had no problem with attracting private foreign investment. The only factor that can possibly ward off foreign investment from oil exploration is the growing costs of oil extraction, but this has hitherto not presented a problem. What Angola needs and wants now, is foreign investment for other sectors, so that the process of diversification can start.

Attracting private foreign investment is fundamental for diversifying the Angolan economy. Within Angola, there is little capacity for investment and no business class as such. The country has significant shortcomings in relation to a business mind set. The Angolan businessperson is characterized by dependency on the state – a spirit somehow moulded by the former Marxist regime. The Angolan businessperson expects to receive state support in most matters, not only in areas where the state is required to offer support as part of its responsibilities. The businessperson also expects the state to facilitate financial credit, to aid with training of employees, and more. In the end, the Angolan mentality expects the state to play an even greater part in the economy than the part it presently plays. Hence, private foreign investment is essential.

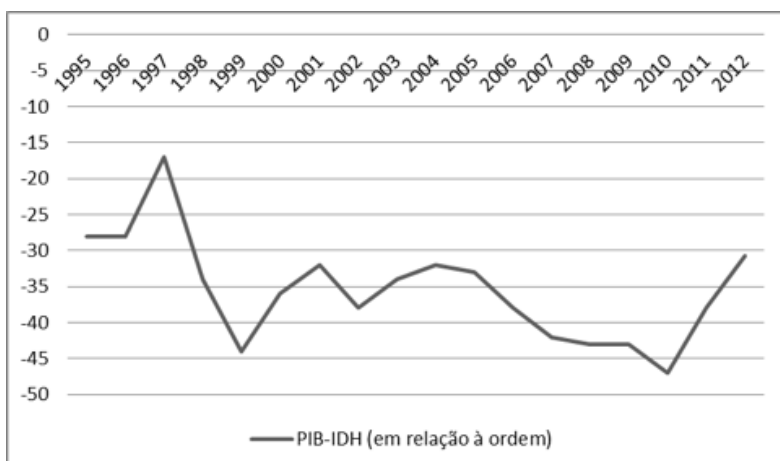
Many private foreign investors have shown great interest in Angola. China is now believed to be the country most keenly interested in investing in Angola, and Chinese investment may eventually contribute to diversification. Countries like Portugal, Brazil, and South Africa have already established a relationship with Angola (among which Portugal and Brazil have the oldest connections).

Another aspect of the oil dominated economy that must be analysed, independently of political views, is the question of oil revenue distribution in Angola. Angola is a country where the national income – that is, the total revenue generated by all Angolans and foreigners – is very unevenly distributed. As reported by the World Bank, the United Nations Development Programme (UNDP), and Angolan domestic sources, the country's wealth is concentrated in the hands of a small political class. The most recent data on inequality in Angola is a population survey from 2008–2009 (IBEP). Three indicators from this survey make clear that the oil revenue has not contributed to a greater social balance nor a greater balance in the distribution of wealth:

1. The Gini Index, calculated on the basis of the results of IBEP, is about 0.6.
2. 60% of the national income is earned by 20% of the population. (The survey measured income, rather than wealth.)
3. The poverty rate in Angola is about 40%. This figure has been controversial, but is the only one available until a new survey of the population's living conditions takes place.

The matter of inequality in Angola is controversial and worrying situation when the peripheries of big urban areas in Luanda are considered. There is a sense that the fraction of the population without access to essential goods and services grows proportionally with the growth of the population. Many immigrants from the countryside are attracted by the hope of better living conditions in the big urban centres, but it has not been possible to bridge the gap between their needs and the social goods that the state can offer.

## Relation between GDP and Human Development Index



Some information from the period 2002 until 2013 is worth considering. In these 11 years, tax revenues from oil exploration and export grew to almost 260 billion US dollars. Notably, the state collected this significant sum from oil-related revenues alone, including from Statoil. Revenues generated by other areas of the economy were much smaller in comparison. These numbers show that besides being a controversial subject, matters of economy are not static. Economies as well as societies are dynamic. The Angolan people also have eyes to see, force to claim, and strength to press.

Naturally, from the social point of view the situation today is not the same as in 2002, after peace returned to Angola. Between 2006 and 2013, social expenses – expenses on education, health, sanitation, and social housing – amounted to approximately 80 billion US dollars. This represented an average of 11.5% of the GDP for this period. Although this is a significant fraction, the living conditions of the population have not improved, especially in the periphery areas of Luanda, where approximately 30–35% of the total population is currently concentrated. The peripheries of cities such as Luanda continue to grow and problems with electricity, water supply, sanitation, and housing subsist.

The question that arises is the following: If the living conditions of the general population do not seem to be improving, where is the portion of the great oil revenues that has been formally allocated to social expenses going? This question does not simply refer to the distribution of revenues, but also to the channels through which money drains into private pockets. This private siphoning of funds is something the people of Angola are well acquainted with. Somehow a great amount of money ends up increasing the wealth of the small minority of people. This is perhaps why Angola is the land of the richest woman in Africa.

Because of the armed conflict that ended in 2002, it does not make sense to make comparisons with Angola prior to that time. Thus, this discussion focuses on the period after 2002, when reasons complicated by war no longer apply. Obviously, from a social perspective, 27 years of military conflict in Angola introduced many weaknesses and imbalances into society. Oil was the principal means of financing the conflict and civil war. Furthermore, if one were to analyse and research the origins of corruption in Angola, one would probably find that important explanatory factors originate in the war economy.

# Social rights in Angola

NELSON PESTANA – COORDINATOR OF THE SOCIAL STUDIES DEPARTMENT  
AT THE CEIC RESEARCH CENTER AT THE CATHOLIC UNIVERSITY OF ANGOLA

- **Angola's epidemiological picture is typical of underdeveloped countries. Despite this situation, only 5.3 per cent of the general state budget goes to health.**
- **Although the state invests greatly in higher (tertiary) education, comparatively little goes to elementary and secondary education. Only 14.1 per cent of the population has a secondary education.**
- **Ten times more investment goes to supporting the elderly than goes to supporting families and children. This is remarkable given that Angola is a country where more than 60 per cent of the population is younger than 18 years and the life expectancy is 51 years.**
- **Angola ranks 101st among 105 countries in relation to food security.**

This brief aims to give an account of the social situation, including living conditions, in Angola. The World Bank now considers Angola an upper middle-income country. However, the country's record of social development is dismal. It is therefore still rated by the United Nations as a low human development country, ranked 149th among 187 countries.

How can Angola rise out of this situation? In the last decade, Angola has not experienced any great progress on the Human Development Index. Moreover, if the GDP growth rate is compared to the population growth rate, one sees that in the future there will be even fewer possibilities for a better wealth distribution that will be able to change the social situation. Furthermore, a great part of Angola's GDP does not remain in the country, but is exported by a large foreign workforce that produces much of the country's economic value.

Angola's social framework can be characterised by reference to health, education, family and children, and food security. The capital city Luanda presents special social problems.

## Healthcare

Angola's epidemiological picture is typical of an underdeveloped country. Preventable diseases predominate. Malaria is by far the most frequent disease, and although registered cases of malaria have declined during the last five years, the mortality rate remains unchanged. Other conditions having to do with underdevelopment are responsible for the highest mortality rates, including acute malnutrition and acute diarrhoea and dysentery (which are associated with poor water quality).

