

FAST Update

Angola

Semi-annual Risk Assessment
June to December 2005

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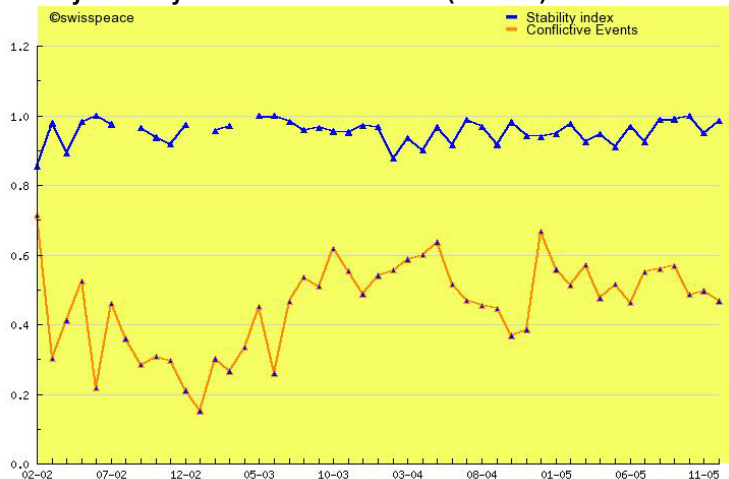
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Contact FAST International:
Phone: +41 31 330 12 07
Fax: +41 31 330 12 13
<mailto:FAST@swisspeace.ch>
www.swisspeace.org/fast

Country Expert:
Lisa Rimli
swisspeace

Country Stability and Conflictive Events (relative)



Average number of reported events per month: 133

Indicator description: see appendix

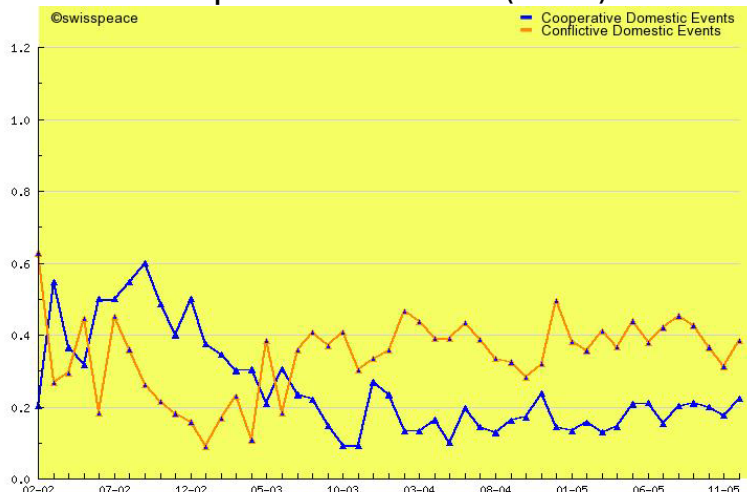
Risk Assessment:

