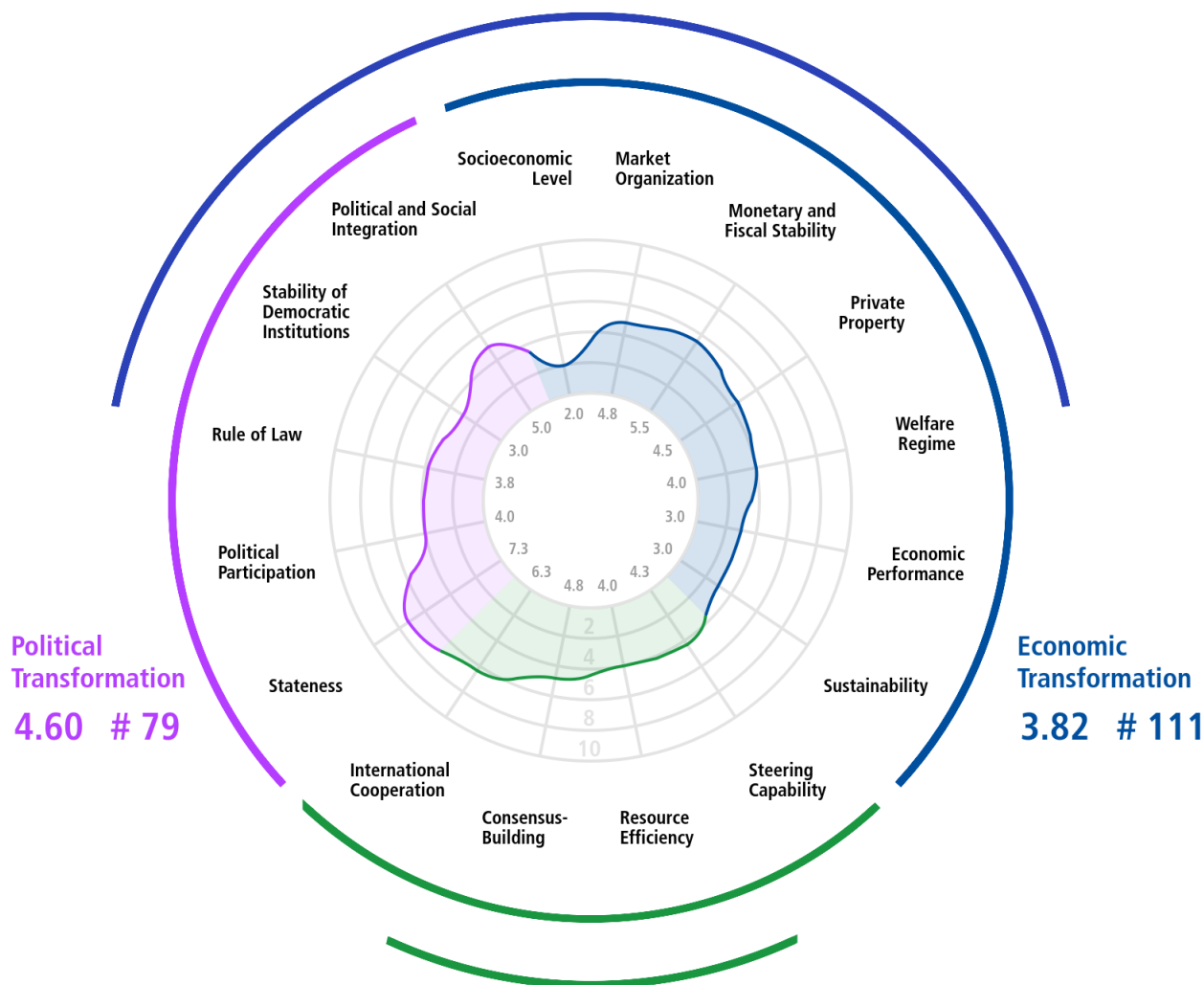


Angola

Status Index

4.21 # 101

on 1-10 scale out of 137



Governance Index

4.46 # 81

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2022**. It covers the period from February 1, 2019 to January 31, 2021. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	32.9	HDI	0.581	GDP p.c., PPP \$	6538
Pop. growth ¹	% p.a.	3.2	HDI rank of 189	148	Gini Index	51.3
Life expectancy	years	61.1	UN Education Index	0.500	Poverty ³	% 71.5
Urban population	%	66.8	Gender inequality ²	0.536	Aid per capita \$	1.6

Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

President João Lourenço, now firmly established in his first mandate (2017-2022), pursued new political openings, both at home and abroad. However, the Angolan economy continued to languish in deep crisis. Ordinary Angolans were battered by austerity measures and COVID-related restrictions and saw little improvement in their daily lives.

Politically, 2019 saw animated parliamentary debates about the organization of local elections, though the pandemic put a halt to this and elections were postponed sine die. Major opposition party UNITA elected a new president, Adalberto Costa Júnior at its November 2019 Congress, marking an overdue internal transition. 2020 saw powers concentrated back in the hands of the Executive, as many emergency measures were initially passed as presidential decrees, only to be approved later by the Popular Movement for the Liberation of Angola (MPLA)-dominated parliament; this in turn, also resulted in a hardening of the social climate and a more aggressive stance by the forces of public order against protesting citizens.

In March 2020, the global oil price crashed from 45 USD per barrel to 32, reducing Angola's GDP by 6% overnight. This economic contraction was further compounded by the slowdown resulting from COVID-19 restrictions upon everyday economic life. As such, Angola has not managed to pull itself out of the recession it has been in since 2015, despite successful negotiations of new loans with the IMF and debt rescheduling from its largest creditors, like China.

Given the overall challenges Angola is still facing, its response to the COVID-19 crisis has been relatively successful. Although citizens complained about the restrictions of their everyday life and economic activity (where the impact has been most severe), and the police violence deployed to enforce these measures, the pandemic has not resulted in the feared massive public health crisis, which given the weak state of the Angolan health system should be counted as an overall success.

History and Characteristics of Transformation

Following a tumultuous transition to independence from Portugal in 1975, the MPLA, one of Angola's three armed liberation movements, declared independence and, with Cuban support, secured the capital city. Immediately thereafter, a civil war began in the newly independent country between the MPLA and the National Union for the Total Liberation of Angola (UNITA). While both movements had fought for independence and espoused varieties of socialism, their constituencies and leadership were very different. Whereas the MPLA's early leaders came from a cosmopolitan, urban, mixed-race bourgeoisie, the UNITA tapped into the discontent of marginalized elites in the central highlands. During the Cold War, their political differences grew as the MPLA received backing from the Soviet Union and Cuba, and UNITA received both direct and indirect support from the South African apartheid regime, the United States and other Western powers. The third, oldest liberation movement, the National Front for the Liberation of Angola (FNLA) was defeated in post-independence confrontations and ceased to exist as an armed movement.

During the civil war, the MPLA brutally repressed internal dissidence, and wartime scarcity was compounded by the inefficiency of the planned economy and the dearth of a skilled labor force. Oil production off the coast brought the country some revenue, though this essentially made the party nomenklatura extremely wealthy as oil rentiers instead of improving socioeconomic conditions across the country.

By the late 1980s, a military stalemate had been reached. The MPLA's socialist regime was crippled by mismanagement and debt, and both parties were forced to negotiate a settlement as their Cold War funding ran dry. The MPLA formally adopted multiparty democracy in 1990, and the 1991 Bicesse Accords envisaged the disarmament of the warring parties, followed by elections. The first democratic elections in 1992, however, were derailed by a return to civil war, as both parties in the conflict were unwilling to accept a power-sharing agreement and had maintained armed troops. Following bloody confrontations in Luanda, civil war erupted once again, resulting in much higher numbers of civilian deaths than the first phase of the civil war.

The MPLA government, now legitimized by elections, managed to co-opt parts of UNITA as UNITA Renovada into a Government of National Unity and Reconciliation (GURN). Initially, UNITA managed to capture strategic cities in the country's interior but, depicted as the "greedy spoiler" of the peace process, it was subjected to ever-stricter sanctions. Although civil society and especially the churches actively lobbied for a negotiated end to the war, the conflict ended only after UNITA leader Jonas Savimbi was killed by government troops in February 2002.

In March 2002, the military command of a leaderless, demoralized, famished and militarily defeated UNITA signed the Luena Memorandum of Understanding with the Angolan Armed Forces, which ended the nearly 30 years of conflict. The memorandum, however, amounted to little more than a technical agreement for the cessation of hostilities, with President dos Santos supervising the process as if he were a neutral arbiter instead of a party to the conflict.

