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## **ANGOLA UNDER LOURENÇO**

### **TOWARDS A NEGOTIATED HEGEMONY**

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# Introduction

For a long decade, the narrative that President Dos Santos, in power since 1979, brought prosperity, security and international projection to Angola was dominant in domestic and international circles.

Since the death of UNITA's leader, Jonas Savimbi, in February 2002, and the subsequent signing of the peace agreement between the rebel group and the government<sup>1</sup>, the allocation of the immense oil resources replaced the hitherto decaying state at the center of society. The state apparatus went on to recruit dozens of thousands of new civil servants. Although mostly related to the oil industry, private sector investment nevertheless opened myriad job opportunities that directly and indirectly benefited Angolans with some degree of professional training. In the process, a semblance of an urban middle class came to formation, with increasing influence in local politics. Moreover, infrastructure projects financed by the Angolan state and public investment banks from emerging countries, particularly China and Brazil, transformed the face of the country. The proliferation of roads, administration buildings and hydroelectric stations created the sensation that Angola was entering a new era.

However, the major economic crisis in which Angola has been plunged for more than three years has forced a new look at the leadership of the MPLA government since the end of the civil war. Indeed, this short-lived Angolan renaissance has started to unravel immediately after the sudden and abrupt collapse of oil prices in 2014<sup>2</sup>, when crude prices dropped roughly 40 percent<sup>3</sup>. Soon after, state services collapsed, and foreign corporations started to withdraw their investments. To address the surge in inflation, the government took a series of drastic measures, including currency and capital controls. The trade of the local currency, the Kwanza, exploded in the black market, reviving memory of the war years.

In addition, the multiplication of corruption scandals involving the president's family and the government's senior authorities, including the

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1. T. Butcher, "Unita signs peace treaty with Angolan army to end 27-year civil war", *The*

2. "Angola's economy set to slow as oil prices collapse", *Reuteurs*, January 2015.

3. A. M. Husain, R. Arezki, P. Breuer, & al., "Global implications of Lower Oil Prices", IMF, July 2015.

Vice President Manuel Vicente, reinforced the perception that the MPLA elite benefited enormously from the oil rent.<sup>4</sup> Furthermore, the arrest of 17 activists in 2016 raised concerns that the Angolan government was returning to authoritarianism<sup>5</sup>. In a matter of months, Angola had lost most of the hardy earned reputation domestically and abroad.

This extraordinary reversal of fortune is the chief driver behind Dos Santos' decision to retire from the presidency in late 2016. While Dos Santos is still popular, especially in rural areas, and the Angolan surveillance apparatus continues to tightly control civil society, he did not have sufficient political capital to impose a succession strategy in which his family would continue to monopolize political power.

As this paper will show, widespread popular discontentment has emboldened the MPLA to turn against Dos Santos. Throughout the oil boom, the party members did little more than merely approving the decisions of the president in exchange for their incorporation in the patronage system. The collapse of the oil prices offered an opportunity for the MPLA's cadres to challenge the president's succession plans. Finding a compromise solution with the MPLA was therefore the only way for Dos Santos to safeguard his future interests. Hence, whereas Dos Santos' resignation was initially interpreted as an attempt to prolong the domination of his family, the maneuver is now perceived as a last resort decision from the president to ensure the survival of his clan.

The new president, João Lourenço, was elected in an overall peaceful general election in August 2017. Even though there was enough evidence to claim that frauds were committed in the election, the much-feared confrontation between the opposition and the government never took place. The opposition's historical grievance - the departure of Dos Santos - had been contemplated, and the MPLA still has a strong legitimacy and real popularity.

While the MPLA had an enormous advantage in regard to other parties, it nevertheless campaigned in a historically unfavorable context, which included a candidate unknown to the public, a massive economic crisis, an all-powerful President that was unwilling or unfit to make public appearances and a candidate for vice-president, Bornito de Sousa, who suffered a stroke in the campaign trail. Still, the MPLA performed convincingly in the elections. The retirement of Dos Santos vested the

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4. In 2012 the IMF documented problems in bookkeeping at Sonangol, the national oil company. Anti-corruption investigators in China investigated its deals with Angola and made arrests.

