CHAPTER 5

Angola

The Angolan government started to very reluctantly engage with the EU in governance reforms in the early 2000s. Over time it has become increasingly indifferent in its response to EU demands to cooperate.

This chapter demonstrates that—in contrast to Ethiopia and Rwanda—Angola is an example of a country where the EU's good governance strategies mostly entail costs for the government. Due to specific structural conditions (notably the Angolan government's access to abundant oil resources), the government has very little interest in building effective state institutions. Instead, in light of its access to easy revenues, it mostly uses state (and party) institutions to coopt regime supporters and opponents. The Angolan government faced little opposition in the first few years after the civil war. Since 2008, however, dissatisfaction within the party fermented and opposition outside of the party has grown. In response, the leadership has expanded party institutions, cooptation mechanisms and low-intensity coercion.

In this context, EU support for governance reforms was risky and generated almost no benefits. The Angolan government's decision to still, albeit reluctantly, start engaging in governance reforms in the early 2000s can be explained by its interest in receiving EU support for the reconstruction process. However, in 2004 when China appeared on the horizon as

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an alternative economic cooperation partner and Angola's interest in cooperating with the EU 'beyond' governance reforms faded away, the EU was left with no 'carrots or sticks' to persuade the Angolan government to address governance issues.

The example of Angola thus illustrates the limitations of the EU's good governance strategies in cases where the government has no genuine interest in cooperation and where it is not dependent on EU aid. Since the EU's instruments to support governance reforms are mainly operationalised in the field of development policy, the EU is left with limited options to engage in these contexts.

5.1 Structural Factors Shaping Angola's Survival Strategies

After the end of the civil war in 2002, the MPLA under President Eduardo dos Santos fostered its position as the dominant political force in Angola. Almost 30 years of civil war left the country devastated, with basic infrastructure destroyed and millions of people displaced. The government faced several challenges: it needed to transform the economy from a war- to a peace-time economy. It had to demonstrate that it was not only able to bring about peace but also an economic and social 'peace dividend' for its supporters. Furthermore, it needed to maintain support from key segments of the elite, such as the military and security forces, the MPLA party apparatus, the state oil company Sonangol and members of the presidential family.[1]

The Angolan government can rely on enormous revenues from oil exports. Some have argued that the 'resource curse' creates incentives for politicians to dismantle state institutions to seize rents, rather than to actually strengthen state institutions (Ross 1999). This argument also holds true in the case of Angola. The MPLA-governed state has often been described as a 'successfully failed state' (Soares de Oliveira 2011; Sogge 2009). On the one hand, formal state institutions were (and still are) quite weak or absent. The state has not been fulfilling some of its most basic functions in terms of guaranteeing human security and delivering basic services to its citizens. On the other hand, the Angolan leadership has established a highly efficient oil industry capable of generating vast amounts of rent that are necessary for regime survival. During the civil war, the state-owned company Sonangol had already gained a positive international reputation for its efficiency and aptitude in negotiating with international oil businesses (Soares de Oliveira 2015).

5.2 Angola Reluctantly Engaging in Governance Reforms in the Early 2000s Despite China Emerging

Until the end of the civil war in 2002, the EU's engagement with Angola had been limited. Throughout the 1990s, the EU mostly provided humanitarian and food aid, depending on the intensity of the conflict and humanitarian crisis (Republic of Angola and European Community 2003). After the end of the war, the EU sought to establish closer relations, and regular EU development assistance quickly resumed.

The EU's Good Governance Strategies Between 2000 and 2005

The EU's Approach: Promoting Democratic Government

In the first few years after the civil war, the EU institutions made some attempts to promote *democratic government*. The EU made support for governance reforms a key priority in its support of Angola's peace and reconciliation process. The first country strategy paper signed by the EU and the Angolan government in early 2003 reflects the EU's approach to promote democratic government (Republic of Angola and European Community 2003). The strategy paper highlights that, along with general capacity-building for government institutions and improvements in the transparency and management of public finances, the organisation of parliamentary and presidential elections, improvements to the human rights situation and the rule of law constitute preconditions for the success of Angola's peace process (ibid). Even though the strategy paper mentions the need to empower civil society organisations and their role in holding the government accountable, the focus clearly lies on strengthening government and state institutions (ibid).

According to OECD DAC aid statistics, the EU's financial commitments to support governance reforms indeed increased considerably in the early 2000s. Despite the strong rhetorical emphasis on promoting democratic reforms, the EU committed more aid to support the effectiveness of government institutions (about 74 per cent) than their democratic accountability (about 26 per cent) (Table 5.1).

Table 5.1 EU governance aid commitments to Angola (in USD million and in percent)

Angola	*2000–2005*	*2006–2014*
Total governance aid	18.80	72.09
Total aid (all sectors)	603.15	375.04
Governance aid/share in total EU aid	3.1%	19.2%
Output legitimacy	13.95	41.68
Input legitimacy	4.85	30.41
Output legitimacy/share in total governance aid	74.2%	57.8%
Input legitimacy/share in total governance aid	25.8%	42.2%

Source: Author's compilation, based on OECD DAC aid statistics (2016) (Query for EU institutions; 'total governance aid' includes all aid reported under the category '151:I5a: Government & Civil Society-general, Total' to the OECD DAC Creditor Reporting System. 'Output legitimacy' includes public sector and administrative management, public finance management, decentralisation and support to subnational government, anti-corruption organisations and institutions; 'input legitimacy' includes legal and judicial development, democratic participation and civil society, elections, legislature and political parties, media and freedom of information, human rights, women's equality. Data accessible at http://stats.oecd.org; last accessed: 5 October 2016)

Between 2000 and 2005, the EU clearly prioritised the intergovernmental over the transnational channel in its good governance strategy towards Angola.[2] Assistance through the EIDHR to support NGOs was very limited (Table 5.4). The EU directly allocated only small amounts of aid from the EDF to strengthen NGO capacities (about €5 million for 2002–2007) (Republic of Angola and European Community 2003).

The EU's Instruments: Cooperative-Critical

The EU initially pursued a *cooperative-critical* strategy. In addition to political dialogue and governance aid, the EU used strategies of naming and shaming and some material incentives to pressure the Angolan government to accelerate political reforms. The EU made several non-public *démarches* to raise concerns regarding the human rights situation and to address governance issues (Table 5.2). When the EU modified its common position in June 2002, it urged the government to advance democratic reforms, to hold free and fair parliamentary and presidential elections, to allow more spaces for civil society actors and to address the humanitarian crisis. The EU also made critical public statements in the UN and other international fora, asking the Angolan government to hold elections, and criticising its human rights record.

Table 5.2 EU statements and *démarches* related to governance reforms 2000–2012

	2000–2005		*2006–2012*		*Total*
	Positive	*Critical*	*Positive*	*Critical*	
EU public statements on governance reforms	4	11	5	–	20
Démarches	–	6	–	2	8

Source: Author's compilation, based on EU annual human rights reports, documents published by the Council of the EU

In 2003, the Angolan President dos Santos sent a letter to the President of the European Commission asking support from the EU to organise an international donor conference to raise international funds for Angola's reconstruction. The EU made his request conditional upon the signing of a framework agreement with the IMF which would have, among other stipulations, required the Angolan government to improve transparency of oil revenues and reduce corruption (Republic of Angola and European Community 2008). The EU did not consider initiating Article 96 negotiations in the first years after the end of the war (PARTICIP et al. 2006).[3]

2000–2005: Angola Started to Very Reluctantly Engage

In response to EU demands to cooperate on the implementation of governance instruments, the Angolan government—albeit very reluctantly—started to engage with the EU.

Angola's Responsiveness: Political and Aid Policy Dialogues

Relatively soon after the end of the civil war, at the end of 2003, the Angolan government agreed to initiate a formal Article 8 political dialogue. Between 2003 and 2005, five meetings took place (Republic of Angola and European Community 2008). However, in contrast to Ethiopia and Rwanda, apparently these meetings did not have a very high political priority for the Angolan government. The Angolan side was represented by the then vice minister of foreign affairs, George Rebelo Chicoti, who became the main interlocutor for the EU. The Angolan government has not opened up this formal dialogue to include representatives from other line ministries, and has been reluctant to discuss issues related to democratic or effective governance with the EU (much more reluctant than either Ethiopia or Rwanda). Some interviewees, EU documents and information from an independent evaluation suggest that the more the Angolan government gained the impression that the key objective of the dialogue was to discuss issues related to human rights, democratic reforms or the transparency of government finances, the more it lost interest in the dialogue (ECO Consult et al. 2009).

Beyond political dialogue, the Angolan government was indifferent towards the EU's demands to address governance reforms as part of aid policy dialogues. In contrast to Ethiopia and Rwanda, in Angola aid policy dialogues have only been very loosely institutionalised. According to European officials, the government was hesitant to speak about governance reforms within the existing aid policy dialogue formats.

Angola's Responsiveness: Governance Aid and Positive Conditionality

In the early 2000s, the Angolan government started to reluctantly engage with the EU in the implementation of aid targeted at supporting governance reforms. As the following analysis will document, the government was more willing to accept aid geared towards the support of human and administrative capacities of government institutions, than for transparency, the fight against corruption or the democratic quality of the decision-making processes.

The Angolan government signed the EU country strategy paper that put a strong emphasis on good governance, and it agreed to allocate large parts of the EU's aid to support good governance, even though it had a strong preference for infrastructure development. Angola accepted some support for the Ministry of Planning in the process of designing a development strategy for 2005–2006 and a long-term development plan (the 'Visao 2025').[4] It accepted some assistance to improve the capacities of the National Institute for Statistics and the National Assembly. It also agreed to set up projects that promoted decentralisation and governance at the regional level (ECO Consult et al. 2009). Furthermore, the government engaged with the EU in the implementation of aid allocated to support planning and budgeting capacities of ministries responsible for social policies at the national and provincial level (ECO Consult et al. 2009).

Yet, the analysis of joint annual reports on the implementation of EU aid to Angola, interviews with EU officials and independent evaluations of the EU's aid programmes in Angola indicate that apart from these few measures, the government was unwilling to implement good governance programmes.[5] Most of the EU's funds earmarked for governance reforms could therefore not be disbursed. The government was not prepared to sign and implement a programme of about €5 million that the EU had designed to support the election process (European Community and Republic of Angola 2007, 10). The government did not agree with the EU about designing a large programme to support the capacities of the judicial system and to improve access to justice (PARTICIP et al. 2006; European Community and Republic of Angola 2007); it merely agreed to launch a project that supports regional cooperation on justice reform among Portuguese-speaking countries. The government was unwilling to design projects with a view to supporting public financial management and transparency of government funds (PARTICIP et al. 2006; ECO Consult et al. 2009).