Despite this situation, only 5.3 per cent of the general state budget goes to health, and this figure has not changed significantly in the last three years. Without an increase in public health spending, it will not be possible to reverse the situation. A further complicating factor is the way these limited budget resources are distributed. A few urban hospitals receive most of the healthcare budget allocation, whereas the majority of the population lives in areas where only very basic medical services are available (if any). In many cases, a medical post is built, but without anything in it.

## Education

The education sector has the same structural problems as the healthcare sector. Although 8 per cent of the general state budget is allocated to education, the quality of basic education in Angola is very poor, and resources are very unevenly distributed. Angola spends the equivalent of US\$ 4,900 on each university student, yet only USD\$ 154 a year for each student at the secondary level, and US\$ 510 a year for each student in primary school. The strong investment in higher education does not at all correspond to investment at lower levels.

Weak education levels in the national workforce contribute to high levels of unemployment. Only 14.1 per cent of the population has a secondary education. Even if the economy becomes more diversified and more jobs are created, most Angolans will find it difficult to obtain these jobs because they lack the necessary competence and skills.

The country's workforce thus has a heavy component of foreigners, including unskilled workers. The greatest part of public works and major constructions plans are developed with imported workforce from China, Brazil, and Portugal, and this necessarily creates a problem in terms of employment.

## **Family and children**

Social indicators with respect to Angola's families and children show very poor results:

- 77 per cent of families have no education or only primary education;
- 63 per cent of households live in poor quality housing;
- 61 per cent of households consume only one or two meals a day;
- 55 per cent of the population uses solid fuels (wood, coal, straw, or cardboard); and
- Only 44 per cent of the population has access to drinking water (often of dubious quality). Access to piped water is probably around 8 to 15 per cent.

In 2007, the government launched a big programme to supply drinking water to urban and rural populations called "Water for all." The goal of the programme was to bring drinking water to eight out of ten people in the rural areas and to all urban-dwelling people by 2012. By 2014, only 44 per cent of the total population (including rural and urban areas) had access to drinking water. This figure is probably around 50 per cent in urban areas and 30 per cent in rural areas.

The difference in public investments that support families and children, on the one hand, and support the elderly, on the other, is on the level of 1 to 10. This is remarkable given that Angola is a country where more than 60 per cent of the population is younger than 18 years, and the life expectancy is 51 years. Despite this fact, public expenditures privilege the relatively small elderly population in Angola in the extreme.

## **Food security**

On the Global Food Security Index of the Economist Intelligence Unit Angola ranks 92 among 109 countries. Around 98 per cent of the agricultural land usage in Angola is based on family farming. These are generally small family businesses that produce for their own use as well as for the market. About 1.6 million families are involved in family farming; with an average family size of 5.3, this amounts to more than eight million people. In spite of the fact that family farming is fundamental to ensuring food security in Angola, only small state investments are put into family farming. On the other hand, agribusiness, which employs only around 100,000 people, receives massive state investments.

Furthermore, most small producers live and produce large distances from central markets. A lack of roads and transport vehicles generally prevents them from gaining a widespread distribution of their products. The rural areas are the most affected by this problem, and, according, poverty is much more severe in rural than in urban areas.

Many people in Angola are vulnerable with regard to food security. During the last three years, a drought reached at least 10 of the 18 provinces in the country, causing death and starvation. The government's reaction was slow, and initially it reacted violently against protesters who denounced the critical situation in the south of Angola. When the government finally acted, it did not do so with all necessary means.

The unfortunate fact that the international community considers Angola to be a rich country penalises the affected populations doubly: on the one side, they do not receive aid from their own government and, on the other, the international community no longer offers help as it did during the war-time emergencies. Rather, the international community says that the country has reached a stable and more prosperous level and, therefore, that Angola does not need foreign aid as much as other countries. Nonetheless, Angola's remarkable growth actually conceals situations of major national emergency, such as the severe drought crisis of the last three years.

Food vulnerability is measured in four degrees – extreme, high, moderate and low:

- Cunene, a province in the south of the country, is the most affected by food security issues. Sixty per cent of the population in this province lives under conditions of food vulnerability (32 per cent extreme, and 28 per cent high).
- In Bié, a province in the centre of the country and traditionally a strong agricultural area, 40 per cent of the population lives under conditions of food vulnerability (21 per cent extreme and 29 per cent high).
- Luanda, the metropolis capital of Angola, is also vulnerable in terms of food security: 17 per cent extreme and 27 per cent high.

## **Luanda**

Poverty is hidden, but still real, in Luanda, where around a quarter of the population lives. Eighty per cent of poor households suffer from extreme vulnerability, and 15 per cent from high vulnerability. This is a very serious situation, one that has been called the “ghettoisation of poverty.”

The city is currently in a “re-planning” phase. Poor people have been removed from areas considered to be prime real estate for transportation infrastructure and business and middle-class construction. These displaced poor people are being ghettoised in zones far from the city centre, where they have been offered tents or social houses of a very dubious quality. Initially, these houses had no water nor electricity. Now they are beginning to have at least tap water, and there is an effort in order to bring them electricity. However, there are few, if any, public services in those zones.

Moreover, salary levels do not contribute to solving the problem. Salaries have nominally increased in recent years, but consumer purchasing power has not improved due to inflation. This observation also reflects the state of the social situation in Angola more generally.

Finally, justice and rule of law do not function properly in Angola. The state is not making the investments needed to improve access to justice. There are many reasons to doubt the justice system’s independence from the executive branch, and in most districts (municípios) the justice system has no presence at all. In short, an effective social state is absent.

# The situation of the human rights in Angola

JOSÉ PATROCÍNIO – OMUNGA COORDINATOR

- **The role of human rights defenders is not truly recognised in Angola.**
- **Activists and human rights defenders are subjected to mistreatment, arbitrary arrests, and in some cases even abduction and death. Most incidents of aggression against human rights defenders are not properly investigated or prosecuted by the police or legal authorities.**
- **Demolition of homes, permanent eviction, and land grabbing affect thousands of citizens in the country.**
- **The government has repressed the activities of opposition parties.**

The president of Angola has made efforts to show that he wants to portray Angola in a better light in terms of promoting and protecting human rights. For example, he has created the Ministry of Justice and Human Rights, established an inter-ministerial committee for the preparation of human rights reports, and attempted to create a national committee for human rights. Furthermore, the president supported Angola's candidacy to become a member of the UN Human Rights Committee, participated in the 55th session of the African Commission on Human Rights in 2014, engaged in the Rights of People in Luanda, and invited national human rights defenders to participate as recognised organisations in a number of government-sponsored events.

However, these actions do not reflect any real recognition of the role of human rights defenders in Angola. In certain provinces, such as Cabinda and the Lundas, the formation of human rights organisations is impeded and activists are persecuted and detained. For example, in March 2010, an activist from OMUNGA, Jesse Lufendo, was arrested, judged, and convicted because he was covering a demonstration in Benguela. An appeal is currently underway at the Supreme Court.