5. "Angola jails 17 activists for rebellion after public reading of political book", *The Guardian*, March 2016.

MPLA with new legitimacy that practically guaranteed the victory in the elections.

The transfer of power was very respectful of the party and institutional procedures. Before taking office in an austere ceremony in late September, Lourenço submitted his choice for cabinet ministers to the MPLA central committee, which is presided by former president José Eduardo dos Santos. The first institutional map suggested that Dos Santos would continue to exercise a great deal of control over the state apparatus. The family continued to hold strategic positions, and most of the new ministers were members of the former cabinet. In the same week that Lourenço announced his cabinet, Dino Matross, a leading MPLA figure known for his authority to speak on behalf of the party, declared that Lourenço “does nothing without consulting the party first”.<sup>6</sup>

The new president’s disciplined arrival in power reinforced the already existing impression that he would struggle to impose his leadership in an institutional system designed to serve the clan of President Dos Santos. The opposite happens: Lourenço caught Dos Santos off guard and turned the Angolan institutional apparatus upside down. In a matter of two months, Luanda politics became unrecognizable. The reasons why, and the ways in which, Lourenço proceeded to these substantial and unexpected changes will be analyzed in detail in the pages that follow.

In conclusion, this paper demonstrates that Angola will evolve from a non-negotiated hegemony, in which the absolutist powers of Dos Santos ensured the domination of the MPLA’s party-state, to a “negotiated hegemony” in which the domination of the MPLA’s party-state will be subject to an arrangement between different competing actors at the top. In the process, state-society relations will remain mostly unchanged. The Angolan government will continue to behave in an authoritarian and militaristic manner.

The paper will proceed as follows: First, it will analyze the impact of the presidential transition in the Angolan mode of governance. It will argue that Dos Santos, before leaving power, took administrative and legal steps to ensure that he and his family would continue to exercise considerable influence in government affairs. However, Lourenço ignored these constraints and moved on to reassert his authority. In a series of administrative changes over a period of two months, he completely rebalanced the relation between the Dos Santos family and the Angolan

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6. ‘João Lourenço não faz nada sozinho e sem a direção do partido’, *Sol*, October 1, 2017. For a political history of the MPLA, see L. Pawson, *In the Name of the People*, LB Tauris, 2015.

state. The velocity in which Lourenço conducted these changes suggests that the grip of Dos Santos on the state was much weaker than initially imagined.

Second, the paper will look at the relations between the Lourenço government and the other stakeholders at the top of the state. Third and finally, the paper will look at how the regional and international relations of the Angolan regime will evolve in this new political reality. The paper will conclude in summarizing the main challenges for the new government and for the civil society in this new era.

# The End of Presidential Absolutism

Between 2002 and 2014, Angola moved from the second highest under-five mortality rate in the world - according to UNESCO - to one of the most coveted countries in the continent.<sup>7</sup> Immense oil resources turned Angola into a major recipient of foreign investment from traditional and emerging powers, allowing the Angolan state to develop in complete autonomy from the tutelage of international institutions. Throughout this period, the International Monetary Fund and the World Bank had a residual presence in Luanda.

Drawing on a genuine legitimacy domestically – the military victory over the UNITA gave the MPLA a strong mandate to lead the post-war reconstruction – and on immense financial resources, the Angolan state set in motion one of the most ambitious and extravagant projects of national reconstruction in Africa. For a decade, the yearly GDP skyrocketed at an average of 11 %, <sup>8</sup> the state inflated its payroll, and an infinite number of infrastructure projects prospered across the country, from roads to hospitals to schools to airports to hydroelectric dams. In the process, the regime created the conditions for immense accumulation of wealth for the individuals that sustained the security apparatus of the country – the military and intelligence services – and the most influential members of the party, which plays an essential role in politically controlling the state institutions at national, regional and local level.

This combination of massive and fast-paced development with the enhancement of political and institutional structure sought, before anything, to confer to the President José Eduardo dos Santos an ultimate and absolute rule over the country.

Behind the slaughter of civil war and of the internal reorganization of the movement involved, it was already widely evident that the mission the MPLA assigned itself at the end of the civil war, of handing the control of

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7. “UNICEF Cites 'Catastrophic Situation' in Angola”, *Voice of America*, 14 January 2002. For the latest account on the Angolan Civil War, see J. Pearce, *A Guerra Civil em Angola*, Tinta da China, 2016.

