

Dwindling Assets: Oil, Inequality and Angola's Emerging Fault Lines

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Cover image: Angolans enjoy a holiday at the beach in front of the capital skyline, marked by new construction, Luanda, Angola, March 8, 2010 (photo by Flickr user mp3ief, licensed under Creative Commons Attribution-NonCommercial-ShareAlike 2.0 Generic license).

DWINDLING ASSETS: OIL, INEQUALITY AND ANGOLA'S EMERGING FAULT LINES

By Elisabete Azevedo-Harman and Belarmino Jelembi

Forty years after its independence from Portugal and 13 years since the end of the civil war that immediately followed, Angola has made great progress in consolidating peace and stability, but continues to face many challenges. Foremost among them is managing an economic crisis, exacerbated by staggering inequality, while avoiding the potential social and political fallout it could generate. The country's political landscape could also prove perilous: The ruling party, the People's Movement for the Liberation of Angola (MPLA), faces both a determined opposition and a potential internal battle over who will succeed longtime President Jose Eduardo dos Santos.

The recent drop in global oil prices has impacted major energy producers around the world, and Angola, sub-Saharan Africa's second-largest oil producer, is no exception. The drop in revenues recently forced the government to revise its 2015 budget and announce several emergency measures, including a moratorium on new jobs in the public sector, Angola's biggest employer. The prospect of no work for educated youths entering the job market is a marked contrast from the end of the civil war 13 years ago, when numerous opportunities were available to young people.

With elections two years away, the current crisis will put the spotlight on how dos Santos and the MPLA respond. Unlike during the Cold War period, which in a sense persisted in Angola until 2002, it is now fully up to Angolans to choose their own future and to maintain their hard-won peace and stability.

The Dangers of an Oil-Based Economy

On March 19, the Angolan National Assembly approved its revised budget, based on an adjusted price of oil of \$40 per barrel, down from \$81. The expected loss in oil revenues is roughly equivalent to the entire public sector payroll, and was exacerbated in Angola by a concurrent drop in oil production. Sonangol, the state oil company, reacted by announcing cutbacks impacting a range of contracts, from security and cleaning services to financial consultancies and judicial support, with some contracts not put up for renewal. To respond to rising unemployment, the government turned to protectionist policies, including the “Angolanization” of human resources and a new petroleum law requiring the participation of local suppliers of complementary goods and services.

The current crisis reveals the vulnerability of Angola’s economy to shifts in global energy markets, itself a result of the government’s failure to sufficiently transform and diversify economic activity. Half of the country’s GDP [comes from oil](#), which accounts for 90 percent of all exports and 80 percent of tax revenues. While Angola is also the world’s fifth-largest diamond producer, the diamond industry [only contributes 3 percent to GDP](#).

The Angolan government claims that some degree of diversification has been achieved in agriculture, services and trade, although civil society organizations dispute this. Regardless, the deeper structural problems that plague the country’s business environment, including excessive bureaucracy, the difficulty of obtaining work permits and the length of the commercial judiciary process, continue to stand in the way of such efforts. On the World Bank’s [“Doing Business” index](#), Angola ranks pitifully low—181 of 189 countries.

Poor access to electricity further hinders the country’s progress, affecting all sectors. The new high-rise offices in Luanda, meant to signify the country’s prosperity, often require generators to deal with frequent power cuts. Deficient diversification also unduly impacts the food sector, forcing Angola to import up to \$4 billion worth of food—three times more than Nigeria to feed roughly one-eighth as many people, according to the Angolan minister of commerce [in a recent radio interview](#).

Moreover, the current oil crisis could endanger the very real, if incomplete, social and economic progress Angola has made since the end of the civil war. In 2014, the United Nations [honored Angola for reducing hunger](#) and malnourishment by more than 50 percent. The United Nations Development Programme's [Human Development Report](#) that year showed that, while Angola remained at the lower end of the human development rankings, the country had been demonstrating consistent improvement. However, even these achievements are now at risk.

Prior to the current crisis, Angola had attempted to market itself as an economic success story on the world stage. In 2013, [The Economist's special report on Africa's rise](#) showed that six of the world's 10 fastest-growing economies over the previous decade were in sub-Saharan Africa. Leading this group was Angola, with an annual increase in per capita income of over 5 percent since 2007. Nevertheless, although U.N. officials have publically supported Angola's application to be designated a middle-income country, they have also [pointed out that the country still faces challenges](#), particularly with regard to primary education and maternal and child mortality. Critics of the government point out that for the majority of the population, improvements in living conditions have been too slow in comparison with the country's rapid economic growth.