- Country Stability increased slightly during the monitoring period, despite uncertainty over a possible postponement of elections. Meanwhile, Conflictive Events were marked by an increase in July, followed by a decrease in October. The high Country Stability level can be ascribed to several factors highlighted in the sections on Domestic and International Cooperation and Conflict below.
- The period under review continued to be marked by electoral preparations and uncertainties regarding their legal setting and schedule. After the President had sought constitutional review of the Electoral Law in June, the Supreme Court on July 22 overruled provisions of Art.17, thus allowing José Eduardo dos Santos, in power since 1979, to be elected for another three consecutive five-year terms. The Supreme Court based its decision on the peculiar argument that the President was exercising power, but had not been formally elected, since the second round of the first 1992 presidential elections never materialized. The amended Electoral Law was then approved by the Parliament, promulgated by the President on August 9, and adopted by the Council of Ministers on August 10. While all parties represented in Parliament had already agreed to annul the outstanding second round of the 1992 presidential elections, opposition parties argued that the president could not be re-elected after having served already three five-year mandates since 1992. Nevertheless, no decision has been taken on whether presidential and parliamentary elections should take place simultaneously.
- The opposition continued to reject parts of the revised Electoral Law. The Platform of Civic Opposition (POC) representing small parties has claimed that the new Electoral Law increases hurdles to run for general elections. Despite having approved the amended Law in Parliament, UNITA filed a complaint at the Supreme Court on August 8 against several governmental acts regarding electoral preparations and provisions of the Law. Especially Art. 17, by ruling that presidential candidates must have resided in Angola for 10 years prior to elections, seems to exclude UNITA president Isaias Samakuva. Furthermore, the Association Justice, Peace and Democracy (AJPD) voiced that according to the Constitution, the Electoral Law could not have been promulgated with pending complaints at the Supreme Court, and that senior officials of the judiciary could not be members of the National Electoral Commission (CNE). However, UNITA had to revise its complaint, that was accepted by the Supreme Court only in December.
- The CNE, under current Supreme Court vice-president Caetano de Sousa, took up its duties at a slow pace. Created on August 19, it took two months to have its internal regulations approved. However, despite ongoing controversy over its MPLA-dominated composition, the CNE has gradually strengthened its profile, especially in its relationship with the government's Inter-ministerial Electoral Commission (CIPE). This became evident when the CNE in November announced that six months were needed for voter registration, calling the three-month period designated by the Angolan government unrealistic. Equally important, the CNE has demonstrated a willingness to consult regularly with opposition parties

and civil society. Still in August, the CNE held bilateral meetings with a wide range of political parties, civil society organizations and churches, and in December, during a first national seminar on the electoral process with the provincial commissions, the CNE announced to set up local consultation councils with political parties and civil society organizations.

- However, since November 2005 indications have multiplied that the Angolan government will postpone elections to 2007. After the CIPE coordinator Fontes Pereira had admitted that the schedule for elections to take place in 2006 was "very tight", the government in December claimed that de-mining operations, as set in its National De-mining Plan to continue until 2007, had to be concluded before the elections. In his New Year's address, the President urged the CNE to prepare elections "as soon as possible", but didn't elaborate on the electoral schedule. Finally, in his opening speech to the MPLA Central Committee's first meeting in 2006, the President claimed that the rehabilitation of roads and the Benguela and Moçamedes railways (presumably finished in 2007) was a necessary pre-condition for holding elections.
- With a further postponement to 2007, the MPLA wins time to strengthen its party structures on national level, while reaping the political and financial benefits from the oil and reconstruction boom, aiming at a two-thirds majority in Parliament. However, since demands for service delivery, social rewards and political openings are likely to increase at the same pace, concerns persist that elections might be further postponed. The fact that the president can wait until 90 days before the vote to announce the date will continue to leave wide room for speculation.
- It is evident that the Angolan government lacks the will to assign the necessary priority to electoral preparations. For instance, provincial electoral commissions were set up, but - like the CNE - still lack an operational budget. The government has failed to schedule the crucial tasks of the voter registration and the civic education campaigns. The voter registration, initially set to start in May 2005, was gradually delayed due to procedural and logistical constraints. First, extended parliamentary discussions on the Electoral Law and the President's request for its constitutional review delayed the creation of the CNE as the overseeing body. In December, provincial governors alleged that for logistical reasons the conduction of the voter registration process was unfeasible during the rainy season.
- The lack of clarity of the electoral schedule has fueled speculation and disorientation among opposition parties, and has created frustration among civil society organizations involved in electoral preparations. Civil society participation in the electoral preparations and elections observation, as foreseen by the new Electoral Law, was generally welcomed. However, adversely, uncertainties over the electoral schedule and the definitive election date have prevented some donors from releasing funds, which has especially severe implications in a high-cost environment such as Angola.
- Results achieved in the government-led civic registration campaign are far from original targets. UNICEF in September estimated that less than 30% of the population had a civil record and criticized that civic registration campaigns carried out by the Justice Ministry were not sustainable and over-centralized. In December, the government declared that 600'000 Angolans benefited from the free adult registration campaign since March 2005. However, UNITA and other opposition parties claimed that the campaign was tainted with irregularities and discrimination of non-MPLA members and raised concerns that this does not augur well for the voter registration process. The fact that the civil registration took place at a time of electoral preparations, but - unlike the voter registration - was carried out by government officials only, might have caused confusion among the population. Government promises, that voters would be allowed to present other personal documents or testimonies to register, did not dissipate concerns about the government's lacking willingness to make the necessary resources available to accomplish this administrative task to provide citizenship to millions of Angolans.
- Moreover, lack of access to information in most provinces, except Luanda, remains one of the main obstacles for free and fair elections. The long awaited media law revision is still pending. The new press law was approved by the Council of Ministers on August 31, with discussions in Parliament to take place at the end of January 2006, ahead of its promulgation. However, the Media Minister already announced that the new media laws would not allow Rádio Eclésia to broadcast nationally. The church radio has since started broadcasting news outside Luanda via shortwave on radio Vatican.

