

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is centered in the narrow neck of the hourglass. The text is overlaid on the graphic.

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*Angola: Recent Developments and U.S. Policy*

Nicolas Cook, Foreign Affairs, Defense, and Trade Division

Updated April 24, 2002

**Abstract.** A permanent cease-fire agreement between the Angolan government and its long-time military adversary, the National Union for the Total Independence of Angola (UNITA) was signed on April 4, 2002. It provides for the demobilization of UNITA forces and for their integration into a unified national military. Under a separate law passed prior to ratification of the accord, UNITA's armed forces will receive a general amnesty for wartime offenses committed against the state and Angolan people. The agreement followed the death of Jonas Savimbi, the founder and long-time leader of UNITA, who was killed in a government ambush in February 2002 in eastern Angola.

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## Angola: Recent Developments and U.S. Policy

**April 24, 2002**

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# Angola: Recent Developments and U.S. Policy

## Summary

A permanent cease-fire agreement between the Angolan government and its long-time military adversary, the National Union for the Total Independence of Angola (UNITA) was signed on April 4, 2002. The accord provides for the demobilization of UNITA's forces, and for their integration into a unified national military. Under a separate law passed prior to ratification of the accord, UNITA's armed forces will receive a general amnesty for wartime offenses committed against the state and Angolan people. The agreement followed the death of Jonas Savimbi, the founder and long-time leader of UNITA, who was killed in a government ambush in February, 2002 in eastern Angola. Savimbi's death raised the prospect of possible realignments within the UNITA organization or of changes in its leadership. The current de facto political leader of the former Savimbi-led wing of UNITA is General Paulo "Gato" Lukamba, the UNITA secretary-general and head of UNITA's Administrative Affairs commission.

Eduardo dos Santos, Angola's current President and leader of the ruling Popular Liberation Movement of Angola (MPLA), indicated in 2001 that he would step down prior to elections that may be held in late 2002 or in 2003. Dos Santos has designated no clear successor, and some analysts believe that he may yet stand as a presidential candidate. The Angolan government has been labeled authoritarian by many observers because of its sometimes harsh repression of domestic political opponents and journalists, and for curtailing public expression and the opportunity of its citizens to change their government. Angola has been engaged militarily in several neighboring countries in recent years.

The country's first and only national election was held in 1992, following a peace accord between the government and UNITA; it ended in an aborted run-off election and a return to civil war. International pressure on UNITA to return to peace talks grew. In 1993, the United Nations (U.N.) imposed an oil and arms embargo on UNITA. Peace talks ensued, culminating in a renewed cease-fire agreement in accord with the Lusaka Protocol. A U.N. peacekeeping operation was deployed, but the Lusaka accord was never fully implemented. A period of instability ensued, and by late 1998 Angola again faced full-scale civil war. The government attacked UNITA strongholds in central Angola. UNITA launched counterattacks; it had seized much territory by mid-1999, including many diamond-rich zones. The U.N. imposed further sanctions on UNITA. The MPLA claimed many military successes in 1999-2002, but UNITA carried out many attacks across Angola during the same period. UNITA was able to fund its operations by selling diamonds and obtaining arms, in violation of U.N. sanctions against it.

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# Angola: Recent Developments And U.S. Policy

## Recent Developments

A permanent cease-fire agreement between the Angolan government and its long-time military adversary, the National Union for the Total Independence of Angola (UNITA) was signed on April 4, 2002. It provides for the demobilization of UNITA forces and for their integration into a unified national military, in accordance with the Lusaka Protocol, an abortive peace accord. A new law provides UNITA forces with a general amnesty for wartime offenses. In mid-April, over 9,000 of about 55,000 UNITA troops had reported to demobilization areas. The cease-fire agreement was holding. Some logistical delays related to the supply of food, medicine, and other goods to the newly established cantonment were reported. The cease-fire accord followed the death of Jonas Savimbi, UNITA's founder and long-time leader. He was killed in a government ambush in February, 2002 in the eastern province of Moxico. The former Savimbi-led faction is led by General Paulo "Gato" Lukamba, the UNITA secretary-general and head of UNITA's Administrative Affairs commission. In mid-March, just prior to initial cease-fire talks, he issued a communiqué to UNITA fighters appointing an interim management commission, which he heads.

## Background

Angola, a country of about 12.7 million people that is nearly twice the size of Texas, has vast oil reserves, diamonds and other minerals deposits, and rich agricultural potential. Most Angolans remain poor, however, due to a 25-year civil conflict that is estimated to have taken more than 1 million lives.

A tripartite agreement among the three major liberation movements to form a transitional government collapsed just after Angola became independent of Portugal in 1975. Parties to the agreement included the Popular

Liberation Movement of Angola (MPLA), the current ruling party; its armed rival, UNITA; and the National Front for the Liberation of Angola (FNLA), led until

### Angola in Brief: Demographics

**Population:** 12.7 million (2000)

**Population growth:** 3% (2000)

**Life expectancy:** 38.59 years (2001 est.)

**Adults with HIV/AIDS (1999):** 2.78%

**Literacy:** Total: 42%; Male: 56%; Female: 28% (1998 est.)

**Religions:** Indigenous beliefs 47%, Roman Catholic 38%, Protestant 15%

recently by Holden Roberto.<sup>1</sup> Although all three groups sought national liberation and included members from across Angola, each drew the core of its support from different ethnic coalitions. UNITA has been dominated by the Ovimbundu ethnic group of central Angola, although it has also drawn support from the Chokwe, Luena, and Ovambo communities of eastern and southern Angola. The MPLA was originally predominantly a coalition between the Mbundu of northwest Angola, persons of mixed race, and urban dwellers. The FNLA drew much of its support from the northern Bakongo people and some rural Mbundu.<sup>2</sup>

A civil war began following the collapse of the agreement, as the MPLA, UNITA, the FNLA and other splinter groups fought one another for control of the government in Luanda, then – and since – held by the MPLA. In the 1970s and 1980s, the conflict was shaped by the Cold War. The Soviet Union and Cuba assisted the then-Marxist MPLA, which established a de facto one party state. The United States and South Africa aided UNITA and the FNLA. In 1985, Congress repealed a 1976 ban on covert aid to Angolan belligerents; in 1986 the Reagan Administration initiated covert military assistance to UNITA.

In 1979, Eduardo dos Santos, Angola's current president and leader of the governing MPLA, succeeded Agostino Neto, the country's president at independence. Dos Santos, born in 1942 in Luanda to a family of ethnic Mbundu origins, studied petroleum engineering in the Soviet Union at the Institute of Oil and Gas in Baku. Before becoming president, he had been minister of foreign affairs in Angola's first post-independence government, after serving as first deputy prime minister and minister of planning (1978-1979). Dos Santos oversaw a gradual liberalization of the MPLA's socialist political ideology during the late 1980s and early 1990s, and later supported a reorientation toward liberal, free market policies, as did many other African leaders. He has presided over the long-running civil war, and in recent years he appears to have taken closer control of its prosecution. In 1999, he abolished the post of prime minister and created a highly autonomous Defense Ministry.

The Dos Santos government has been labeled authoritarian by many observers because of its sometimes harsh repression of its domestic political opponents, and journalists – and for curtailing public expression and the opportunity for its citizens to change their government (see human rights section, below).<sup>3</sup> The country's first and only national election was held in 1992; it ended in an aborted run-off election and a return to civil war. The government's fierce prosecution of the war against

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<sup>1</sup>The acronyms above – and several that follow – reflect the Portuguese, as per common usage.

<sup>2</sup>For descriptions and a map of Angola's ethnic groups, see Ethnologue, "Languages of Angola," [<http://www.ethnologue.com>].

<sup>3</sup>The first demonstration near the presidential palace in approximately 30 years was reportedly dispersed and the protesters beaten and arrested. See Ghanareview.com, "Angolan Protesters Said Arrested Outside Palace Luanda (Angola)," January 26, 2001. For a recent example of government control of public expression, see Agence France Presse, "Angolan poet fined again for defaming president," January 24, 2002. The government has also occasionally cracked down on parliamentary critics; see, Agence France Presse, "Angolan parliament launches inquiry on pro-rebel lawmakers," October 16, 2001

UNITA, in which thousands of young Angolans were impressed into military service, has also contributed to a hardline image of the government.

**The Angolan Conflict in the 1990s.**<sup>4</sup> In May 1991, UNITA and the dos Santos government signed a peace pact known as the Bicesse Accords, which provided for disarmament, the creation of a unified national army, and national multi-party elections. Multi-party competition was permitted under constitutional amendments ratified in April 1992. In September 1992, Angola held its first and only multi-party elections, in which 18 parties contested, and which were monitored by the United Nations (U.N.). Campaigning was reportedly tense, given the recentness of open conflict, and because the separatist Cabinda movement FLEC (see below) called for an electoral boycott. Over 75% of voters cast ballots. The MPLA won a parliamentary majority, but the presidential race resulted in the necessity of a run-off election. Neither dos Santos, with 49.6% of the vote, nor Savimbi, with 40%, won a required majority.