In March 2013, OMUNGA's coordinator, Jose Patrocínio, was also threatened, and there was an attempted expropriation of his camera while covering a demonstration in Luanda. Several journalists and activists of Human Rights Watch witnessed this episode. Although a complaint was filed with the Provincial Command of Luanda Police, no response was ever provided. In September 2013, an OMUNGA activist, Afonso Domingos Mario, was on the street in Lobito when unidentified people inside a car threatened him by gun, so he would stop reporting on a strike by Shoprite employees. In December of the same year, another OMUNGA activist, Botelho Jimbi, was threatened over the phone. In short, human rights defenders are not given any space for dialogue and participation. Civil society organisations have filed several complaints and reports, to no avail.

The lack of real recognition of human rights in Angola is also exemplified by forced demolitions and permanent evictions that affect thousands of citizens. In 2012, SOS Habitat organised the First National Forum for Housing Rights. The Minister of Territorial Administration, Dr. Bornito de Sousa, was part of the opening session, and he guaranteed that his ministry would be able to receive all concerns that were raised in the forum. Nevertheless, in February 2013 in Luanda, the demolition of the Maiombe (Cacuaco) neighbourhood, which affected approximately 800 families, was carried out.

In June 2013, the Areia Branca neighbourhood in Luanda was demolished, affecting 3000 families, and in January 2014 it was Chicala and Kilombo Barrio's turn, affecting about 3000 other families. The demolition of homes and expropriation of property has occurred in other parts of the country, as well. In December 2012, the lands of farmers in Icolo e Bengo began to be expropriated, due to Quiminha's integrated agricultural development project, implemented by the presidency through the private company TAHAL. This expropriation is on-going and has affected about 1,500 families so far. In June 2013, the Areia Branca neighbourhood was demolished, affecting 3,000 families. In January 2014, the same thing occurred in the



Chicala and Kilombo communes, affecting about 3,000 more families. The last demolition occurred between 10 and 17 April 2014 in the Cinco Fios, in the Luanda suburb of Kilamba, and affected about 2,000 families.

Another human rights issue in Angola concerns indigenous communities. In November 2012, an international conference regarding San communities took place in Windhoek. Representatives from Angola, Namibia, Botswana, South Africa, Zambia, and Zimbabwe participated. The provincial director of culture of the Kuando Kubango province was present. The recommendations from the meeting were later translated to Portuguese and sent to the minister of culture with the objective of recognising the San alphabet. Another meeting in 2012 took place between the ministers of culture of Angola, Namibia, and Botswana and San community representatives, with the purpose of validating the San alphabet for inclusion in the school curriculum of that population. However, the Angolan government has yet to establish a policy regarding this matter.

The Angolan government has also not adequately handled extrajudicial summary or arbitrary executions, including those of António Alves Kamulingue and Isaiah Cassule, who both disappeared in May 2012. After more than one year of tremendous national and international pressure – including repeated attempts to hold demonstrations that were repressed by national police and other security organs – Club K disclosed information about the possible murder of these two former military members, who disappeared when they sought to claim, through peaceful demonstrations, their pension in arrears.

Following this information, the Attorney General's Office stated that it was opening a criminal case and confirmed the abduction and possible murder of the two citizens. The office also indicated that it had detained four suspects. The president of Angola then immediately decided to dismiss the head of state security. While the main accused was waiting for trial in Luanda's provincial court, the president promoted him to the rank of general of the Army, which allowed him to delay the trial indefinitely by questioning the court's jurisdiction.

On 15 November 2013, UNITA, the largest opposition party announced a national level demonstration to be held on 23 November to protest the murders of Kamulingue and Cassule. Days later, the ministry of the interior publicly stated that it would prohibit the demonstration, claiming security issues. OMUNGA considers such a decision abusive. However, a "march for stability" was allowed on the same day in Luanda, organised by a group called "friends of good and peace."<sup>1</sup>

During the night before 23 November, activists started to be arrested and aggression towards the opposition parties' offices took place. That morning, Manuel de Carvalho (known as "Ganga") was fatally shot by members of the Presidential Security Unit (USP), part of the Presidential Guard Unit (UGP), while being taken into custody along with other activists mobilising for the demonstration on the next day. He was just 28 years old. Then, on 23 November, a huge police force violently acted against protesters in Luanda and arrested more than two hundred individuals. The same type of repression occurred in other Angolan cities, especially in Benguela.

According to the media, since the location of one of the accused of involvement in the murder of Kamulingue and Cassule remains unknown, there is the possibility of an attempt to help him flee the country. There is no information about the murder of Manuel de Carvalho.

On a more positive note, Angola's president has made an enormous effort to ensure that Angola has a well-functioning democracy that contributes to the country's socio-economic development. Among other things, he has helped to normalise general elections and to put in place political parties as well as state institutions, such as the National Assembly, the Constitutional Court, and the National Council of Social Communication. However, Angolan human rights organisations, along with the African Commission, publicly contested the flawed process for Angola's approval of a new constitution in 2010 and also reported serious flaws in the 2012 electoral process. Activists have also complained that the government has not yet created locally elected municipalities (autarquias) even though they are guaranteed by the Constitution. In addition, the lack of freedom of expression and persecution of journalists has resulted in the absence of critical public press coverage of state events. A flagrant case is the lack of coverage of the trial against human rights defender Rafael Marques.

The president has also made efforts to portray Angola as a country with a lasting and sustainable peace. For example, the government engaged in a national advertising campaign and other activities leading up to the signing of peace agreement

<sup>1</sup> It is widely believed that MPLA was behind it.

on 4 April 2002. This has almost overshadowed other significant events, such as the date of Angola's independence, the candidacy of Angola as a not permanent member in the UN Security Council, and the presidency of the International Conference about the Great Lakes and others.

Nonetheless, opposition parties continue to complain about political intolerance in the country and the assaults and murders of several citizens continue to go un-investigated. Additionally, thousands of former combatants continue to claim for an update of their pension and for decent conditions. For example, in Lobito, about 1,000 families of demobilised soldiers continue to struggle for access to land for building homes, and some leaders of the former movement have been victims of police assaults and temporary detention.

Although the president has made an enormous effort to convey Angola's rapid economic growth, Angola continues to show the worst indicators in terms of poverty and child mortality.

Finally, labour rights continue to be violated. For example, in 2013, 150 workers of Shoprite confronted police aggression during a period of 9 months, while (under the complicit silence of administrative authorities) they remained on strike in Lobito to demand better conditions. In the province of Huila, about 90 per cent of the teachers were on strike for about two months (June to August, 2014). Those who participated in the strike lost 20 days of wages, and 16 teachers and 3 supporters had to face trial. Thank you for the attention!

# The conditions for human rights in Angola – experiences from the Churches

DEOLINDA TECA – SECRETARY GENERAL OF CICA, THE ANGOLAN COUNCIL OF CHURCHES

- **CICA has served as a platform of dialogue between the churches and the institutions of the Angolan state, as well as with other national and international actors.**
- **Angola still faces a great challenge in terms of participative democracy, an integral part of good governance and social monitoring.**
- **The provision of education, healthcare, water, and electricity is a huge challenge. Communication and road infrastructure are also matters of concern in many communities.**
- **Citizens are becoming more conscious of their rights and duties, even at the village level.**

Vibeke Skauerud, Norwegian Church Aid's country representative in Angola, introduced Deolinda's speech.