Conflictive and Cooperative Domestic Events (relative)



Average number of reported events per month: 133

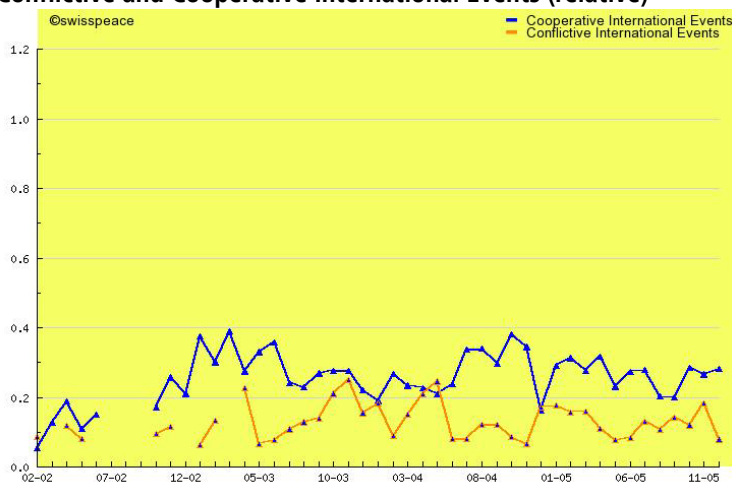
Indicator description: see appendix

Risk Assessment:

- The Conflictive Events curve, peaking in August, continued to exceed Cooperative Events in the domestic area throughout the monitoring period.
- Fewer clashes between MPLA and UNITA supporters were reported, mainly in Benguela and in Uíge. However, the disarming process of the civilian population has proceeded at a slow pace. In this context, it is worth noting that in September the speaker of a platform of 50 small parties (PPE) accused UNITA to withhold 23'000 arms caches. This party coalition, widely believed to be close to the ruling MPLA, became known when invited to a presidential consultation meeting in August 2004. The latter statements came after another audience with the President and were broadcast nationwide on National Radio at prime time. Even if unfounded, such a rumor might fuel fear, especially in the provinces with little alternative information sources, and could undermine demands from civil society, churches and opposition parties including UNITA, to disarm the MPLA Civil Defense militia before elections.
- Internal leadership conflicts continued to affect several opposition parties, reaching self-destructive proportions within the historic FNLA. A lack of internal democratic culture appears to be the main root cause of these divisions, rather than earlier MPLA-induced splits. While UNITA has been able to manage diverging factions successfully, despite being over-reported in the media, a postponement of elections might challenge the leadership of Samakuva, formally to expire in mid-2006.
- Civil society organizations and provincial Electoral Networks, supported by international organizations such as the National Democratic Institute (NDI) and the Electoral Institute of Southern Africa (EISA), continued their engagement in electoral preparation activities by holding national and provincial seminars and workshops. At the end of October, the International Republican Institute (IRI) and the Inter-Ecclesiastical Committee for Peace in Angola (COIEPA) organized a conference on reconciliation and peace consolidation, which was funded by the President's private Eduardo dos Santos Foundation (FESA) and the Ministry of Foreign Affairs. While such broad discussion forums are welcomed, it was noted that the resulting recommendations have remained on paper so far.
- With oil production reaching 1.3 million barrels per day in August, soaring oil prices and spectacular economic growth previsions, the government announced an increase in social and health expenditures in its 2006 state budget approved in December. The government also finalized its Poverty Reduction Strategy Paper in November. Optimistic perspectives and promises regarding Angola's economic recovery and social peace dividend prevailed in government discourses at the end of the year - somewhat in contrast to the stumbling electoral process. However, while perceptions of Angola's growing state revenues are taking root among Angolans, demands for social rewards are expected to increase in the near future. The fact that the three major worker's unions, UNTA-CS, CGSILA and FSA, are planning to overcome their divisions over party lines and to form a common platform in 2006 to fight for a minimum wage increase, are a clear indication for this trend.