8. “Africa’s impressive growth”, *The Economist*, January 2011.



the state apparatus to the people, was being replaced by a project of accumulation designed around the spectacular surge in oil revenues and the corruption schemes that it entailed.

Throughout the so-called national reconstruction that marked the years 2002-2013,<sup>9</sup> state institutions waned in significance, with state power flowing away from formal channels to the Angolan presidency. This project centered around President José Eduardo dos Santos and his close entourage – referred to by Angolans as the Futungo, after a presidential compound in the outskirts of Luanda, ‘the Palace’, or simply ‘the Presidency’. It is important to understand that this presidentialist system was long in the making: It really came into full view with the end of the socialist period and the adoption of a capitalist system in the early 1990s.

The entirety of this project revolved around one institution, over which President Dos Santos exercised personal control: Sonangol, the public company chiefly responsible for the oil industry. Throughout the war, even when the state controlled little more than the oil-rich Cabinda enclave and Luanda, Dos Santos continuously allowed Sonangol to operate in complete autonomy. Even when the state was not able to perform its most basic functions, Sonangol continued to consolidate its reputation as a reliable, professional and technologically-savvy entity. The company concentrated the overwhelming majority of foreign investment, oil represents about 1/3 of Angola’s GDP and over 95 % of its exports<sup>10</sup>. As a result, the national project organized by Dos Santos came to depend entirely on the oil company.

It is therefore not surprising that everything started to fall apart in Angola after the end of the supercycle of commodities in 2014. Indeed, it took less than three years for Angola to shift from Africa’s rising star to yet another case of mismanagement of natural resources, and oil in particular.

Severed from its main source of revenues, the Angolan state was immediately unable to serve debt commitments and fund public services. Schools started to open without professors, and hospitals were short of syringes.<sup>11</sup> The several stark and rather radical measures taken to attenuate the impact of the fall in oil prices, including currency restrictions, salary cuts, and cancellation of major projects, only sufficed to temporarily keep

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9. J. Ovadia “State-led industrial development, structural transformation and elite-led plunder: Angola (2002-2013) as a developmental state”, *Development Policy Review*, February 2017.

10. Angola Overview, World bank, December 2017, [www.worldbank.org](http://www.worldbank.org)

11. Angola’s Perfect Storm: The dos Santos Regime and the Oil Crisis, *Foreign Affairs*, October 28, 2015. For a comprehensive account of Angola’s post-war trajectory, see R. Soares de Oliveira, *Magnificent and Beggar Land: Angola since the civil war*, Hurst, 2016.

Angola afloat. The economic situation remains desperate, and is likely to worsen in the next few years.

The collapse of oil prices must be understood as a mere trigger, rather than the deep cause, of the current political and economic crisis. Contrary to what the government and its supporters claimed, the oil fuelled national reconstruction project designed by Dos Santos was simply unsustainable. Only a few sectors developed a business model that could function independently from oil. A majority of the business investments focused on the distribution of financial resources among the elite rather than the creation of employment opportunities for the population. Outside the main cities, the population continued to depend on public subsidies to survive. For those who kept a close eye on Angola, the national reconstruction project was a chronic of a death foretold.

It is facing the prospect of an unprecedented and, most importantly, insoluble crisis that José Eduardo dos Santos had to make a final decision regarding his succession strategy. At 77 years old, the end of Dos Santos rule in Angola was, in many ways, becoming inevitable. Dos Santos has been ill for many years, and his health - the most sensitive topic in Angola for decades - is said to have been declining significantly over the past decade.

Since his triumphal reelection in 2012, Dos Santos had been planning the transition of power within the family circle. His son, Filomeno, was groomed to become his successor. He took over the Angolan Sovereign Fund and began his ascension inside MPLA circles. In principle, he would take over the political branch of the Dos Santos family, while Isabel, his sister, would command the economic branch.

However, while the fall of oil prices did not lead to massive popular protests, it decisively galvanized a fringe of the civil society based in Luanda. A group of young activists consisted of middle class individuals who, in some cases, are members of families historically tied to the regime. Some of the leaders had studied abroad, had links to foreign countries, especially Portugal, and were therefore able to promote their political activities abroad.