The Angolan government was also reluctant to engage with the EU in the implementation of assistance allocated to support the capacities of civil society organisations. The identification and implementation of direct assistance to NGOs encountered difficulties, as programmes financed under the EDF have to be agreed upon by both the EU and the Angolan government (ECO Consult et al. 2009).

We can conclude that, similar to Ethiopia and Rwanda, in Angola the EU also sought to promote *democratic government* in the early 2000s. In its public statements, the country strategy paper, through political dialogue and the allocation of governance aid, the EU expressed the importance it attaches to holding elections, respect for human rights and reform of the justice sector as well as improvements to the transparency of government finances. The EU clearly prioritised the intergovernmental over the transnational channel to support governance reforms and allocated only small amounts of aid to support NGOs. Moreover, again similar to Ethiopia and Rwanda, the EU also adopted a *cooperative-critical* strategy.

In response, the Angolan government hesitantly engaged. Already by the early 2000s, Angola was much more reluctant to respond to the EU's demands than Ethiopia and particularly Rwanda. The government hesitantly agreed to initiate formal political dialogue in the early 2000s, even if meetings subsequently took place irregularly and only at the level of the vice minister of foreign affairs. The government reluctantly started to engage in the implementation of some aid projects geared towards supporting governance reforms. It was indifferent towards the EU and other donors' demands to include a discussion of governance reforms in aid policy dialogues.

The Angolan Government's Survival Strategies

Little Domestic Opposition and Challenge to Regime Survival

The Angolan government faced little challenge from the domestic opposition in the first few years after the end of the civil war. With the MPLA's clear military victory and the death of Jonas Savimbi, the leader of the opposition party UNITA, the MPLA could consolidate its power largely unchallenged. A return to armed conflict was relatively unlikely. The MPLA-led government quickly restored its monopoly on power and extended the reach of the state throughout the country. Only some disputes with separatist movements in the Cabinda province still persist. Moreover, the opposition party UNITA was clearly not in a position to politically challenge the MPLA as it was disorganised internally (Orre 2010).

In light of the physical destruction of the country and the traditionally weak civil society, societal opposition was also weak and unlikely to emerge in the first few years after the war. As one observer put it: '…Angolans [were] exhausted after four decades of conflict and keen on predictability in their lives' (Soares de Oliveira 2011, 293). Within the ruling elite, President dos Santos was largely unchallenged in the early 2000s.

Using State Institutions and the Party for Cooptation

At the end of the civil war, the Angolan leadership had to rebuild its support base and restructure the economy from a war- to a peace-time economy. The leadership established informal state institutions to carefully balance different power centres in order to centralise access to rents and power. Moreover, it used the party as an instrument of cooptation. Both arguments will be further explored in the following sections.

The MPLA plays a major role in Angola as both the main instrument to keep the leadership in power and as a vehicle for cooptation. Rents to coopt regime supporters are channelled through party structures. At the same time, President dos Santos has carefully balanced other informal and formal power houses against the party to prevent it from becoming too powerful. The former chief of the state-owned oil company Sonangol, Manuel Vicente, for instance, has a limited powerbase within the party (Roque 2011) and thus did not constitute a strong rival to President dos Santos.

In the first few years after the war, the Angolan leadership made some efforts to reinforce state institutions at the regional and local level to expand its reach. Developing a civil administration in other urban centres and the rural areas was also a political imperative for the government (Power 2011). However, these measures contributed only slightly to improvements in the effectiveness of the government. If measured according to the WGI, the government's effectiveness only improved slightly in the early 2000s. It remained significantly below the average of sub-Saharan African countries (Fig. 5.2 below), and was clearly worse than Ethiopia and Rwanda.

In addition to formal government structures, the president created new *informal* government structures to centralise resources and balance different factions. Under the auspices of the presidency, a shadow government was responsible for policy formulation and policy implementation in key areas such as security or international relations. Its two main bodies were the Civilian House and Military House (Roque 2011). Within the Military House, the president established the Office of National Reconstruction (GRN) in 2004. One of the main objectives of the GRN was to launch prestigious projects, such as a new airport and railway lines. The GRN quickly became the most important institution for managing infrastructure reconstruction, and thus also for deciding on how the loans extended by the China International Fund should be allocated, which will be discussed more in detail below. These informal state structures allowed the president to reduce the influence of the formal government institutions, that is, the Ministry of Finance (which would have been responsible for the management of credit lines). And it allowed the president to use investments in infrastructure more strategically to reward and coopt regime supporters (Croese 2011; Corkin 2013; Manning 2011, 12).

The Angolan government strongly prioritised investment in the reconstruction of basic infrastructure. Investment in large-scale, physical infrastructure became the priority during the first period of post-war reconstruction between 2002 and the 2008 elections. The devastation of basic infrastructure can hardly be overstated (World Bank 2005). Roads, railways, bridges, electricity and so on were largely destroyed by the war. In Luanda, hardly any investments had been made during the war (Power 2011). Infrastructure investments were clearly much needed.

Yet, at the same time, large investments in infrastructure also constitute a formidable instrument of cooptation. In the absence of budgetary oversight, procurement remained opaque, and companies were selected on the basis of their political connections rather than quality and efficiency (Soares de Oliveira 2011). Quality control also remained limited and some were critical that infrastructure investments have been hugely expensive, but failed to deliver value for money (ibid). According to the World Bank (2011), public expenditure heavily favoured the urban areas (particularly Luanda), instead of the poor and the victims of war.

Managing Arenas of Contestation: Elections

The government has also built up formal democratic institutions after the end of the civil war. The first parliamentary and presidential elections were supposed to take place in 2006. Yet, despite pressure from the EU and other international actors, the government postponed the parliamentary elections several times, before they were finally held in 2008. No date was announced for the first presidential elections. Some observers argue that the government first wanted to make sure that it was in a position to win the elections with a large majority (Hon et al. 2010, xx; Corkin 2013).

Due to the Angolan government's limited efforts in strengthening the effectiveness and democratic quality of decision-making processes, cooperating with the EU on governance reforms was challenging and involved very few benefits. It is thus not surprising that the government had been very hesitant to engage with the EU. Instead, it seems rather surprising that Angola has started to engage with the EU at all. Focusing only on Angola's survival strategies cannot explain why the government, at least reluctantly, cooperated with the EU in the early 2000s. The next sections will therefore analyse both the Angolan government's broader interests in engaging with the EU and the influence of China.

Angola's Economic Dependence on the EU

In the case of Angola, the EU has clearly faced difficulties in establishing itself as an attractive cooperation partner. When Angola approached the EU for support in the reconstruction process, the EU probably missed an opportunity to set incentives for cooperation.

Angola is not aid dependent. The Angolan government relies almost exclusively on resource rents; oil revenues account for almost all government revenues. Development aid as a share of GNI peaked at about 7 per cent in 2004, when donors increased their aid funds to assist Angola's post-conflict reconstruction and rehabilitation (Fig. 5.1). Even though the EU has been one of the largest donors to Angola (Table 5.3), in light of Angola's low dependence on development aid, its interest in EU aid has arguably been quite low, particularly after 2004.

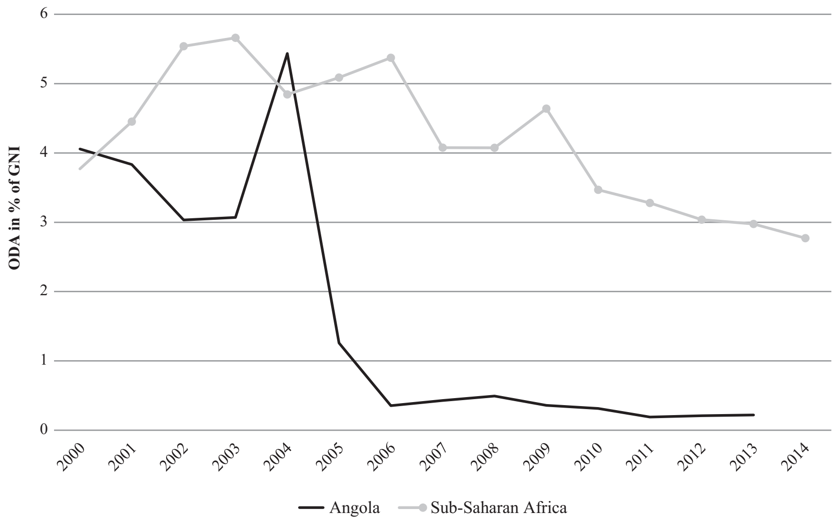

Fig. 5.1 Net ODA as a share of GNI in Angola
Source: Author's compilation, based on World Bank (2016a), World Development Indicators

Table 5.3 EU aid as a share of total DAC donors' aid (in USD million and in per cent)

	2000–2005	*2006–2013*
DAC aid total	2355 million	1891 million
EU institutions aid total	419 million	362 million
EU share of total DAC aid	18%	19%

Source: Author's compilation, based on OECD Development Assistance Committee CRS Aid statistics (2016)

Despite Angola's generally low aid dependence, at least in the early 2000s, the government had a clear interest in receiving support from the EU. At that time, the EU (as a whole) was still the second-largest destination for Angolan oil after the USA (Fig. 5.3). More importantly, the Angolan government urgently needed financial assistance from international partners for the reconstruction of the country after the end of the civil war (Soares de Oliveira 2011, 299; Corkin 2013, 41). Angola expected that the international community would shoulder parts of the burden of reconstruction, given the involvement of international actors in the war (Corkin 2013, 41). Back then, Angola also had difficulties raising funds in the international capital markets and from Western countries, because negotiations with the Paris Club creditors were not yet concluded and Angola still had USD2 billion in outstanding debts. Furthermore, international oil prices at that time were moderate and Angola's oil production was still comparatively low. In this context, the Angolan government repeatedly asked the international community, and notably the EU, to organise an international donor conference to mobilise international support for the reconstruction process, but without success.

The EU hesitated to actively support a donor conference before negotiations between Angola and the IMF had succeeded. After the war, international NGOs such as Global Witness (2002) published influential reports that suggested that billions of dollars in oil revenues had gone missing. A consensus emerged within the international community that Angola should address the issue of transparency before external financial support could (again) be extended (Soares de Oliveira 2011, 300). Moreover, at that time economic interests of EU member states in Angola were still quite limited. For instance, trade and investment relations with Angola's former colonial power Portugal were negligible. In 2000 Angola was only the tenth export destination for Portuguese goods and services, and Portuguese companies had invested as little as USD40 million (Seabra and Gorjão 2011). As one EU official put it: 'At that time, member states did not yet see the strategic importance of Angola'.[6]

The Angolan government was unwilling to comply with the EU and other international actors' demands to commit to greater transparency in the management of its revenues and to subject itself to IMF conditions.[7] Instead, the EU's attempts to condition support for a donor conference to an agreement between Angola and the IMF was strongly criticised by the Angolan government. Several observers and officials felt that this situation created an atmosphere of alienation between the government and the EU, which also affected relations in the following years.