- Corruption scandals hit a wide range of government institutions, including the Finance Ministry, the National Bank, the Transport, Education, Health and Foreign Affairs Ministries and the Services for Migration and Foreigners (SME). Corruption allegations against the Finance Ministry and the National Bank originated in the Brazilian corruption investigations affecting the government of Lula da Silva. Yet, other cases resulted from growing pressure within Angolan society. The MPLA-president might well support a limited corruption cleansing operation within the civil service and consider the substitution of some badly performing provincial governors ahead of elections. However, investigations haven't touched the government elite so far.
- Regulations for the controversial Land Law approved in 2004 continue to be drafted with restricted government consultations of a small number of NGOs. In the meantime, the booming commercial construction business in Luanda, in absence of urban land regulations, and combined with corrupt practices of military and administration officials, has resulted in more forced evictions and homes' demolitions without prior notice or compensation. Several such violent incidents, leading to temporary arrests of activists of the local NGO SOS-Habitat, attracted widespread attention of local and international media. Albeit the MPLA has an interest in avoiding social unrest in Luanda's densely populated shantytowns ahead of elections, it might prove a difficult task to reconcile the interests of its client elites with long neglected pro-poor policies to accommodate Luanda's needy residents. However, public pressure led the Parliament to summon the governor of Luanda for questioning in December - a clear indication that public awareness on land issues has taken root. Equally in Huila, the Portuguese manager of a large-scale land property and his deputies, charged for private imprisonment and torture of local cattle breeders, were convicted to prison sentences and compensation of the victims in November. Yet, the supposed landowner Faustino Muteka, former minister and MPLA Politburo member, remained untouched. Investigations leading to the court case were supported by several civil society organizations. However, these encouraging developments cannot be generalized. For instance, Partnership Africa Canada in a report issued in June reminded that multiplying diamond concession awards in the Lundas have further eroded land rights of local populations.
- Perspectives for peace in the enclave of Cabinda cautiously appear to gain ground. The FLEC guerilla and civil society, engaged in the Forum for Dialogue of Cabinda, and the government have intensified efforts to seek dialogue. The government, while maintaining military pressure, obviously intends to avoid a repetition of the politically disastrous 1992 scenario of overwhelming electoral abstention. It thus approached Bento Bembe, FLEC member and president of the Forum for Dialogue of Cabinda, and contributed to his release at a Dutch court in November. Bembe had been arrested in Den Haag in June at an US request for extradition for terrorism charges and alleged abduction of a US citizen in 1990. However, a real policy shift would imply clear multi-stakeholder approaches from the government, rather than pursuing bilateral talks with unclear commitments. Meanwhile, sectors within the MPLA increasingly perceive the governor Aníbal Rocha, tainted with wide-scale corruption and mismanagement, as a major obstacle. Nzau Puna, Angolan ambassador in Canada, may reflect these concerns when, on a visit to Cabinda in November, he publicly blamed the authorities for failing to promote political dialogue and social development. Meanwhile, since October, the apostolic nuncio and the Bishop's Conference of Angola and S. Tomé (CEAST) have signaled conciliatory approaches to overcome tensions with the influential local clergy. CEAST had suspended two popular priests and closed the Imaculada parish in July, after the local clergy had resisted the appointment of a new bishop from Luanda, and groups of believers physically attacked church delegates. Subsequently, 19 priests, pleading support from the Vatican, went on an unprecedented strike in August, and the general vicar of the diocese resigned. In December, sanctions against the suspended priests and parish were lifted, but controversy over the new bishop, who hasn't taken office up to now, goes on. Despite these cautious signs of change, high military presence continues to affect the political climate and human rights situation. The civic association Mpalabanda has suffered crackdowns and arrests of activists, as well as restrictions to carry out human rights activities in the province interior. Moreover, Chevron Texaco's Cabinda Gulf Oil Company has been widely criticized in Cabinda for dismissing workers who went on strike for demanding payment increases to reduce tremendous gaps in relation to expatriate salaries.