They aptly focused their demands on the departure of Dos Santos. They believed a change at the top would initiate a new political cycle, which would open new opportunities for the younger generation. For this group of activists, Dos Santos embodied the old oligarchy and corrupt Angolan elite. They organized small protests that faced brutal repression from the

police and resulted in the incarceration of some of the leaders, including the iconic Luaty Beirão.<sup>12</sup> The imprisonment of these young protesters sparked international controversy, and placed the issue of Dos Santos' succession at the center of the international debate about Angola.

In a first moment, the Dos Santos family tried to respond to the economic and subsequent political crisis by reinforcing their emprise over the state institutions. The President's daughter Isabel dos Santos took over as CEO of Sonangol<sup>13</sup> soon after the collapse of oil prices to find herself in control of a remarkably disorganized company.

As mentioned in the Introduction, Sonangol stood out as a sanctuary inside the Angolan state during the civil war. The company was considered the only functional and reliable institution of the country. However, during the years of immense prosperity that followed the civil war, Sonangol was the object of increasing political intervention as the government's allegedly developmental project depended entirely on the oil wealth. Therefore the company had to invest in a variety of sectors that had little to do with its core business: the oil industry. At the peak of its sectoral diversification, Sonangol managed among other things, an airline, a supermarket chain, and a logistics company. The quality, reliability and professionalism of the company declined alongside the multiplication of its investments.

Isabel arrived at the company with two main objectives. First, to reinforce her managerial credentials, which is part of her broader strategy to rebrand herself as a leading African business entrepreneur. This must be understood as an "exit strategy" for Isabel and her close family. Aware that her influence in Angola will decline with that of her father, Isabel is working towards presenting herself as a genuine investor, while her husband, Sindika Dikolo, made a failed attempt at creating a political base in the Democratic Republic of the Congo, where his family originates. Second, and most importantly, the salvation of Sonangol is essential for her own financial investments. Isabel has been one of the greatest benefactors of Sonangol's immense financial largesse. In several occasions she teamed up with the company to lead several international investments, especially in Portugal.<sup>14</sup>

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12. 'Luaty Beirão, rappeur rebelle et vigie des élections en Angola', *Le Monde*, 23 August 2017.

13. J. Schubert, "Election unlikely to herald the change Angolans have been clamouring for", *The Conversation*, August 2017.

14. Os negócios e as guerras de Isabel dos Santos em Portugal, *Observador*, 15 November 2017. Isabel dos Santos gained prominence in Portugal during the Euro zone crisis. She acquired strategic positions in key Portuguese companies, including the Portuguese oil company Galp and the telecommunications operator Zon. Her investments are estimated to be above one billion euros.

In this context, the continuity of Dos Santos, or the resort to a succession inside the family, could compromise the legitimacy of the regime as a whole. Hence, as the objective of imposing Filomeno became compromised, Dos Santos began to consider other options. João Lourenço immediately came up as the most evident among all. Born in Malange province - an MPLA historical stronghold -, he has had a long career in the military and political establishment, both as Minister of Defence and Secretary-General of the MPLA<sup>15</sup>. He experienced in the past the risks of turning against Dos Santos. In the aftermath of UNITA's defeat and the end of the civil war, Dos Santos ventilated the possibility of departing from power. Lourenço was among the few high placed politicians to speak openly about the succession. As a result, he was banned from all official positions for as long as a decade, before returning in force in 2011.

The fact that Lourenço survived the crossing of the desert imposed by Dos Santos is an indication of his capacity to operate politically. First, he remained close to General Fernando Garcia Miala, the former all-powerful director of foreign security services who was banned from Angolan politics in the early-2000s for allegedly conspiring against the president. Second, Lourenço developed a network of associates in the provinces. His close allies Pedro Sebastião and Ernesto Muangala have governed the strategic provinces of Zaire and Lunda Norte. Finally, Lourenço's spouse, Ana Dias Lourenço, is a former World Bank executive with a well-established and independent international network. Lourenço is one of the few MPLA high-level officials capable of projecting power internationally and locally.