In the early years of peace, the government focused on reconstruction efforts, particularly of infrastructure, and the whole country often seemed like a construction site. The MPLA has highlighted successful projects, such as new airports, housing and an improved rail network, but gains in social deliverables such as job creation, water and electricity have not been as evident.

In addition, many of the completed roads and infrastructure are poorly constructed and face maintenance problems, raising suspicions of corruption. Under the revised 2015 budget, public works are experiencing some of the steepest cuts. With the next election looming, infrastructure construction alone can no longer be considered a sufficient platform for the MPLA, although it will still play an important role in the public's perception of the ruling party.

This is because, despite the MPLA's accomplishments, most Angolans have not shared in the prosperity. Angola's official unemployment rate stands at 26 percent, but this ignores the vast majority of the population that is not within the formal labor market. New arrivals to the labor market in the coming years are expected to number in the millions, and in light of the current crisis, the prospects for integrating them into jobs are far from promising. The risk is that anger over sustained unemployment and lack of opportunity could boil over and threaten the long-settled political status quo—especially given that dos Santos does not usually welcome public criticism.

A Looming Succession Crisis

Over his long tenure, dos Santos has won respect from other African heads of state, especially the leaders of other Portuguese-speaking African countries, as well as South African President Jacob Zuma. He is credited, in particular, with his handling of Angola's political transition after the controversial end of the civil war, when he refused to launch a "witch hunt" of the defeated rebel leadership and even invited some key opposition party members to join his government. He is also known for his ability to deal effectively with potential internal party rivalries.

Throughout the civil war and the long peace process, dos Santos maintained a Marxist affiliation while simultaneously negotiating oil deals with Western companies. At the end of the Cold War, he embraced multiparty elections, but he has successfully maintained the MPLA's domination of the government.

His first popular test came in the 1992 presidential election, which he won in a second-round runoff after none of the candidates won a first-round majority. No other elections were held until the 2008 legislative polls, however, which the MPLA won with over 80 percent of the vote. The scheduling of a presidential election was postponed until after a new constitution was approved in 2010. This in turn established a new electoral system for the presidency beginning in 2012.

In the 2012 election, the president was no longer elected by universal suffrage. Instead, the person heading the majority party's list of par-

liamentary candidates would assume the office, while the party's No. 2 candidate would become vice president. The new constitution also imposed a presidential term limit of two terms. However, this clause was not applied retroactively, and dos Santos is therefore still eligible to run in the 2017 election.

Opponents of the change argued that it was only meant to protect dos Santos from facing a real vote by electing him under the umbrella of the MPLA. Supporters argued that the system is not too different from the post-apartheid South African model, which in some ways reflects the broader parallels between the MPLA and South Africa's ruling African National Congress. Both base their claims of popular legitimacy on their history of resistance and armed struggle, to colonial rule and apartheid respectively. And while both remain politically dominant, they face significant challenges to their legitimacy as the generation of freedom fighters, tainted by corruption and the perception of defending entrenched interests, ages.

Dos Santos is perceived as the glue that holds together the various factional and generational divisions within the MPLA, and the guarantor of the party's close relationship with the army's leadership. The constitutional change and the choice of Manuel Vicente, a 58-year-old technocrat, as vice president have raised speculation that dos Santos intends to step down before the end of his current term, but so far there are no clear signs of this.

While the party maintains a united front, this is due not to internal unity but to the fact that its various factions have simply kept quiet or been silenced. These divisions are sure to appear in the debate over a potential successor to dos Santos, but if the interests of the MPLA and various economic groups are aligned, the party should be able to unite around a common candidate.

Vicente was already seen as a potential presidential candidate prior to the 2012 election, but it is far from certain that he will seek to succeed dos Santos, or be able to impose himself on the party if he does try. He is perceived as a technocrat who possesses economic knowledge and experience, but he is not a grassroots MPLA member and has never held any position in the party. He does not hail from the army

ranks and was not involved in the peace negotiations. Moreover, he—or any other pretender to the presidency—will come up against the cult of personality that the MPLA has created around dos Santos over the years.