Conflictive and Cooperative International Events (relative)



Average number of reported events per month: 133

Indicator description: see appendix

Risk Assessment:

- On the international level, Cooperative Events continued to clearly surmount the Conflictive Events curve, with a widening gap in December.
- Developments on the international level have been highly favorable for the Angolan government. This trend is likely to continue in a mid-term perspective. Rising oil production and prices as well as flowing bilateral credit lines, mainly from China but also from Brazil, Portugal, Poland, Israel and Germany, linked with direct investments, have allowed the Angolan government to gain leverage and diversify partnerships.
- During another high-level IMF delegation visit in August, the Angolan government expressed that it no longer needs concessional loans from the IMF, while it would welcome an agreement on technical assistance to its "home-grown" economic recovery program. In the future, the Angolan government might consider joining UK's Extractive Industries Transparency Initiative (EITI) in order to clear the way for debt rescheduling with the Paris Club. The Angolan government suggests that the IMF should recognize achieved macro-economic reforms and encourage further progress by embarking on a similar IMF policy support program as the one agreed upon with Nigeria, instead of imposing reform models that have not been adjusted to Angola's post-war reality. Discussions on this option are likely to continue. However, economic analysts believe that the Angolan government's economic recovery program remains vulnerable to possible oil price shocks, while mainly oil-based growth fails to create employment and to enhance income distribution.
- Corruption, lack of transparency over oil revenues, and the practice of future oil mortgaging have long been the main stumbling blocks in relation to an agreement with the IMF and an international donor conference. The Transparency International Global Corruption perception index 2005 continued to rank Angola among the 10 most corrupt countries. However, self-confidence of the Angolan government's economic team was hardly touched by the alleged involvement of Finance Minister José de Morais and National Bank director Amadeu Maurício in the Brazilian corruption scandal in November. In July, the Finance Minister threatened to cut relations with the IMF, which had published an US-academic discussion paper with the title "The only institution in Angola is corruption" on its website, until the IMF withdrew the controversial document. Only a few days after the visit of the IMF in August, the President in his birthday speech blamed the West for continuously imposing solutions which are unsuitable for Africa, referring to the policies of the Bretton Woods institutions.
- The World Bank in 2005 ranked Angola 135 of 155 countries regarding the "ease of doing business". Heavy bureaucracy and corruption mainly accounted for this low ranking. In contrast, a senior official of KPMG recently labeled Angola "one of Africa's best-kept secrets". Portugal's proposal to host an investor's rather than a donor conference was quickly taken up by the President. According to economic

analysts, many investors at present see the high risks more than compensated because of even higher rewards for winning reconstruction contracts, especially when backed by oil and embedded in bilateral debt rescheduling agreements. China, Brazil, India, Israel and others have taken the opportunity. Also Western banks continue keenly to lend to the state-owned oil company Sonangol, despite the country's high indebtedness. Publish What You Pay-campaigner Global Witness in September blamed a bank consortium, led by the French Cylon bank, for negotiating another 2.25 billion USD oil-backed loan to Sonangol, allegedly for debt refinancing purposes.