Perhaps the most important indication of Lourenço's capacity to govern on his own is the very actions undertaken by Dos Santos before leaving office. He tried to ensure that the mandates of military and intelligence top officials would be automatically renewed, independently from the decisions of the new president. Finally, he sought to block Lourenço from interfering in the mandates of his daughter Isabel at Sonangol and his son Filomeno at the Sovereign Fund. These institutional and legal arrangements were revealing Dos Santos' preoccupation with the continuity of the power structure under the new president.

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15. A. Cascais, "Who is Angola's new president Joao Lourenco ?", *Deutsche Welle*, September 2017.

## Lourenço and Dos Santos: Conflict and Collusion

Lourenço found himself in a conundrum immediately after taking office. He had to take urgent decisions regarding the economy. For electoral reasons, the government postponed a number of essential reforms at the expense of public accounts. Soon after Lourenço came to power, the main foreign companies that operate in Angola's oil sector announced that Sonangol was at risk of imminent default. These companies threatened to start planning the reduction of their activities in Angola unless immediate measures were taken. Lourenço also needed to bring back the foreign investors that deserted the country after the oil crisis. For that purpose, he needed to establish a more transparent monetary policy, and to open sectors that were under virtual monopoly. In other words, to survive politically, Lourenço needed a shock of credibility in Angola.

However, Lourenço was very aware that these decisions could not be made without disrupting in one way or another the many institutional arrangements made by Dos Santos.

The autonomy of Sonangol, for instance, is one of the chief institutional features of the Dos Santos era. Throughout the Angolan Civil War, the presidency has allowed Sonangol to operate independently from the state in order to preserve its technical and financial probity from the general chaos. Since then, the chief executives from Sonangol were not required to obey to the ministers that were responsible for their appointment. In practice, they always responded only and exclusively to president Dos Santos. The minister of oil and mines was confined to a merely ceremonial role. After the end of the civil war, the presidency used

Sonangol to fund the national reconstruction. The involvement of Sonangol in sectors non-related to oil is the reason why the company crashed when the oil prices collapsed.

Dos Santos appointed his daughter Isabel dos Santos as head of Sonangol, in an effort to reorganize the company, but also to protect the interests of the family after he left office. Before leaving office, Dos Santos reinforced the authority of Isabel dos Santos through a decree allowing her to appoint the board of directors without consulting the president. In this institutional framework, Lourenço would have no choice but to accept the decisions of Isabel dos Santos. In practice, lack of control over the government's largest revenue generator would make it impossible to implement a broader program of reforms.

However, Isabel dos Santos has started to face severe criticism for her management of Sonangol. Recent reports suggest that the company's debt has surged since she took office. Sonangol owes more than 3 billion dollars in cash calls to oil operators. In particular, the company owes 600 million to Total and 450 million to ENI.<sup>16</sup> While Isabel dos Santos claims that Sonangol has managed to pay outstanding debts dating back to 2016, those from 2017 remain mostly unpaid. Moreover, Isabel has failed to stop Cobalt from taking Sonangol to the International Chamber of Commerce for an outstanding 2-billion-dollar debt. Other companies are likely to follow the same strategy. That crisis only aggravated in 2017. According to a recent report, major oil companies operating in Angola reached out to Lourenço soon after he took power. They claimed that, if the situation did not change radically within the next few months, Angola could become the next Venezuela.<sup>17</sup>

The misadventures of Isabel dos Santos at Sonangol reinforced the idea that the Dos Santos clan was dependent chiefly on their patron, José Eduardo dos Santos. The other members of the Dos Santos family have very little political knowledge and capacity to operate the government levers of Angola. Filomeno spent most of his life abroad and is not interested in everyday politics. Isabel is detested among MPLA circles for her alleged arrogance. While Isabel has a solid business network in Africa and in Portugal, her influence in Angola derived exclusively on the capacity of Dos Santos to put her in decision-making positions. The MPLA, for instance, would not obey to her direct orders under any circumstances. In summary, the retirement of Dos Santos has not made his family less dependent on him. In light of Dos Santos' health decline, Isabel and Filomeno are likely to operate in ways to ensure that their family will be able to survive the passing of their father, mentor and patron.