To summarise, even though the EU has been an important donor to Angola, this does not make it an attractive partner for the Angolan government in light of Angola's very low aid dependency. In the early 2000s, the Angolan government had some interest in engaging with the EU because it was hoping for the EU's support in organising an international donor conference that would provide assistance for its reconstruction efforts. Despite the costs that cooperation on governance reforms entailed, the Angolan government thus decided to at least reluctantly start engaging with the EU.

China: Becoming an Alternative Economic Cooperation Partner

> China needs natural resources and Angola wants development.
> President dos Santos during the visit of Prime Minister Wen Jiabao in Angola in 2006[8]

This short statement nicely captures Angola and China's interests in their relationship. Both sides are primarily interested in economic cooperation. And the relationship is quite interdependent—in contrast to China's relations with most other African countries and similar to the EU's relations with Angola.

Chinese relations with Angola can be characterised as 'a marriage of convenience' (Corkin 2011; Power and Alves 2012). Both sides have a strong and very pragmatic interest in the relationship. For China, Angola has become one of its most important economic cooperation partners in Africa, not only due to the importance of oil exports. At least partly as a result of the oil-for-infrastructure deals, Angola also generates huge business opportunities for Chinese construction, telecommunication and other companies. For the Angolan government, in turn, cooperating with China has significantly bolstered Angola's independence from the EU and other Western actors.

During the civil war, China had mostly supported the UNITA, at times the National Front for the Liberation of Angola (FNLA) and only shortly the MPLA. Until the late 1990s, China's trade, aid and other economic cooperation with Angola was limited, similar to China's relations with other African countries. Only after the turn of the century did China–Angola relations rapidly become more intense. The end of the Angolan civil war in 2002 coincided with the launch of China's 'going out' policy, which paved the way for closer economic and political cooperation with African countries in general and Angola in particular.

In 2003, shortly after the end of the civil war and in the midst of the difficult negotiations between the Angolan government and the IMF, the EU and other traditional partners, the EXIM Bank started negotiating a loan contract with the Angolan government. In March 2004, a USD2 billion loan was signed. As Soares de Oliveira (2011, 301) put it: 'One [cannot] underestimate the extent to which the Chinese credit mattered in 2004, or the symbolic role of the Chinese arrival in the broader transformation of Angolan external relations'.

Due to the timing and the size of the loan as well as its linkage to infrastructure investments and its medium-term effects, it was highly important for both the domestic strategies of the Angolan government and its relations with China, the EU and other partners. First, the agreement with the Chinese EXIM Bank allowed the Angolan government to break off negotiations with the IMF and to stop asking the EU and other donors to organise a donor conference (Traub 2006). The volume of the loan probably exceeded the amount of support that the Angolan government had expected from traditional partners. Second, the EXIM Bank loan had a catalytic effect, because it once again gave the government access to international commercial loans (Corkin 2013, 152; Traub 2006). Third, the Chinese loan was reserved for key public investment projects in the construction and rehabilitation of basic infrastructure, telecommunication and agrobusiness within the framework of the Angolan government's national reconstruction programme. The EXIM Bank loans thus became a major source of funding for the government's public investment programme. Fourth, the timing and the Chinese offer to provide not only a line of credit, but to also *deliver* much-needed infrastructure projects, closely matched the Angolan government's need to launch infrastructure rehabilitation. The Chinese loan was perceived by the Angolan leadership as a quick and convenient answer to the country's basic infrastructure problems. Timely delivery was paramount: most Chinese projects were due to be implemented before the parliamentary elections, 'thus adding prestige and bolstering the MPLA government's credentials of delivery' (Burke et al. 2007, see also Corkin 2013, 154 for a similar argument).

The loans also had considerable advantages for President dos Santos' efforts to bolster his own influence. In 2004, he decided to set up the GRN to manage the Chinese loans and thus to shift responsibility from the Ministry of Finance to informal, 'shadow government' structures directly under his authority. The loans gave the president access to an important flow of resources for cooptation and to secure his power position *vis-à-vis* potential political rivals (Soares de Oliveira 2011, 301; Corkin 2013, 131ff). Marques de Morais (2011b), a civil society activist and outspoken critic of the Angolan government, argues: 'The concentration of power in the presidency has turned Sino-Angolan relations into a new stream for looting'.

Between 2004 and 2006, the EXIM Bank loan financed about 100 contracts in energy, water, transport, agriculture, healthcare and education. At least partly in response to international pressure, information on the specific projects funded under the loan agreement was published on the website of the Angolan Ministry of Finance.[9] The projects were implemented by Chinese, mostly state-owned, companies. The Angolan government negotiated a clause that up to 30 per cent of the value of a project had to be sub-contracted to Angolan companies (Africa-Asia Confidential 2009b).

After 2003, economic cooperation between China and Angola intensified. China rapidly became the second-largest destination for Angola's oil exports (Fig. 5.3). At the same time, Chinese direct investments in Angola remained limited in the early 2000s. Development assistance also played a marginal role in China's relations with Angola, much different from Rwanda and Ethiopia. Angola has received some aid: China sends medical teams to Angola, provides some scholarships for Angolan students to study in China and has funded turnkey infrastructure projects, such as schools and a hospital. Yet, the volume of Chinese aid is not only small compared to its overall economic engagement; according to Chinese officials it is also small compared to the volume of aid that other African countries receive.[10]

Cooperating with China has significantly bolstered the Angolan government's independence from the EU and other Western actors since 2004. China extended important volumes of loans at a crucial point in time when the EU and others sought to condition their assistance on greater transparency of government revenues. China has not only offered important financial flows and has become the second-largest destination for Angolan oil exports, it also delivered inexpensive infrastructure and labour that were crucial for the Angolan government's reconstruction efforts after the civil war and ahead of the 2008 elections.

5.3 The Late 2000s: Angola Largely Indifferent Towards EU Demands to Engage on Governance Reforms Even Though the EU Narrows Its Strategies

Between 2006 and 2014, support for governance reforms has remained a prominent issue on the EU's agenda. However, the Angolan government has been largely indifferent towards EU demands to engage in governance reforms.

EU Good Governance Strategies and Angola's Responsiveness

The EU's Approach: Promoting Effective Government

After 2006, the EU narrowed its good governance strategies to supporting *effective government*. Even though parliamentary elections were postponed, presidential elections had not been held and constitutional reform was still pending, the EU toned down its rhetorical demands for democratic reforms. The subsequent country strategy paper signed by the EU and the Angolan government in 2008 was less outspoken about the need for democratic reforms than the previous one. Instead, the strategy acknowledged that Angola made progress towards democratisation since the end of the civil war, for instance, in preparing for the elections (Republic of Angola and European Community 2008, 14f).

Support to governance reforms became an even more prominent issue in the EU's aid to Angola. The EU made aid to governance reforms the first focal sector of its aid programme. Funding earmarked for governance reforms increased to 20 per cent (€40 million) of the €214 million in aid that the EU planned to spend in Angola between 2008 and 2013 (Republic of Angola and European Community 2008, 47). However, the EU has also modified its definition of good governance, adopting a very narrow understanding of *effective government*. Between 2006 and 2014, about 60 per cent of the EU's governance aid to Angola were allocated for enhancing the effectiveness and efficiency of government institutions rather than the democratic quality of decision-making processes (Table 5.1). Aid allocated with a view to supporting governance reforms should strengthen the human and administrative capacities of the government rather than the accountability of government institutions or the transparency of government finances (Republic of Angola and European Community 2008).

The main activity between 2006 and 2014 that falls into the category of promoting *democratic government* was the EU's support of parliamentary elections. The EU sent an election observer mission to monitor the 2008 elections (European Union 2008). Its final report found that the elections were free and fair and highlighted how peacefully they were conducted. The EU did not send a regular observer mission to the subsequent parliamentary elections that were held in September 2012. Instead, it only dispatched an expert team that was to collect information about the election process for EU internal purposes.

The EU continued to be very reluctant to use the transnational channel. Between 2006 and 2010, EU funding from the EIDHR increased slightly (Table 5.4). Through the EIDHR, the EU aimed at fostering

Table 5.4 EIDHR projects in Angola 2000–2010

	2000–2005	*2006–2010*	*Total*
Volume in USD	3,302,701	5,646,841	8,949,542
Number of projects	11	31	42

Source: Author's compilation, based on EU compendia EIDHR projects, various years

freedom of expression and contributing to national reconciliation as well as the election process. An evaluation of the EIDHR projects criticises that funds have predominantly been used for 'promotional' activities (Foley et al. 2010). In contrast, the EU has been reluctant to support interventions that either monitor Angola's human rights record with a view to holding the Angolan government accountable to international human rights norms or that empower the political opposition (ibid).

The EU mainly supported the PAANE programme which was launched in 2007 and entered a second phase in 2010 (European Commission 2010). PAANE strengthens the capacities of NGOs to participate in the decentralisation process (ECO Consult et al. 2009, 156). The project also seeks to both strengthen capacities of CSOs to engage in dialogue with government institutions and to build networks among CSOs, particularly at the local and regional levels. The project's strategy paper points out that as EDF funds depend on an explicit agreement between the EU and the Angolan government, politically more sensitive interventions should be financed through the EIDHR (European Commission 2010, 14).

A final example of the EU's reluctance to promote *democratic governance* is its support for the civil society forum that was held at the end of 2009 in Benguela. Whereas the EU had provided some financial support to the conference, it did not send a high-level delegation to the opening of the conference, in order to avoid conflicts with the Angolan government.[11]

The EU's Instruments: Cooperative Strategy

Between 2006 and 2014, the EU merely pursued a *cooperative* strategy, relying mostly on political dialogue and governance aid. The EU did not use negative incentives to exert pressure on the Angolan government.

The EU made efforts to improve the implementation of its cooperative instruments. Most importantly, it made several attempts to foster a formal

Article 8 political dialogue with the Angolan government (European Union 2010, 2011; Republic of Angola and European Community 2008). In 2009, the EU proposed to launch a Joint Way Forward together with the Angolan government (European Union 2010). The objective of the Joint Way Forward is to strengthen political dialogue and political cooperation between the EU and Angola on issues of 'mutual interest', such as cooperation in energy or peace and security. Yet, the EU has also suggested include dialogue on governance reforms. With Nigeria and Cape Verde, Angola is one of only three African countries to which the EU has proposed upgrading its relationships through a Joint Way Forward in the late 2000s.