UNITA officials alleged that the MPLA government had engaged in widespread election fraud, including the use of dummy ballots, stolen ballot boxes, and rigged counts, and asserted that the personal security of UNITA supporters was being violated by government supporters. In an atmosphere of increasing conflict across Angola, UNITA dismissed a U.N. finding that the election had been substantially free and fair and, asserting that the conditions for a fair run-off did not exist, rejected a run-off election, effectively abandoning the Bicesse Accord. It rearmed and rapidly took control of large areas. The MPLA, which had substantially demobilized, faced the increasing UNITA attacks with the help of armed civilians and police; it subsequently invested heavily to build its military capacity, and launched a broad offensive against UNITA.

International pressure on UNITA to return to negotiations grew. In September 1993, the United Nations imposed an oil and arms embargo on UNITA.<sup>5</sup> Peace talks subsequently ensued, culminating in the November 1994 Lusaka Protocol, which called for a renewed cease-fire, the re-validation of the Bicesse Accords; the disarmament and demobilization of UNITA; and UNITA's participation in a government of national reconciliation. A 7,000-member U.N. peacekeeping operation was deployed, but implementation of the Protocols was repeatedly delayed. A Government of Unity and National Reconciliation was installed in April 1997, but Savimbi refused to come to the capital, citing safety concerns, and low-level conflict continued. In the same year, the fall of the Mobutu government in the Democratic Republic of Congo (the DRC, then called Zaire) – a strong UNITA backer – and of the Lissouba government in the Republic of the Congo (also known as Congo-Brazzaville), deprived UNITA of rear supply bases, and of political and logistical channels for the arms and diamond transshipments. The U.N. Security Council

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<sup>4</sup>For further background, see CRS Report 97-980, *Angola: Background and Current Situation*; CRS Report 98-816, *Angola Update*; and CRS Report RS20085, *Angola: War Resumes*.

<sup>5</sup>The U.N. Security Council has issued over 30 resolutions on Angola since 1993. All resolutions can be found at: [<http://www.un.org/documents/scres.htm>]. On sanctions-specific resolutions, see [<http://www.un.org/Docs/sc/committees/AngolaTemplate.htm>].



enacted stronger sanctions against UNITA, including a flight and travel ban, in October 1997.

The Protocols were never fully implemented, and a period of continuing insecurity characterized by sporadic conflict ensued; by mid-1998, armed clashes had become more frequent. In August 1998, UNITA was suspended from parliament. Full scale war did not resume until December 1998, when the MPLA government, angered by UNITA's failure to honor the Protocols, attacked UNITA strongholds in central Angola, causing the final collapse of the Protocols. UNITA managed to stall the offensive, and launched counterattacks, making significant territorial gains by mid-1999, including the seizure of much of diamond-rich eastern Angola. The U.N. targeted further sanctions against UNITA in April 2000. The U.N. has primarily blamed UNITA for its failure to implement the Lusaka Protocol. UNITA charged that the U.N. showed bias toward the government, and accused the government of violence against UNITA's supporters.

**Recent Fighting.** The MPLA claimed many military successes in 1999-2000. In September 1999, the government captured key UNITA strongholds in the central towns of Bailundo and Andulo, although UNITA mounted a strong counter-offensive, and laid siege to several government-held cities. By July 2000, the government claimed control of over 90% of the country. In late 2000, the government undertook large scale operations along the Namibian border, in apparent military cooperation with Namibia, and later attacked UNITA in the east, near Zambia. UNITA also came under pressure as a result of the Angolan government's military presence in Congo-Brazzaville and the government's participation, as an armed ally of the DRC government, in the DRC war.<sup>6</sup> The government conducted extensive military operations against UNITA in eastern Moxico Province, near Zambia in late 2001 and early 2002. It claimed to be routing Savimbi's forces, but some observers remained skeptical. Public comments by Angolan government officials had often predicted imminent military victory, but the conflict had endured.

Despite the government's military successes and UNITA's reported loss of most of its conventional military capability, the group carried out many attacks across Angola throughout 2001 and into 2002. These included attacks near Luanda, the capital, which the government strongly countered. UNITA's attacks in 2001 and early 2002 were primarily guerrilla-style supply and harassment raids. In some, food and other provisions were seized, property destroyed, and vehicles burned. Civilian captives were reportedly taken by UNITA on multiple occasions, although UNITA has usually denied responsibility for such actions. Despite severe military pressure, UNITA appeared – based upon the high and continuing numbers of reported attacks by the group throughout 2001 and published analyses of the conflict – to possess a formidable, mobile guerrilla force and a national command-and-control network. Many observers saw the group as capable of waging an indefinite bush war, even though it had been unable to effectively occupy and control territory. UNITA was

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<sup>6</sup>Angola, the DRC, and the Republic of Congo reportedly have formed a tripartite security arrangement. Agence France Presse, "Congo, DR Congo and Angolan military officers meet over security," August 23, 2001; and RTNC TV (Kinshasa), "DR Congo, Angola, Congo decide to bolster border security," *BBC Monitoring Africa*, August 28, 2001.

able to fund its operations by selling diamonds and obtaining arms, in violation of U.N. sanctions against it, U.N. reports state – albeit at a diminished level compared to earlier periods.<sup>7</sup>

**Cabinda/FLEC.** In addition to its conflict with UNITA, the Angolan government has also faced sporadic armed attacks by factions of an armed rebel movement in Cabinda, the Front for the Liberation of the Enclave of Cabinda (FLEC). FLEC, which is splintered into several factions, advocates self-government for the people of Cabinda, a small, oil-rich Atlantic coast enclave of Angola that lies between the DRC and Congo-Brazzaville. Cabinda is the source of about 70% of Angola’s oil. In early April 2002, FLEC accused the government of launching a widespread offensive against FLEC forces, and claims that following the April 4 cease-fire agreement, the Angolan government has increased its military presence in Cabinda. On April 18, FLEC accused the Angolan army of killing ten civilians in an attack on a village, a claim denied by the Angolan government, which has also denied increasing its military presence in the enclave.

## Recent Political Developments

### Forthcoming Elections

In June 1999, the parliament, whose term had been extended in 1996 for between two and four years, voted to postpone elections. Later in the year, the government announced that elections would take place in 2001, but later moved the date to 2002. President dos Santos announced to a meeting of the ruling MPLA party’s central committee in August 2001 that the next elections would likely take place in late 2002 or in 2003. He asserted, however, that elections could not take place before people and goods could move freely throughout Angola, and internally war-displaced persons had been resettled. Defense Minister Kundi Paihama, was quoted on March 22 as saying that general elections would be held under U.N. supervision by 2003 “at the latest.”

**Dos Santos Candidacy.** Mr. dos Santos told the MPLA party leadership in late August 2001 that he would not run as a candidate in the next presidential election, and that he would leave in the hands of the MPLA the selection and “preparation” of its presidential candidate. Dos Santos is widely perceived to have designated no clear successor. The president’s announced intention not to run has reportedly elicited scepticism among some opposition members and observers of Angolan politics, given the president’s firm control of national politics and military affairs. Some see the move as a bid to unify a sometimes fractious party prior to elections, to bolster the rationale for an extended dos Santos presidency, and to defend against and draw out potential contenders within his party. Some observers believe that the president will be “persuaded” by MPLA supporters to return as its presidential candidate. Others believe he will step down, but will continue to exert

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<sup>7</sup>On diamonds in Angola, see CRS Report RL30751, *Diamonds and Conflict: Policy Proposals and Background* and section on economy, below.

strong influence over national affairs as a leadership power-broker. Mr. dos Santos has periodically been rumored to suffer ill-health, but many observers discount such assertions.

In January 2001, dos Santos dismissed Angolan Armed Forces (FAA) Chief of Staff General João de Matos. De Matos had commanded the FAA since 1992, and had overseen many successful military operations against UNITA and commanded Angolan forces in the Republic of Congo and the Democratic Republic of the Congo (DRC). In late 2000, de Matos reportedly voiced doubts about the possibility of a military solution to the war and implied that a political settlement was necessary, raising speculation about policy differences with dos Santos. The latter had been seen as supporting a continued robust military campaign against UNITA. De Matos' business endeavors, particularly in the security and mining sectors, reportedly may also have placed him at odds with the president. De Matos has been seen as an effective leader and a possible MPLA challenger to dos Santos in upcoming presidential elections; he is said to be supported by a group of key MPLA members who are said to support internal reform of the MPLA and its political agenda.