Norway contributes with huge amounts to the Angolan economy through taxes and fees. Thus, Norwegian Church Aid believes that Norway does have a shared responsibility in making sure that these funds are being used to the benefit of the whole population. It is important to mention that there is very little tradition for questioning and challenging the authorities in Angola. The best way of contributing to a constructive solution is to create a transformational force from within, so our core business in Angola is to support actors and stakeholders in civil society.

Believing in the plurality of voices, we support a wide range of actors, like NGOs, faith-based organisations and churches. You need to know that currently very few foreign donors support civil society in Angola, and Norway is one of the few bilateral donors still giving funds to that. Thus, the few things we are doing are disproportionately important. Although we work with many partners, the churches hold an untapped potential. They have authority, and people listen to religious leaders at the local and national levels. They can draw on very wide network in constituencies all over the country, in all communities. Most importantly, they have access, since religious leaders are invited to dialogue with authorities at national, provincial and local levels – which opens a potential for influencing policies and decision-making.

I wanted to provide this background for the next speaker, Deolinda Teca, from the Council of Christian Churches in Angola. She will tell us about a project that has received funding from Oil for Development. The project aims to follow the money from the oil industry and out into the districts in order to see how they are actually spent, and whether or not they are actually benefitting the local population.

Deolinda Teca: The Angolan Council of Evangelical Churches (CICA) is an ecumenical network, founded in 1977, that gathers 27 churches and two faith-based organisations. Its purpose is to develop cooperation between the member churches. It has also served as a platform of dialogue between the churches and the institutions of the Angolan state, as well as with other national and international actors. In this way, CICA has contributed to good governance in Angola.

During Angola's armed conflict, CICA intervened in three large areas. Firstly, it helped the needy populations who fell victim to the armed conflict, by providing humanitarian aid such as food and clothing. In addition, CICA always invited the conflicting parties to dialogue, working to "disarm minds," thereby promoting peace and national reconciliation. Thirdly, CICA worked in the field of human rights.

What inspires CICA to take action for good governance? CICA has a vision of a peaceful Angolan society, free of social injustice and misery, sustained by the Bible's ethical and moral values. As an ecclesiastical organisation, CICA is affected by the strengths and victories – as well as the weaknesses – of the communities it represents. After 12 years of peace, CICA recognises the efforts

of the national government to reconstruct the country and promote economic growth. Still, CICA believes that the just distribution of goods and wealth continues to be a challenge. That is why CICA developed the programme for good governance and social monitoring in March 2010. Since 2011, CICA has developed this programme with and for local communities.

In addition, despite efforts to create a formal democracy, the country still faces a great challenge in terms of participative democracy. For CICA, participative democracy is an integral part of good governance and social monitoring. CICA seeks to develop closer links between the Christian churches of Angola, in order to help ensure well-being within local communities. CICA's programme was set up with this vision in mind and was launched in the presence of the church leaders, government representatives, parliamentarians, and prominent members of civil society organisations. Specifically, the programme's objective is to contribute to just and efficient management of public funds with a view to reducing poverty in Angola.

From 2010 to 2012, CICA implemented the programme in only three districts (municípios). From 2013 to 2015, the programme is being expanded to three more districts. CICA's national level team is supplemented with a team of 25 people at the grassroots, district level.

The greatest challenges at the grassroots level concern the provision of education, healthcare, water, and electricity. Communication and road infrastructure are also matters of concern for many communities. CICA has intervened to advocate for these services and infrastructure with district authorities, as well as with authorities at the provincial and central levels.

CICA's work emerges from the villages, and then moves from the villages to the comuna administrations up to the administrative tiers of districts, provinces, and the central government. Generally, after carrying out work at the grassroots level, CICA creates a report of a participative evaluation, a job carried out by and for the communities. CICA also prepares a good governance report, based on its social monitoring. CICA then presents these reports to various levels of the government. Through these activities, CICA has discovered that interaction between team members at the district and provincial levels, and even between the various religious congregations, has improved. That is, not only CICA's members, but also other churches, such as the Pentecostal and Catholic congregations, have engaged in these dialogues. In addition, CICA has also found that citizens have manifested a certain willingness to dialogue with authorities at the local level. CICA has also noted a slowly growing tendency of citizens to follow how the state budget is concretely implemented through the public investments programme. Doing this is a constitutional right.

As a result of these interactions, authorities have begun to clarify certain matters with some openness to the CICA team. In the initial stages of the programme the government found it to be quite hard to provide certain types of information, but as of 2012–13 some things have started to slowly change.

CICA has also found that citizens are becoming more conscious of their rights and duties. They want to realise their rights, and to do so they need opportunities to voice their concerns before the relevant authorities. Often, citizens present concerns regarding projects such as the construction of schools and hospitals, but project leaders are not able to immediately respond to these concerns. Thus, in the middle of 2014, CICA decided to begin involving religious leaders in this process. Now religious leaders go to the communities to evaluate these concerns for themselves.

CICA's work does not end after it engages in such fact-finding. Rather, CICA brings the information it learns to local government authorities. Through its programme, CICA has launched reports regarding its participatory poverty evaluation and social monitoring once a year since 2012. It has done this in cooperation with the Archdiocese's commission of Lubango and through the Commission of Justice and Peace. These reports have been presented at events in both Luanda and Lubango. Local communities have indicated a strong desire to see CICA's programme go beyond its current stage. The programme is currently operating in only six of the 163 districts (municípios) in the country. CICA would also like to increase its advocacy before state institutions and other institutions – not only with the Catholic church, but also with other institutions that struggle for the common good and the well-being of communities.

CICA has learned a number of things through its programme:

1. In some districts, even traditional and governmental authorities are open to cooperation with ecclesiastical leaders.
2. When CICA presents evidence to local authorities in the form of reports, its arguments are generally heard.
3. Many development projects have been reactivated and completed thanks to CICA's social monitoring.
4. CICA's teams are now doing advocacy work themselves, for instance, appearing before authorities to say that a particular school is not good or that something needs to be improved.

Through its current initiative, CICA wants, on the one hand, to promote a governmental culture of responsibility and accountability before the citizens. On the other hand, CICA wants citizens to become more conscious about their rights and duties, as well as to find or create opportunities to claim these rights. This is what CICA considers to be participative citizenship.

# Angola's oil and gas sector: The Norwegian oil industry's involvement

WILLY OLSEN – SENIOR ADVISOR AT INTSOK

- **Angola should join EITI soon. This will lead to increased transparency.**
- **The national oil company, Sonangol, is changing due to its goal of becoming an international entity and because Angola has begun the process of joining OPEC.**
- **Angola is sensitive to criticism from oil companies when it comes to the practice of hidden ownership in partner companies. Statoil's voice will not be important before it becomes an operator in Angola, but the Norwegian supply industry does currently have a voice.**
- **Civil society has a big job ahead when it comes to ensuring accountability, transparency, and good governance in Angola.**
- **A lack of national engineering capacity is one of Angola's main challenges. A central question is what will happen in regard to the onshore licenses.**

Angola is moving towards better governance. Why is this happening? First, within the next year, the US, France, and the UK will become members of the Extractive Industries Transparency Initiative (EITI). President dos Santos will likely not want Angola to stay on the outside when these big players join this initiative. Thus, Angola will take steps and join EITI (membership in EITI was previously offered to Angola at an early stage, but the country declined). This may happen quite soon, possibly even before 2016, and will lead to more transparency (although not necessarily more insight, since the amount of oil revenues coming into Angola will likely not surprise or shock anyone).

