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Angola's Sustainable Growth and Regional Role beyond the Elections

by Eldridge Vigil Adolfo

Angola's economic boom averaging about 17 per cent per annum, is centred on its extractive oil industry and has made Angola one of the fastest growing economies in sub-Saharan Africa and the world. With national peace providing stability and a strong military to negotiate regional threats, Angola is expected to consolidate its position as a regional power commensurate with its economic and military might. However, Angola faces challenges in the political, social, economic, governance, security and foreign policy arenas. It will also have to contend with election-related violence. While a bright medium-term future is in prospect for Angola, the country will have to negotiate and overcome these challenges to sustain its long-term peaceful development.

Politics

In Angola, armed and other forms of violence have been consistently used in political discourse throughout the liberation struggles and 27-year civil war. Since the peace of 2002, politics have remained competitive and adversarial, but violence as a political instrument has been significantly reduced. However, some political groups in Cabinda province remain militarised and use violence as a clear political strategy. The Movimento Popular de Libertação de Angola (MPLA) has been accused of using the security forces to secure its general dominance in Angola.[1] There has been a recent increase in street demonstrations by youths and war veteran groups, which the government has cracked down on.

Elections

The ruling MPLA and its President José Eduardo dos Santos are expected to win Angola's multiparty elections on 31 August 2012, the second since the end of the civil war in 2002. The margin of victory might not be as massive as the previous 82 per cent in 2008, but the MPLA is set to retain an overwhelming parliamentary majority. A new constitution was ratified in 2010 by an MPLA majority, despite the opposition's walk out in protest. A key amendment to the new constitution is that the president is no longer directly or popularly elected. Instead, the head of the party that wins the most seats in the National Assembly automatically becomes president.[2] The opposition parties argue that the office of president – the most important and powerful in the country – ought to be popularly and directly elected.

A liberation party, the MPLA reinvented itself in 1991: from advocating a one-party state, it became a pro-democracy party. However, MPLA's dominance of Angolan life indicates that it conforms to a pattern found within the Southern African Development Conference (SADC) region, where many liberation parties have maintained dominant party states.[3] This could adversely affect multiparty democracy and in turn, intensify the blurring of lines between state, government, security and party.

Thus, even with the formal introduction of multiparty politics: multi-party politics in practice is at risk of not being established.

There is increasing pressure within the MPLA on President Dos Santos to name a successor, to which he has responded by placing Manual Vincente – economics minister, former head of Sonangol[4] and close confidant – in second position on the party electoral list. Vincente does not have a political base and this has caused some disquiet within the MPLA. President Dos Santos has been accused of attempting a Putin-style withdrawal from the presidency, while maintaining control in the background.[5]

Recent street demonstrations against the MPLA have not been capitalised on politically by the opposition parties, which are weak and divided. Of the 27 registered political parties, only nine have been approved to contest the elections. The main opposition party União Nacional para a Independência Total de Angola (UNITA) has been significantly weakened, gaining only 10 per cent of

1. See 'Angola's Upcoming Elections. Attacks on the Media, Expression, and Assembly', Human Rights Watch, 2012.
2. Prior to the amendment to the 2010 constitution, the president was directly elected by an absolute majority vote in a two-round system.
3. A dominant party state is one where multiparty politics are constitutionally and legally endorsed, but where in practice only one political party dominates the political scene to the exclusion of all others.
4. Sonangol is the state-run oil company that is solely responsible for Angola's oil industry and revenues.
5. See P. Roque, 'Angola Parallel Government, oil and neopatrimonial system reproduction', ISS Situation Report, 6 June 2011, p. 6.

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the national vote in 2008.[6] The banned parties Partido Popular and Bloco Democratico have pledged to support UNITA in these elections, and will add to UNITA's numbers. However, UNITA's best chance of gaining power is by forming a coalition government with the other opposition parties should the MPLA fail to get over 50 per cent of the vote, or through the promised municipal elections in 2012.

Opposition groups argue that the electoral process has not been free and fair and UNITA has called for a nationwide protest on 25 August 2012. The protest is to demand that the elections be postponed until all the irregularities relating to voter registration, the election audit and the vote-counting process are resolved.[7] The opposition accuses the MPLA of trying to rig the elections through these processes and would like to have independent international observers attend the elections.[8]

New Political Party, New Political Force?