By contrast, between 2006 and 2014, the EU clearly refrained from using negative material or non-material incentives to put pressure and openly criticise the Angolan government. Those few public statements that the EU made after 2006 (for instance, after the 2008 parliamentary elections) laud the government for its progress on governance reforms. The EU did not make public statements or declarations to urge the Angolan government to promote democratic reforms (Table 5.2). Nor did it make statements at the UN to comment on the human rights situation. The EU did not comment on the new constitution that the parliament voted into effect in early 2010 and that gives substantially more power to the president. The EU did not comment on a critical IMF (2012) report which argued that several billions of dollars of government funds had gone missing. Critical reports published by Amnesty International, Human Rights Watch or Global Witness also did not prompt the EU to issue critical statements to signal its concern.

Angola Remained Largely Indifferent to Demands for Cooperation from 2006 to 2014

Even though the EU considerably toned down its demands and merely sought to promote *effective government*, the Angolan government has been increasingly indifferent towards the EU's initiatives to cooperate on governance reforms since 2006.

Angola's Responsiveness: Political and Aid Policy Dialogues

In contrast to Ethiopia and particularly Rwanda, Angola has increasingly ignored the EU's requests to intensify formal Article 8 political dialogue. Meetings took place irregularly and have even lost momentum over time.

In 2006 and 2007, meetings took place about three times a year; one meeting was convened in the summer of 2008 (ECO Consult et al. 2009). Between the summers of 2008 and 2012, however, political dialogue did not take place.[12] In those meetings that did happen between 2006 and 2008, only the Angolan vice minister of foreign affairs was present. Whereas the meetings were reportedly held in a cordially atmosphere and allowed for open exchange, discussions did not foster tangible results, and the impact of the dialogue on the position of the government was reported to have been small (ECO Consult et al. 2009). Interviewees suggest that the Angolan government was very hesitant to discuss issues related to governance reforms, which it did not perceive as a dialogue at eye level. Instead, the government has been more interested in discussing regional peace and security issues or the ban on the Angolan airline TAAG flying to the EU.[13]

The Angolan government has also been indifferent towards the EU's demands to engage in political dialogue within the framework of the Joint Way Forward. Interviewees suggest that Angola was initially not very enthusiastic regarding the EU's proposal to launch the Joint Way Forward as an instrument to revitalise political dialogue and to upgrade its relationship with the EU.[14] In 2012, the Angolan government eventually agreed to sign the Joint Way Forward—three years after the EU had launched its initiative and shortly ahead of the parliamentary elections in September 2012.[15] The first high-level dialogue meeting took place immediately following the signing of the document. The first ministerial meeting took place two years later in October 2014; issues of democracy and good governance were also addressed.[16]

Similar to the early 2000s, the government has not been willing to address governance issues as part of its aid policy dialogue with the EU and other donors. In contrast to Ethiopia and Rwanda, Angola has not been actively engaged in the international aid effectiveness agenda. For instance, Angola is one of very few developing countries that have not signed the Paris Declaration in 2005, in which donor and recipient countries agreed on basic principles and standards for development cooperation. Meetings between the government and donors to discuss general issues of aid cooperation take place on a relatively regular basis. However, aid coordination structures between the Angolan government and donors are weak compared to other African (aid-dependent) countries. The government has not agreed to address governance reforms as part of aid policy dialogues.

Angola's Responsiveness: Governance Aid and Positive Conditionality
In contrast to Ethiopia and particularly Rwanda, Angola has further been reluctant to engage with the EU in other instruments that seek to foster cooperation on governance reforms, such as the EU's governance incentive tranche. It has not been willing to draft a governance action plan for the EU, but instead referred the EU to already existing development strategies containing short sections with governance reform objectives. The EU then took the lead and drafted a plan, based on the poverty reduction strategy and the Angolan government's development strategy for 2007–2008 (Republic of Angola and European Community 2008, 40). The objectives and targets identified in the governance action plan were vague and—if at all—process oriented rather than specifying the outcome that should be achieved (Republic of Angola and European Community 2008, 40–42). During the following years, Angola made very limited progress in implementing the governance action plan. An analysis prepared for the EU's midterm review found that until 2009 only nine out of 35 targets had been achieved. The government has clearly been reluctant to use the governance action plan or its national development strategies as a framework for political or aid policy dialogue (Republic of Angola and European Community 2008).

Compared to the period between 2002 and 2005, Angola has been even more reluctant and to some extent indifferent towards EU attempts to engage in the implementation of governance aid. Only reluctantly and after lengthy negotiations did the government sign the country strategy paper and the national indicative programme for the 10th EDF (Republic of Angola and European Community 2008). One EU official suggested that this reluctance can be explained because the government perceived the strategy as being too critical regarding the governance situation in Angola and placed too much emphasis on aiding governance reforms rather than supporting the rebuilding of basic infrastructure.[17]

The analysis of joint annual reports on the implementation of EU aid to Angola, an independent evaluation of EU aid to Angola as well as interviews with officials suggest that the government has been clearly reluctant and often indifferent towards EU demands to implement aid funds earmarked for supporting governance reforms. Whereas it accepted some aid to strengthen the human and administrative capacities of government institutions, it ignored EU attempts to cooperate on the implementation of aid to improve the transparency of government finances or the democratic quality of decision-making processes. Several examples illustrate this assessment.

In line with the objective of the country strategy paper to allocate parts of EU governance aid to justice reform, the EU proposed a programme to improve access to justice but had to wait longtime for a response from the Ministry of Justice (European Community and Republic of Angola 2009). The government did not respond at all to the EU's proposals to allocate some aid to enhance the capacities of the Ministry of Finance. A project to support the human and administrative capacities of the Ministry of Trade took a long time to be negotiated. A programme to support public administration reform was first cancelled by the National Authorising Officer, before the EU and the government eventually reached an agreement. The project that the EU and the Angolan government agreed upon seeks to support the capacities of the Ministry of Planning in managing the implementation of EU aid funds and strengthening donor coordination; it provides assistance to the National Institute of Statistics and promotes regional integration within the South African Development Community (SADC) (European Commission 2010). The project thus has a focus on promoting (a very narrow definition of) effective government. The single most visible activity of the Angolan government to engage with the EU in governance reforms was the 2008 EU election observer mission that the government agreed to (European Union 2008).

We can conclude that, in contrast to Ethiopia and Rwanda, the EU's strategy in Angola shifted from promoting *democratic government* towards promoting a narrow definition of *effective government* that focuses mostly on the capacity-building of government institutions rather than the transparency of government finances. In its support of governance reforms, the EU continued to prioritise the intergovernmental over the transnational channel. After 2006, no instances of the EU using material or non-material negative incentives to put pressure on the Angolan government could be observed.

In contrast to Ethiopia and particularly Rwanda, the Angolan government has been increasingly *indifferent* towards the EU's demands to engage in governance reforms since 2006. It has been indifferent towards the EU's requests to engage in formal political dialogue under Article 8 of the Cotonou Agreement. It took three years to agree to sign the Joint Way Forward; a clear indication of its limited interest in political dialogue. The government has not agreed to engage in aid policy dialogues to discuss governance reforms with the EU. It has been largely indifferent towards the EU's request to draft a governance action plan to become eligible for a governance incentive tranche. It has been unwilling to engage with the EU in the implementation of governance aid; most projects have not been launched or were substantially delayed. The implementation of direct aid to NGOs has also faced difficulties.

The Angolan Government's Survival Strategies

Mounting Opposition from Outside and Within the Ruling Elite

Since the mid-2000s, opposition from outside and within the ruling elite has gradually become more pressing. Particularly since 2009, the Angolan leadership has faced substantially more opposition.

Opposition from beyond the leadership's support coalition has become stronger since the 2008 elections. For the first time since independence in 1975, anti-government demonstrations took place in Luanda in 2011 and 2012 (Croese 2013; Roque 2013). These demonstrations were to some extent influenced by the Arab Spring, and fuelled by the economic crisis in Angola and the limited effects of the government's policies on the lives of ordinary Angolans. Some of the mostly young and urban protesters urged President dos Santos to step down. Most importantly, among them were not only members of the opposition but also some descendants of high-ranking MPLA members (ibid). Some war veterans and other members of the security apparatus also took to the streets to protest about unpaid pensions. Even though demonstrations remained largely peaceful and did not escalate into a full-scale mass movement, they indicated the growing dissatisfaction with the social and economic performance of the regime (Croese 2013; Watch 2012). Popular discontent with the government is not least evident in public opinion polls.[18] According to Gallup polls (2013), only 23 per cent of Angolans had 'confidence in the national government' in 2011, and only 16 per cent showed 'approval of the country's leadership'.

Dissatisfaction also fermented within the MPLA itself. Several high-level figures in the MPLA defected and joined the opposition, thereby weakening the position of the leadership. One indicator for growing discontent within the party was the delay in the process of drafting a new constitution. Even though the 2008 elections won the government a firm majority in parliament, the new constitution was not passed until 2010. Some observers further argue that the delays in publishing the party list for the 2012 elections were a sign of ongoing disputes within the party.[19]

Boosting the Ruling Party as a Vehicle for Cooptation

After 2006, the government continued to use a combination of cooptation and low-intensity coercion to solicit support. The government used funds from oil revenues to maintain support from party members and the military.

The landslide victory for the MPLA in the 2008 elections and the resulting dominance of the parliament allowed the MPLA government to work towards a modification of the constitution. The new constitution which was passed early in 2010, gives the president an even more powerful position than before (Orre 2010, 13).[20] The constitution abolishes direct presidential elections. The candidate at the head of the party list that wins most votes in the general elections automatically becomes president. The new constitution thereby allowed President dos Santos to remain in office without being subject to voters' opinions. One can argue that the constitution formalises de facto power structures and the all-powerful position of the president (Orre 2010).

In response to the growing challenges from within and outside of the elite, the Angolan leadership further expanded the ruling party. Party membership had already increased massively from about 60,000 in 1990 to about four million in 2004 (Soares de Oliveira 2011). Ahead of the 2012 elections, the MPLA was planning to recruit another two million party members (Roque 2011, 5). In a country of about 20 million inhabitants, this is a quite significant figure. Expanding the party membership has created ample opportunities of top-down cooptation. Observers are critical that the MPLA has gained significant influence over the state. Angolans refer to the growing influence of the MPLA on public and private life as 'partidarizacao' or 'party-isation' (Schubert 2010, 659). During the past few years, MPLA-owned companies acquired most of the free press and established new media outlets (Marques de Morais 2010). Moreover, the party created 'special committees' that are involved in all areas of society. These allow for conditioning service delivery and career prospects on loyalty with the party (Roque 2013, 2).