Next, President dos Santos will restructure Sonangol. He might even decide to do this before the next election. Specifically, he will remove the regulatory functions from Sonangol, which will give Sonangol more freedom from bureaucracy as it seeks to become an increasingly commercial and international entity. Sonangol's current regulatory functions will be moved into the Ministry of Oil and Energy – a ministry created merely to meet the requirements for Angola to join the Organization of the Petroleum Exporting Countries (OPEC) and to thereby become a member of the “good club” of leading oil producers in the world.

Angola is expected to produce at least 2 million barrels of oil a day over the next 15 years. And the country will receive more money from oil production in the future than in the past. This is because oil exploration and development contracts give companies the early benefits. Accordingly, as Angola's oil production begins to peak, more and more money will go into the government coffers. President dos Santos is building a base for this continuing oil production.

For example, the biggest issue for Angola is not a lack of short-term resources, but rather Angola's need to find oil in the pre-salt layers offshore. Cobalt, an American company, was the first foreign company to drill for pre-salt oil. Cobalt had two obvious, invisible companies as partners. US authorities began to investigate Cobalt for potential violations of the US Foreign Corrupt Practices Act (FCPA). Cobalt immediately went to the Angolan government and explained that it needed to get rid of these two partners because otherwise it would be convicted of FCPA violations. As a result, the two firms disappeared out of the license; no questions were asked. Cobalt then found a new partner, and it made three pre-salt discoveries. This example shows that Angola does not want companies operating in its territory to be convicted in an American court. Angola will listen to foreign businesses, adjust its practices, and do what is necessary to keep foreign businesses operating in Angola.

Civil society also has a large role to play to ensure transparency and accountability, as does the church society. Nobody else can fill the role of these important groups. And unless Angola can achieve good governance – a catalyst for transparency – the country will not succeed.

Another large question regards the allocation of licenses for onshore oil exploration and production. The first discovery of oil in Angola, in 1907, was made onshore. However, large companies did not pursue onshore oil reservoirs because operating onshore involved more uncertainty. The safe path in Angola was in deep water, far away from anything happening on land. Large companies such as Exxon, Shell, BP, and others have continued to operate solely offshore. A new breed of smaller oil companies are now beginning to operate onshore, but it is unclear whether they will be as clean and responsible as the larger companies. Angola might find itself (as is the case all over Africa) with a number of small companies owned by individuals who have no interests other than to make themselves rich. And some of Angola's small firms will be ideal partners.

Neither Norway nor Statoil has much influence on the Angolan government, but Norway's supply industry does. In Angola, Statoil has always partnered with BP and other large oil companies. Statoil may have a vote in these partnerships, but the company is not in command of these relationships, at least not until Statoil finds something as an operator in the pre-salt layers.

BP first invited Statoil into a partnership in 1991. That partnership opened the door to Nigeria, which has been a nightmare, and to Angola, which has been a beautiful experience. Statoil would never have been allowed to go into Angola on its own in 1991, especially as a 100 per cent state-owned company. The Norwegian government would have told Statoil not to take that risk. The BP partnership opened the door for Statoil's work in Africa, but it has also meant that BP is running the ship. Statoil may have a vote in all decisions, but that vote should not be overestimated.

On the other hand, the Norwegian supply industry is important to Angola. Norwegian firms came with something Angola needed – experience developing subsea technologies that could help Angola develop its huge offshore resources – and thus these firms can wield influence in Angola. The first three foreign firms that came into Angola were subsea firms from Norway: FCM Technologies (formerly Kongsberg Våpenfabrikk, a Norwegian arms factory in the 1970s), Aibel, and Aker Solutions. FCM Technologies continues to have a major role in the country, with 500 employees (mostly Angolans) who have been trained into the subsea sector.

Aker Solutions has also come in and tried to revitalise its subsea capacity in the country. The firm must work with a local partner, an individual with a link to the president. If one wants to work with a local partner in Angola, one needs to find someone with influence, so that things can get done. Of course, Aker must be transparent in its dealings in Angola and with the local partner, both at the outset, and when it begins employing more people.

Following the entry of FCM Technologies, Aibel, and Aker Solutions into Angola, Subsea 7 entered the country. Subsea 7 has been a shipping company since 1854 and is now one of the world's leading global contractors in seabed-to-surface engineering, construction, and services to the offshore industry. Subsea 7 is one of the biggest players in Angola. Although the company is based in Luxembourg for tax reasons, it has a Norwegian shareholder and a Norwegian chairman who is based in London. The company has been buying up international firms in order to become an international player. Subsea 7 has invested in creating the capacity to build roads and other construction in Angola. The company owns Sonamet in partnership with Sonangol, which undertook the majority of fabrication for the project in Lobito and employs around 2,000 people (mostly Angolans).

In summary, Norwegian subsea firms have had major success in Angola. The subsea industry is now becoming increasingly Americanised, but the technology is still being developed in Kongsberg and Fornebu. These firms have stayed in the lead because they have used Angola (as well as Brazil) as a place to test new technology. As more and more firms actually become based in Angola, however, more competence will come into the country and to Angolans themselves.

Angola – and Sonangol's – biggest challenge now is to build the engineering capacity the country needs. Until Angola develops an engineering environment in country, it will depend on foreign firms for everything. The oil industry in Angola will only become Angolanised when engineers in Angola are doing engineering work, rather than engineers in Houston, Oslo, or Paris who do not have any clue about Angola's true capabilities. It is therefore critical that Sonangol create that base in Angola.

If Angola builds up its engineering sector, it will be one of the strongest players in the oil and gas sector because it will have a resource base and financial prospects for not only the next 10 years, but also the next 30, 40, or even 50 years. Angola must think about this from a long-term perspective. It is the next generation who will have these engineering jobs. The most important thing Angola can do to build up its engineering sector is to become transparent and establish good governance in all decision making.

By creating a good governance environment, Angola will be able to ensure that the Sonangol of the future is as transparent as Statoil is today. This is essential if Sonangol wants to work in Brazil and in other countries. How can Angola do this in a way that will result in a good commercial oil company? The country must start gradually, by reducing Sonangol's interest in its many onshore activities and by getting Angolans graduates to return to Angola to work. Currently the firms involved in the oil sector all come from the dos Santos apparatus; it is probably better for Sonangol to do this work than someone else.