A recent split within UNITA has seen Isaias Samakuva retain leadership of the party and UNITA heavyweight Abel Chivukuvuku form a new political party, Convergencia Ampla de Salvacão de Angola (CASA-CE). CASA-CE has also drawn some of its members from the MPLA (particularly the high-profile former admiral, André Gaspar Mendes de Carvalho),civil society and from among the youths, giving it an identity of its own. Thus, CASA-CE may attract some UNITA and former UNITA voters, as well as some MPLA and other voters. Although the MPLA dominates the mass media in the lead-up to the elections, CASA-CE is very visibly in second place with regard to poster, radio and TV campaigns. This costs money. While the MPLA has co-opted opposition parties in the past, it is highly unlikely they have co-opted CASA-CE, which is quite strongly opposing the MPLA. Even UNITA has stated that 'there are a lot of millionaires in Angola who do not all agree with dos Santos; the money could also come from them.'[9] The MPLA have simply allowed CASA-CE extra media space to highlight the split within UNITA. CASA-CE may provide serious opposition to the MPLA in future.

Economy

Angola has one of the fastest-growing economies in the world, its GDP increasing from US$ 11.4 billion in 2000 to US$ 100.9 billion in 2011.[10] This rapid economic growth has made it a middle income country.[11] The development indicators show improvement in all sectors: school enrolment – up by 124 per cent in 2010; life expectancy – up to 51 in 2010 from 41 in 1992; GNI up to US$ 4,060.00 in 2011 from US$ 470.00 in 1992.[12] The GNI is almost four times higher than the sub-Saharan Africa average. The Angolan economy is built on oil extraction, which accounts for over 95 per cent of export revenues and over 75 per cent of government revenues.[13] With current oil reserves anticipated to peak in 2015 and the possible exploitation of new deep-sea oil deposits, economic growth will continue.

China and Other International Partners

Angola has been very successful in diversifying its international partners and ensuring it is not over-dependent on any one of them. It has relied on China's EXIM Bank for oil-backed loans, which have come at much more favourable rates than at Western banks.[14] There is also a significant presence of Chinese businesses and individuals in Angola.[15]

Sonangol's key partners in multibillion dollar oil exploration are Chevron (US), BP (UK), ENI (Italy), Total (France) and Statoil (Norway).Additional partners are ExxonMobil, GALP Energies and Petrobras. South Africa's PetroSA will now also partner with Sonangol in oil exploration, refining and distribution.

Economic Challenges

There are several major economic challenges to Angola sustained growth. First, it is over-dependent on oil extraction and prices. The diamond industry is recovering from the 2008 crisis, but the national economy in mining, industry and agriculture is very small. The fisheries industry has the potential to provide 450,000 tonnes of fish sustainably a year, yet not 50 per cent of this is harvested.[16] There is no clear taxation policy for added revenue. Angola exports crude oil, without adding value to it. It does not produce enough refined oil for its own consumption, and must import fuel to meet internal demand. Almost all finished goods, including foodstuffs, are imported. The government's *Feito em Angola* ('Made in Angola') campaign to promote Angolan products will only work if the local economy is actually producing goods. Over-dependence on the oil industry means that any major problems with oil extraction or significant price drops will see the economy decline rapidly.[17]

Diversifying the Economy

Angola needs to diversify its economy, which requires investment in the national economy. Investment/FDI requires not only extractive minerals and cheap labour, but infrastructure (power, water, road and rail networks); skilled productive labour; and the rule of law. Angola has been trying to diversify the economy by investing over

6. However, UNITA forcefully argue that the 10 per cent was a figure allocated to them by the Presidential Guard and is not a reflection of the election results. Interview with Domingos Jardo Muekalia, UNITA's deputy secretary for external relations, London, 30 July 2012.
7. Interview by author with Domingos Jardo Muekalia, op.cit..
8. Interview by author with N. Nvunji, Angolan journalist, 17 August 2012.
9. Ibid.
10. World Bank, Country Data, Angola, http://data.worldbank.org/country/angola
11. Ibid.
12. http://data.worldbank.org/country/angola
13. See Energy Information Administration, Country Analysis Brief, Angola, 2011.
14. L. Corkin, 'China and Angola. Strategic partnership or marriage of convenience?', Angola Brief, Christian Michelsen Institute, January 2011.
15. Over 80,000 Chinese individuals and over 200 Chinese businesses, including micro-entrepreneurs and small businesses.
16. See Africa Development Bank, op.cit., January 2011, p. 4.
17. The international financial crisis of 2008 saw oil prices drop dramatically, as did Angola's oil revenue, GDP, FDI and international reserves. See M. Weimer, 'The Peace Dividend: Analysis of a Decade of Angolan Indicators, 2002-12', Chatham House, Africa Programme Paper AFP PP 2012/03, March 2012, p. 18.

US$ 30 billion in infrastructure since 2002;[18] building the US$ 5 billion liquid natural gas plant in Soyo, Zaire province, which will export gas mainly to the US; US$ 18 million in small and medium enterprises development; and has set aside 33 per cent of the 2012 budget for the social sector.[19] Investment in agriculture, services and light industrial works would also help to diversify the economy.