In addition to de Matos, possible presidential candidates reported in the press include parliamentary president Roberto de Almeida; minister of defense Kundi Paihama; interior minister Fernando da Piedade Dias "Nando" dos Santos; MPLA secretary-general João Lourenço; former prime minister Marcolino Moco; and former MPLA secretary-general Lopo do Nascimento.

## Political Landscape Shifts

**Death of Savimbi.** Until February 2002, prospects for elections and many analyses of Angola's political future had been premised on the assumption that Angola would continue to be afflicted by armed conflict or related instability. The death of UNITA leader Jonas Savimbi on February 22, 2002 however, radically altered Angola's political landscape and raised the possibility that an end to the conflict could be reached.

Savimbi, 67, was killed following a government ambush of a UNITA military convoy in which he had been traveling toward the Zambian border near Lucusse, a small town in Angola's eastern Moxico Province, where he was later buried. His death followed intensive FAA counter-insurgency operations against UNITA that placed the group under severe military pressure in Moxico and elsewhere. The ambush resulted in the death of over 20 UNITA officials and followers, and the capture of one of Savimbi's four wives. Some UNITA officials were reportedly able to escape. About a week before Savimbi's death, the government had reportedly captured UNITA's deputy military commander, and a number of UNITA officers were captured or killed in late 2001 and early 2002 as a result of similar military operations. Government forces were reportedly able to locate Savimbi by tracking satellite telephone phone calls made by him and members of his party; reconnaissance drones and tracking dogs were also reportedly used. UNITA representatives, citing the possible involvement of foreign governments in Savimbi's death, have called for an international investigation into the circumstances of Mr. Savimbi's killing.

Savimbi's death raised the prospect that subsequent UNITA leadership changes or internal realignments might lead to a cease-fire or negotiations to end the conflict. The Angolan government and some international observers had long attributed the continuation of Angola's conflict to Savimbi. They charged that he had abandoned the Lusaka Protocol and the electoral process, instead seeking political power by force of arms. Savimbi, for his part, attributed the continued conflict to belligerence by the MPLA government, which UNITA viewed as a corrupt dictatorship that refused to renegotiate the Lusaka Protocol, seen as defective by Savimbi. The impasse between the two parties meant that no attempt to bring peace to Angola had succeeded after the failure of the Protocols.

**Post-Savimbi Developments.** In the days after Savimbi's death, the Angolan government urged UNITA forces to surrender and stated its willingness to take "decisive and rapid steps" to bring about a cease-fire. Such actions have been welcomed and strongly encouraged by the international community. The U.S. and Portuguese governments, the European Union, and U.N. Secretary-General Kofi Annan, among others, have called for a cease-fire. No details of efforts to bring about a cease-fire, such as a proposed schedule for de-escalation, were initially announced. During the same period, leaders of the armed wing of UNITA – who were said to be in the bush fleeing Angolan government forces, which initially continued the strong offensive that had led to the killing of Savimbi – maintained a public silence. UNITA parliamentarians in Luanda and UNITA spokesmen in Europe spoke on behalf of the movement. They welcomed the prospect of a cease-fire and further dialogue in support of such an outcome, but stated that a cease-fire offer would need to come from the government. UNITA indicated that it was not prepared to surrender militarily, and asserted that the Angolan government – despite its call for a cease-fire – was not truly interested in peace negotiations, and intended to continue its military offensive. Some initial assessments of the post-Savimbi conflict posited that UNITA would likely continue to pursue its military objectives in the short term, if only because communicating political decisions to UNITA fighters in the field may take time. Peace negotiations that began in mid-March 2002, however, appear to be producing movement toward peace.

**UNITA Leadership Succession.** The leadership vacuum created by Savimbi's sudden departure created a succession crisis. Prior to his death, Savimbi had reportedly sought to ensure the primacy of his leadership by eliminating rivals within UNITA who might seek detente with the government, and many key UNITA leaders had been captured in late 2001 and early 2002. These circumstances and the weak military position of UNITA implied that UNITA might not be able to maintain the organizational cohesion necessary to continue its armed struggle, and appear to have created the basis for later cease-fire negotiations.

The UNITA constitution reportedly calls for the UNITA vice-president to succeed Savimbi automatically, pending the election of a new leader by a UNITA congress. In conformity with this provision, the interim accession to the top leadership position by UNITA vice-president António Sebastião Dembo, 58, was announced in late February by UNITA representatives in Europe. The succession was complicated, however, after reports emerged that Dembo had died.

The current de facto political leader of the former Savimbi-led wing of UNITA is General Paulo “Gato” Lukamba, the UNITA secretary-general and head of UNITA’s Administrative Affairs commission. Gato has a reputation as a military hawk, but recently is reported to have stated that “the phase of the armed struggle is over. Now we shall head towards the confrontation of political ideas.”<sup>8</sup> In mid-March, just prior to preliminary cease-fire talks, he issued a communiqué to UNITA fighters appointing an interim management commission, which he heads, to lead UNITA until the group’s next congress. Gato, who held the third highest position within UNITA, is in his mid-40s, and is reported to have been in close contact with Savimbi just prior to his death. UNITA’s External Mission, a group of members of UNITA’s armed wing who reside outside of Angola, initially rejected the interim leadership commission, and claimed to be the sole legitimate representatives of UNITA. They asserted that UNITA leaders in Angola were government captives and were not free to speak openly. News reports in late March, however, indicated that the External Mission and a group of over 45 UNITA legislators in Luanda had each independently issued statements backing the “caretaker commission” formed by Gato.

**Movement Toward Truce Talks.** On March 13, 2002, the government announced that it had ordered the FAA to end offensive actions against UNITA prior to the initiation of talks between UNITA and the government. It also sought to prepare for a full cease-fire by initiating contacts between FAA field commanders and UNITA units across Angola, and announced plans to reintegrate UNITA soldiers into civilian life and to seek a Parliamentary grant of amnesty for all surrendering rebel fighters. It also repeated its intention to prepare for general elections, and stated that UNITA would be accepted as a legitimate political party following its disarmament, as per the Lusaka Protocol, which the government maintains UNITA must implement.

The government’s actions followed earlier efforts to end to the conflict. In November 2000, the government announced a broad amnesty for UNITA fighters who agreed to surrender, and in January 2001, it established a Fund for Peace and Reconciliation to assist demobilized fighters. The government claimed that several thousand UNITA fighters subsequently defected, and indicated that it might consider negotiations with UNITA. Toward this end, a 22-member parliamentary commission on prospects for peace was created in April 2001. In October 2001, the government hosted representatives of the troika that had overseen the signing of the Lusaka Protocol – the United States, Russia, and Portugal – in an effort to resume the search for peace. In December 2001, the United Nations announced a government-approved U.N. initiative to seek contacts with UNITA.

**Preliminary Cease-fire Talks.** On March 15, 2002, a Angolan military delegation headed by Angolan armed forces Deputy Chief of Staff General Geraldo Sachipengo Nunda held a first round of cease-fire talks with a UNITA delegation headed by UNITA chief of staff General Geraldo Abreu Muhengu Ukwachitembo “Kamorteiro.” The government press agency, ANGOP, published a joint statement by the two delegations, which met in Cassamba town in Moxico Province, indicating that they had agreed to work toward a permanent end to hostilities and under the

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<sup>8</sup>LUSA, “Angola: Army, UNITA Commanders Reportedly Meeting for Cease-fire Talks,” March 13, 2002; IRIN, Angola: Use opportunity for peace, UN urges,” March 14, 2002.

abortive Lusaka Protocol. Kamorteiro was reported to have been hospitalized due to a pre-existing health condition following the talks. Further talks were held in late March, and initial contacts between FAA and UNITA commanders at the provincial level were initiated. Limited UNITA troops movements and several attacks attributed to UNITA followed the initiation of the truce talks, but the level of hostilities decreased dramatically as the talks continued.

Members of UNITA's External Mission initially voiced skepticism about the talks. They asserted that several members of the UNITA delegation had been captured by government forces, and were likely participating under duress. They labeled the initial truce talks a "farce," but later accepted the talks as legitimate after communicating with Gato.<sup>9</sup> The government denied that the UNITA delegates were under detention or participating under duress, but the circumstances surrounding talks are unclear. The Angolan government has informed the U.N. that the talks are "part of a military exercise."<sup>10</sup> No outside mediators or observers were initially present at the talks, and news of the negotiations was limited to summaries published by Angolan state media.