Using Formal and Informal State Institutions for Cooptation Rather than Provision of Public Services

Between 2009 and 2012, the leadership continued to substantially rely on formal as well as informal government structures. The GRN was dismantled in 2010, but its responsibilities in managing the domestic infrastructure investments were not transferred (back) to the Ministry of Finance.

Instead, a new institution within the national oil company Sonangol was set up (Corkin 2013, 131).

Between 2009 and 2012, the Angolan leadership only made subtle efforts to strengthen the effectiveness of formal state institutions. In 2010, the government started to introduce a tax reform to boost non-oil revenues (Anderson 2013). Reform steps were to include an overhaul of the administrative structure and notably preparations for the creation of an integrated revenue authority. Observers contend that the reform is at least partly driven by pressure from the IMF rather than a genuine domestic interest of the Angolan government (Anderson 2013, 2). Moreover, the government has introduced some measures to make public finance more transparent. Observers view these measures as 'window dressing' to comply with IMF conditionality and improve Angola's international standing rather than home-grown reforms in which the government has a genuine interest (Soares de Oliveira 2012). International indices, such as the WGI, suggest that rather than increasing, the effectiveness of the Angolan government has *decreased* between 2009 and 2014 (Fig. 5.2). The Angolan government's effectiveness remains significantly below the sub-Saharan African average and clearly below that of Ethiopia and Rwanda.

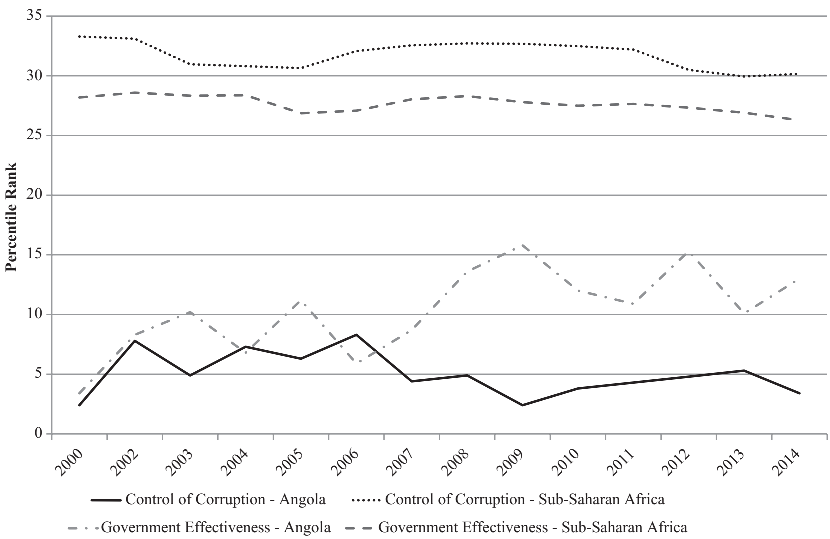

Fig. 5.2 Government effectiveness and control of corruption in Angola
Source: World Bank (2016b), Worldwide Governance Indicators; author's compilation

The Angolan government continues to use state institutions as a means for cooptation by channelling private goods, spoils and perks rather than for providing public goods and improving public services. A closer analysis of spending on infrastructure, the military and social services suggests that the government has a strong interest in using the state to coopt regime opponents and supporters rather than to provide effective services to the broader population.

One case in point is the government's substantial investments in physical infrastructure. Between 2009 and 2012, investments in housing were a government priority (Croese 2011, 16). In the run-up to the 2008 elections, the MPLA had promised that one million affordable houses would be built by 2012 to respond to the needs of a rapidly growing population and to skyrocketing housing prices.[21] The slogan for the election campaign was: 'Angola é um canteiro de obras', which was to say that all of Angola represents a construction site for public works (Marques de Morais 2011a). Total public investments in infrastructure (roads, power, railways and housing) grew by tremendous rates of 14 per cent of GDP or USD4.3 billion per year (World Bank 2011). However, an astonishing USD1.3 billion of the investments or 5 per cent of GDP per year is lost due to 'inefficiencies' (ibid; Soares de Oliveira 2011). With regard to the infrastructure investments, Soares de Oliveira (2011, 295) thus points out that 'many of the policies pursued by the government seem designed to maximise rentierism and minimise oversight'. Examples include prestigious projects such as the rebuilding of Luanda's seaside boardwalk, football stadiums and luxury government buildings (Power 2011).

In contrast to Ethiopia and Rwanda, the Angolan government continues to spend considerable parts of its budget on the military. Even though the government does not face an immediate external security threat[22] and the civil war ended more than a decade ago, the government still spends 17 per cent of its budget (ACTSA 2013), or about 4 per cent of GDP (SIPRI 2013) on the military. Military spending even increased from about USD1.5 billion in 2002 at the end of the war to USD3.8 billion in 2012 (SIPRI 2013). In 2015, Angola was the country with the largest defence budget in sub-Saharan Africa. The government has not demobilised the 120,000 strong army, and army generals were allowed to engage in resource extraction and land grabbing (Power 2011).

Moreover, the government continues to invest relatively little in other types of public goods, such as healthcare and education. Angola's public investments in healthcare as a share of government expenditures continue to be considerably below the average in sub-Saharan Africa and also lower than in Ethiopia and Rwanda, according to the WDI. Moreover, part of the government expenditure in healthcare and education has been spent on scholarships and healthcare subsidies *abroad* for members of the elite rather than on improving services in Angola and for the wider population. Even though Angola has become an upper middle-income country with a per capita GNI as high as USD4800, little progress has been made regarding basic human development during the past decade. Angola ranks near the bottom on the Human Development Index: at position 148 of 186 in 2012 (United Nations Development Programme 2013).

On the other hand, Angola is one of the most corrupt countries in the world. According to the WGI, the level of corruption in Angola has even gone up since the end of the civil war, and particularly since 2006 (Fig. 5.2). The government's discourse on the fight against corruption has become more prominent since 2009 (Marques de Morais 2010), but apparently this has so far not resulted in practical improvements. According to Gallup polls (2013), 87 per cent of the population consider government corruption to be widespread. In its Corruption Perception Index, Transparency International ranked Angola at position 163 of 168 countries in 2015.

The Open Society Initiative for Southern Africa (OSISA) and Global Witness (2011) found that despite improvements in the transparency of government revenues, serious discrepancies between accounts of the Ministry of Finance and Sonangol remain. In 2012, the IMF also reported that an astonishing USD32 billion of Angola's state funds went missing in the past few years. After some discussions with the Angolan government, the IMF reduced the discrepancy by USD27.8 billion and argued that this difference could be explained as 'quasi-fiscal operations' by Sonangol. However, the remaining (and still considerable) gap of USD4.2 billion could not be accounted for by the Angolan government.[23]

Low-intensity Coercion and Managing Arenas of Contestation

The first parliamentary elections were finally held in 2008, after having been postponed several times. As expected, the government gained a large majority with little difficulty. The MPLA secured 191 of 220 seats in the National Assembly and won about 81 per cent of the votes. The main opposition party UNITA got only 10 per cent. The 2008 elections thereby strongly reinforced the position of the MPLA. Even though the playing field ahead of the elections was not level, it substantially increased the government's domestic (and international) legitimacy (Roque 2009).

In contrast, in light of mounting public dissatisfaction and a stronger opposition, the Angolan leadership faced more severe challenges in 2012. The MPLA gained a mere 71 per cent of the votes. The main opposition party UNITA won about 18 per cent. This reduction in votes for the MPLA suggests that the MPLA was no longer able to fully dominate the electoral arena. Particularly in Luanda, the MPLA's traditional stronghold, UNITA and the newly formed Broad Convergence for the Salvation of Angola—Electoral Coalition (CASA-CE) gained more than 40 per cent, essentially turning the MPLA from an urban-based into a rural-backed party (Croese 2013).

The leadership holds on to power by a mix of legal measures to limit spaces for civil society and critical opposition and informal measures of harassment and coercion as well as cooptation of critical figures. The leadership has established its own 'NGOs'. The most prominent examples are the foundations of the president and his daughter (Power 2011). Civil society actors may find themselves promoted to government or party commissions and receive spoils to silence criticism (Schubert 2010, 666). Members of UNITA are also coopted. Prominent examples include high-level UNITA figures who were appointed as ministers (Croese 2013). The president initiated major reshuffles of the cabinet and other key positions in the economy and the army in 2011.

At the same time, harassment and low-intensity coercion limit the space for civil society, the media and the opposition to engage. During the protests in 2011 and 2012, for instance, Angolan security forces violently suppressed demonstrations (Croese 2013; Watch 2012).

Between 2006 and 2014 cooperating with the EU on governance reforms would have been costly for the Angolan government, in spite of the EU's decision to narrow its good governance strategy. It is thus not surprising that the Angolan government has ignored EU demands for cooperation in the second half of the decade. It faced stronger domestic opposition, particularly since 2009, and it responded by expanding the party and by relying even more strongly on cooptation. Even though the EU has, over time, shifted its good governance strategy towards a narrow understanding of good governance, EU support for governance reforms has not more strongly converged with the Angolan government's preferences. Only EU support for the 2008 elections accrued some benefits for the government as it enhanced external legitimacy. When the domestic opposition was much stronger ahead of the 2012 elections, the government refused to accept EU assistance.

Angola's Economic Dependence on the EU

Since the mid-2000s, the EU has not managed to set incentives that would have outweighed the costs of cooperating on governance reforms. In contrast to the EU's relations with Ethiopia and Rwanda, Angola is clearly not dependent on EU aid. Moreover, the EU institutions face substantial difficulties in offering Angola attractive cooperation packages in other policy fields. Furthermore, EU member states have developed a substantial economic interest in engaging with Angola, which has made it even more difficult to find a coherent European approach.

Between 2006 and 2014, aid accounted for less than 1 per cent of GNI, making Angola one of the least aid-dependent countries in sub-Saharan Africa (Fig. 5.1). Oil prices have boomed since 2005, and Angola has considerably increased its oil production. While oil revenues traditionally constituted a large share of government revenues, resource rents have skyrocketed since 2005. However, Angola's dependence on oil also implied that the dip in oil prices and oil exports during the financial and economic crisis in 2009 had a strong and immediate effect on the Angolan government's revenues. Between 2010 and 2013, oil revenues had again been on the rise. In 2014 oil prices fell sharply for a second time. After Nigeria, Angola is the second-largest oil producer in sub-Saharan Africa.