- Chinese involvement has further increased in the oil sector, industry and construction, agriculture, health, education and telecommunication. In October, China-Sonangol International Limited agreed on joint oil exploration with Sonangol in Bloc 3/05 and 3/05A, while Sonangol Sinopec International, another Angolan-Chinese joint venture, was reported to raise another 1.2 billion USD loan on the international capital market to develop Block 18. In December, the Angolan National Steel Company, closed in 2000, re-opened with a major stake of a Chinese company. One of the major construction projects carried out by the Chinese, the strategically crucial Benguela Railway, is to be fully operational in 2007. The ruling party MPLA, embracing China's model of economic success without political reforms, paid a working visit to the Chinese Communist Party in Beijing in October.
- While the US plans to double oil imports from Angola during the next five years, the influential US think tank Council on Foreign Relations warned against the growing influence of China in Africa, particularly in Sudan and Angola, and is currently preparing a commission report on future US policy in Angola.
- Concerns within Angolan society have been growing over a lack of transparency with regard to the loan from China and at the increasing influx of Chinese contract workers and competition from Chinese companies. The fact that even the secretary-general of the Worker's Union of Angola (UNTA-CS), an MPLA Central Committee member, voiced concerns in this regard, indicates that Chinese cooperation might become more disputed in the future.
- In November, while Angola hosted high-level visits for its celebrations of 30 years of independence, the President inaugurated Angola's first and Africa's largest diamond polishing plant, located south of Luanda. The factory is a joint investment by Israeli diamond tycoon Lev Leviev and state-owned Endiama, and will allow a multiplication in Angolan diamond revenues. Another construction project inaugurated in November, the second phase of the Capanda hydroelectric dam in Malange, financed by the Brazilian Odebrecht, is expected to supply energy from Malange province to Luanda. This, however, might take much more time to materialize, given the poor state of distribution networks.
- In view of Angola's increasing revenues, donor fatigue has further increased. Several humanitarian aid agencies have begun to phase out their country programs. Yet, despite an encouraging growth of agricultural production during the year 2005, pockets of food insecurity continue to affect 700'000 people, as estimated by the Ministry of Social Assistance and Reintegration. The Angolan government therefore called for the continuation of donor support for the social reintegration of returnees and IDPs. Due to a lack of funding, the World Food Programme (WFP) scaled down its operations further, and might even be forced to cut its non-commercial airlift service, which would negatively impact on the financial situation of 200 NGOs. Meanwhile, World Bank support for social reintegration programs of demobilized UNITA soldiers has continued, and the European Commission has initiated discussions with the Angolan government on support programs to civil society, according to the Cottonou agreement.
- In November, the Swiss and Angolan governments signed an agreement, according to which remaining Angolan funds, frozen in 2002 on the basis of corruption allegations, will be returned to Angola in the form of humanitarian aid programs to be implemented by and at the cost of the Swiss Agency for Development and Cooperation (SDC). Global Witness and Swiss advocacy NGOs criticized that neither Angolan nor international civil society were involved in the restitution process. Meanwhile, in France, the "Angolagate" corruption investigation dossier was handed over to the courts in June, while background pressure from the Angolan government to drop the case continues.
- Regional relations continued to be highly cooperative. Angola was courted within the African Union (AU) to mediate the conflict between Sudan and Chad, and continues to support the peace process in the DRC. The Angolan government might expand its influence within the AU with its old ally Sassou Nguesso, the president of the Republic of Congo, as the newly elected AU-chairman. On a multilateral level, in October Angola registered a warm welcome as the most-voted member country to join the UN Economic and Social Council (ECOSOC) for a three year term.