Since then, the MPLA government has successfully recast itself as the party of stability and peace and embarked on an ambitious reconstruction drive financed by growing oil revenues and oil-backed credit lines. This has transformed the face of the country, though the gap between rich and poor is growing, and a majority of the population subsists on less than \$2 per day.

After repeated delays, the first postwar legislative elections were finally held in 2008. The MPLA made full use of the privileges of incumbency – access to state funds, media control, intimidation of the opposition and electoral manipulation – and successfully painted the specter of a return to war if the opposition were to win. Having won a crushing 82% of the popular vote and thus an absolute majority in parliament, in 2010 the MPLA pushed through a constitutional change that abolished presidential elections, replacing them with a system whereby the head of the majority party or coalition’s list of candidates was declared president.

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

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

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

Nonetheless, the dominance of the MPLA continues, and Angola’s political economy remains dependent on oil revenues and is held hostage to entrenched politically connected private interests. Despite the introduction of austerity measures, Lourenço has made little headway in pulling the country out of its deep economic crisis, and a majority of the population faces dire economic prospects, resulting in growing discontentment that has the potential to spark confrontation.

As such, Angola has made formal progress toward multiparty democracy and a market economy since the transition from socialism in 1990. In practice, however, the ruling elite has consolidated its stranglehold on political and economic power through what are ultimately only formally democratic institutions and mechanisms.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

Since its military victory in 2002, the ruling MPLA government's monopoly on the use of force is largely uncontested. Two minor exceptions persist. One is the ongoing, low-level separatist guerrilla insurrection in the northern province of Cabinda. Tensions have been on the rise again during the period under review, as due to the lack of a response from the government to its offer of a negotiated solution to the conflict, the Liberation Front for the Enclave of Cabinda (FLEC) has again attacked government troops sporadically. The second is in the diamond-rich, eastern Lunda provinces. Movements for greater autonomy there are largely peaceful, though in late 2019 the self-styled Revolutionary Front for the Integration and Sociological Independence of Lunda-Chokwe attacked a prison to free their leader. Moreover, these mining areas and their populations are largely controlled by private security forces, though these are by and large owned by generals of the national army. Rather than undermining the state's monopoly on the use of force, this shows how emmeshed corporate and state interests are, mutually protecting and safeguarding each other.

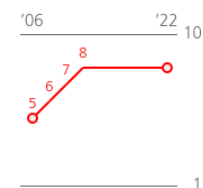
Linked to the previous points, most Angolans identify as such and accept the nation-state as legitimate. The major exception is Cabinda, where large parts of the population feel excluded from the benefits of citizenship and support greater autonomy for the province. FLEC views the Angolan government as illegitimate and as an occupation force that suppresses the rights of the Cabindan population. In the Lunda provinces, some might also view the Angolan state and government as illegitimate; desires for greater autonomy are, however, largely articulated through formal politics and in terms of federalism and decentralization of competences.

In both Cabinda and the Lundas, there have also been repeated raids against suspected undocumented migrants arriving from the Democratic Republic of the Congo, many of whom are Kikongo-speaking paperless Angolans who do not necessarily have the

Question
Score

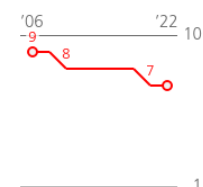
Monopoly on the
use of force

8



State identity

7



financial means to acquire identity documents in Angola. Moreover, human rights violations are rife in both areas.

In addition, many urban poor and some rural indigenous communities like the San of southern Angola are in practice often excluded from accessing identity documents, voting, and health and education services. In the interior of Angola, people also often mistrust the Angolan state, viewing it not as independent but as indistinguishable from the MPLA party.

Since the time of the socialist single-party regime (1975-1991), Angola has been a secular state, and religious bodies have little influence on political decisions. In fact, due to the dominance of the MPLA government, some Christian denominations have affiliated themselves with the ruling party and have repeatedly come out in outspoken support of it, as evidenced around all three postwar elections.

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

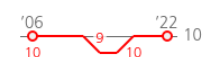
Despite long-harbored plans for administrative and political decentralization through the holding of local elections, Angola remains a strongly centralized state. Local administrations have relatively little autonomy, few competences and, consequently, a very limited capacity to provide for the needs of the population.

Especially in the provinces, administrative structures at the district, municipal, village and neighborhood levels usually extend the ruling party's presence, with administrators routinely also acting as the head of the local MPLA committee. Traditional authorities have, with few exceptions, also been co-opted into the state's administrative apparatus, where they serve as intermediaries between the administration and the local population and provide jurisdiction at the local level.

Beyond administrative structures that extend the control of the party-state to municipal level, people in large parts of the country do not have access to basic government services, including health, education and civil registry services. In 2015 (the year of the latest available data), 49% of the population were reported as having access to water and 52% to sanitation. The urban-rural imbalance is stark, with the southern regions especially affected. Indeed, recurring droughts in the Cunene and Namibe provinces regularly expose people to famine, most recently in October 2019 when 171,500 families in Cunene (79.1% of the province's population) were declared at risk. To address the structural weaknesses in Cunene, the government announced new infrastructure projects worth \$5.7 million in late 2019. However, 2020 saw renewed warnings of drought and hunger. Local activists warned that the population

No interference of religious dogmas

10



1

Basic administration

4



1

had not been included in the planning of these mitigating measures and that large parts of that budget had been embezzled. They have also emphasized that the population in the south have lost access to river waters and their hunting and fishing grounds because of the presence of agro-industrial projects.

Plans to revise revenue distribution and hold local elections have the potential to strengthen local administrations. However, while there had been indications in 2019 that plans for local elections might finally advance, the government has invoked the COVID-19 pandemic as a reason for postponing them again. Many Angolans, however, suspect this to be a convenient excuse, as local elections would likely curb the MPLA's dominance at a local level. Basic infrastructure is limited throughout the country, with only a third of the population having access to running water and half of the population with no access to electricity. As such, the pandemic has neither improved nor worsened an already patchy provision of services.

2 | Political Participation

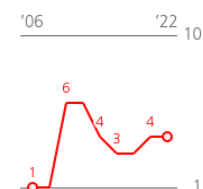
The 2017 elections, Angola's third, saw the ruling MPLA's share of the vote drop further, to 61% (after 82% in 2008 and 71% in 2012). These numbers were announced by the only nominally independent National Electoral Commission the day after the voting took place but were in fact more or less fabricated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

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

President Lourenço promised to finally hold local elections, which were prescribed by the 2010 constitutional reform but have been delayed ever since. However, there is a very real possibility of the MPLA losing key municipalities to the opposition, as highlighted by the gains of UNITA and the Broad Convergence for the Salvation of Angola – Electoral Coalition (Convergência Ampla de Salvação de Angola – Coligação Eleitoral, CASA-CE) in urban constituencies in 2017. As a result, parliament spent most of 2018 and 2019 debating the gradual introduction of local autonomy. The COVID-19 outbreak then provided a convenient excuse for the executive to suspend these deliberations and postpone local elections again, without a fixed date. This was severely criticized by opposition parties, but to little effect. The next national elections are scheduled for August 2022. For these, delays are unlikely.

Free and fair elections

4



The transition from ex-President dos Santos to President Lourenço has resulted in a serious curtailing of the capacities of an unelected elite (the dos Santos family and its allies) to undermine the power of elected political representatives to govern. However, the removal of this elite from its position of unchallenged power has not resulted in structural change.

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

By contrast, the National Assembly (parliament) remains subordinated to the executive. House rules give opposition representatives only very limited time to voice their opinions, and the MPLA has, because of its absolute majority, little incentive to engage in a constructive dialogue with the opposition beyond token gestures. Moreover, even within the MPLA, policy initiative is very limited, with deputies largely parroting the lines dictated by the president.

Association and assembly rights are regularly subject to interference and government restrictions. Citizens and associations that criticize the government cannot exercise these rights. While the period immediately following the election of President Lourenço in 2017 resulted in a slightly more relaxed political climate, 2019 and 2020 saw some hardening again.

This is because, despite apparent progress initially, Lourenço's measures failed to mitigate the profound economic crisis and to improve the lives of citizens. As a result, people became more critical of the government.

A state of emergency because of COVID-19 was introduced on March 27, 2020; this was followed in May by a national state of calamity, which remained in place until January 10, 2021. These measures provided the justification for further curtailing the right of assembly, emboldening the police to freely use violence against people breaking lockdown restrictions. When Luandans tried to peacefully demonstrate against corruption, the high cost of living and a lack of economic opportunities in November 2020, the police intervened forcefully to break up this gathering, which was illegal under COVID-regulations, and fatally shot one demonstrator in the head.