# Beyond dos Santos: The difficult transition to come

ASLAK ORRE – CHR. MICHELSEN INSTITUTE

- **One of the most acute issues in Angolan politics is the transition beyond President José Eduardo dos Santos's 35-year-old autocratic rule.**
- **As the president has steadily amassed enormous constitutional and informal powers, the transition is all the more difficult to handle. No one else can hold such powers.**
- **Long-standing rulers often fair badly after transition, but their chances improve if what follows is democratisation.**
- **There are signs of “ossification” of the Angolan regime, but there are no signs of a transition being prepared, as the MPLA party hardly mentions the issue.**
- **The Norwegian public needs more knowledge on how its oil business operates in Angola in order to discuss its “oil expansionism” – and how Norway can better assist Angola in making more out of its oil wealth.**

Pointing out Angola's problems is not a matter of being “negative” or “unfriendly.” If Norway cares about the welfare of the Angolan majority, it is important to not only highlight Angola's current governance failures, but also to critically examine its governance system and to try to assess what it means for the future of the country.

Democracy is the standard by which the governing party in Angola would like to be measured, and Angola has accordingly held three multi-party elections during the last 25 years (in 1992, 2008, and 2012). Yet it is still a long way from being a functioning democracy. Whether to best characterise Angola as a dominant-party state, or as personal rule by an autocratic leader, is a matter of discussion.<sup>1</sup>

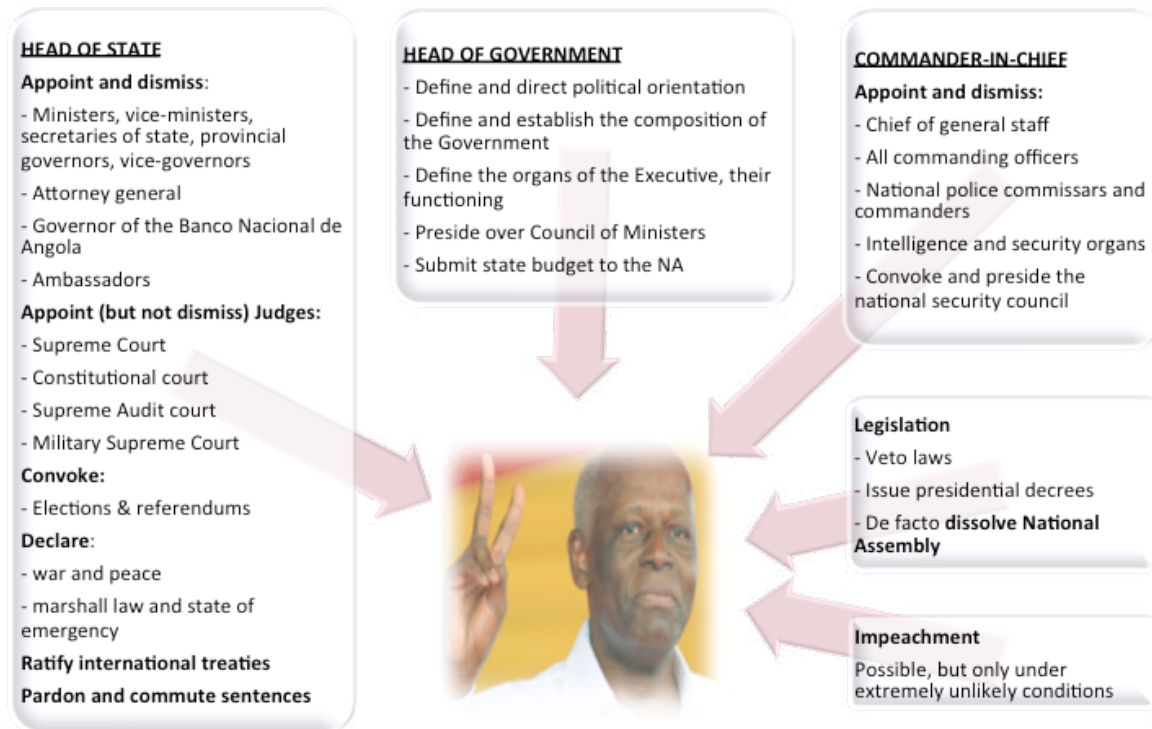
President dos Santos has masterfully managed the many transitions the country has gone through during the last three decades. Nevertheless, two tendencies remain constant: firstly, the conflation of the state and MPLA party, and, secondly, the steady accumulation of the president's constitutional powers (on top of which one can add his enormous informal powers in politics and the economy).

The MPLA has won all three of the multiparty elections. In 1992 it won with a mere 54 per cent of the votes against Unita, which at the time still commanded a massive army in the country's interior. With Unita defeated, MPLA wiped the table in 2008, taking 82 per cent of the votes. In 2012 the MPLA's share fell slightly to 72 per cent.

The (real) opposition parties have contested all elections. In 2008 and 2012 the opposition tried several legal channels to protest against irregularities at all stages of the electoral process – voter and party registration, the campaign, voting day, counting, the announcement of results, and even the complaints process. The constitution is set up so that the winner of the elections takes it all – no matter how many votes go to the opposition. Hence, the MPLA can safely ride its majority in order to govern, without any need to make compromises with Unita or the new parliamentary opposition party, CASA-CE. Indeed, in 2010, the MPLA used its absolute parliamentary majority to unilaterally create the new constitution. It was a real advance, with guarantees of a wide range of civil rights, but it also concentrated an enormous array of powers in the president who, by the way, was no longer to be elected in direct presidential elections. In an idiosyncratic Angolan invention, the 2010 constitution states that the president of the republic is the head of the party list winning the most votes for the

<sup>1</sup> See the most commonly quoted indexes, such as Freedom House, Wall Street Journal, Reporters Without Borders, Economist Intelligence Unit, and Polity IV. These indexes, respectively, label Angola in the categories of “not free,” “repressed,” “noticeable problems,” “authoritarian regime,” and “closed anocracy.”

National Assembly, whether or not that party received the majority of votes. Incidentally, President dos Santos is also the president of the MPLA party, and as he has no challengers as the party president, there was no doubt in 2012 who would appear on top of the MPLA's list of parliamentary candidates. That year he started the "first" of his two possible five-year terms. The following powers now accrue to José Eduardo dos Santos:



The Presidential Guard includes thousands of men and is the best-equipped military unit in the country. The presidential staff receives close to US\$ 2 billion a year from the national budget, nearly as much as the health and education budgets together. On top of this, the presidential family commands significant powers through a myriad of business interests in Angola and in several other countries. Up against this formidable force, both the legislative and judicial branches of government remain dependent and subdued, and it is difficult for a weak civil society and media sector to provide adequate checks and balances.<sup>2</sup>

For these reasons, Angola's governance is personal in character, tied to the person of José Eduardo dos Santos. Even so, there simply is no discernible and publicly known master plan for the transition beyond José Eduardo dos Santos.