Reaping the Benefits of National Investments

Looking beyond the generalised national statistics, poverty in Angola remains high. According to UNDP, 36 per cent of the population is living below the poverty line and 26 per cent in extreme poverty.[20] Many Angolans dispute these figures and say that the rate of poverty is higher. 'Yes, that is what those figures say, but in reality how can you reduce poverty if you do not create jobs? How can you move out of poverty without a steady income?'[21] Furthermore, approximately 13.7 million people out of the population of 19 million have no electricity,[22] and only 38 per cent of the rural population have access to improved drinking water.[23] The quality and sustainability of some of the infrastructure being built has been questioned.[24] School enrolment has improved, 'there are many more people going to school, but there are not enough teachers or teaching materials and not enough qualified teachers, which means the quality remains low.'[25] There is the risk that the significant investment in education may, in the medium to long-term, produce only a very small and limited skilled workforce. This will in turn curtail the local economic growth required to sustain local development.

Demographic Shift

As in most post-conflict countries, the presence of millions of unemployed youths living in poverty and without a stake in society can constitute a security threat or social unrest. Conversely, having millions of people of working age (15-59 years) in work and producing wealth can have positive effects for economic growth and social harmony. The age structure of Angola's population (0-14 = 43 per cent; 15-54 = 54 per cent; and over 65 = 2 per cent)[26] is such that the anticipated demographic shift in the next 10 to 15 years will place most of the population in the productive working age range, which could provide an opportunity for economic growth. This so called 'demographic dividend' could create a local economic base to help sustain Angola's growth.[27] However, this dividend is not automatic. Reaping it requires steady investment in the young population's education, relevant skills and technology training and general human capacity development. It also requires development of the national and local economies within and beyond the oil industry by promoting local entrepreneurship, matching skills development to market demands and adopting pro-employment policies. Angola does not have a skilled workforce, which limits the types and number of jobs that can be created. This jobless growth will – unless addressed – accentuate the reality of Angola's socioeconomic inequalities.

Governance

Angola is primarily run by a 'Big Man' in President Dos Santos, in whose office power is concentrated.[28] Power is centralised in Luanda, with a hybrid governance system: Officially, the country is governed through the apparatus of the state – constitution, legislature, executive and judiciary. Yet in parallel to this apparatus, an informal shadow government simultaneously runs a neo-patronage system.[29] Key to this shadow government are the state-owned oil and diamond companies Sonangol and Endiama, through which large amounts of government income pass. The hybrid governance system also means that state institutions are bypassed and resources diverted for personal gain. This, in turn, renders the institutions weak and inefficient. Weak institutions enable corruption to flourish.[30] According to Transparency International's Corruption Perceptions Index 2011, Angola ranks 168 out of 183 countries, with corruption stated as the biggest obstacle to doing business.[31]

Centralised Governance

Centralisation of power in Luanda means there is a lack of participation in decision-making and implementation by the provinces, cities and municipalities. For example, local provincial governors are not elected but appointed by the president. In the case of local tax collection, the ministry of finance has offices at the local level that report to and send tax collections directly to Luanda, bypassing the local authorities.[32] This is one reason there has been very little transfer of wealth from the economic boom to society at large. Angola does not have a Poverty Reduction Strategy Paper or a Medium-Term Strategy Framework.Improved governance systems through devolution of powers, budget and increased transparency at both national and sub-national levels is imperative for sustained and peaceful development.

18. T. Soreide, 'Public Construction Projects – Angola. A need to fortify the barriers against corruption', Angola Brief, Christian Michelsen Institute, May 2011, p. 1.
19. See Economist Intelligence Angola Country Report, 2012, p. 3.
20. http://mirror.undp.org/angola/Poverty per cent20Reduction.htm
21. Interview by author with Rafael Marques, political violence tracker in Angola, 20 August 2012, www.makaangola.org
22. See Energy Information Administration, op.cit., 2011.
23. See A. Duval-Smith, 'Piped water project offers health, opportunities to Angolan families', UNICEF, 25 January 2012.
24. See African Development Bank, op.cit., January 2011, p. 8. See also T. Soreide, op.cit., May 2011, p. 2.
25. Interview by author with members of staff from an international organisation in Bia province, 18 July 2012. Confirmed by other international staff working in Benguela province, 19 July 2012.
26. The majority is under 20 years. See Angola demographics.
27. The demographic dividend is when the majority of the population is in the productive working age group and is working and being economically productive. See D.E. Bloom, D Canning and J. Sevilla, 'Economic Growth and the Demographic Transition', December 2001
28. The president is the head of state and government, commander-in-chief of the armed forces and president of the ruling party. He appoints (and can remove) the government and a large number of government officials. The president can dissolve parliament, but cannot be removed by parliament. He appoints judges to the constitutional, supreme and audit courts. See I. Amundsen, 'Angola Party Politics: Into the African Trend', Angola Brief, Christen Michelsen Institute, May 2011, p. 2.
29. See P. Roque, 'Angola Parallel Government: Oil and Neopatrimonial System Reproduction', ISS Situation Report, 6 June 2011.
30. See T. Soreide, op.cit., May 2011, p.4.
31. See http://www.transparency.org/country#countryAGO.
32. For Angola's centralised tax system, see O. Fjeldstad and A. Orre, 'Why collect local taxes in oil rich Angola? …and the challenges of doing so', Angola Brief, Christian Michelsen Institute, May 2011.