Effective power to govern

2

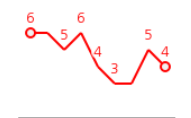
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Association / assembly rights

4

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While the advances in press freedom made since Lourenço's election are not to be dismissed in a context like Angola's, some degree of self-censorship remains evident in the news produced by most major media outlets, which are controlled by the state or regime figures. Both the media law and libel laws are relatively encompassing. They provide the government with the tools to control and restrict press freedom as it sees fit, and journalists reporting on government abuses can face harassment and even violence.

While outright shutdowns or destruction of entire print issues of independent weeklies are no longer an issue, such independent outlets remain largely limited to a restricted audience in Luanda. Moreover, as part of Lourenço's fight against corruption, a number of private news outlets have been confiscated and nationalized, raising concerns among Angolan journalists about media diversity and freedom.

3 | Rule of Law

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

A March 2020 presidential decree established a state of emergency to deal with the COVID pandemic. Parliament then amended this to a slightly less stringent national state of calamity in May. This was renewed in August and November by presidential decrees and remained in force until January 10, 2021.

In October, the attorney general declared that the police should not arrest and detain people caught without facemasks on the streets, as this was not a crime but merely a transgression punishable by a fine. Nonetheless, in November 2020 opposition party CASA-CE filed a complaint to the Constitutional Court, arguing that the state of calamity was unconstitutional, citing the excessive violence by police and the military in enforcing its measures. However, the court did not uphold the complaint.

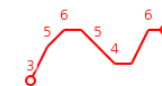
Although there is a Supreme Court, a Constitutional Court, an attorney general and an ombudsman of justice, judges and magistrates are overwhelmingly appointed according to political loyalty and are subjected to political influence. Investigations are routinely opened or closed according to "higher orientations" (i.e., directives from the president).

Complaints filed by the opposition and civil society activists are dismissed or not followed up on. Examples include opposition challenges to the 2017 election results and to the 2020 COVID restrictions, as well as corruption and land-grabbing charges against high-ranking officials. Such politically connected individuals are only prosecuted in cases of political account-settling.

Freedom of expression

6

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1

Separation of powers

3

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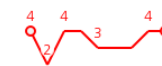


1

Independent judiciary

4

'06 '22 10



1

Since coming into office in late 2017, the fight against corruption has been one of Lourenço's key policy priorities. The prosecution of some high-profile regime figures allied to former president dos Santos initially earned Lourenço plaudits both at home and abroad. However, there were indications over the course of the period under review that this was a very selective fight, and that some interests seemed untouched.

This included the August 2020 nomination of Lourenço's daughter Cristina Dias Lourenço to the post of executive administrator of the recently created Angolan stock exchange (BODIVA). There was also a huge corruption scandal engulfing Lourenço's de-facto right-hand man, Edeltrudes Costa, the head of the president's Civilian Office. Although the attorney general opened an investigation into the latter case, Costa remained in office, raising serious questions about the attorney general's capacity to investigate him. Accordingly, Angolan academics labeled Lourenço's fight against corruption, also during COVID-19, a farce.

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

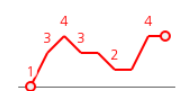
Accordingly, arbitrary arrests, torture and extra-legal killings at the hands of state security forces continue, despite existing legal protections. This is especially the case in Cabinda, where civil society activists and suspected FLEC supporters and their family members are subjected to random house searches, arbitrary detention and torture. In the diamond-producing areas of Lunda Norte and Lunda Sul, the local population is subjected to human rights abuses by the army, the police and private security forces, including torture and extra-legal killings. In Luanda and provincial capitals, female street vendors are routinely chased by the police, beaten with sticks and sexually harassed, with their merchandise confiscated or destroyed, while "marginals" (i.e., unemployed youth suspected of being gang members) are regularly killed by the police in summary executions. In 2020, such arbitrary killings also included young people violating COVID-19 restrictions.

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

Prosecution of office abuse

4

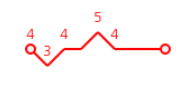
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Civil rights

4

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Overall, while the election of Lourenço has signaled some advances for civil rights, the period under review saw some stagnation and, justified by COVID-restrictions, even some regression.

4 | Stability of Democratic Institutions

Despite the successful transition from dos Santos to Lourenço, democratic institutions in Angola still largely present only a facade of democracy while being subjected to political interference and ruling party control.

Parliament and the judiciary are largely subordinated to the whims of the executive. The president directly appoints provincial governors, who rule their provinces like little fiefdoms. Municipal administrations have little budgetary or political autonomy, despite individual instances of a commitment to improving the lives of local residents.

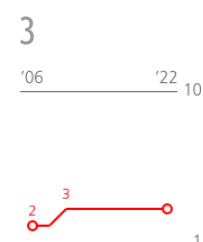
Some elements of public administration such as the Customs and Revenue Service have seen a certain amount of professionalization in recent years. However, a lack of transparency, excessive hierarchy, internal rivalries and regulatory arbitrariness often undermine their smooth functioning. As administrative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

Since the transition to multiparty democracy in 1990, both the MPLA government and opposition parties have formally accepted democratic institutions as legitimate. While the military, churches and civic associations, including those critical of the government, do adhere to democratic rules, the ruling MPLA's adherence to democratic rules only goes as far as to ensure its continued hold on power.

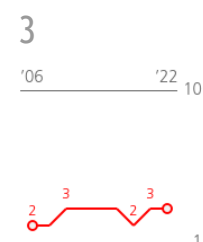
This means playing the democratic game and formally upholding its institutions and procedures while in practice regularly subverting them – especially when it comes to campaigning, the holding of elections, the rule of law, and media freedom and civic rights. Formally and in public discourse, democracy is upheld as the highest ideal and common good. The pandemic has not fundamentally changed this dynamic, though it has, as detailed above, justified police violence and the postponing, again, of local elections.

Opposition parties regularly question the fairness of the system. They point in particular to the “hyper-presidential” nature of the constitution and electoral mechanisms such as the composition of the National Electoral Commission. Nonetheless, despite complaints about a rigged system, they have until now also preferred to endorse and work through parliamentary politics.

Performance of democratic institutions



Commitment to democratic institutions



5 | Political and Social Integration

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

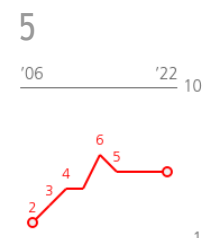
In contrast, opposition parties are relatively weak. Having said that, the two main opposition parties, UNITA and CASA-CE, demonstrated their mobilizing potential, especially in the populous peri-urban municipalities of Luanda, in 2017. Both managed to double their seats in parliament at that year’s elections to 32 (UNITA) and 16 (CASA-CE), respectively. Still, under President Lourenço the MPLA has proven very apt at cannibalizing the opposition’s most vocal demands, thereby effectively neutralizing opposition parties, at least for the first two years of his mandate.

UNITA, the MPLA’s wartime opponent, has transformed itself into a well-functioning political party, especially since the 2012 elections. UNITA also has a long tradition of training cadres and delivering services, which it has revitalized in Luanda and its former heartland, the central highlands. It finally succeeded in electing a new leader in November 2019. Under its new president, Adalberto Costa Júnior, the party has sought to position itself as a vocal and credible opposition force. UNITA is widely seen as the only opposition party with the capacities to govern, should it ever get into power at a local or national level.

CASA-CE’s position is more delicate. Although it attracted a good share of the urban protest vote in 2017 (including from disillusioned MPLA supporters) by positioning itself as an alternative to the wartime opponents MPLA and UNITA, it is structured as an electoral coalition rather than a classical party. This has allowed for the election of independent and small party candidates to parliament, but it dilutes CASA-CE’s effectiveness as party funding is allocated according to the number of seats in parliament. After the 2017 elections, the Constitutional Court also vetoed its request to transform into a “real” party. In addition, a rift with CASA-CE’s founding leader, the charismatic Abel Chivukuvuku, and repeated leadership battles, have seriously weakened its position. Angolan analysts doubt that the new coalition leader, the hitherto largely unknown Manuel Fernandes, would manage to mobilize support for the 2022 elections.

The Social Renewal Party (PRS), originally a regionalist party advocating for federalism and greater autonomy for the Lunda region, as well as Angola’s oldest anti-colonial liberation movement, the National Front for the Liberation of Angola (FNLA), have become increasingly marginalized over the course of the last three

Party system



elections, though this is also partly to do with deliberate government interference. At every election, smaller parties crop up and register; however, failing to gain seats in parliament, they are then “extinguished” again by the Supreme Court.