Finally, Angolan politics must confront the relatively new issue of nepotism. The president's daughter, Isabel dos Santos, [is considered the wealthiest woman in Africa](#). One of his sons has been appointed by presidential decree as president of the country's sovereign welfare fund, while his other two sons are directors of the public TV channel. The emergence of the “dos Santos clan” has drawn much criticism and opened an uncomfortable new dynamic between the president and his party. How this tension could affect the MPLA in the run-up to 2017 is an open question.

The Runup to the 2017 Elections

Angola's previous economic crisis, also caused by an oil price drop, hit the country just after the 2008 elections. In contrast, the current crisis comes with elections just around the corner. The electoral calendar will therefore put pressure on the government and the ruling party not only to highlight accomplishments such as improved infrastructure, which the MPLA emphasized in previous election cycles, but also to provide concrete signs of development and redistribution.

The MPLA's record of rebuilding the country's infrastructure after the civil war—[which has included](#) over 1,600 miles of rail, 148 railway stations, 10 renovated airports, 400 bridges and over 4,000 miles of roads—is certainly its most visible achievement, and electoral considerations have arguably played a role in the party having made reconstruction such a priority.

Alongside its reconstruction efforts, the MPLA could claim credit for Angola's status as one of the world's fastest-growing economies. Indeed, in 2011, *The Economist* singled out Angola as the country with the fastest growth over the previous decade, [averaging 11.1 percent per year](#). But despite claiming to have reduced the percentage of the population under the poverty line from 68 percent in 2002 to around 36 percent today, and to have raised average life expectancy from 42

to 51, the MPLA recognizes that its failure to meet its targets on overall human development and living conditions for most Angolans could jeopardize its hegemonic domination of the country's political arena.

There were already signs of this in the 2012 election, when the MPLA's campaign slogan, "Grow More, Distribute Better," indicated that its main focus for the next five years would be combating extreme poverty and responding to perceptions of increased inequality. The MPLA ended up winning 72.8 percent of the vote and 175 of 220 National Assembly seats, with dos Santos assuming the presidency for the 33rd consecutive year. But the party, despite its comfortable victory, saw its actual support decline by a significant margin. In Luanda, [accounting for almost 30 percent of Angola's population](#), the voting pattern was markedly different than nationally, with 4 in 10 votes [going to the opposition parties](#).

While the 2012 election was dominated by the MPLA and the National Union for the Total Independence of Angola (UNITA)—the MPLA's West-aligned enemy during the Cold War that remains the second-largest political party—it also saw the emergence of a new political alliance, the Broad Convergence for the Salvation of Angola (CASA-CE). Composed mainly of dissidents from UNITA, the coalition also attracted Adm. Andre Gaspar Mendes de Carvalho "Miau," an important former MPLA member. CASA-CE, lacking the baggage of the two main parties, managed in just a few months to win significant support from urban youth, although they were less successful in rural areas. CASA-CE managed to get eight MPs elected in its first election and performed relatively well in highly urbanized Luanda, winning 12.8 percent of the vote there.

Though postwar politics has occasionally been strained, it has for the most part remained nonviolent. An exception came in May 2012, when tensions grew between the ruling party and the opposition after two activists were kidnapped and murdered by security forces. The incident resulted in concerted and joint protests between political opposition parties and civil society, a first for a country where the opposition has historically been divided and antagonized by the government.

In response, the government banned further demonstrations, but

UNITA organized a protest anyway. Despite the prohibition, as well as alleged police intimidation in the runup, the demonstration took place in November 2013, culminating in front of the National Assembly, where a joint statement on human rights, signed by UNITA, CASA-CE and three other opposition parties, was read. This spurred the judiciary to act, and in February 2015, two police members were eventually convicted of killing the activists and sentenced to prison.

The regime continues to send contradictory signs as to whether or not it is becoming more open. On the one hand, in October 2013, the Constitutional Court forbade the National Assembly from summoning any member of government, including the president, to testify before it, essentially eliminating parliament's ability to question the government on issues of policy. A more positive indicator came during the MPLA Central Committee meeting in January 2014, when dos Santos took the unprecedented step of severely criticizing his own party in front of the media for its distance from and lack of engagement with society.

Also encouraging was an April 2014 meeting between dos Santos and UNITA's leader, Isaias Samakuva, their first since 2011, which helped mitigate the growing tension between their two parties. It took place a few days after the anniversary of the peace agreement on April 4, which, for the first time, UNITA boycotted, arguing there was nothing to celebrate. Neither party shared any details of the meeting, but according to local media, it had a positive impact in defusing the escalating tensions.