During the second half of the 2000s, EU member states and European commercial banks as well as other international actors have provided (commercial) lines of credit to Angola (Table 5.5). In the wake of the global financial and economic crises, the Angolan leadership once again reached out more strongly to European and other international actors to secure financial support. In November 2009, negotiations with the IMF finally led to the signing of a standby loan agreement for USD1.4 billion. Earlier that year, President dos Santos also secured funding from several European countries, notably Spain, Portugal and Germany (Table 5.5).

However, the financial and economic crises also demonstrated that the EU institutions play a limited role in Angola's relations with Europe. While EU member states extended lines of credit, what is mostly available as an instrument for bilateral cooperation to the EU institutions are aid funds from the EDF. The EU's proposal to initiate a Joint Way Forward

Table 5.5 Selected credit lines to Angola (in USD)

Country	*Volume of flows*	*Purpose*	*Years*
European			
Portugal	1 billion		
	500 million (COSEC)		2009
Spain	600 million		2007
Belgium	500 million		
Germany	1.7 billion		2009
Non-European			
Canada EXIM	1 billion		2009
Brazil BNDES	5 billion	Finance purchase of Brazilian goods and services	Total credits by 2011
India EXIM	40 million	Railway rehabilitation	2006
	13 million	Purchase of tractors	2010
	15 million	Cotton projects	
	30 million	Industrial park	
Multilaterals			
IMF	1.4 billion	Stand-by agreement	2009
World Bank	360 million	IDA and IBRD	2009–2011

Source: Author's compilation, based on Vines et al. (2009), Corkin (2013), Africa-Asia Confidential (2009b), India EXIM Bank (2013)

has been one attempt to overcome this discrepancy and to identify areas for cooperation 'beyond' a traditional donor–recipient relationship that would make the EU an attractive cooperation partner. Yet, its relevance and success remains to be seen.

Since the mid-2000s, the EU's importance as a destination for Angolan oil exports has been on the rise (although nothing in comparison to exports to China) (Fig. 5.3). Yet, oil imports from Angola account for only about 2 per cent of total European oil imports (Helly 2011). Oil imports from Angola are limited to a few EU member states. France, for instance, had imported very little oil from Angola for some time, mostly due to diplomatic disputes over French arms sales to Angola in the 1990s, also known as the 'Angolagate scandal'. However, relations have improved in the mid-2000s after high-level initiatives by the French President Nicolas Sarkozy. As a consequence, oil exports rapidly increased and France now imports between 8 and 15 per cent of its oil from Angola (Helly 2011).

Trade and investment relations with Angola's former colonial power Portugal have gained importance since the mid-2000s. By 2008, Angola

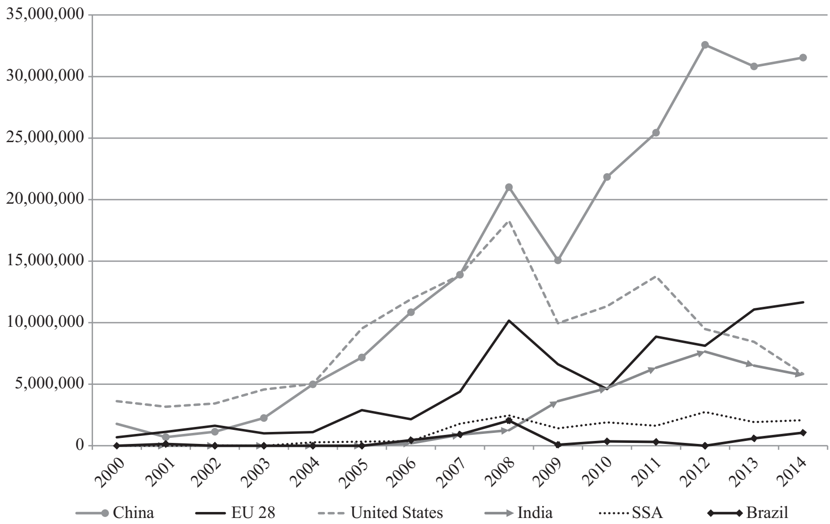

Fig. 5.3 Angolan oil exports to selected partners (in USD thousands)
Source: Author's compilation, based on UNCTAD statistics (2016)

had become the fourth largest destination for Portuguese exports and Portugal's largest trading partner outside the EU. Portuguese investments in Angola have also surged. Not only the size of these figures is notable, but also that relations grew substantially close over a very short period of time (Seabra and Gorjão 2011).

Together with South Africa and Nigeria, Angola is one of the few countries in sub-Saharan Africa that themselves make significant investments abroad. Outward investment flows stood at about USD1 billion in 2010 (African Development Bank et al. 2012). An important share of investments (most of them by the national oil company Sonangol) is targeted at Europe, and notably Portugal. Investments are directed, for instance, towards the Portuguese banking sector and into real estate (Seabra and Gorjão 2011).[24]

The economic and financial crisis in 2008–2009 showed most clearly that Angola's relations with the EU are not characterised by its economic dependence on the EU. The crisis further accelerated changes in the underlying power structures in Angola–EU relations. Even though the crisis hit Angola quite hard due to plummeting oil prices, it hit Portugal even harder. During the crisis, Portugal turned to Angola to attract more investments to cushion the consequences of the crisis, turning former (colonial-based) power relations upside down.[25] Migration flows are one interesting indicator for the changing relationship: due to the economic depression back home, tens of thousands of job-seeking Portuguese moved to Angola in the first few years after the crisis.[26]

To summarise, since the mid-2000s, the EU had very little to no incentive to make the Angolan government address governance issues. The EU institutions mostly relied on the EDF as an instrument to set incentives for cooperation. Only recently has it launched the Joint Way Forward—an attempt to build a strategic partnership 'beyond' aid. Moreover, the EU institutions face difficulties in establishing the EU as an attractive partner and forging a truly European approach in light of some EU member states' strong bilateral cooperation with Angola. Between the mid-2000s and 2012, the Angolan government thus had little interest in engaging with the EU institutions. Cooperating with the EU 'beyond' governance reforms clearly provided no incentives that could have compensated for the costs of engaging in the implementation of good governance instruments.

China: Alternative Economic Cooperation Partner

From the mid-2000s onwards, China has further bolstered its position as a key economic partner for the Angolan government. The volume of credits provided by the China is quite substantial, adding up to at least USD14.5 billion between 2004 and 2012 (Table 5.6), or up to USD21.2 billion until the end of 2014 (Brautigam and Hwang 2016). This is substantially more than Angola has received from any other international actor (Table 5.5). For China, in turn, Angola has become the largest recipient of loans in sub-Saharan Africa according to Chinese officials.

It remains unclear how much money the Hong Kong-based China International Fund (CIF) has given to Angola. The activities of the CIF and the connection between the fund and the Chinese government are highly opaque. Some studies suggest that this fund has advanced at least USD2.9 billion to Angola for infrastructure reconstruction (Levkowitz et al. 2009; Campos and Vines 2008). Many projects initiated by the fund faced problems in the implementation phase and were delayed or ran out of funding. Some of these were then taken over by the EXIM Bank. However, the Chinese government has been careful to distance itself from the fund and to argue that there is no direct link between the activities of

Table 5.6 Chinese loans to Angola 2002–2012 (excluding CIF funds)

Year	*Volume and bank*	*Purpose*
March 2004	USD2 billion, EXIM	Infrastructure construction and renovation
July 2007	USD500 million, EXIM	Financing of completion of some of the projects started with the 2004 credit line
September 2007	USD2 billion, EXIM	Financing of projects as part of the government's public infrastructure programme
2009	USD6 billion, EXIM	Infrastructure renovation
2009	USD2.5 billion, ICBC	Infrastructure development
2009 (?)	USD1.5 billion, CDB	Commercial line of credit, not oil-backed, mostly for development of infrastructure and agriculture
2010	USD500 million, CDB	USD 400 million with Ministry of Finance to address food security and improve urban planning; USD100 million SME loan agreement with Angola's Africa Development Bank[a]
2012	USD1.3 billion, CDB	For Sonangol
Total: EXIM Bank: USD10.5 billion; total Chinese financing (all banks): **USD14.5 billion**[b]		

Source: Author's compilation, based on Campos and Vines (2008), Corkin (2013)

[a]See China Development Bank press statement, 21 November 2010, CDB will continue to support China-Africa Pragmatic cooperation, online at http://www.cdb.com.cn/english/NewsInfo.asp?NewsId=3479, last access on 3 June 2014

[b]The figure is confirmed by the Chinese ambassador to Angola Zhang Bolun, see *Agence France Press*, 'China lends Angola $15 bn but creates few jobs', 6 March 2011, online at http://www.google.com/hostednews/afp/article/ALeqM5hCrBvXg-npPKNuU_xAnyT4MhL2GA?docId=CNG.b56cef2e1a9915852221926863a725ed.421&hl=en, last access 3 April 2013

the fund and those of the Chinese government (Corkin 2013, 134ff).[27] At the same time, through its joint venture with Sonangol, the CIF functions as an intermediary for Angola's oil exports to China.[28]

During the economic and financial crisis, China remained an important partner for the Angolan government. Dos Santos travelled to China in December 2008 to negotiate a new loan package that was for the first time not to be backed by oil but to be based on a government guarantee.[29] Beyond the EXIM Bank, other Chinese policy banks, such as the China Development Bank and the Industrial and Commercial Bank of China, have started to extend loans to the Angolan government for large-scale infrastructure projects (Table 5.6). Even though the financial and economic crisis required the Angolan government to reach out more strongly to other international actors and to increasingly diversify its external relations, the crisis also reemphasised the importance of China as an economic cooperation partner (see also Corkin 2013, 153).

This continued interest in their mutual relations is also visible in the Angolan government's political outreach to China. In 2010, the Angolan government approached China to initiate a strategic partnership. President dos Santos mentioned the strategic partnership with China in his 'state of the nation' speech in October 2010, sending a clear signal that he attaches great importance to relations with China (Alves 2011, 138f). During the visit of the Chinese vice president (and now president) Xi Jinping to Luanda in November 2010, several areas for cooperation were identified: infrastructure, energy and mining, agriculture, finance and technology.[30]

China continues to support projects that are particularly important to the Angolan leadership. One prominent example is the 'one million houses project'. The Chinese CITIC Group signed a MoU with the GRN for the construction of Chinese-financed social housing near Luanda (in Kilamba Kiaxi municipality) at a cost of USD3.5 billion (Croese 2011, 19; Marques de Morais 2011a). In the 2008 elections, the promise of building affordable houses was deemed crucial for the MPLA's electoral success. The government was thus under pressure to deliver on its promise in order to easily win the 2012 elections as well. However, by 2012, the project was barely half-finished and it became clear that the houses would not be affordable for ordinary Angolans (Croese 2011).