Associational life in Angola is dominated by the ruling MPLA and its affiliated organizations, such as the Organization of Angolan Woman (Organização da Mulher Angolana, OMA). The government has promoted the creation of local associations in order to have interlocutors from organized civil society rather than independent associations that might be more difficult to control.

Nonetheless, local nonpartisan community associations have been successful in engaging in dialogue with local authorities to improve service delivery. In recent years, some of these have become critical of the government, especially on housing and other human rights issues, though individual government critics regularly face harassment, imprisonment or violence.

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

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

In 2019, the eighth continent-wide Afrobarometer survey was carried out, which for the first time included Angola. The survey results indicate a high level of acceptance of democratic norms and procedures, coupled with generally high dissatisfaction of government performance. Overall, the president’s performance was rated slightly better than that of the parliament or local administrations.

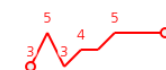
The survey also asked respondents for their views on corruption. Most institutions were judged as overwhelmingly corrupt by about one third of respondents, with another third considering at least some members of these institutions corrupt. Survey respondents viewed the National Police Force as most corrupt, followed by members of provincial governments, public functionaries and municipal administrators. The president and his executive, traditional authorities and religious leaders were rated best (about 25% said no members were corrupt).

The survey was carried out before the pandemic hit. However, voices in the media and social media indicate that, while some of the lockdown measures have been criticized as too draconian and severely impacting the livelihoods of citizens, Angola has managed the spread of cases reasonably well.

Interest groups

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Approval of democracy

n/a

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Data on social capital collected through public opinion surveys is unavailable. Complaints about decreasing solidarity in comparison with the period of socialism and hardship in the 1980s are a conversational staple. However, in practice, solidarity and social trust are still strong, although they are limited to relatively close family, church parishes and neighborhood networks.

These do very important work at the grassroots level, compensating for missing state social welfare nets. Any form of more organized associative life automatically attracts the scrutiny of the authorities and confines activities to the apolitical delivery of basic services such as water, microcredits or food security.

At a local level, such associations have been rather effective in counterbalancing the relative neglect many citizens feel from the state. Vocal, open criticism of the government, however, is still rare and risky. Some notable exceptions in recent years include land and housing rights associations, especially in the south of the country. Ondjango Feminista, a loosely organized women's platform, successfully managed to mobilize widespread opposition to a planned revision of the law on abortion in 2017. This is despite being largely run by and addressing a restricted urban middle-class audience in Luanda.

II. Economic Transformation

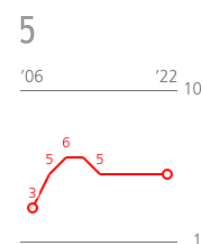
6 | Level of Socioeconomic Development

Angola remains one of the most unequal societies in the world. It ranked 148th out of 189 countries in the 2019 Human Development Index and has a Gini coefficient of 51.3 (2018). Close to 74% of the population were classified as poor in 2018 by the already low benchmark set by the World Bank. They remain excluded from the benefits of peace, while a tiny elite has become fabulously wealthy thanks to the reinvestment of oil revenues during Angola's boom years. While this has led to the emergence of a fragile and small urban middle class, the country remains profoundly dependent on oil revenues.

While Angola nominally has promoted women in the public sphere (and into political positions), gender inequality remains an issue, especially in the labor market, where women bear the brunt of the informal subsistence economy.

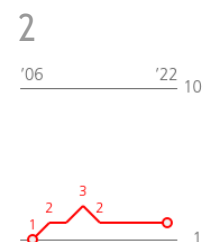
A drop in world oil prices in late 2014 plunged the Angolan economy into a deep crisis from which it has yet to recover. One of the first measures the government took in 2015 was to phase out fuel subsidies upon IMF advice, which hit the country's urban poor and lower middle class hardest, as they spend a disproportionate share of their disposable income on transport. As a result of rising fuel prices and dollar

Social capital



Question Score

Socioeconomic barriers



shortages, imports dropped by 50-60% with the price of basic goods rising substantially and the national currency, the kwanza, decreasing steadily in value.

In 2019, the government introduced further austerity measures to redress the budget deficit, including the introduction of VAT, individual income taxes and higher education fees. While these measures have earned the approval of multilateral lenders and reassured private investors, they have only hiked up prices for basic goods even further, squeezing a large part of the population even more. The effects of this “self-inflicted austericide” have been compounded by the pandemic, which has severely curtailed both formal and informal economic activity and led, according to the media, civil society and opposition parties, to a further rise in youth unemployment.

Economic indicators		2017	2018	2019	2020
GDP	\$ M	122123.8	101353.2	89417.2	62306.9
GDP growth	%	-0.1	-2.0	-0.6	-4.0
Inflation (CPI)	%	29.8	19.6	17.1	-
Unemployment	%	7.1	7.0	6.9	7.7
Foreign direct investment	% of GDP	-6.1	-6.4	-4.6	-
Export growth	%	-4.2	1.2	0.8	-6.8
Import growth	%	1.5	-16.9	0.0	-23.3
Current account balance	\$ M	-632.9	7402.6	5137.4	893.8
Public debt	% of GDP	69.3	93.0	113.6	136.5
External debt	\$ M	59175.9	63217.5	64446.2	67286.8
Total debt service	\$ M	9146.3	11046.3	11635.8	8457.0
Net lending/borrowing	% of GDP	-6.8	1.8	1.4	-
Tax revenue	% of GDP	9.2	9.6	9.4	-
Government consumption	% of GDP	12.9	10.5	10.0	8.6
Public education spending	% of GDP	2.5	2.0	1.8	-
Public health spending	% of GDP	1.3	1.1	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	2.5	1.9	1.6	1.6

Sources (as of December 2021): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Angola seeks to present itself as an attractive destination for foreign direct investment and has made progress in eliminating obstacles for new market entrants, significantly lowering the capital requirements for foreign private investment in 2018, for example. According to the World Bank's 2020 Doing Business report, however, it still takes eight procedures and 36 days to establish a business in the country, at a cost of 11.1% of average per capita income. This places Angola at a meager 146th out of 190 countries in the "Starting a Business" subindex.

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

Though reliable numbers are unavailable, a majority of Angolans survive wholly or at least partially from the informal economy, including those who have a regular but insufficient salary in the formal sector and are forced to complement it with an informal side business.

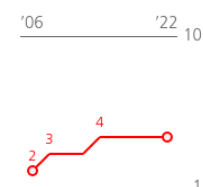
In 2018, the first law regulating competition was approved in Angola, followed by the creation of the Competition Regulatory Authority (ARC). The new law regulating competition defines the abuse of a dominant position and the abuse of a relationship involving economic dependency as detrimental to competition and defines sanctions. The law also targets collective dominance by prohibiting practices among bodies that in effect amount to restrictive agreements (oral or written) and thereby distort competition.

This new framework for competition policy provides a legal basis for the effective protection of competition. President Lourenço has initiated some measures to reduce the influence of politically connected oligopolies across all profitable sectors of the Angolan economy. The business empire of the former president's daughter, Isabel dos Santos, has been particularly targeted. Since its creation, the ARC has opened up inquiries into companies in the oil and food sectors, but its website at the time of writing lists no decisions yet.

Lowering the hurdles for foreign investors also reduces the pressure to take on silent Angolan minority shareholders of foreign firms, which in the past had been one of the major factors in the formation of these oligopolies. While some of the reforms, such as the oversight of the central bank and the creation of a new steering commission for the oil sector, have had a positive impact, there is still a risk that old networks of interests will simply be replaced by new ones.

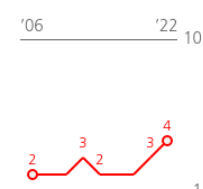
Market
organization

4



Competition policy

4



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

However, currency controls and strict limitations on the export of profits still make business ventures in Angola a high-risk endeavor. Import regulations tend to change quickly and arbitrarily based on political expediency more than any thorough analysis of domestic production capacities, resulting in regular import bottlenecks. And while there is a legal framework to promote exports from Angola (with limitations in place for protected timber), there is relatively little domestic production apart from oil, diamonds and beer that could be exported.

However, in November 2020, Angola also became the 30th country to ratify the African Continental Free Trade Area (AfCFTA), which formally came into effect on January 1, 2021. Although the country promised in 2019 to finally join the Southern African Development Community (SADC) free trade zone, it had still not done so at the time of writing, making its levels of integration very low in comparison to other countries in the region. Overall, Angola is selectively well-integrated into global markets (especially in oil) and is making some progress toward integrating other sectors as well.