UNITA appeared to be negotiating from a position of weakness, and the government played a dominant role in shaping the agenda for the talks. The government announced that the FAA was "in charge of the logistics and all technical arrangements for the holding of the talks, including the transportation of the UNITA forces."<sup>11</sup> The government's strong hand was also signaled by an Angolan state television broadcast of a March 22 meeting between the FAA deputy chief and Gato at an unspecified UNITA base in northeast Angola. The talks reportedly focused on military issues only. Issues reportedly discussed included the siting of assembly points for disarming UNITA forces, and protocols for the demobilization of UNITA fighters and for their later integration into a unified national army.

**Formal Cease-fire Signed.** On April 4, 2002, a formal cease-fire agreement was signed by the Angolan government and UNITA. It followed the unanimous approval by the Angolan parliament on April 2 of a general amnesty for former UNITA soldiers and "all civilians and soldiers, Angolan or foreign, who committed crimes against the security of the Angolan state." Present at the ceremony were the top UNITA leadership; President Jose Eduardo dos Santos; U.N. Undersecretary-General Ibrahim Gambari; representatives of the "troika" of observers to the Lusaka Protocol (Portugal, the United States and Russia); and regional leaders. The full terms of the cease-fire have not been published, but it reportedly includes a pledge by the former adversaries to abide by the terms of the Lusaka Protocol; provides for the demobilization of approximately 50,000 UNITA soldiers and their

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<sup>9</sup> BBC News Online, "Angolan military meets UNITA rebels," March 16, 2002; Reuters, "Angola armed forces report truce, rebels cry foul," March 16, 2002; LUSA, "Angola: Cease-fire Talks Continue, UNITA Abroad Charges No Freedom of Action," March 20, 2002.

<sup>10</sup> Anabela da Cruz, "UN's future role in peace talks reviewed," Radio France via BBC Monitoring Africa, March 21, 2002.

<sup>11</sup> Angop, "Army, Rebels chiefs [*sic*] reaffirm validity of Lusaka protocol," March 16, 2002.

families; for their reintegration into society over the next four to nine months; and for the integration of many former UNITA fighters into the Angolan army and police. The two sides will hold additional discussions on further measures to extend the peace process.

Demobilization at 27 regional centers, which will be monitored by the U.N., has begun. By mid-April, 2002, over 9,000 UNITA troops had reported to demobilization areas, and the cease-fire agreement was generally holding. Delivery of supplies to demobilization cantonment areas, however, was reportedly hampered by logistical delays.

**UNITA and Possible Leadership Changes.** Although Gato appears to have garnered widespread support within UNITA, subsequent changes within the organization, including possible realignments with factions that had split with Savimbi in recent years, may bring new leaders to the fore. According to UNITA parliamentarian Jaka Jamba, deputy speaker of the Angolan national assembly, and news reports, key contenders – in addition to Gato – who may seek to lead UNITA include:<sup>12</sup>

- Alcides Sakala, 44, UNITA Foreign Secretary, member of UNITA political commission, and close confidant of the late Savimbi. Sakala had reportedly lost some of his influence following the imposition of travel sanctions against UNITA, which have prevented Sakala from representing UNITA's cause overseas. Some news accounts report that he is ill.
- Isias Samakuva, UNITA's former top negotiator. He reportedly unofficially represents UNITA in France, where he resides.
- Geraldo Ukwachitembo "Kamorteiro" Abreu, late 40s, UNITA military Chief of Staff. Abreu Kamorteiro was reportedly close to Savimbi, but is said to lack independent political support within UNITA and, like Gato, may face dwindling support attributable to his hardline military stance. Kamorteiro represented UNITA during post-Savimbi cease-fire talks in mid-March 2002, and signed the April 4 ceasefire on behalf of UNITA.
- Celestino Mutuyakevela Kapapelo, a former UNITA parliamentarian, UNITA lawyer, and head of UNITA's Security Affairs commission. He is seen as playing a key role in the interpretation and application of rules governing the succession process.
- Abel Chivukuvuku, 44, a leading UNITA parliamentarian. Chivukuvuku is a former key Savimbi advisor and UNITA ideologue, and leader of a UNITA faction in Luanda that had distanced itself from Savimbi but is not part of UNITA-Renovada. A potential reunification of the disparate factions of

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<sup>12</sup>LUSA, "Angola: UNITA Legislators, Reps Abroad Back Caretaker Leadership, Peace Talks," March 26, 2002; Agence France-Presse, "UNITA's Europe wing says both Angolan sides serious about peace," March 26, 2002.

UNITA has been raised repeatedly by observers and members of UNITA-R following Savimbi's death.

**UNITA-Renovada.** Another issue facing UNITA is the possible reunification of the Gato-led wing with two or more UNITA splinter factions; reunification could make UNITA a strong electoral contender against the ruling MPLA. UNITA-Renovada (UNITA-Renewal or UNITA-R) is a dissident branch of the party that was formed in September 1998 following considerable government pressure on UNITA leaders in Luanda to speak out against Savimbi. UNITA-R, headed by Eugenio Manuvakola, was recognized by the government as “the only valid interlocutor for the continuation of the implementation of the Lusaka Protocol, which it accepts and pledges to respect.”<sup>13</sup> The formation of UNITA-R appears to have been the result both of intra-UNITA leadership rivalries and of the government's desire to isolate and sideline Savimbi, and seek alternatives to his leadership. Savimbi's UNITA rejected the splinter group, and rival UNITA parliamentarian Abel Chivukuvuku was elected chairman of the UNITA parliamentary group in Luanda in October 1998. Several UNITA members of parliament, most prominently Chivukuvuku, have since remained independent of both the UNITA-Renovada faction and UNITA's armed wing. Despite the emergence of a more diverse UNITA, Savimbi, as leader of the armed wing, remained crucial to any future peace settlement.

On March 15, 2002 Luanda-based UNITA-Renovada leader Eugenio Manuvakola called for an all-UNITA congress in order to reunite the armed and Luanda-based factions of the party. On April 5, Gato and Manuvakola reportedly held a “courtesy meeting” to discuss reunification of their two factions, but Manuvakola was later quoted as saying that he rejected a “mechanical reunification” with the faction of Gato, who he called “dictatorial” and “irascible, arrogant and violent.” Gato was quoted as calling the reunification of the two factions “a “minor problem,” and asserted that “there were never two UNITAs, only a single one; that of Jonas Savimbi.”<sup>14</sup>

## U.N. Role in Angola

The United Nations has supported past peace initiatives with verification and observer missions. The mission of the U.N. Angola Verification Mission (UNAVEM I) verified the redeployment and phased withdrawal from Angola of Cuban troops that had assisted the government in its military efforts. The withdrawal was completed in late May 1991. UNAVEM II (May 1991 to February 1995) was established by the U.N. Security Council (UNSC) to monitor a cease-fire and police activities under the Bicesse Accords. It was later charged with observing and verifying the 1992

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<sup>13</sup>Government of Angola, “Agreement with UNITA-Renovada Updating the Lusaka Protocol: Concerning the Reinstatement of Government Administration over the National Territory,” February 18, 1999.

<sup>14</sup>LUSA, “Angola: UNITA Faction Leaders Hold First Unity Talks,” April 5, 2002; LUSA, Angola: Only One UNITA Says De Facto Party Chief,” April 9, 2002; and LUSA, Angola: UNITA Doves Charge Military Wing of ‘Dictatorial’ Stance,” April 9, 2002.



presidential and legislative elections in Angola. After renewed fighting in October 1992 the UNAVEM II mandate was altered to allow the mission to assist the two sides to agree on modalities for finalizing the peace process and to broker related national or local cease-fire agreements. After the signing of the Lusaka Protocol in November 1994, UNAVEM II was charged with verifying the first stages of the peace agreement. It was superseded by UNAVEM III in February 1995, which was to monitor and verify the implementation of the Lusaka Protocol.

In June 1997 UNAVEM III was replaced by the U.N. Observer Mission in Angola (MONUA), which was given an enlarged, multi-sectoral mandate. Its political unit monitored the implementation of the Lusaka agreements and the normalization of state administration across Angola, and monitored UNITA's integration into these institutions. It also assisted with confidence-building and the mediation of conflicts arising from these activities. A police affairs unit assisted with police-related aspects of political normalization and post-conflict integration; verified police neutrality; promoted security, freedom of movement and association; and monitored the disarmament of civilians. A human rights unit investigated human rights abuses, and promoted the observation of human rights and the development of national human rights education and monitoring capacities. A military unit monitored cease-fire compliance, demobilization, and the integration of UNITA into the FAA. A U.N. organization, the Humanitarian Assistance Coordination Unit, supported the demobilization and social reintegration of UNITA ex-combatants, monitored humanitarian needs, and acted as a coordination unit for the delivery of humanitarian assistance. The security situation deteriorated sharply in 1998, leading to a resumption of full scale war, and in February 1999 the mission was terminated. In October 1999, the UNSC established the U.N. Office in Angola (UNOA) to liaise with the political, military, police and other authorities in Angola. UNOA was mandated with exploring possible measures for restoring peace; assisting in institutional capacity building; the delivery of humanitarian assistance; the promotion of human rights; and related coordination activities.