In light of China's rapidly growing engagement with Angola, public dissatisfaction among Angolans regarding the developmental benefits of Chinese loans has been mounting in recent years. In a context where most of the basic infrastructure was destroyed after the long civil war, China's support for national reconstruction is certainly greatly needed. However, Chinese companies have been accused of delivering low-quality infrastructure. The General Hospital in Luanda is a case in point[31]: In June 2010, shortly after it opened, it had to be evacuated because the building was developing dangerous cracks (Marques de Morais 2011a). Similarly, some of the newly paved roads and rehabilitated railways are said to be quickly washed away. Representatives from international companies working together with Chinese state-owned companies argue that in some cases the poor quality results from poor supervision, which would have been the responsibility of the Angolans.[32]

Angolan civil society and other domestic actors have criticised the high number of Chinese workers employed by Chinese companies and the high volume of construction material imported from China.[33] Concerns were raised that China's support for the reconstruction process ultimately creates little economic opportunities for Angolans, but excludes the wider society from the reconstruction process (Croese 2011, 24; Marques de Morais 2011b). During the past few years, incidents of violence and theft against Chinese workers and business people have reportedly become more frequent. According to Zhang Bolun, the Chinese ambassador to Angola, about 50 Chinese state-owned and 400 Chinese private companies were operating in Angola in 2010.[34] The number of Chinese workers staying in Angola was estimated to range somewhere between 60,000 and 70,000.[35]

Sino-Angolan bilateral trade has grown tremendously during the past decade. The rise of China as a major cooperation partner for Angola has thus fundamentally transformed Angola's traditional trade relations. Overall, Sino-Angolan trade remains dominated by Angolan oil exports to China. In 2007, China has overtaken the USA as Angola's most important destination for oil exports (Fig. 5.3). The economic and financial crises and dropping oil prices in 2008 caused a slight dip in the value of Angola's oil exports to China (and other countries). In 2011, Angola was exporting about 40 per cent of its oil to China (EIA 2012). Because China has become the largest oil importer worldwide in 2013 and the US oil imports are likely to further decrease, the importance of China as a destination for Angolan oil exports is likely to grow more in the future.[36] In 2010, China has also overtaken Portugal as the major source of Angola's imports. In contrast to most other African countries, and particularly to Ethiopia and Rwanda, China's trade relations with Angola are much more interdependent—Angola has become the second-largest source of Chinese oil imports, sometimes even surpassing Saudi Arabia (EIA 2012). Angola is China's most important trading partner in Africa, accounting for about half of all African exports to China.

Chinese direct investments in Angola have been mostly concentrated in the oil sector. However, despite these significant investments, Chinese oil companies did not develop a prominent stake in Angola's oil industry between 2000 and 2014.[37] Sinopec secured stakes in the oil block 18, and two of the major producing blocks (15 and 17) through its joint ventures with Sonangol. The entry of Sinopec into the Angolan oil industry was facilitated by the oil-for-infrastructure deals, even though there is no formal, direct link between those transactions (Alves 2011). However, relations quickly soured. After the entry of Sinopec in the Angolan oil sector, the size of the bonuses paid caused relations between Sinopec and Sonangol to harden. Moreover, Chinese support for the refinery in Lobito did not finally materialise, which led to a further deterioration of relations (Alves 2011; 159–166; Africa-Asia Confidential 2009a; Alves 2012, 106ff).[38]

Angola's economic cooperation with other emerging powers has gained prominence in recent years, but with none of these countries are relations as important as with China (Freemantle and Stevens 2011). Cultural and linguistic proximity between Brazil and Angola have facilitated Brazil's investments and trading relations with Angola. Since Brazil has its own vast oil resources, oil imports from Angola have remained limited (Fig. 5.3). However, Brazil's state-owned oil company Petrobras has developed technological expertise in deep water drilling, which is increasingly relevant in Angola. Imports from Brazil are concentrated on agriculture goods and soft commodities because Angola's agricultural production is still limited. Brazil has also extended loans to invest in Angolan agriculture, notably bio-fuels (Table 5.5). Angola's relations with India are concentrated in the oil sector. Angola's oil exports to India have grown in the past few years, particularly since 2009. In 2014 India imported as much oil from Angola as the USA (Fig. 5.3). However, India's oil imports from Angola remain considerably below the amounts of oil imported by China. Moreover, India has not extended loans of any substance (Table 5.5).

Limited Attractiveness of the 'China Model' and Little Cooperation on Survival Strategies

In the Angolan political discourse as well as in public debates in the (state-controlled) media, Chinese political and economic development as a potential model for Angola has not been given a prominent role (see also Corkin 2013; Soares de Oliveira 2015). Instead, due to the colonial heritage and persistently strong economic, political and cultural ties, the Angolan political elite is predominately oriented towards Brazil and Western countries (particularly Portugal). Findings from interviews with Angolan officials and remarks by other observers suggest that while the Angolan elite is generally impressed by China's economic success and political stability, there is little profound engagement and analysis of what the Chinese (economic and political) reform process involves (Soares de Oliveira 2011, 298; Corkin 2013).

The Chinese government has provided little technical assistance to support the Angolan government's human and administrative capacities. The Chinese Ministry of Commerce supports short-term human resource training courses for Angolan government officials. Between 2003 and 2008, 423 Angolan officials have been travelling to China for a week up to a month of short-term training (Alves 2011, 140).

As economic relations between China and Angola intensify, cooperation on legal issues has become more important, particularly since 2010. In response to violence committed against Chinese workers in Angola, the Chinese and Angolan governments have started to cooperate more closely in law enforcement and on human rights issues. In 2011, the Chinese criminal investigation office and the Angolan ministries of home affairs and justice signed a bilateral agreement to cooperate more closely on fighting crime (ANGO Press 2012a). The Chinese embassy in Angola maintains contacts with the Angolan Human Rights Commission (ANGO Press 2012b), and the Angolan audit court has launched an exchange with its Chinese counterpart (ANGO Press 2012d). The Angolan minister for home affairs visited China in 2012. During his visit, he also gathered information on the Chinese prison and police system (ANGO Press 2012e). The Angolan attorney-general has announced a closer working relationship with China.

Party-to-Party Relations

Little cooperation happens between the Angolan and Chinese ruling parties, and party-to-party relations do not seem to have played a prominent role in facilitating economic cooperation. The MPLA and the CCP meet about once a year, either in China or Angola (Fig. 5.4). However, compared to Ethiopia and Rwanda as well as other African countries, the CCP's contacts with the MPLA are quite limited.

This limited relevance of party-to-party contacts is striking in light of the importance of the bilateral economic relations. In other African countries, such as Sudan, where Chinese economic cooperation is also very close, party-to-party relations constitute an integral part and important pillar of bilateral relations. Historical factors may play an important role in explaining the limited engagement. During the Angolan civil war, China has mostly supported the UNITA and at times the FNLA, the other opposition movement. After the end of the civil war, the MPLA remained very sceptical towards the CCP.[39] Limited party-to-party contacts thus seem to be a result of a lack of interest on the Angolan rather than the Chinese side.

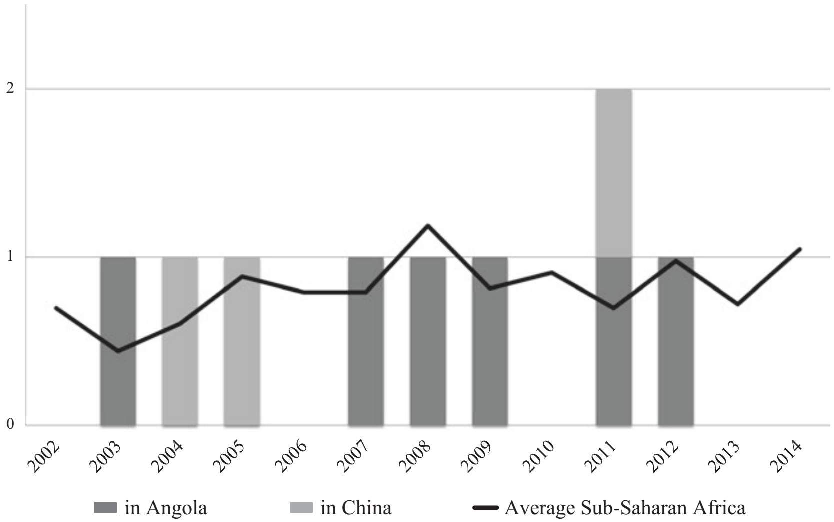

Fig. 5.4 Annual bilateral visits MPLA–CCP
Source: Author's compilation, based on analysis of News Reports, International Department of the Communist Party of Chinese

5.4 Conclusions

In the early 2000s after the end of the civil war, the Angolan government started to reluctantly engage with the EU in governance reforms. However, since the mid-2000s, the government has increasingly been indifferent towards EU demands to cooperate on governance reforms.

Why Did Angola Start to Reluctantly Engage with the EU in Governance Reforms Between 2002 and 2005?

The Angolan government's willingness to reluctantly start engaging with the EU in the aftermath of the civil war can be explained by its interest in cooperation 'beyond' governance reforms rather than an interest in engaging in governance reforms per se.

In the first few years after the end of the civil war, the EU's strategy to promote *effective* and *democratic government* and the EU's adoption of a *cooperative-critical* strategy largely diverged from the preferences of the Angolan government. Cooperation on governance reforms thus generated substantial costs and very few benefits. While the EU and other international actors urged the Angolan government to strengthen formal democratic institutions and hold elections, the government itself had a strong interest in pushing back the election date until the economic reconstruction process had yielded positive outcomes for the wider population. Furthermore, the EU and other international actors' pressure to improve the transparency of government revenues and spending, and to promote the fight against corruption, clearly diverged from the preferences of the ruling elite. After the end of the civil war, the Angolan leadership had to reorganise its strategies to coopt its political support base (i.e. the military). Oil revenues constituted an important instrument in this endeavour.

It thus seems surprising that the Angolan government started to engage with the EU in governance reforms after all. However, in the early 2000s, economic cooperation with the EU implied some benefits for the Angolan government that partly balanced out costs stemming from cooperation on governance reforms. Immediately after the end of the civil war, oil production in Angola as well as international oil prices were relatively low. At that time the EU was the second-largest destination for Angolan oil after the USA. Furthermore, the Angolan government expected that the EU would support it in organising an international donor conference. It anticipated that this conference would mobilise significant volumes of revenue deemed crucial for the reconstruction process and medium-term economic development. At the same time, the Angolan government still had very little access to economic cooperation with China in the early 2000s. China was not yet a major destination for Angolan imports or (oil) exports, and had not yet become an important source of official flows. The relative economic dependence on the EU and expectations regarding future EU support—in the absence of alternative cooperation partners such as China—thus explain why Angola started to, albeit reluctantly, engage with the EU in governance reforms in the early 2000s, in spite of the challenges that this cooperation entails.