Angola's banking system has been one of the fastest-growing in the world, exploding from nine commercial banks in 2003 to 26 in 2019, making it Africa's third-largest banking sector after South Africa and Nigeria.

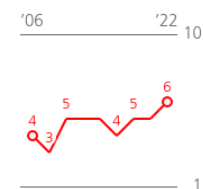
That growth, however, was largely fueled by oil money and the liberal attribution of credit to politically connected individuals and companies, with extremely weak oversight and regulatory frameworks. In all commercial banks, state oil company Sonangol and/or other state-owned enterprises are majority shareholders, with significant shares also held by figures connected to the regime, raising substantial systemic risks.

As most commercial banks in Angola liberally gave credits to regime-connected figures during the boom years, they have found themselves with sizable amounts of bad debt on their books, despite formally adhering to international liquidity reserve standards. Most notably among these cases was Banco Espírito Santo Angola, which went bust in 2014.

In 2018, the capital to assets ratio was at 13.3%, and 23.2% of loans given by commercial banks, were non-performing – a figure topped only by Equatorial Guinea and Ukraine, and up from 10.5% in 2015.

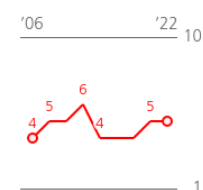
Liberalization of foreign trade

6



Banking system

5



The regulatory framework is overall weak, especially because in the final years of President dos Santos the National Bank of Angola (BNA) effectively served as a piggybank for his family’s business ventures. Since a reshuffle after Lourenço’s election (and the indictment of the BNA’s former head), the BNA has made moves to try to reassure investors and strengthen regulations. In 2019, it withdrew the licenses of two commercial banks for failing to increase capital levels after minimum levels were adjusted. This might be a step in the right direction to stabilize the banking system, although observers have also noted that the first two banks targeted by the review were linked to the former president’s family.

8 | Monetary and fiscal stability

The National Bank of Angola (BNA) remains dependent on and subordinate to directives from the executive. If the constitutional revision is introduced as scheduled from March 2021 on, would probably see the independence of the BNA strengthened, most likely due to pressure from the IMF, though at the time of writing none of these hypothetical reforms have been implemented.

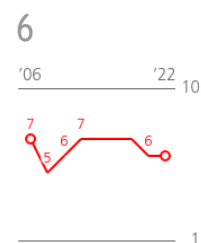
Monetary stability is a key priority for the BNA, which has introduced currency controls and “de-dollarization” measures to strengthen the kwanza over the past decade. Nonetheless, the kwanza remains extremely vulnerable to oil price shocks. Following the 2014 oil price drop and subsequent drop in foreign exchange revenues, the BNA abandoned its unofficial dollar peg and let the kwanza devalue.

These inflationary tendencies were already clear and tangible prior to the start of the pandemic. Following the introduction of COVID-19 restrictions, in March 2020 the BNA instructed commercial banks to grant a 60-day debt moratorium to their clients and to extend credit to priority importers and producers of basic goods. In May, the BNA also reopened its Permanent Overnight Liquidity Provision to commercial banks, to the sum of 100 billion kwanza (about \$150 million).

Since the end of the war in 2002, Angola has introduced significant macroeconomic reforms to open up and stabilize the economy. The 2014 oil price crisis exposed the shortcomings of these measures when the country had to take on new loans from bilateral and commercial lenders. The government managed to negotiate a credit from the IMF under the Extended Fund Facility in 2018. It passed subsequent reviews and renegotiated some of the scheduling of its external debt. Nonetheless, external debt rose to \$48.79 billion by 2020 (79% of GDP), increasing debt servicing to 56.8% of government spending, more than all other expenditures combined. The current account balance in late 2020 stood at \$8.5 billion and public debt at 120% of GDP, with a fiscal deficit of 1.9% forecast for 2021.

Again, these are tendencies that were already evident before the COVID-19 outbreak, but they were clearly reinforced throughout 2020. While the country has not benefited

Monetary stability



Fiscal stability



from the World Bank's dedicated COVID-19 Fast-Track Facility, it is part of the IMF/World Bank Debt Service Suspension Initiative, and the IMF's existing Extended Fund Facility was augmented in January 2021. The government also successfully renegotiated some of its scheduled debt repayments in 2020 to compensate for lower revenues because of the pandemic.

The government also introduced some measures such as VAT exemption for humanitarian and essential goods, and curbing government spending by, for example, reducing the number of ministries from 28 to 21 to try to improve public finances.

9 | Private Property

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

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

While this problem is most acute in rural areas, forced evictions of poorer urban dwellers from informal neighborhoods in Luanda and provincial capitals continue. Residents are relocated to social housing on the periphery of cities but are often left stranded there without adequate housing provisions or compensation.

While the government has repeatedly threatened nationalization or license cancellation of certain assets in the oil, mining and banking sectors to avoid stricter oversight by U.S. and EU regulatory authorities, it has not followed through on these threats. Accordingly, while individuals and companies in Angola often face insecure property rights, international commercial assets are generally less affected by this.

Overall, private companies are active in all sectors of the economy and private enterprise is encouraged, but it chiefly benefits elite interests. Since the transition from state socialism to market democracy in 1992, Angola has privatized a small number of state-owned enterprises, often through highly obscure procedures without public tender or by selling off lucrative assets to regime figures at below-market prices.

In many sectors, state-owned enterprises remain central – especially in service provision (e.g., water and electricity) and the strategic oil and diamond sectors. However, the government announced that as part of its 2018 agreement with the IMF it would further privatize or part-privatize 195 state-owned enterprises. By the end of 2020, 74 state-owned enterprises had already been privatized.

Property rights

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Private enterprise

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Accordingly, there have been no pandemic-related state purchases of equity or nationalizations to save companies, though in the banking sector state oil company Sonangol has repeatedly played this role to save commercial banks from collapsing under the weight of bad loans. It remains to be seen whether and how companies confiscated and nationalized as part of Lourenço's anti-corruption asset recovery drive will be privatized.

10 | Welfare Regime

Social safety nets are rudimentary and cover only a few risks for a limited number of beneficiaries – military veterans' pensions, for example, are paid but largely insufficient for people's needs and not paid consistently to all eligible beneficiaries. Some charitable organizations and local associations are partly able to compensate by distributing basic food baskets, though only occasionally. Some large enterprises also provide in-kind compensation to their employees (insurance, food and housing), though with the reduced availability of foreign exchange since 2015, many of these services have also been curtailed.

Health expenditure remains very low in comparison to other African countries, standing at the time of writing at 5.6% of GDP in the 2021 budget.

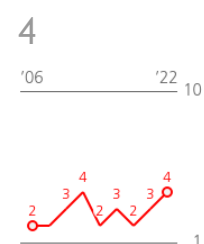
Although in 2020 the government announced an extra \$40 million in health spending to deal with the COVID-19 outbreak, public hospitals, though free in principle, remain underfunded and understaffed. Patients have to provide basic supplies such as clean water, sterile dressings, injection needles and gloves themselves. Staff sometimes solicit bribes in return for attention.

Private health insurance and pension funds/retirement benefits are largely limited to those who have steady employment with private companies or to some extent in the public sector.

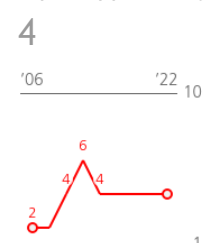
Women are better represented in politics, public administration and the security forces than in many other African countries, as Angola made efforts to actively promote women's equality during the time of socialism. In social reality, however, women are overrepresented in the informal economy and underrepresented in post-primary education, leading to lower literacy rates (59.1%, as opposed to 82.5% for men). The percentage of female MPs in parliament dropped to 26% following the 2017 elections, from 83 deputies to 59 (though still above the world average of 23%).

Legal provisions for gender equality exist, and it is illegal to discriminate against people because of their sexual orientation and identity or their religious beliefs. In practice, however, domestic violence, for example, remains a problem: the law in itself does not define a legal sanction for domestic violence. The police are generally reluctant to register complaints and tend to try to convince the victim not to file

Social safety nets



Equal opportunity



charges but instead to return home and resolve the issues by talking them through. If charges are filed, the law mandates a family reconciliation, and the police will make this a prerequisite of continuing with the process of investigation and prosecution.