In order to compel UNITA to comply with peace accords that it had signed during the Lusaka peace process, existing U.N. sanctions on UNITA were strengthened in June 1998. The earlier sanctions had included an arms and fuel embargo on UNITA; restrictions on UNITA travel; bans on the delivery to UNITA of flight services, aircraft, and equipment; and restrictions on UNITA's overseas representational activities. The added sanctions included the freezing of UNITA assets abroad; restrictions on official contacts with UNITA in Angola; a ban on diamond exports from Angola not authorized by the Angolan government; and a ban on the provision to UNITA of mining equipment and services, and of water and road vehicles and spare parts. In May 1999, the U.N. Security Council created a panel of experts to trace violations of sanctions on arms trafficking, oil supplies and the diamond trade, and the movement of UNITA funds. In April 2000, the Security Council adopted resolution 1295 (2000); it tightened existing sanctions, created a new monitoring mechanism, and established a process by which the Security Council would consider actions to be taken against states suspected of violating the sanctions.

**Current U.N. Activities.** In late 2001, the U.N. initiated efforts to establish contacts with Savimbi's UNITA wing in an attempt to restart peace negotiations to end what many observers had concluded was a militarily unwinnable war. The U.N.

Security Council met in late March 2002, following the start of cease-fire talks, to discuss recent developments and decide further steps to be taken by the U.N. It dispatched Ibrahim Gambari, Secretary-General Kofi Annan's Adviser for Special Assignments in Africa, to Angola to monitor the cease-fire negotiations and related developments. During his two week trip, Mr. Gambari reportedly urged the disparate factions of UNITA to unite in order to ensure a smooth transition to peace.

In response to substantial progress toward peace following the death of Savimbi, the Security Council had reportedly been considering a gradual repeal of sanctions against UNITA. On April 18, however, the Security Council determined that "the situation in Angola continues to constitute a threat to international peace and security in the region." It passed Resolution 1404, which, while welcoming the April 4 cease-fire agreement, extended by six months the mandate of the U.N. UNITA sanctions monitoring mechanism. The Security Council also restated its concern about humanitarian conditions in Angola. On April 17, the U.N. Office for the Coordination of Humanitarian Affairs (OCHA) announced that U.N. humanitarian agencies were initiating a survey of humanitarian conditions in Angola in areas of the country that have long been inaccessible to relief agencies due to insecurity and logistical constraints. The survey findings, expected to be completed by late May, will be used to prioritize emergency relief delivery and to determine the roles and responsibilities of the government, non-governmental organizations (NGOs), and U.N. agencies in responding to humanitarian needs. U.N. agencies participating in the survey include the World Food Program (WFP); the U.N. Children's Fund (UNICEF); the Food and Agriculture Organization (FAO); the U.N. High Commissioner for Refugees (UNHCR); the U.N. Development Program (UNDP); and the World Health Organization (WHO).

## Human Rights and Civil Liberties

**Human Rights.** According to the U.S. Department of State and human rights advocacy groups, human rights in Angola are abused frequently by both government security forces and UNITA.<sup>15</sup> Many abuses are related directly or indirectly to the war, and to police corruption. Social violence and gender inequality, including violence and discrimination against women, adult and child forced labor, and prostitution, were common problems. Labor issues are dominated by the government, and labor unions and worker rights were constrained. The government also repressed freedoms of expression, of assembly, and of association and movement, according to the State Department, news accounts, and human and civil rights monitoring reports by private voluntary organizations. In 2000, some observers, including the U.S. State Department and the Committee to Protect Journalists, saw moderate improvements in some areas. Examples included fewer detainments of journalists, limited toleration of some peaceful public protests and public forums on such issues as conflict resolution, prospects for elections, and poverty in Angola.

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<sup>15</sup>See, among others, Amnesty International, "Angola," *Report 2001*; U.S. Department of State, "Angola: Country Reports on Human Rights Practices-2001," March 2002; and Human Rights Watch, "Angola," *World Report 2002*.

**Civil Society and Opposition Politics.** Increasing international and domestic political pressure and the general goal of ending the civil war appear to be gradually prompting the government to allow a more open and tolerant political environment to develop. Churches, opposition parliamentarians, some MPLA moderates, journalists, national civil society groups, and foreign humanitarian organizations have placed increasing pressure on the government to ensure increased transparency and public accountability; to consider signing a cease-fire agreement with UNITA; and to engage in new peace negotiations. A petition advocating such a position was circulated after a March 2001 conference on peace and reform. The Inter-Ecclesiastical Committee for Peace in Angola (COIEPA) has been especially active in seeking civil society-based solutions to the conflict. In June 2000 and on other occasions since, thousands of citizens have marched for peace in Luanda. In July 2000, religious leaders called for a cease-fire and negotiations to end the war. The state appears unwilling or unable to simply coercively suppress these growing voices.

## Angolan Economy

**Overview.** Estimates of Angola's total annual gross domestic product (GDP) vary widely; the World Bank placed it at \$8.8 billion in current dollars for 2000, and estimated annual Gross National Income per capita at \$240 for the same year. The Economist Intelligence Unit (EIU) cited GDP figures of \$4 billion for 2000 and \$4.1 billion for 2001. The Central Intelligence Agency estimated GDP for 2000 at \$10.1 billion using the purchasing power parity method (calculations that account for exchange rate changes and the purchasing power of local currency), and estimated exports at \$7.8 billion for 2000. Humanitarian conditions are grim. According to U.N. estimates, about 3.1 million Angolans – about a quarter of the population – have been displaced since the collapse of the Lusaka peace agreement in 1998. Insecurity is widespread, meaning that the majority of rural people, 85% of whom are subsistence producers, cannot tend to food crops, and face destitution. Severe hunger, even near the capital, reportedly increased in 2001, and land mines are widespread. The U.N. has reported moderate amelioration of socio-economic conditions in some areas, but displacements elsewhere continue. High inflation, at 268% by December 2000, down from 437% in May 2000, fell to 80.23% during the first ten months of 2001; the annual average for 2001 was estimated by the EIU to be 115%. Accurate evaluations of the Angolan government's budget are difficult to produce, due to recent changes in the national accounts system, and a history of off-the-books spending. In July 2000, the World Bank authorized a credit of \$33 million to enhance social programs and poverty reduction. Several World Bank affiliates are active in Angola.

**Oil.** Oil production, which accounts for over 40% of Angola's GDP and an estimated 85% of state revenues (see table), is the engine of the Angolan economy, but it is not well integrated with other economic sectors. Angola's known oil reserves are large (between 5.4 and 7 billion barrels of proven oil reserves, and possibly as many as 12 billion according to one estimate), but much of it is located in deep-water, making extraction costs high. Exxon holds rights to a recently confirmed, large oil field known as Block 15, one among several recent discoveries. Chevron, TotalFinaElf, and Texaco, ExxonMobil, and BP are among of the largest foreign

investors in Angola. Some analysts claim that state oil revenues are a source of large black-budget spending and extensive corruption. Non-governmental organizations, such as Global Witness, have pressured oil companies to maintain transparency in their dealings with the Angolan government. In February 2001, the oil firm BP reportedly announced it would disclose the financial terms of certain of its dealings with the government. The latter was reportedly displeased by the action, and reproached the firm in a sharply worded letter that warned that BP's production sharing agreements with Angola would be subject to possible termination if the terms of the firm's agreements with Angola were revealed.

### Oil as a Proportion of Angolan Government Revenues

(Millions of U.S. Dollars)

Category	1999 Est.	2000 Projected	2001 Proj.
Revenue, total	2757	3766	3710
Oil revenues	2376	3259	3180
Oil revenues (as a percentage of total revenues)	86	86.5	85.7

**Source:** IMF, "Angola--Preliminary Conclusions of the IMF Mission, August 14, 2001," Table 9B.

**Diamonds.** Diamonds are another key Angolan export. While much less valuable than Angola's oil production, diamonds are believed to have played an important role in government financing of the war. For UNITA they have played a crucial role in financing that organization's military and logistical operations. Diamonds are found throughout Angola, but are notably abundant in the northeast of the country, in Lunda Norte and Lunda Sul provinces. Angolan diamonds are primarily gem-quality; the proportion of industrial grade diamonds has comprised between 10 and 15% of total diamond production in recent years, with the balance made up of near-gem and gem quality stones. Total production for 2000 has been estimated at just over \$740 million, up from estimated 1999 production totals of between \$400 million and \$618 million.<sup>16</sup> The volume of production may be higher than these figures indicate because extensive smuggling of Angolan diamonds takes place.