The MPLA's party congress will take place in 2016, one year ahead of the election, and the president's concerns about the party, mentioned above, could further accelerate reform efforts. Still, the main questions that will define the MPLA's future concern whether or not dos Santos will run again and who will succeed him if he doesn't.

Meanwhile, outside the formal party structures, a group of "revolutionary youths," or "Revu," has begun to show open defiance to the MPLA, both in the streets of Luanda and on social media. Revu is a very small but active group that challenges the ruling party, and sometimes the main opposition parties for being too passive regarding

the MPLA. Their rallies are invariably interrupted and dispersed by the police, reflecting the government's fear of the potential for unrest among urban youth, which would represent a fundamental challenge to the political status quo.

Angola is often discounted as a true democracy. But the electoral cycle certainly matters, and the outcome of the 2017 election will depend not only on the actions of the ruling party and the opposition, but also on the wider society's reaction to the economic crisis. Moreover, the ruling elite must reckon with the fact that the country's electorate has changed, and the dated rhetoric and increasing evasiveness of the regime may backfire. The vast majority of the electorate is now young and has known mostly peace, and the unemployed youths living in slums are less fearful of taking to the streets than their parents. Poor and young voters will not look to encouraging signs from the international markets, but will base their votes on the changes they can see in their own lives.

Angola's Regional and International Ambitions

Angola's foreign policy has been assertive, and the country is perceived as a key player at the regional and international levels, where it currently holds several major positions. In January, it began its two-year term as a nonpermanent member of the U.N. Security Council. Last year, it was elected as vice chair of the Kimberley Process, a civil society initiative intended to stop the flow of conflict diamonds, and this year it was promoted to chair. It also took over the presidency of the International Conference on the Great Lakes Region (ICGLR) in 2014, which aims to prevent instability in the Democratic Republic of Congo (DRC). Angola has also engaged in conflict-resolution efforts in the Central African Republic (CAR), South Sudan and Guinea-Bissau.

This is Angola's second time on the Security Council. It previously won a seat on the council in 2002, after the end of the civil war, in what was seen as a reward for having reached peace and a way to encourage Angola's re-emergence on the international stage. The current seat, by contrast, reflects the world's expectation that Angola can and will be a partner in preventing and resolving African conflicts.

The other African seat at the Security Council is occupied by Nigeria, which will have its hands full this year coping with its own domestic security and political challenges. The council therefore hopes to gain a dedicated member in Angola, especially given that of the current 16 peacekeeping operations around the world, [nine are in Africa](#). African countries' track records and contributions to peacekeeping are therefore increasingly important.

These hopes are not unfounded, at least in theory. Angola has one of the most powerful militaries in Africa, and the government has continued to invest substantially in defense since the end of the civil war. In 2013, Angola's defense spending [grew by 39 percent](#), from \$4.7 billion to \$6.5 billion, more than any other sub-Saharan country. Yet despite its military strength, Angola has historically limited its interventions to the diplomatic arena, and currently [contributes no troops](#) to any of the continent's peacekeeping missions. Angola's resistance to sending troops to peacekeeping operations has not been fully explained, but one reason may be the government's fear of a negative public reaction to sending young people into military operations abroad so soon after the end of the long civil war.

Regardless of the reason, Angola's lack of military commitment to peacekeeping [will be compared unfavorably](#) with Rwanda, which recently completed its Security Council mandate and has 4,635 peacekeepers deployed across Africa, and also with Nigeria, which has 2,980 men deployed. It is especially galling since between 1989 and 1999, Angola itself benefited from four U.N. missions. Luanda will have to revisit its stance if it is to realize its ambition to be seen as a key regional security player.

With regard to broader global geopolitical issues, Angola's voting pattern on the council will be interesting to observe, due to its historical relationship with Russia and China. Beginning in the 1970s, Angola benefited from political and military support from the Soviet Union, and it remains friendly with Moscow. But Angola has also shown in the past that it is able to assert a self-interested pragmatism, and Luanda is open to consolidating relationships with more recent allies such as the U.S. In the event of a major debate among the permanent members of the council, Angola will therefore face a difficult decision.