### Gloomy statistics on how long-standing rulers go

With recent examples of regime transitions in Africa, it is pertinent to look at what comparative studies can teach about the fate of long-standing rulers. There are two main forms of autocratic rule today. One is party-state rule, while the other is personalistic rule (monarchic or presidential, since outright military regimes are far less frequent in today's world). In a recent study, Geddes et al. found big differences in how long-standing rulers fare after leaving power. In personalist dictatorships, most leaders (69 per cent) face exile, imprisonment, or death after ouster; in dominant-party autocracies, by contrast, significantly fewer (37 per cent) do. They therefore hypothesised that the high probability of facing arrest or death after ouster helps explain why personalist dictators infrequently negotiate their transitions from power. If what follows autocratic rule is democracy, the chance of a bad end for the previous autocratic ruler is significantly better, and 60 per

<sup>2</sup> A case in point is a group of youth demonstrators in 2011 who had the slogan "32 is a lot." Massive police interventions crushed their demonstrations at each attempt. Sometimes governance takes place according to the country's laws, but frequently it takes places according to presidential decrees or informal instructions.

cent die a natural death. If a new autocratic regime succeeds the ousted ruler, then in 60 per cent of cases the ruler meets death, or is jailed or exiled. They also found that dominant-party regimes democratise more frequently than personalistic ones, although during the full post-war period a dominant party's loss of power was still more likely to result in subsequent autocracy than in democracy.<sup>3</sup>

### **Lingering regime ossification**

It seems that the longer the issue is delayed, the more complicated the transition beyond dos Santos will become. Signs of "ossification" are already appearing in the political system. Many expected and necessary reforms depend on the direction of the "holder of executive power" (as dos Santos is frequently officially referenced), but his capacity for managing very complex reforms seems to be increasingly reduced as he gets older, more suspicious, and isolated.

In some significant areas, large-scale and even constitutionally guaranteed reforms have stalled, as the bureaucracy and ministries have failed to act without presidential directions. For example, the government has not managed to address its dangerous dependence on oil rents by seriously acting to diversify the Angolan economy. In addition, a much-trumpeted reform of the antiquated tax system has so far been limited to isolated acts of legislation and an increase of the tax burden of the relatively few citizens and companies who actually do pay tax – instead of a sweeping change in the relationship between the government and its citizens. The most glaring example is, perhaps, the government's failure to implement the constitutionally guaranteed mandate to create, for the first time, locally elected municipal governments. The most politically explosive issue is possibly the government's failure to make convincing efforts to alleviate poverty and reduce glaring inequalities. Instead, as protests erupt, they are heavy-handedly repressed.

### **How will Angola's institutions – tailor-made for dos Santos – handle the transition?**

The current constitution is – there can be no doubt about it – suited to the power interests of dos Santos. It is likely that transition will conjoin struggles for a new constitution. Clearly, no one can fill the shoes of the current president – and if anyone tried assuming his powers, it would most certainly lead to a tremendous struggle – which could, given Angola's history, become bloody. There is already talk of considerable discontent within the higher echelons of the MPLA party, in particular as Manuel Vicente and dos Santos's son have taken on increasingly prominent roles without having a record of party work. MPLA politicians and public employees routinely and unflinchingly laud – and never publicly criticise – dos Santos. Yet insider reports from the presidential administration note that he has few confidants. Without anyone daring to stick their neck out to challenge dos Santos's leadership, the lid will be kept on the debate until some external shock, or dos Santos's health, makes the kettle erupt in an uncontrolled manner.

### **What is and what is likely to be Norway's role?**

Norwegian politicians and policy makers make simplistic public statements about the apparent benefits of Norwegian companies doing business in Angola – holding up Statoil's payment of US\$ 5 billion to Angola in 2013.<sup>4</sup> It is true that Norway is deeply involved in Angola. Thus, Norwegian oil interests will seek stability, if for no other reason than to recover their investments. It is therefore possible that Norway will become embroiled in the upcoming political struggles in Angola. As stability in the short term may contradict stability in the long term, Norwegians should take these crucial matters more seriously: Is it in Norway's interest today to promote the stability provided by institutions forged around one man – or is it to help ease a transition to another, more democratic regime? With its investments safely offshore, are on-shore developments – from an objective/cynical perspective – Norway's concern or responsibility?

Norway and Statoil have changed since the days when Statoil only operated on the Norwegian continental shelf. Statoil's expansionist leaders are becoming more assertive and may increasingly attempt to dictate Norway's foreign policy to create business opportunities. With Statoil and Aker Solutions having business partnerships with people in dos Santos's inner circle (people like the owners of Prodoil), it is naïve to think that this fact alone would not somehow bind Norwegian policies when Angola's transition struggles start to intensify.

<sup>3</sup> Barbara Geddes, Joseph Wright, and Erica Frantz, "Autocratic Breakdown and Regime Transitions: A New Data Set," in *Perspectives on Politics* 12, no.2: 313–331 (2014).

<sup>4</sup> Clearly, no automatic mechanism converts tax payments into development. Neither Norway nor Angola are well served by such sloganeering. See Børge Brende, "Tid for utviklingsreform," *Dagens Næringsliv* (25 March 2014), or Petter Brubakk, "Business inn, bistand ut?" *NRK Ytring* (29 January 2013).

Norway's businesses in Angola are increasingly tied up with forces that seek personal enrichment at the expense of policies or legal circumstances. This is new and difficult territory for Norway's political and industrial policies. It is therefore encouraging that Norwegian journalists have started to closely scrutinise what is arguably Norway's biggest economic out-of-territory venture ever. If Norway's business model is truly different, then Norwegian businesses should demonstrate this by ensuring increased openness about oil business in Angola. And not just in figures – but in detailed explanations concerning involvement in the country. Currently, the public must wait for journalists to reveal even basic aspects of this engagement. Businesses could tell the Norwegian public if they think they are partnering with regime cronies, and if this process is difficult to handle. If the Norwegian public is not ready to hear the truth – then perhaps Norwegian businesses should reconsider the whole venture. What is needed is public knowledge about what goes on in Angola to ensure that Norway plays a constructive, or at least not a destructive, role – especially as Angolans struggle to set up its future political system seems bound to change radically, once again, during the next decade.

# Dos Santos' role in safeguarding stability

CELSO MALAVOLONEKE, POLITICAL ANALYST, SEMANÁRIO ANGOLENSE AND RÁDIO ECCLÉSIA, LUANDA, ANGOLA

- **After the 2017 elections, things will not be the same again in Angola. The ruling party, MPLA, and its president, José Eduardo dos Santos, have under the combined pressure of the opposition and civil society started a process of change that has reached a point of no return.**
- **President dos Santos is the key to a successful, stable, and satisfactory transition. But he will not leave the presidency of his party, MPLA, until he is satisfied that the transition has been completed smoothly, his health permitting.**
- **The interface between the economy and politics in Angola is quite nebulous. The interplay between investments (both internal and external) and national policy-making remains dangerously promiscuous.**

In the 1990s, at the peak of the civil war that ravaged Angola for almost three decades, Norway sent the best of its citizens to Angola to deliver humanitarian aid. Norway contributed not only with generous donations, but also on the ground by coordinating vaccination campaigns across conflict lines, leading humanitarian convoys on roads that were potentially mined, and delivering education to displaced and tented children through the “Teacher Emergency Package” or “School in a Box.” But, even more importantly, Norwegian women and men left their comfortable lives in Norway’s beautiful cities to come to share hope with the Angolan people during the direst times of the country’s recent history. Norwegians gave Angola the strength to strive forward towards these happier present times.