Why Has Angola Increasingly Ignored EU Demands to Cooperate Between 2006 and 2014?

Between 2006 and 2014, the EU has significantly narrowed its good governance approach, focusing mostly on *effective government*. Furthermore, the EU refrained from exerting public pressure on the Angolan government and merely adopted a *cooperative* strategy. However, even cooperation based on a very narrow understanding of good governance entailed considerable costs for the Angolan government. It continued to strongly rely on spoils and perks to sustain support from its political support coalition. Global Witness and the IMF criticised the fact that in recent years, billions of dollars in oil revenues were again unaccounted for. In this context, cooperation with the EU—even a narrow definition of good governance limited to effective government institutions—was still costly. The government faced little opposition in the 2008 elections. Yet, it was confronted with public protests and growing discontent before and after the 2012 elections, making cooperation with the EU an even more challenging endeavour.

Moreover, and in contrast to the early 2000s, Angola had little interest in cooperating with the EU beyond governance reforms, which could potentially have compensated for the risks of engaging in governance reforms. The EU's main instrument to engage with Angola is development aid. But with rising oil production and rising international oil prices, development aid accounts for less than 1 per cent of gross national income. The EU has also been relatively marginal as a source of other official flows that the government could have used to further promote the economic reconstruction process. The EU's relative importance as a destination for Angolan exports and a source of imports has generally been very limited since the mid-2000s, even though some EU member states such as Portugal or France were able to intensify their relations with Angola. The EU offered the Angolan government a partnership that was to improve cooperation on energy as well as regional peace and security, and thus promote close relations beyond development aid. Yet, the Angolan government's marked hesitation in signing the so-called Joint Way Forward suggests that it has been relatively unenthusiastic about this partnership.

Since the mid-2000s, China has emerged as one of Angola's most important cooperation partners. China surpassed the USA as the largest destination of Angolan oil exports in 2007. Moreover, the Chinese EXIM Bank and, to a lesser extent the China Development Bank, have extended significant loans that allowed the Angolan government to not only fund its ambitious infrastructure reconstruction programme but to also *deliver* the infrastructure just before the elections in 2008 and 2012. China's offer to provide oil-for-infrastructure loans came at a crucial point in time. The loans not only affected the Angolan government's interest in engaging with the IMF and in complying with IMF conditionality, they also had significant effects on cooperation with the EU in the following years. Beyond this close economic cooperation, China has not offered an alternative to cooperate on governance reforms. However, limited engagement between the Chinese and Angolan ruling parties and limited technical assistance to strengthen government capacities seem to be a result of the Angolan government's limited interest rather than China's unwillingness to extend support.

What If…?

Under what conditions might Angola have been more active and willing to engage with the EU in governance reforms? First of all, if the EU had used a broader approach to promote governance reforms, that would probably not have made Angola more willing to engage. Since even the EU's narrow good governance strategy entailed substantial costs, broadening the EU's governance strategy would have been unlikely to create a stronger interest on the Angolan side. However, the EU's good governance instruments are almost exclusively operationalised in the context of its development policy and the framework of its development aid relations. Thus, one open question is to what extent a broader set of governance instruments (beyond aid) would have allowed for a closer cooperation on governance reforms.

Second, how important is Angola's access to cooperation with China in explaining the government's unwillingness to cooperate with the EU? Or, to put it differently, would Angola have been more willing to cooperate with the EU if China had not emerged as a close cooperation partner? In light of its considerable natural resource deposits, even in the absence of cooperation with China, Angola would probably not have been more interested in receiving EU development aid. However, the EU would by default have been more important as a trading partner and as a source of official flows. The question is whether and how the EU would have used this greater leverage, for instance, in light of the growing economic (and political) interests of some EU member states.

The case of Angola therefore illustrates the limitations of the 'Chinese threat' argument. Even though the Angolan government has received important financial flows from China that have made the government even more independent of other international actors, finance from China (similar to financial support from the EU) is part of a broader set of domestic and international forces that have an impact on the preferences of African governments.

Notes

1. The ethnic base of the MPLA has traditionally mostly been the Mbundu who represent only about 10 per cent of the Angolan population. Furthermore, the party also has a considerable number of white and *mestico* members. During the civil war, it was often perceived as mostly representing the urban population.
2. The EU channelled parts of its humanitarian aid through NGOs. Mostly international and some national NGOs have implemented the EU's programmes in health, education or food security, particularly between 2002 and 2004 when the presence of the Angolan government was not assured throughout the country and national NGOs were still very weak (ECO Consult et al. 2009; Republic of Angola and European Community 2008). Since the mid-2000s, NGOs have become less important to implement EU assistance to Angola. Instead, the EU has channelled most of its funds through government structures.
3. The European Parliament and some European NGOs had been asking to launch Article 96 negotiations.
4. Which projects the Angolan government has agreed to implement are analysed based on OECD DAC CRS statistics for aid 'disbursements', the EU Angola joint annual reviews (2002, 2003, 2007) and an independent evaluation (ECO Consult et al. 2009).
5. Interviews with officials from the EU, member states and the Angolan government were conducted in Luanda in November 2009, in Brussels in April 2010 and October 2012 and via phone with the EU delegation in Luanda in December 2012.
6. Interview with EU official in Brussels in April 2010
7. As Traub (2006) summarises his interviews with leading government officials at that time '[Angolan elites] are of the opinion that they have made real strides in tackling inflation, the deficit and exchange rates, while the IMF continued to demand reforms that would be economically risky and politically suicidal'.
8. Quoted in Campos and Vines (2008).
9. The Angolan Ministry of Finance has published information on the first two tranches of the EXIM Bank loans. A list with projects funded by the

first USD2 billion loans is available online at http://www.minfin.gv.ao/docs/dspProjGov.htm, last access on 3 April 2015.

10. Interviews with Chinese officials in Beijing in July 2010 and July 2013.
11. With the closure of the Office of the UN High Commissioner for Human Rights in 2008, the EU became the largest donor to civil society organisations in Angola (Foley et al. 2010).
12. Interviews with EU officials in Luanda in November 2009, in Brussels in April 2010 and October 2010 and with EU officials in Luanda via telephone in December 2012.
13. Ibid.
14. Ibid.
15. The Joint Way Forward document can be accessed at http://eeas.europa.eu/archives/docs/angola/jwf_en.pdf
16. The press statement after the meeting can be found at http://eeas.europa.eu/statements/docs/2014/141017_02_en.pdf
17. Interview with EU official in Brussels, October 2012.
18. Opinion polls have to be taken with great caution in a context where people's chances to express their views are restricted. However, they can still give some indication of public support for the government.
19. See statement by Markus Weimer, quoted in *Business Week*, 'Oil-rich Angola's ruling party split over succession', 9 May 2012, online at http://www.businessweek.com/news/2012-05-08/oil-rich-angola-s-ruling-party-split-over-succession#p2, last access on 3 June 2014.
20. The president is head of state, commander-in-chief of the armed forces and appoints major posts, including the judiciary. As Orre (2010) explains, under the new constitution, it is almost impossible to remove the president.
21. Luanda has a reputation for being one of the most expensive capitals in the world.
22. Relations with the DRC remain tight but not up to the point of a military conflict.
23. See Reuters, 25 January 2012, 'Angola finds most of its missing \$32 bln', online at http://www.reuters.com/article/2012/01/25/ozatp-imf-angola-idAFJOE80O00O20120125, last access on 3 June 2014.
24. See www.chinasourceblog.org, last access 5 May 2013.
25. See *New York Times*, 'Fortunes and Tables, Turn for Portugal and Angola', 20 November 2011, online at http://www.nytimes.com/2011/11/20/world/africa/portugals-financial-crisis-leads-it-back-to-angola.html?_r=0, last access on 3 June 2014.
26. See *The Guardian*, 'Portuguese escape austerity and find a new El Dorado in Angola', 16 September 2012, online at http://www.theguardian.com/

world/2012/sep/16/portuguese-exodus-angola-el-dorado, last access on 3 June 2014.

27. See also the discussion between the American and Chinese ambassador in Luanda, released by Wikileaks (2009). *New China Credit Line under Consideration*, online at http://www.wikileaks.org/plusd/cables/09LUANDA51_a.html, last access on 3 June 2013.
28. *The Economist* (2011), China International Fund, The Queensway Syndicate and the Africa trade, online at http://www.economist.com/node/21525847, last access on 3 June 2014.
29. According to information released by Wikileaks (see Note no. 27 above) the Chinese ambassador reported details about dos Santos' visit to China and negotiations on the loan to the US ambassador in Luanda. See also Africa-Asia Confidential (2008).
30. See Xinhua China 'Angola set up strategic partnership' *CCTV* news channel 19 November 2010.
31. Angola and China reached an agreement that the hospital should be rebuilt and a MoU was signed in 2012 (ANGO Press 2012c). Alves (2011, 139) argues that the hospital was an aid project (a grant) and had not been financed through the oil-for-infrastructure loans.
32. Interviews with business representatives in Luanda in November 2009.
33. Angolan companies in the cement and steel sector, for instance, complain that they cannot compete with Chinese companies as much of the material for the construction projects is still imported (Africa-Asia Confidential 2009a).
34. See Macauhub November 2010, online at http://www.macauhub.com.mo/en/2010/11/19/over-50-chinese-state-companies-and-400-private-firms-operate-in-angola/, last access on 10 December 2016.
35. See *Wall Street Journal* 'Hostility towards Workers Cools Angola-China Relationship', 10 August 2010 online at http://www.wsj.com/articles/SB10001424052748704388504575418990791137242, last access on 10 December 2016.
36. See *Financial Times*, 9 October 2013 'The new gas guzzler. China has overtaken the US as the world's top oil importer. FT reporters examine the trends behind a historic shift' online at http://www.ft.com/intl/cms/s/0/01ba1a04-2c24-11e3-acf4-00144feab7de.html#axzz37WngVdLR, last access on 15 July 2014.
37. Sinopec's limited engagement as an operator in Angola's oil industry can partly be explained by its lack of technology and experience in ultra-deep water oil exploration where most of Angola's oil is explored.
38. Also beyond the oil sector, investments have increased in recent years. Some of those Chinese firms that initially come to Angola to implement

infrastructure under the oil-for-infrastructure deals remained in Angola after the completion of the project (Vines and Campos 2010).

39. On both sides, different representatives from the CCP and MPLA take part in the meetings. CCP representatives often have the chance to meet with dos Santos. CCP representatives often take part in national congresses and conferences when they visit Angola.