Muslim citizens (a small minority) face regular discrimination. Another major issue is the lack of identity documents for large parts of the population, especially in rural and border areas. As there is significant discrimination against undocumented “illegal immigrants,” undocumented Angolans are sometimes caught up in the same police sweeps. Operation Transparency, launched in late 2018 by the National Police Force to combat illegal immigration, smuggling and fiscal evasion, after six months announced the successful “voluntary” repatriation of 455,022 insufficiently documented “illegal immigrants.” According to human rights organizations, these sweeps were accompanied by police violence, and also included people who had been recognized as refugees in Angola.

11 | Economic Performance

Following a decade of oil-fueled double-digit GDP growth (c. 2004 – 2014), Angola’s economy was plunged into a crisis in 2015, following the global drop in oil prices, and has posted negative GDP growth since.

While nominal GDP per capita contracted further to \$6,930 in 2019, inflation rose from under 10% (2013-2014) to 25.2% in December 2020, the highest value since late 2016 (32.4%). Public debt, previously at about 40% of GDP, rose steeply, reaching 109% of GDP in 2019. GDP growth has been negative since 2016, at -0.9% for 2019 and is estimated at -4% for 2020. Public debt stood at 120% at the end of 2020, and the current account balance at around \$8.5 billion, with a projected fiscal deficit of 2.2% for 2021. In recent years, public debt has increased markedly.

Though nominal unemployment figures are low, at about 6.8% of the labor force (2020), a much higher percentage of the population is working in the informal sector. The COVID-19 pandemic has led to a steep rise in unemployment, especially among youth, and further driven up consumer prices.

Output strength

3



12 | Sustainability

On paper, Angola has made some progress on environmental protection, introducing a string of measures and legislative tools designed to improve the government's handling of environmental issues. The country has also signed a number of agreements, notably with neighboring Namibia regarding the joint management of cross-border national parks and shared fishing grounds and has been selected to train environmental inspectors for the whole of the Southern African Development Community at the Missombo Polytechnic Institute (Kuangdo Kubango province). In April 2020, President Lourenço nominated the biologist Adjany Costa as minister for culture, tourism, and the environment, making the 29-year-old Angola's youngest-ever minister. In October 2020, however, she was removed from that post and appointed as a presidential adviser instead.

Yale University's Environmental Performance Index ranked Angola at 158th out of 180 surveyed countries in 2020, noting some improvements since the previous 2018 report, mainly due to advances in water protection and treatment. The regulatory environment, however, remains comparatively weak.

Since the end of the war, Angola has made significant progress in primary and secondary education. Its score on the United Nations Education Index was 0.5 in 2019, indicating consistent slight improvements in recent years. However, about 22% of children remain outside the education system and 48% of enrolled children do not complete primary education. Enrollment rates fall, though high for primary levels (118%), are drastically lower at the secondary (27%) and tertiary (8%) levels.

There are marked inequalities in access to education between urban and rural areas. The primary school attendance rate is 78% in urban areas but only 59% for rural areas. Secondary education attendance rates are 50% in urban areas and 14% in rural areas.

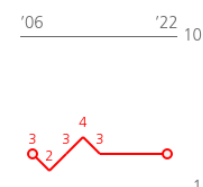
The gender imbalance (60 female students to 100 males), which is reflected in literacy rates (80% for men versus 53% for women) slightly evens out at tertiary levels (80 women per 100 men).

Despite a slight increase in public education expenditure to around 9% of government spending in 2014, the budget cuts following the oil price drop reduced it to 6.86% in the 2021 budget. Schools are oversubscribed and understaffed, and the lack of qualified teachers means that primary school teachers have very often only completed secondary education.

There is also an insufficient number of available places in the country's six public universities. Thus, there has been an explosion in the number of private post-secondary institutions, offering relatively expensive degree courses of varying quality

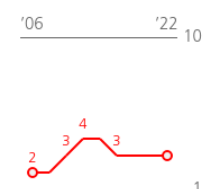
Environmental
policy

3



Education policy /
R&D

3



to Angola's knowledge-hungry youth. Many private universities have collaboration agreements with, or are subsidiaries of, Portuguese higher education institutions. This guarantees some level of quality, but they are also by law restricted to three departments, which reduces the variety of courses they can offer.

University curricula follow the Portuguese, pre-Bologna reform model, with four-year licenciaturas (undergraduate) and two-year mestrados (graduate, equivalent to MA/MSc), but few universities offer master's degrees, and there are no provisions whatsoever for postgraduate research.

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

Governance

I. Level of Difficulty

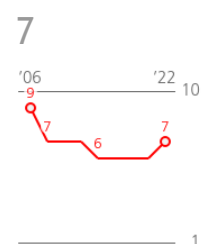
The construction and rehabilitation of infrastructure was a top priority for the government during the boom years, resulting in the rehabilitation of primary and secondary roads and railways, as well as the construction of schools and health centers across the country. However, although the improved road and railway network has significantly eased the travel of persons and goods, schools and health centers lack qualified personnel to deliver services. Moreover, the 2015 economic crisis resulted in the suspension of most construction and maintenance activities (maintenance which had already been patchy before due to graft), with many main overland roads degrading back to their old state.

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

Angola also faces significant constraints from widespread poverty and the lack of a qualified workforce. The Catholic University's Center for Scientific Study (CEIC) estimated in its 2017 report that 41% of the population live below the poverty line of \$1.25 a day, an estimate that had not changed by the end of 2020. The southern provinces also face recurring droughts, a challenge only insufficiently addressed by the government.

These constraints have been aggravated by the effects of the pandemic. However, as these constraints were structurally engrained before 2020, the impact of COVID-19 has not been as marked as it would have been in a less constrained environment. In April 2020, the World Health Organization warned that the pandemic was likely to push Angola's weakened health system past breaking point, but the relatively strict curfew measures appear to have had an effect. By June 2020, the country had recorded 176 cases. This rose to 1,852 by mid-August and to 17,553 cases with 371 recorded deaths by the end of the year – a still manageable number by regional comparison. These numbers must be viewed in context. First, testing and reporting are likely to be imprecise. Second, and more importantly, COVID-related deaths are dwarfed by deaths from malaria (on average 10,000 per year, or 3% of worldwide malaria deaths), HIV/AIDS and tuberculosis, which remain the major health challenges.

Structural
constraints



And while the pandemic has had a major impact on government revenues, the government's capacity to spend was equally affected by a renewed drop in oil prices in March 2020, when the price of a barrel dropped from \$45 to \$32, wiping out 6% of GDP overnight. The initial 2020 budget had been based on an oil price of \$55 per barrel, so parliament had to ratify a revised budget in June, with a 15.7% cut overall and a 23% reduction in government spending. Debt servicing, at 56.8% of spending in the original budget, remained the largest government expenditure, greater than the sum of all other expenditures, with the debt-to-GDP ratio estimated at 130% at the start of 2021.

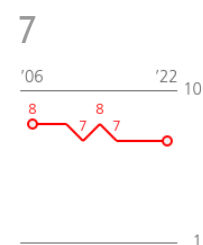
Civil society in Angola is relatively young and weak. It is hampered by structural constraints and obstacles deliberately put in place by the regime. There was an increase in civic activism in the 1990s, when civil society associations (primarily the churches) were very active and vocal in calling for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

The government has encouraged the growth of “organized civil society,” associations active in “nonpolitical” areas who deliver services such as education, health, water and sanitation in the government's stead. Equally, it has fostered or created “dependent” civil society organizations, which dispense funds to whitewash the image of the regime.

There has been a renewed upsurge in independent and unorganized civil society activism since 2011, when youth protesters organized anti-government demonstrations to protest against President dos Santos clinging on to power, poor governance and nonexistent services. However, protest activity has been very limited in scale and reach since, and security forces have acted very swiftly and decisively against any attempts to protest. Around the 2017 elections, however, some of these loosely associated groups did independent vote tallying, and some rallies in 2018, such as a women's march against a new abortion law, were not hindered by the police. However, since 2019, popular dissatisfaction with Lourenço's handling of the economic crisis has been on the rise again, resulting in a hardening stance against civic protest again.

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

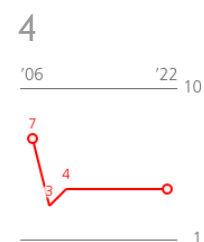
Civil society traditions



The MPLA's dominance of political and economic life leaves little space for dissenting voices to emerge. Despite a fairly high potential for class conflict and social unrest due to the growing frustration of marginalized urban youth, there are very few open conflicts in Angola at the moment. While frustration over the persistent economic crisis and the lack of opportunities has been mounting, especially since COVID-related restrictions were introduced in 2020, this has not translated into violence, manifesting only in peaceful, if repressed, demonstrations.