In order to comply with U.N. Resolution 1173, the Angolan government has instituted a diamond marketing and certificate of origin system designed to allow the government to guarantee that UNITA diamonds do not enter into officially-sanctioned

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<sup>16</sup>Luc Rombouts, "Mining Annual Review: Diamonds," The Mining Journal, October 2001; Luc Rombouts, "Mining Annual Review: Diamonds," The Mining Journal, March 2000; and "De Beers Consolidated Mines, Ltd. and De Beers Centenary AG" in U.S. Congress, Committee on International Relations House of Representatives Subcommittee on Africa, "Africa's Diamonds: Precious, Perilous Too?," hearings, 106th Cong., 2nd sess. (Washington: GPO, 1948).

export channels; to cut off sources of funding for UNITA; to deter diamond smuggling; and to increase government tax revenues. Under the system, the majority of Angolan diamonds are sold through a single company, the Angola Selling Corporation (Ascorp), a joint venture between Sodiam UEE, a company owned by the Angolan government and two private foreign investors. The U.N. Monitoring Mechanism on Sanctions against UNITA, which monitors the effectiveness of the implementation of Angola-related U.N. sanctions, reports that between \$1 million and \$1.2 million worth of diamonds are illegally exported from Angola each day. Illicit exports are estimated to total between \$350 million to \$420 million annually. The Mechanism attributed an estimate of between 25% and 30% of such trade to UNITA; the balance exits the country through a wide variety of channels.

**Relations with the International Financial Community.** In April 2000, Angola and the International Monetary Fund (IMF) signed a nine-month Staff Monitored Program (SMP), which technically expired in June 2001. The arrangement was later extended in the form of Article IV consultations. The agreement provided for external monitoring of the Angolan economy by the IMF and a contracting firm of the state budget, central bank, and Sonangol, the state oil firm. It also included a special oil revenue audit, dubbed an “Oil Diagnostic,” the purpose of which was “to assist the Government in increasing transparency with respect to the revenues from petroleum production and building managerial capacity for monitoring and forecasting the amount and flows of those revenues.”<sup>17</sup> The monitoring program obligated the government to implement economic reforms – including transparency, higher social spending, reduced extra-budgetary spending, and increased privatization of state firms – prior to possible consideration of a formal loan agreement and rescheduling of Angola’s approximate \$10.38 billion debt. Implementation of the monitoring agreement was reportedly uneven, and in February 2002, the IMF announced that it would not sign onto an economic program to be monitored by Fund staff, thus paving the way for IMF loans to Angola. The IMF found that:

[d]espite a massive increase in oil and diamond-related income over the past three years, Angola continues to face pressing economic and social problems. ... The budgetary situation appears to have deteriorated further during the last quarter of 2001 and in early 2002, when the government used almost all of its deposits at the central bank, and the bank itself lost about half of its foreign exchange reserves.<sup>18</sup>

The IMF noted that in discussions with the Angolan government leading up to the decision not to pursue a full-fledged lending program, and in relation to the transparency of government operations, key IMF concerns:

centered on the need to identify and eliminate or include in the treasury account all extra-budgetary and quasi-fiscal expenditures; record and transfer to the treasury all revenues, including the total amount of signature oil bonuses; ensure that all

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<sup>17</sup>Embassy of the Republic of Angola (Washington, DC), “Terms of Reference Financial Diagnosis and Monitoring of State Petroleum Reserves,” N.D., available on the Internet at [<http://www.angola.org/referenc/reports/oildiagnostic.html>].

<sup>18</sup>IMF, “Angola - 2002 Article IV Consultation: Preliminary Conclusions of the IMF mission,” February 19, 2002.

foreign currency receipts and government revenues, including Sonangol receipts, are channeled through the central bank as mandated by the law; eliminate all subsidy and tax arrears to and from Sonangol; publish data on oil and other government revenues and expenditures, as well as on external debt; and conduct independent financial audits of the 2001 accounts of Sonangol and of the central bank.<sup>19</sup>

President Dos Santos reportedly told a Voice of America interviewer that the “policing” of the Angolan economy by the IMF is not acceptable to the government. He is said to have charged that the IMF had acted “incorrectly” in its relationship with Angola. He also rejected charges of widespread corruption in the country and criticized the IMF for focusing its attention on loans made against future national oil production. He reportedly emphasized that such loans were controlled by Angola – acting as sovereign state that controls its own finances – and not the IMF. Dos Santos also reportedly cancelled scheduled meetings with the IMF and World Bank, a move that may indicate deteriorating relations with the two institutions.<sup>20</sup>

According to the U.S. State Department, in 2000, 40% of the national budget, equivalent to 22% of Gross Domestic product, was spent on defense. This proportion appears to be changing, as the government seeks to create the conditions for a transition to peace. In mid-December 2001, Angola’s parliament approved a 2002 national “transition” budget of \$5.8 billion, of which 68% will be funded by oil revenues. The budget allocates 11% to defense, security and public order; education and health receive 36% and 28% respectively, and 21% percent will go to social security and welfare; 10% goes to housing and public works, including energy and water supplies, and 5% supports cultural projects.<sup>21</sup>

**Oil, Political Power, and Corruption: The Views of Critics.** Control of the state’s oil and diamond wealth, and of political power, is reportedly highly concentrated within the presidency, the cabinet of ministers, and a small military and business elite with close ties to the government, while the vast majority of the population lives in penury.<sup>22</sup> The concentration of wealth and power, according to numerous allegations by critics and analysts, both results from and has helped engender an extensive culture of large-scale corruption within the national leadership,

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<sup>19</sup>*Ibid.*

<sup>20</sup>LUSA, “Angola: President Accuses IMF of ‘Policing’ Economy,” February 27, 2002.

<sup>21</sup>Agence France Presse, “Angolan government approves 5.8 billion dollar budget,” December 14, 2001.

<sup>22</sup>See Jakkie Cilliers and Christian Dietrich, eds., *Angola’s War Economy: The Role of Oil and Diamonds*, ISS, 2000; Phillippe Le Billion, “Angola’s Political Economy of War: The Role of Oil and Diamonds, 1975-2000,” *African Affairs* (100), 2001; and Economist Intelligence Unit, “Angola: Economic policy outlook,” *EIU Country Reports*, January 22, 2002; and Global Witness, *All the Presidents Men: The Devastating Story of Oil and Banking in Angola’s Privatised War*, March 2002, and Global Witness, *A Crude Awakening: The Role of the Oil and Banking Industries in Angola’s Civil War and the Plunder of State Assets*, December 1999.

as well as widespread petty corruption within society at large.<sup>23</sup> The leadership's wealth is said to be derived from portions of the revenues from the sale of national oil reserves, oil extraction rights, the sale of diamonds, lucrative weapons deals, and control of state corporations and regulatory agencies.<sup>24</sup> Leaders in control of state institutions and attendant access to public sector assets, legal powers, and services support, in turn, a subsidiary network of political clients. State workers, businessmen, commercial licensees, professionals, family members, and others depend on the top leadership for jobs, income, contracts, or freedom to operate various enterprises, according to at least one scholar. The effect is the creation of a top-down, tiered system of patronage and a network of mutual interest and economic inter-dependence that critics say accumulates national wealth at the expense of the broader public.<sup>25</sup> The presidency, known as the Futungo de Belas – the White House of Angola – reportedly exerts political influence through the Eduardo dos Santos Foundation (FESA, after its Portuguese acronym), in addition to controlling political patronage networks that operate through state institutions of government.<sup>26</sup>

The expenditure of large portions of Angola's oil revenues is alleged to regularly take place off-budget. In the process, large sums are believed to be misappropriated by well-connected officials.<sup>27</sup> Examples of transactions that are allegedly subject to manipulation include the payment of signature bonuses (advance payments associated with the right to bid on contracts), operations licensing fees, loans that use future oil

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<sup>23</sup>See, for instance, U.S. Department of State, "Angola," Country Reports on Human Rights Practices-2000, February 23, 2001; Jon Jeter, "Angolans Handicapped By a Culture Of Corruption," *Washington Post*, November 22, 2001; Political Risk Services Group "Jose Eduardo Dos Santos (President)," January 1, 2002; U.N. Integrated Regional Information Networks, "ANGOLA: IRIN Focus On Corruption Allegations," January 29, 2001; François Misser, "Angolagate scandal," *African Business*, May 2001; Emmanuelle Moors De Giorgio, "Are banks fueling Angolan war?," *African Business*, September 1999; and Lynne Duke, "Angola's chaos liberates forces of corruption," *Washington Post*, 1 January 1999, A27.