Country Stability	The Country Stability index reflects three independent factors: (i) challenges by non-government actors to the state's monopoly of force; (ii) state repression; and (iii) violence entailing physical force against persons or property. The index is scaled between 0 and 1, where 1 means high and 0 low stability.
Conflictive Events (relative)	Number of Events (i) that have a negative value on the IDEA conflict-cooperation scale* divided by the number of all reported events. The Indicator has a range between 0 and 1.
Conflictive Domestic Events (relative)	Number of Events (i) that have a negative value on the IDEA conflict-cooperation scale* and (ii) where all actors come from inside the country divided by the number of all reported events. The Indicator has a range between 0 and 1.
Cooperative Domestic Events (relative)	Number of Events (i) that have a positive value on the IDEA conflict-cooperation scale* and (ii) where all actors come from inside the country divided by the number of all reported events. The Indicator has a range between 0 and 1.
Conflictive International Events (relative)	Number of Events (i) that have a negative value on the IDEA conflict-cooperation scale* and (ii) where at least one actor comes from outside the country divided by the number of all reported events. The Indicator has a range between 0 and 1.
Cooperative International Events (relative)	Number of Events (i) that have a positive value on the IDEA conflict-cooperation scale* and (ii) where at least one actor comes from outside the country divided by the number of all reported events. The Indicator has a range between 0 and 1.

*The IDEA cooperation-conflict scale is a general weighting scale that attaches a weight to every event. The scale has a range from -13 to +8. Event types that are regarded as cooperative have positive values; conflictive event types have negative values.

Who are we?

FAST International is the early warning program of swisspeace, based in Bern, Switzerland. The program is funded and utilized by an international consortium of development agencies consisting of the Austrian Development Agency (ADA), Canadian International Development Agency (CIDA), Swedish International Development Cooperation Agency (Sida), Swiss Agency for Development and Cooperation (SDC), and the United States Agency for International Development (USAID).

What do we want to achieve?

FAST International aims at enhancing political decision makers' and their offices' ability to identify critical developments in a timely manner so that coherent political strategies can be formulated to either prevent or limit destructive effects of violent conflict or identify windows of opportunity for peacebuilding.

How do we work?

FAST International uses both qualitative and quantitative methods, with the combination of methods being determined in each case by customer needs. The centerpiece of FAST International is the collection of single cooperative and conflictive events by means of a web-based software, applied by local staff using a coding scheme called IDEA (Integrated Data for Event Analysis), which is based on the WEIS (World Interaction Survey) coding scheme. The monitoring by FAST International is done independently from Western media coverage, thus providing for a constant influx of information. This information is collected by FAST International's own Local Information Networks (LINs). The quantitative empirical analysis is based on composed indicators developed within the IDEA framework. Since even the most profound quantitative analysis requires interpretation, FAST International cooperates with renowned country/area experts.

What are our products?

FAST International offers different early warning products tailored to customer needs. The only standard product available to the general public is the FAST Update, which provides the reader with an overview of developments on a semi-annual basis. It consists of three to five tension barometers (graphs), displaying cooperative and conflictive developments, which are analyzed by FAST's country/area experts on the basis of specific indicators. Whenever major changes occur in one of the countries or regions under scrutiny, FAST International releases Special Updates, which follow the structure of the regular FAST Updates. FAST Updates are available in either hard copy, in electronic form on the respective country page or by subscription.

Which countries do we currently monitor?

Africa: Angola, Burundi, DRC/Kivu region, Ethiopia, Madagascar, Mozambique, Rwanda, Somalia
Asia: Afghanistan, India/Kashmir, Kazakhstan, Kyrgyzstan, Nepal, Pakistan, Tajikistan, Uzbekistan
Europe: Georgia, Kosovo, Macedonia, Russian Federation/North Caucasus region