The separatist rebellion in the northern Cabinda province continues to be active, albeit at a very localized and low level, and there are sporadic incidents of violence in the diamond-producing Lunda provinces. These are also the only two areas where ethno-regional identities are mobilized in local conflicts; otherwise, there are no open divisions along ethnic or religious fault lines.

Conflict intensity



II. Governance Performance

14 | Steering Capability

Due to the dominance of the presidency over all branches of government, the institutions of the administration that could drive reforms are regularly overruled by “higher orders.”

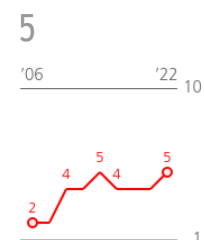
For years, strategic prioritizing appeared to be concerned primarily with maintaining power and maximizing economic benefits for the ruling elite – and the government has been relatively capable and successful in that respect. Other than that, there appears to be little institutional capacity for or interest in harnessing and organizing domestic or foreign expertise and basing policy decisions on assessments or evidence. Accordingly, policy targets such as the much-vaunted diversification of the economy away from oil, which has been part of the government's rhetoric for more than 10 years, have failed to materialize because there is little follow-through beyond lofty pronouncements.

The new president, João Lourenço, has started to enact some reforms that would improve Angola's international image, attract foreign investment and put the economy on a sounder footing. This includes a restructuring of the governance of the oil sector and increased competencies for the National Bank of Angola to regulate the banking sector, accompanied by a high-profile, if selective, fight against corruption. Here, we can see some evidence of strategic priorities being tailored to fulfill IMF requirements.

In that sense, the pandemic has played into the government's hands. It has justified, for example, the postponement of local elections, while easing access to foreign loans

Question
Score

Prioritization



and debt rescheduling/relief. In the period under review, there was also some success in setting short-term strategic priorities. Measures adopted by the government to stem the spread of COVID-19 appear to have been relatively effective with regard to the public health impact of the pandemic, which was not as catastrophic as predicted. At the same time, this diverted resources from the fight against the three major causes of death in Angola – malaria, HIV/AIDS and tuberculosis – with Angola still making up 3% of malaria deaths worldwide.

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

Other professed policy goals that do not directly serve these priorities – such as improving the delivery of basic services to the population, the creation of jobs and social housing (all regularly part of the MPLA’s electoral promises and rhetoric) and diversifying the economy away from oil – have only been very partially implemented. Measures to improve order and organization, such as Operation Rescue, launched in 2018, and goals to regularize informal street vending, have been implemented in a haphazard and patchy way. Indeed, while authorities hailed Operation Rescue as a great success, street vendors’ associations complained about harassment, violence and extortion by the police, and noted that none of the promised permits were available from municipal administrations.

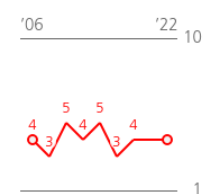
While the postponement of local elections, allegedly due to the COVID-19 outbreak, could be seen as a failure of implementation, many Angolans (and, most vocally, opposition parties) saw this primarily as due to continued lack of political will rather than actual constraints.

The impact of the drop in oil prices in late 2014, which caught Angola seemingly unawares, shows that there has been zero policy learning from an earlier, shorter oil price drop in 2008-2009. Back then, the government had to appeal for an IMF standby credit and started introducing some incremental improvements in budget transparency and spending coordination, only to abandon these reforms as soon as the oil price rebounded.

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

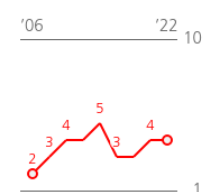
Implementation

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Policy learning

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By comparison, COVID-19 measures, while experienced as relatively drastic by citizens, were implemented rather swiftly and sweepingly, leading to relatively lower recorded infection rates in comparison to more developed countries.

We can therefore observe some evidence of improved policy learning in specific strategic areas, for example adopting much more rigorous restrictions to public life to prevent the spread of COVID-19 than in some more market-oriented countries. In terms of macroeconomic policies, however, the government sticks closely to orthodox policy recommendations by multilateral lenders, showing some responsiveness to external pressures but little ambition or capacity to devise more innovative solutions.

15 | Resource Efficiency

Overall, government spending priorities make rather inefficient and wasteful use of available resources, a problem that has been compounded by a lack of budget transparency. Although the Open Budget Survey noted some improvements between their 2017 and 2019 reports, Angola still ranks among the countries that make available the least information to their citizens.

The civil society organization the Angolan Association for Rural Development (ADRA), which publishes a report on the state budget annually, criticized the proposed 2021 budget. Rather than, as stated in the budget proposal, giving priority to financial stability, economic diversification and protection of vulnerable population groups, the lion's share of the budgeted expenditure (53%) is allocated to debt servicing. Another 21% is earmarked for operations that are essential to maintaining the country's sovereignty, namely defense and local police forces. This is followed by the social sector (18.8%) and the economic sector (7.4%), which is clearly insufficient to fuel growth in an economy that, in addition to languishing over the past five years, has been hit particularly hard by the impact of coronavirus restrictions.

Because the overall budget was reduced from 2020, many sectors are seeing a budget reduction in absolute terms, despite nominal increases in budget share. For example, ADRA reports that the education sector is seeing a reduction of real expenditure by 5%. Health, while allocated a nominal 3% increase in budget share, has also seen its absolute amount shrink from 2020. Measures to fight unemployment, which should be a top priority, especially in the current context of the pandemic, will receive AOA 13 million (\$20,000), while defense spending will amount to AOA 615 billion (\$936.4 million).

This is compounded by severe regional imbalances across the country: Luanda, which is home to just over a third of the national population, receives almost 75% of the budget, with the rest spread unequally across the remaining 17 provinces. Of these,

Efficient use of assets

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Benguela receives the highest (2.9%) and the remote eastern province of Kuando Kubango the lowest (0.79%) share of spending. Therefore, ADRA notes, Angola is trying to address an extraordinary situation with ordinary measures, continuing with mismatched spending priorities as in previous years.

Policy setting and coordination ultimately rests with the president. Under dos Santos, this resulted in intentionally cultivated overlaps of competencies and competition between the presidency, the dossier ministries and ad hoc commissions set up by the president.

However, since coming to power in 2017, João Lourenço has taken some steps to widen and improve the coordination process. The Commission for the Reform of the Oil Sector, for example, set up early into his mandate, brought together representatives from oil majors, state oil company Sonangol and the Ministries of Petroleum and Finance. It was widely hailed as a significant step toward improving the oversight of the strategic oil sector because it reduced Sonangol's regulatory influence. In an effort to curb public spending as part of the deal with the IMF, the number of ministries was also reduced from 28 to 21.

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

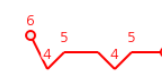
Since coming to power, President Lourenço has made some decisive, if selective, high-profile moves against grand corruption. These have specifically targeted the children of ex-President dos Santos and their allies in public administration. While some of these investigations have resulted in trials, with condemnations and the confiscation and nationalization of certain economic assets, many Angolans in the period under review have begun to worry that old networks of elites are simply being replaced by new ones. Nonetheless, Lourenço's fight against corruption has been successful in reassuring foreign investors and multilateral donors.

There are formal mechanisms at various levels to ensure integrity, but they are often weak or untested. Lourenço's attorney general has made great strides in opening investigations into figures of the previous administration (under dos Santos), and several of these high-profile cases have resulted in asset seizures and condemnations. In August 2020, the ex-president's son and former head of Angola's Sovereign Wealth Fund, José Filomeno “Zénú” dos Santos, was sentenced by the Angolan Supreme Court to five years' imprisonment for fraud and influence-peddling. In September 2020, Carlos São Vicente, the husband of Irene Neto, daughter of

Policy coordination

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Anti-corruption policy

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Angola's first president, was placed in preventative prison pending an investigation, with his Angolan assets confiscated. However, for each of these examples, there's a counterexample. In August 2020, President Lourenço's daughter, Cristina Dias Lourenço, was appointed executive administrator of the new Angolan stock exchange (BODIVA), a decision strongly criticized by opposition parties and civil society. And in September 2020, a Portuguese news channel reported that the president's chief of cabinet, Edeltrudes Costa, had illicitly enriched himself under both dos Santos and Lourenço. According to the report, Costa's company, EMFC, a so-called service delivery firm, had benefited from government contracting, allowing him to amass a fortune of around €20 million. Despite a public outcry, calls for an investigation and his dismissal were not heeded.