<sup>24</sup>See Global Witness, below; Reuters, "Angolan president praises French arms dealer," February 27, 2001; and Reuters, "French 'Angolagate' probe ropes another ex-minister," April 20, 2001; and CRS Report RL30751, *Diamonds and Conflict: Policy Proposals and Background*.

<sup>25</sup>See Christine Messiant, "The Eduardo dos Santos Foundation: Or How Angola's Regime Is Taking Over Civil Society," *African Affairs* (100), 2001, and Global Witness, below.

<sup>26</sup>See Messiant, "The Eduardo dos Santos Foundation," and Energy Intelligence Group, "Angola - Last chance," *Energy Compass*, September 7, 2001; LUSA, "Angola - PR José Eduardo dos Santos apela para esperança no processo de paz," August 28, 2001; Energy Intelligence Group, "Strategy dilemma," *Energy Compass*, February 16, 2001; PANA, "Angola Urged To Ratify Environmental Treaties," December 7, 1999; Mercedes Sayagues, "Politics-Angola: President Dos Santos Building Personality Cult," *Inter Press Service*, October 1, 1999, *inter alia*. See also the FESA website [<http://www.fesa.org.ao/>].

<sup>27</sup> See the following Global Witness documents, among others: "Financial Analysts Reveal Angolan Government's Shameful Secret. Where Are The 'Missing Billions'?", December 13, 2001; "Global Witness Calls On France & Liechtenstein To Immediately Investigate and Disclose Extent of African Bribes By France's State Oil Company," July 12, 2000; and "Arms and Corruption with Angola: President Chirac and President Dos Santo Have a Lot of Explaining To Do," December 22, 2000.

production as collateral, and spot sales of oil outside of regular contractual arrangements.<sup>28</sup>

Critics assert that national security concerns associated with the long-running war have provided both a rationale and political cover for a lack of governmental accountability and transparency in relation to national accounts, and associated corruption.<sup>29</sup> The nature of Angola's oil assets have also insulated the oil economy and its proceeds from both the war and from the oversight and influences of civil society and political opposition. Reserves are primarily found off-shore, foreign firms undertake the majority of extractive operations, and oil sector contracts are controlled and allocated by MPLA-controlled institutions of government, leaving little scope for local Angolan policy or business participation within the oil sector. In recent years revenue has reportedly been used to fund debt repayment, military expenses, and the country's extensive network of patron-client relationships. Smaller proportions have generally been allocated to economic development, social services, and reconstruction of infrastructure destroyed by the war, although the most recent budgets reportedly include increased funding for these areas.

**Angolan Government: Responses to Critics.** The Angolan government has repeatedly and vigorously rejected charges that it is corrupt. It recently accused its critics of ignoring “the courageous reforms, including measures to ensure transparency, that the government has introduced under extremely adverse conditions.”<sup>30</sup> It has focused much of its criticism on the NGO Global Witness, which has produced numerous documents that describe in detail alleged patterns of oil-related state corruption, some in cooperation with foreign firms, in Angola. The government has called Global Witness's most recent report “bogus research” that is part of an “insidious campaign” designed “to befuddle the Angolan and the international public, and slander the government of Angola.” The report, it asserted, “amounts to nothing more than conjectures about the production and marketing of Angolan oil, and the acquisition of resources for the defence of the country, to which any sovereign state is entitled.”<sup>31</sup> The government has also recently repeated previous denials of assertions by critics that it had been party to corrupt oil-based weapons deals with politically-connected weapons brokers and financiers, labeling them

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<sup>28</sup>PRS Group, “Testing the Limits of the IMF,” April 1, 2001; De Giorgio, “Are banks fueling Angolan war?”; and Global Witness, *A Rough Trade: The role of companies and governments in the Angolan Conflict*, December 1998 and *The Role of the Oil and Banking Industries in Angola's Civil War and the Plunder of State Assets: A Crude Awakening*, 1999.

<sup>29</sup>C.f. Cilliers and Dietrich, eds., *Angola's War Economy*; Phillipe Le Billion, “Angola's Political Economy of War”; Economist Intelligence Unit, “Angola: Economic policy outlook”; and Global Witness, *All the Presidents Men, inter alia.*

<sup>30</sup>Radio Nacional de Angola, “Government rejects British NGO's report,” via BBC Monitoring Africa,” April 11, 2002. See also Reuters, “Angola dismisses report of missing state revenues,” April 12, 2002; Mike Sparham, “Angola government deserves credit for new peace plan [letter to the editor],” Financial Times, April 1, 2002

<sup>31</sup>Global Witness has, in turn, refuted the government's characterization of the NGO's claims; see Global Witness, “Angola's denials do not stand up,” April 4, 2002.



“groundless.” It stated that the government had not entered into deals with French companies for the acquisition of war materiel, and denied that such materiel has ever been acquired through France.

To bolster its denials of corruption, the government cites its implementation of a range of transparency and accountability-enhancing measures. Such measures, the government asserts,

include the external auditing of the National Bank of Angola’s accounts; the diagnosis of the petroleum sector by an international company selected by means of a World Bank-supervised tender; the external auditing of the accounts of Sonangol [the National Angolan Fuel Company], Endiama [Angola National Diamond Enterprise] and affiliates; and the establishment of an Audit Court. Such measures reflect a firm commitment of the Angolan authorities to the best forms of good governance, and the unwavering political will to create in Angola a new era of transparency, governance, and political accountability by state officials and agents.<sup>32</sup>

In April 2002, the government also announced the opening of a tax office that will monitor and combat tax evasion, reform public finances, and serve as a best practices model and training school for tax inspectors. It also points to the recent creation of the National Reconstruction Service, a civil institution being established to absorb demobilized government army and UNITA forces, whose labor will be used to clear land mines and repair roads, railways, and other infrastructure.<sup>33</sup>

## U.S. Policy

**U.S. Support for Current Peace Process.** On February 26, 2002, President Bush met at the White House with President dos Santos, together with the Presidents of Botswana and Mozambique. According to a White House release, Mr. Bush stated that:

I urged President dos Santos to move quickly toward achieving a cease-fire in Angola. And we agreed that all parties have an obligation to seize this moment to end the war, and develop Angola’s vast wealth to the benefit of the Angolan people. President dos Santos has it within his power to end 26 years of fighting by reaching out to all Angolans willing to lay down their arms. Angolans deserve no less.<sup>34</sup>

The United States has actively supported efforts to implement the Lusaka Protocol, to which the United States is an observer, and has provided significant humanitarian assistance to Angola (see Appendix 1). In recent years, U.S. policy

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<sup>32</sup>Radio Nacional de Angola, “Government rejects...” Preceding quotes from same source.

<sup>33</sup>LUSA, “Angola: New Tax Office Opens in Drive to Combat Evasion by Large Firms,” April 12, 2002; and LUSA, “Angola: National Reconstruction Service Set Up,” April 10, 2002.

<sup>34</sup>The White House, “Statement By The President,” Office of the Press Secretary, February 26, 2002.

toward Angola has supported the government, and condemned UNITA's war effort, while at the same time backing political and economic reform. In early October 2001, the new U.S. Ambassador, Christopher William Dell, reiterated these positions, and vowed to work with government, churches, and civil organizations to build a strong democracy. In January 2002, Principal Deputy Assistant Secretary, William Bellamy, reportedly met with Angolan government officials and members of civil society during a visit to Angola that focused on strengthening U.S.-Angolan bilateral relations; assessing the status of current Angolan political and economic reforms; and prospects for peace in the context of the Lusaka Protocol.<sup>35</sup>

In late April 2001, President Bush reportedly sent a letter to President dos Santos urging that Angola implement transparent governance. U.S. Assistant Secretary of State for African Affairs Walter Kansteiner recently re-emphasized President Bush's call for increased transparency, according to an April 9, 2002 Reuters news report. Kansteiner was quoted as stating that:

The whole international community wants to see Angola move to better economic policies including transparency... They [the Angolan government] need to put all of their revenue on budget. They have a fair amount of revenue that's off budget and that's problematic... You're not going to get economic change or growth if you lose, say, 25 percent of your revenue stream.<sup>36</sup>

**Congressional Role.** Congress has long monitored developments in Angola. Congressional attention has focused primarily on conflict resolution and the amelioration of conflict-related humanitarian conditions in Angola and the surrounding sub-region. In the 1970s and 1980s, much debate focused on the delivery of covert aid and military assistance to Angola. In the 107th and 106th Congresses, the issue of conflict diamonds has drawn particular congressional attention. Angola, along with Sierra Leone and the Democratic Republic of Congo, has been the subject of several hearings and legislative proposals focusing on ways to end trade in diamonds that fund conflict.<sup>37</sup> In March 2001, Rep. Alcee Hastings introduced

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<sup>35</sup>Radio Ecclesia, "Visiting US official holds meeting with peace commission in Luanda," BBC Monitoring Africa, January 26, 2002; Xinhua, "U.S. Supports Angola's Peace Process - Official," January 25, 2002; and LUSA, "Angola - EUA envolvidos no diálogo de paz, diz governante norte-americano," January 22, 2002.