Accountability as the Price of Visibility

Like many past and present Security Council members, Angola has a questionable human rights record, and membership by itself is unlikely to change this. But while it may not directly affect politics within Angola, it could force the country to hold a mirror up to itself in light of international expectations. The more the country is exposed internationally, the greater the scrutiny it can expect of its elite, their abuses and their personal enrichment through widespread corruption.

[The Mo Ibrahim Foundation](#), which measures governance in African countries, maintains that since 2000 Angola has been consistently improving across all categories, although it remains at the low end of the scale. In 2013, Angola's ranking on the continent was 39th out of 52, but in 2014 it dropped to 44th, with particular drops in participation and human rights. Thanks to the government's reconstruction efforts, Angola's highest rank is in the subcategory of infrastructure, where it comes in 24th, while its lowest rank, 48th, is for accountability. Still, comparative rankings aside, the foundation describes Angola as one of only two countries in Africa to show consistent improvement in absolute terms.

At the same time, corruption and lack of accountability contribute to a negative image of Angola, and the National Assembly has passed several recent laws aimed at addressing this. [The IMF's March 2014 report](#) stated the need for more transparency on Sonangol as well on Angola's sovereign wealth fund, created in 2012 with \$5 billion and led by the president's son.

Angola's international standing is also tainted by accusations of poor performance from human rights organizations and activists. For example, in March, the journalist and activist Rafael Marques was sued in court by several generals, whom he had accused of human rights violations in his book "Blood Diamonds." Also in March, the leader of one civil society NGO, Lucia Silveira, [expressed his concern](#) over increasing violations of human rights by the police.

Human rights violations are still common within the prison system and in law enforcement. But the government has shown some willing-

ness to engage with civil society on these issues. For instance, regarding prison conditions, the government [has agreed to train prison guards](#) on respecting human rights with the assistance of a local NGO.

From an institutional and legal standpoint, Angola has made important strides on human rights, and it is fair to say that it has made attempts to respect international legal standards. The constitution enshrines respect for human rights, and activists and opposition members use this to campaign against violations. In terms of institutions, Angola has established a number of high courts and created the position of secretary of state for human rights. But too often, this institutional and legal progress is not reflected in practice.

In recent years, many international NGOs have left Angola, in most cases because their presence was related to humanitarian aid following the civil war. Local NGOs can be divided into three main groups: pro-government NGOs, which were created after the war as a civil extension of the government and which therefore have no ability to criticize it; activist and advocacy NGOs, which are opponents of the regime and unable to enter into dialogue with the government; and a third group that is able to maintain engagement with the government without abandoning criticism. Meanwhile, the Angolan media remains weak as a mechanism of oversight, as several private newspapers are owned by businesses linked to MPLA members, which limits the space for public debate.

In the current frail economic environment, the government must be seen as making an effort to learn how to deal with constructive criticism and to engage with diverse voices. If the government instead adopts a closed-minded attitude or a repressive response to criticism, it may further feed social tensions.

Conclusion: The Threats to Hard-Won Peace and Stability

“If you are writing for the Western reader, it is important to tell them that we are a stable country,” says Julio Candeeiro, the leader of the Angolan NGO [Mosaiko-Instituto Para a Cidadania](#). Indeed, as Luis Fernando, a journalist and former editor of the official newspaper

Jornal de Angola, puts it, “After 27 years of war, the best assets we have are peace and stability. These, more than oil and diamonds, are our true assets.”

But for many MPLA members, stability serves as a justification for political repression, as illustrated by the party’s heavy-handed and intolerant response to demonstrations carried out by the youth activists of Revu. The fear of social instability due to a socio-economic crisis is understandable. Angola, like most African countries, has a young and unevenly distributed population. [According to the Angolan National Institute of Statistics](#), the country’s population has increased more than four-fold since 1970. The census also confirmed what has long been apparent in the sprawling slums around Luanda: The capital is home to a disproportionately large share of the country’s citizens, due to an exodus from rural areas during the war. With 62.3 percent of the population [living in urban areas](#) and 60 percent under the age of 24, it is easy to see the potential for popular unrest and to understand why the government is so concerned.

Yet with every election and every passing year, the public expectation of social benefits grows, as does intolerance for corruption and inequality. Moreover, Angola’s lasting peace, increased political openness and steady economic growth have been clouded by accusations of violations of human rights and political freedoms. Whether or not Angola achieves its desire to be recognized as a major international player will partly be determined by how the regime performs economically but also, and no less important, how it progresses politically. □

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