Moreover, public procurement is often untransparent, and the MPLA has access to state funds that other parties don't have. In addition to grand corruption, petty corruption remains rife, especially in dealings with the public administration and the police, even though citizens have lately begun denouncing cases of attempted bribery.

16 | Consensus-Building

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

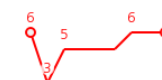
This is equally true for the principle of market economy, upon which all actors agree, even if there are some disagreements about the degree of redistribution the state should aim for. However, as above, at least during the dos Santos years the market economy was significantly skewed to the benefit of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

President Lourenço has donned the mantle of a reformist and has reached out to opposition parties and civil society activists. The change of tone has been especially notable regarding the latter, who had faced judicial prosecution, harassment and imprisonment under dos Santos. That change was most evident when some of the most prominent civil society representatives were invited to the presidential palace in 2018 and the president encouraged them to "continue their important work." However, in the review period there was a noticeable hardening of tone again against critics of the regime, with protesters facing violence and opposition parties weakened by administrative and financial hurdles. The MPLA also has a long history of co-

Consensus on goals

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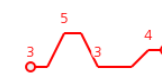


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Anti-democratic actors

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opting or buying off potential opponents, including people in the military command and civil society activists (though the latter are generally only anti-regime and not anti-democratic). In that sense, leading parts of the MPLA remain the strongest anti-democratic veto power in practice.

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

The main cleavage in Angola is social, between a large proportion of the population who remain poor and a small, wealthy elite (buffered to a certain extent by a small, urban middle class). That cleavage also represents a marked urban-rural imbalance. While during the final years of dos Santos's rule this led to growing frictions, this tension has to some extent been defused by the election of João Lourenço, who has adopted a reformist stance and taken up some of the parliamentary and civic opposition's most pressing demands.

Ethno-regional cleavages have been largely absent from Angolan formal politics, and both MPLA and UNITA take great care to not stir up any possible conflict based on this. With the exception of local separatist (Cabinda) and autonomist (Lundas) movements, all parties evoke national unity, although the smaller Social Renovation Party (PRS) advocates for a more federal model with greater competences devolved to the provinces.

Although internal asymmetries are generally glossed over or taboo in political debate, the government is not beyond exploiting latent suspicion of foreigners for its own purposes, as evidenced by the sometimes virulent anti-Islam opinions professed by some exponents of the regime.

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

President Lourenço in May 2020 held a first civil society consultation to discuss measures to fight and alleviate the effects of the COVID-19 pandemic. Following this, September saw the creation of an Economic and Social Council, which brings together 45 representatives of civil society, academia, and the entrepreneurial, including some well-known critical voices. However, between the inaugural

Cleavage /
conflict
management

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Civil society
participation

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ceremony in late September and the time of writing, the council recorded only one, unspecified “working” meeting (held in December 2020). Members reported to the press that some 50 issues across six major thematic areas were raised and passed on to the president.

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

Nonetheless, the government also likes to remind UNITA of its role as the “rebel movement” in the civil war whenever the opposition dares to question the postwar status quo, branding any criticism of the government as an attempt to destabilize the country and derail postwar economic recovery.

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

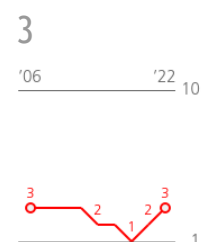
17 | International Cooperation

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

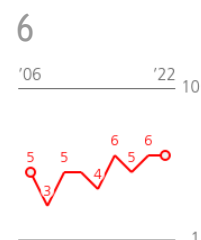
The attribution of an IMF standby credit in 2009, following a drop in world oil prices, constituted a departure from that model, though once prices recovered the impetus to improve financial transparency was lost. Negotiations with the IMF in 2015 were scuttled when the then president, José Eduardo dos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

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

Reconciliation



Effective use of support



Angola's economic credibility also suffered significantly in the last three years of dos Santos's tenure as president, mainly because of contract and corruption risks, as well as the overall poor performance of the Angolan economy. One of Lourenço's key political priorities has been to improve Angola's international image, which has been relatively successful so far. This is to do with some of the reforms his government initiated, including a very vigorous public crackdown on the previous administration's most egregious excesses of corruption and the successful negotiation of IMF assistance. However, repeated delays in joining the SADC free trade zone (see "Regional cooperation") also undermine the government's credibility in that respect.

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

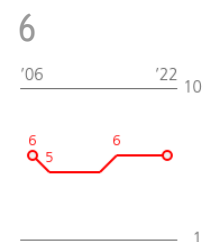
Angola regularly submits to the United Nations' Universal Periodic Review (UPR) of its human rights record and passed the 2020 UPR in Geneva. It is a signatory of a number of international agreements and arbitration mechanisms, though most of these are still untested. President Lourenço is building upon this work, while investing more time and effort into substantial regional cooperation than his predecessor.

Angola is a member of various regional bodies such as the Southern African Development Community (SADC), the Economic Community of Central African States (ECCAS), the International Conference for the Great Lakes Region (ICGLR), the Community of Portuguese-Speaking Countries (CPLP), the African Union (AU) and the Gulf of Guinea Council (GGC), as well as of the WTO and OPEC.

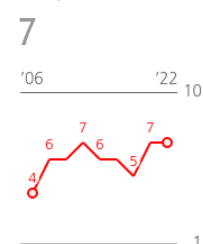
It is especially regarding Angola's engagement with SADC that Lourenço's departure in foreign policy from his predecessor has been most notable. Angola's engagement in these bodies had until recently been largely self-serving and rather lukewarm, as evidenced by the repeated postponing of its adherence to SADC free trade zone regulations (to which it was and still is a signatory). The government justified this postponement by emphasizing Angola's worries about South African competition, though it said in 2020 that adherence was imminent. One of Lourenço's first foreign policy decisions, however, was to sign an agreement with South Africa for visa-free travel, which is a significant step for its regional integration. Continued talks with Namibia regarding the joint management of national parks and fishing grounds are a further step in this direction, as is a January 2020 decision to share its satellite infrastructure with fellow SADC member states.

Bilateral cooperation has been more successful, and Angola was especially adroit at playing off its different partners for its own benefits during the boom years. Western multinationals have been instrumental in developing local know-how in the oil sector,

Credibility



Regional cooperation



with the governments of European countries and the United States largely subordinating their political priorities to these business interests. Several European countries and the United States have also given support to non-oil development projects (mainly agribusiness and agritech training facilities), but these still remain dwarfed by the focus on oil.

There was a well-established collaboration on security and intelligence matters with the Eastern Bloc during the Cold War, which has expanded in recent years to include Israel. More recently, Chinese oil-backed credits have been instrumental in making the postwar infrastructure boom happen, and under João Lourenço cooperation with South Africa has also intensified and improved. Cooperation with Cuba, Russia, Vietnam and Brazil in the sectors of education, health, security and defense, and infrastructure has been a success, though many of these programs have been halted following the oil price crash.

Strategic Outlook

While the dominance of the MPLA over political, administrative and state security institutions remains a serious obstacle to real democratization, Angola's most pressing challenges at the moment are economic. Since 2015, the country has been in deep recession and has not yet found a way out. These economic woes have been compounded by the pandemic, as measures to stop the spread of COVID-19 have brought economic life almost to a standstill.

The postponement of local elections due to the pandemic has been a further blow to the progress of democracy in Angola, as local elections (provided for by the 2010 constitution but never held) would constitute an important step toward decentralizing powers and competences and most likely provide opposition parties with opportunities to govern at the local level. While some gestures toward parliamentary and civic opposition have had a positive effect on the level of political dialogue, the government should engage in real, constructive exchange with parliamentary and extra-parliamentary opposition forces and finally advance on free and meaningful local elections and stop organizing local elections only in those municipalities where the MPLA feels confident of victory and organize elections.

Austerity measures negotiated with the IMF in exchange for new loans have pleased lenders and investors but have compounded hardships for ordinary Angolans – the phasing out of fuel subsidies, as well as the introduction of VAT and of individual income taxes, have hit the poorest part of the population hardest.

The often-invoked diversification of the economy away from oil has not made much progress. Although the oil-price crisis and the more recent COVID-19 restrictions should provide powerful incentives to finally invest substantially more in agriculture, domestic industry, education and health, as in previous years the government continues to spend most of its money on debt servicing and defense.

Instead of applying macroeconomic orthodoxy and austerity measures, the government should revise its spending priorities to alleviate the situation of the population and really invest in transforming Angola's oil-dependent economy.