Because of the attitude of the Norwegian nation during those times, Norway has earned the right to address the issue of the ethics in the relationship between Angola and Norway. Norway has been there when others have fled or, at best, ignored the dire suffering of the Angolan people. Now Angola strives towards a brighter future, using public funds that have come in part from Norwegian oil companies. Norway can rightly contribute to the dialogue on how Angola can best use its newfound riches to the utmost advantage of all its citizens. Norway has also earned the right to worry about the future of its business enterprises in Angola.

After the 2017 elections, things will not be the same again in Angola. Due to the combined pressure of the opposition and civil society, Angola’s ruling party (MPLA) and its president (dos Santos) have started a process of change that has reached a point of no return – that is, unless they are ready to face an escalation of social unrest, which is a scenario they most certainly will avoid at all costs.

Angola’s authorities and politicians (including those in opposition parties), civil society, and common citizens will frown at any attempt, perceived or real, that may lead back to war. Furthermore, Angolan authorities have the responsibility to ensure a favourable environment for foreign investment, not only in oil, but in non-oil sectors as well. In short, the need for change versus stability is likely to frame the transition that is certain to take place after 2017.

A few factors will greatly influence the process, but the most important factor – and the factor to which all the others are related – is President dos Santos, the current president of the republic. Due to a unique and complex set of circumstances, he wields enormous power, both formal and informal. His 35-year term of office, during which he led a country at war for 23 years, has given him such influence that he has become the ultimate power in all three state branches.

As commander-in-chief, dos Santos directly nominates the chief of the general staff of Angola’s armed forces, and as head of the executive, he chooses the ministers and provincial governors. As president of the ruling party, dos Santos de facto nominates the vice president and speaker of parliament. Through his formal and informal dominance of MPLA in the judicial

system, he also wields great influence on the elections of presidents of the supreme, audit, and constitutional courts, as well as the ombudsman. With such influence at his disposal, it would be naïve to believe he does not use it.

It is generally believed that dos Santos has used all this power and influence reasonably well, except when it comes to the enormous benefits he has granted to entities close to him. These entities have become enormously rich in contrast to the extreme poverty of the majority of the population. As dos Santos's retirement becomes inevitable, his actions are being questioned with respect to these entities.

His succession is a matter of social debate and political plotting, even amongst his own inner circle. Three questions arise: Firstly, will society allow dos Santos's successor to wield the same power that dos Santos accumulated over nearly four decades? Secondly, is anyone who might succeed dos Santos able to hold such power while resisting the temptation to become a dictator? Thirdly, and perhaps most disturbingly, is it not likely that the struggle for power after dos Santos will put in jeopardy the gains the country has obtained in the last decade? In other words, could this struggle bring the country back to civil war, this time between MPLA rival factions, each backed by part of the armed forces?

High-level politicians in Angola (both from the ruling party and the opposition), as well as senior members of civil society, are all acutely aware of these questions. Curiously, they all point to President dos Santos as the key to a stable and satisfactory transition. Dos Santos's actions in tacking back and forth while trying to settle the issue of succession indicate that he is also well aware of the risks associated with his transition. Nonetheless, dos Santos has not succeeded in attempts to establish a successor accepted by both the highest MPLA leaders and the top generals of the armed forces. (The current vice president does not command such a consensus.) Thus, it is very likely that President dos Santos will run for re-election in 2017 in order to continue controlling the transition of power and to ensure the country's stability. He will very likely win.

Whether dos Santos will finish a five-year term or resign in the middle will depend upon another linked factor: the MPLA congress in 2016. If an agreed upon successor emerges from this conclave, dos Santos will likely resign. If not, he will use the rest of his last term to groom and school his favourite successor candidate (which is not guaranteed to be the current vice president), in order to make him acceptable to his colleagues, the generals, and the public opinion.

Before that, dos Santos will likely propose a constitutional change that disperses the presidency's enormous concentration of power – an action he will be able to undertake with the enthusiastic cooperation of opposition parties. That will be a sure sign that President dos Santos is taking the last steps towards relinquishing power.

Whether or not this happens, however, dos Santos will likely not leave the presidency of his party (MPLA) until he is satisfied that the transition has been completed smoothly, his health permitting. As president of the MPLA, dos Santos also controls the nomination of the party's head candidate for the parliamentary elections – and thereby controls who will become president of the republic if his party win the elections. This also means that if a given president of the republic “misbehaves”, MPLA's president can easily stop his re-election simply by removing him or her from the number one spot on the list of members of parliament in the next election. This is likely to be a political reality for some time in Angola. Furthermore, the president of the party nominates the president of parliament. In short, the president of the ruling party is the true power in the country, as long as Angola's current constitution remains in force.

The good news to businesspeople with investments in Angola is that, unless something really unexpected happens, Angola's political, social, and economic stability will be safeguarded to the extent possible. Everything points to this being the foremost concern of not only President dos Santos, but also of all other political and social actors in the country. In fact, this may be one of the few things about which the actors in Angola's complex political environment currently agree.

Moreover, the country will open its doors to investments other than oil as it strives to diversify its economy. This is where ethical issues become relevant – and ethics are the greatest challenge to Angola's successful transition. The interface between the economy and politics is quite nebulous. The interplay between investments (both internal and external) and national policy-making remains dangerously promiscuous. The corrupt, under-the-table dealings that some businesspeople claim are absolutely necessary to investing in Angola increasingly threaten a change in the stability that everyone desires for sustainable development of the country.

President dos Santos plays the greatest role in eliminating corruption and securing equal opportunities to all citizens to profitable and just business. It is also his responsibility to ensure that basic public services, such as minimally decent hous-



ing, healthcare, education, and fundamental civic rights, reach the majority of the country's citizens. Those goals will be very difficult to achieve whilst corruption contaminates most of the country's institutions, especially those close to the presidency. So far, President dos Santos seems to be losing the battle against corruption, despite his public declaration that corruption is the number one calamity facing Angola after the war. This challenge is the likely to cause social unrest. President dos Santos seems to recognise this, but his response so far – moulded by advisers who benefit from the status quo – has been clearly and uncharacteristically inadequate.

Corruption is the last challenge of dos Santos's long political career. If dos Santos wins this challenge, the transition to new leadership will be smooth and stable. If he loses, the country will certainly suffer. If he cannot sort out this problem – one MPLA calls “produce more to distribute better” – whoever inherits the problem will face an even more hostile environment, one likely to lead to social unrest and unpredictable consequences.



*Some of the speakers at Løvebakken, before the meeting at the Norwegian Parliament, Stortinget.*



*Angola's natural wonders: The Kalandula water-falls. (Photo: Jorge Coelho Ferreira)*



*Kåre Bilden chaired a debate at Kulturhuset with Tina Søreide (CMI), Elías Isaac (Open Society Angola) and Kjell Roland (Norfund) on the ethical responsibility of Norwegian investors in Angola.*



*A seminar at the Norwegian Parliament, Stortinget, questioned Statoil and Norway's contributions in Angola.*



*Angolan prize-winning author José Eduardo Agualusa talked about his literature at Eldorado book-store.*



*Angola has immense natural resources. (Photo: Jorge Coelho Ferreira)*

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