<sup>36</sup>Reuters, "U.S. says Angola must come clean on oil revenues," April 9, 2002; and BBC, "Angola warned to clean up budget books," April 10, 2002. Shortly after Secretary Kansteiner's statement was published, British International Development Secretary Clare Short reportedly called for changes in the way that oil companies manage their business relationships with the Angolan government. She was quoted as saying that "none of this is going to be easy [and] there are a lot of changes to make," and that oil sector firms operating in Angola should be "responsibly engaged in oil exploration and use, paying proper taxes that benefit the country and enable it to provide services to its people." See Reuters, "Oil firms in Angola must be transparent-Britain," April 11, 2002; and BBC, "Angola warned..." The editorial board of the Washington Post recently called for similar changes; see Washington Post, "Oil and Corruption [editorial]," April 6, 2002, A20.

<sup>37</sup>For more on this issue, see CRS Report RL30751, *Diamonds and conflict: policy proposals and background*; and CRS Electronic Briefing Book, *Trade* page on "Conflict and Trade in (continued...)"

H.Con.Res. 16, which condemns the assassination of Congolese President Laurent Kabila and urges Angola, as a party to the Lusaka Peace Accord and as a foreign government involved in the Congolese conflict, to abide by the Accord and support a transition to peace and stability in the Democratic Republic of the Congo. In the 106th Congress, Rep. Maxine Waters introduced H.Res. 390, which called for Angolan and international efforts to end the Angolan conflict and to ensure the delivery of humanitarian assistance to alleviate human suffering in Angola.

**Business and the U.S.-Angolan Relationship.** Officials of the State Department's Bureau of African Affairs have stated support for a relationship between the United States and Angola that is structured by U.S. investment in the Angolan oil industry; assurance of U.S. access to Angolan oil exports; and U.S. support for a resolution of the Angolan conflict. Angola has provided between 3.5% and 5% of U.S. oil supplies in most recent years; the proportion varies depending on fluctuations in world market prices and supplies, and according to whether volume or value is measured. The exposure of the Export-Import Bank (Ex-Im Bank) totaled over \$141 million in FY 2001, down from over \$150 million in FY 2000.<sup>38</sup> The Overseas Private Investment Corporation (OPIC) has also offered political risk insurance and other financial backing to projects in Angola – notably a political risk insurance contract of up to \$200 million in 1998.<sup>39</sup> The United States has also supported World Bank and other multilateral projects in Angola.

U.S. officials have expressed support for the efforts of U.S.-Africa business forums, such as the Corporate Council on Africa and the U.S.-Angolan Chamber of Commerce, an independent, non-profit organization of businesses that promotes bilateral trade and investment. The Chamber, formed in 1990, has over sixty-five corporations, associations, and individuals as members. To promote trade, investment and Angolan economic development, the Chamber sponsors trade missions to Angola, represents private sector views to both governments, hosts bi-lateral exchanges, and promotes trade and investment opportunities in both countries.<sup>40</sup> During his February 2002 U.S. visit, President dos Santos addressed the Corporate Council on Africa and the United States-Angola Chamber of Commerce. He highlighted the role played by U.S. private sector investment in achieving economic growth in Angola, commended U.S. government efforts to help end the Angolan war, and stressed Angola's role as a growing supplier of oil to the United States. He observed that as a non-Organization of the Petroleum Exporting Countries (OPEC) oil exporter, Angola plays a role in contributing to U.S. energy security. He also called attention to U.S. investment in Angola's non-oil industries, in such areas as agriculture, fisheries and

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<sup>37</sup>(...continued)

Diamonds," [<http://www.congress.gov/brbk/html/ebtra123.html>].

<sup>38</sup>Export-Import Bank of the United States, Financial Report FY2001; Export-Import Bank of the United States, 2000 Annual Report.

<sup>39</sup>OPIC Board Resolution BDR(98)20. For background on the Ex-Im Bank and OPIC, see CRS Report 98-567, Overseas Private Investment Corporation: background and legislative issues, and CRS Report 98-568, Export-Import Bank: background and legislative issues.

<sup>40</sup>See US-Angola Chamber of Commerce, [<http://www.us-angola.org>].

manufacturing, and financial services, and predicted that U.S. investment opportunities would rise as Angola undertakes anticipated post-war construction.<sup>41</sup>

Some observers maintain that U.S. Angola policy has tended to disproportionately focus on the maintenance of strong bilateral business ties. Such concerns, they contend, have forestalled or superseded more forceful U.S. advocacy of Angolan governmental and economic reforms, and greater equity in the distribution of income derived from Angola's national resources among its overwhelmingly poor population. U.S. policy makers contend, however, that the United States has advocated reform by, for example, pushing for the IMF to undertake the Oil Diagnostic, and they note that the United States has been among the leading donors of emergency assistance to Angola in recent years.

## **U.S. Assistance to Angola**

U.S. assistance to Angola provides emergency and humanitarian relief to Angola's displaced and war-affected populations, and supports capacity building and service provision in the health, agricultural, and educational sectors. USAID health sector programming supports immunization efforts; malaria and HIV/AIDS prevention; maternal and child health; nutritional support and supplemental feeding; access to clean water and sanitation; and the provision of prosthetic devices for persons injured by land mines. USAID funds a range of efforts to strengthen civil society that focus on increasing participatory decision-making and enhancing the ability of civil organizations to communicate and organize, and to undertake public advocacy and education campaigns. It also supports private sector growth capacity-building projects; smallholder agriculture; and land tenure reform. U.S. assistance to Angola has also included support for the removal of land mines – totaling \$9.34 million from FY 1997 through FY 2001 – and for international military education and training.

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<sup>41</sup>ANGOP, "Angola: President Dos Santos says peace first priority," via BBC Monitoring Service, February 27, 2002.

**U.S. Humanitarian and Development Assistance to Angola**  
(In millions of dollars)

Accounts	FY 2000 Actual	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD/CSH	4.9	7.3	7	0
DA	5.1	2.7	3.8	7.4
ESF	.5	2.5	0	0
PL 480 II	59.8	33.5	3.4	8
<b>Total</b>	70.3	46	14.2	15.4

**Source:** U.S. Agency for International Development FY2003 *Budget Justification to the Congress, Annex I: Africa.*

**Note:** CSD: Child Survival and Disease Fund. CSH: Child Survival and Health Fund. DA: Development Assistance. ESF: Economic Support Fund. PL 480 II: Emergency food aid under Public Law 83-480, Title II.

**U.S. Military and Humanitarian Demining  
Assistance to Angola**

(In thousands of dollars)

Programs	FY 2000	FY 2001	FY 2002 Estimate	FY 2003 Request
NADR/Demining*	3,096	2,844		
IMET**		-	100	100

**Sources:** State Department/Bureau of Political-Military Affairs, "Fact Sheet," January 2, 2002; State Department, "Summary and Highlights of Accounts by Appropriations Subcommittees: Account Tables," FY 2003 International Affairs (Function 150) Budget Request, February 4, 2002.

\*NADR: Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) Funds.

\*\*IMET: International Military Education and Training.

## Appendix 1

### Acronyms Used in this Report

ANGOP:	Angolan Press Agency; government-controlled.
COIEPA:	Inter-Ecclesiastical Committee for Peace in Angola.
DRC:	Democratic Republic of the Congo.
EIU:	Economist Intelligence Unit, a research firm.
Ex-Im Bank:	U.S. Export-Import Bank.
FAA:	Armed Forces of Angola.
FLEC:	Front for the Liberation of the Enclave of Cabinda, an armed secessionist group; is splintered into several factions.
FNLA:	National Front for the Liberation of Angola.
GDP:	Gross Domestic Product.
IMF:	International Monetary Fund.
LUSA:	Agência Lusa, known in English as the News Agency of Portugal.
MONUA:	U.N. Observer Mission in Angola.
MPLA:	Popular Liberation Movement of Angola; ruling party of Angola
OAU:	Organization of African Unity
OPEC:	Organization of the Petroleum Exporting Countries
OPIC:	Overseas Private Investment Corporation.
SADC:	Southern African Development Community
U.N.:	United Nations
UNAVEM:	U.N. Angola Verification Mission; UNAVEM I; II; and III.
UNITA:	National Union for the Total Independence of Angola; armed opponent of government.
UNSC:	U.N. Security Council