National and Regional Security

Poverty and the great socioeconomic inequalities within Angola are Angola's greatest medium to long-term national security threats.

Cabinda Enclave

Peace and security have largely been secured in Angola's 18 provinces, with the exception of the Cabinda Enclave. Cabinda hosts the separatist movement Frente de Libertcão do Enclave de Cabinda (FLEC), which is fighting for independence from Angola (or at least autonomy, with greater access to oil revenues and greater participation in oil policy). FLEC, a guerrilla movement, is militarily inferior to the Angolan Armed Forces (AAF), which are among Africa's largest, with 115 000 battle-hardened soldiers, an air force and navy. As Angola tries to move away from its peace-through-war strategy, it has signed a peace agreement with FLEC and appointed some of its members to political positions. However, FLEC is a fractious movement and thus the agreement has not been accepted by all factions, resulting in continued instability in the province.

The conflict in Cabinda represents a regional security challenge for Angola and for the neighbouring Democratic Republic of Congo (DRC) and Congo Brazzaville, since combat between FLEC and AFF spills over into those two countries. These tensions are exacerbated by the border dispute over offshore oil reserves with the DRC accusing Angola of tapping into its reserves. This is a particularly sensitive issue for Angola as most of its oil reserves – the engine of its growth – are found in this region.

Foreign Affairs

Since the end of the civil war in 2002, Angola has actively and successfully diversified its international partners, engaged with them as an equal partner and has avoided placing itself in a position of weakness. With many countries interested in Angolan oil reserves prepared to back this interest with billions of dollars, Angola has been able to choose its own policies and way forward without being pressured on issues such as good governance, democracy and human rights. It has been pragmatic in its approach and selective of advice. Angola appears to prefer bilateral to multilateral partnerships and its main strategic international partners are the US, China, EU, Brazil and Portugal. Norway has been very active in Angola, where it invested £3.5 billion in 2009.[33] Sweden has retained its embassy in Luanda, with a new ambassador taking over in September 2012. Angola is a member of several international organisations, including the AU, OPEC, the Community of Portuguese Speaking Countries (CPLP) and the UN.

33. See M. Weimer, 'Angola: Slick Business Deals', Expert Comment, Chatham House, 23 November 2011.

Regional Influence

Beyond active international engagement, Angola is also looking to consolidate itself as a regional power. It is an active member of three regional economic organisations: SADC, the Economic Community of Central African States (ECCAS) and the Gulf of Guinea Commission (GoGC). It has played on a dominant role in SADC and the GoGC headquarters have been established in Luanda since 2007. It has increased its diplomatic presence in the Gulf of Guinea states (West Africa) as well as actively engaging militarily in Guinea-Bissau and the DRC. The Gulf of Guinea has tremendous oil potential, and is of interest to Angola.

However, Angola faces major challenges to its regional ambitions. First, while it has been active in regional peace and security, it has mainly been so on a military basis, except in SADC, where mediation is preferred. Angola does not export governance or economic models to the regional countries. It has economic might but no local economic base where local and international entrepreneurs are creating wealth and jobs beyond the oil industry to sustain its long-term growth. This, combined with the great internal socioeconomic inequalities, means that poverty levels risk remaining high which could lead to internal discontent and unrest, effectively removing internal consent for the country's ambitions. This could make it susceptible to internal conflicts that undermine its ability to project its authority on a sustainable basis.

Conclusion

Angola's short- to medium-term future is bright, with steps being taken to improve the country in multiple areas. However, Angola's ambitions for sustained economic growth and regional influence depend on its internal cohesion and inclusive socioeconomic development. A growing national economy and a functioning multiparty system may help achieve internal consent for the state and allow it to project itself beyond its borders.

Angola has invested large sums in developing both its social and physical infrastructure. However, money or investment without clear long- and medium-term strategic plans, goals or policies, combined with weak governance institutions and corruption, may not result in sustainable growth.

The emerging demographic shift provides an opportunity for Angola to reap a dividend from the imminent bulge in productive working-age population. Angola's challenges necessitate investment in both the quality and quantity of education, schools and skills; in health; and in the development and diversification of the national economy.

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