It is impossible to determine at this point whether Lourenço had a masterplan before taking office or whether he made decisions because the situation he found was far worse than anticipated. At any rate, soon after taking control of the presidency, Lourenço took a series of measures and made a number of appointments that culminated in a complete detachment of the Dos Santos family from the state apparatus. At odds with the widely anticipated idea that he would seek compromise with Dos Santos, Lourenço exonerated all members of the Dos Santos family that held strategic positions in the Angolan government, with the notable exception of Dos Santos' son Filomeno, who heads the sovereign fund. He

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16. Sonangol's debt Woes, *Maka Angola*, 6 July 2016.

17. How 'princess' of Angola lost her oil crown, *Reuters*, 23 November 2017.

also appointed a body of technocrats in senior positions of the government and the public companies. Their profile and function inside the government will be discussed in the following section.

Government officials, civil society and the international community alike have celebrated this largely unanticipated power move from Lourenço. In fact, Lourenço seems to be taking advantage from a largely understated general fatigue against the Dos Santos family. Since the collapse of oil prices in 2015,<sup>18</sup> the Dos Santos family had been more aggressive in the capture of state resources. The appointment of Isabel dos Santos at Sonangol, for instance, prompted a fierce reaction from Angolan technocrats, who criticized her vertical management.<sup>19</sup> Combined with a changing African political conjecture, this generalized anti-Dos Santos climate explains why the MPLA and especially the military establishment have been reluctant to oppose the decisions of Lourenço.

As Lourenço sensed that his decisions were finding appraisal in Angola and abroad, he moved on to take the most important one: to replace Isabel dos Santos with Carlos Saturnino at the helm of Sonangol. By seizing control of the country's chief source of revenues, Lourenço made a decisive move towards the neutralization of the Dos Santos family. Without the command of the oil sector, Dos Santos' capacity to maintain his patronage network within the system is compromised in a decisive manner. But the arrival of Saturnino at Sonangol is not only a political maneuver. Lourenço has vested Saturnino to change the character of the oil sector in Angola. In a complete rupture with the previous management, Saturnino is seeking to reinforce import-substitution policies, reduce investments on non-core sectors, and transfer part of Sonangol's authority over the oil sector to other, newly empowered, government officials, such as Paulino Jeronimo, the secretary for oil affairs.

Overall, Lourenço has set Angola on an irreversible path of reform as Dos Santos does not have the political and financial capacity to revert decision. The former president's clan will most likely adopt a damage control approach to Lourenço, which will involve the acceptance of his decisions in exchange for the right to pursuing their investments in Angola's private sector without being inconvenienced. Lourenço's willingness to confront Dos Santos is an unexpected and much welcome development. It would be impossible to reform the Angolan economy

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18. "World Bank supports Angola cope with sharp decline in crude oil and promote economic diversification", The World Bank, June 2015.

19. Under Isabel dos Santos's tenure, Sonangol had a number of information leaks, something rare, not to say unique, in the company's history.



without dismantling the monopolies of Dos Santos and his entourage over key sectors. However, it is still too early to tell whether Lourenço is capable of bringing radical changes in terms of governance. What is sure is that Lourenço understood that, to survive in the new reality of the global commodity market, the Angolan state will have to change profoundly.

## Reinventing the MPLA

Despite the immense influence of José Eduardo dos Santos, the MPLA's commitment to him and his family clan in this new era remains uncertain. The party is also undergoing a renovation related to generational and political factors. Several high-ranking officials are expected to retire alongside Dos Santos. The MPLA establishment is also promoting a new generation of entrepreneurs, businessmen and civil servants to higher echelons of the party. Finally, Lourenço, who has exercised senior positions at the MPLA in the past, will also impose changes in order to make the party more adherent to his government.

The reasons for this renovation are related to the way in which the MPLA was treated in the past decade. In line with other 'oil states', Angola's MPLA-dominated government aggressively took command of the country's formal institutions, eliminating other centers of power along the way. Although still important during President Neto's period in office (1975–79) and the early years of President Dos Santos's rule, the MPLA itself was gradually sidelined as a decision-making body. Starting in the mid-1980s but coming into full bloom after 1992, the regime evolved into a hyper-centralized structure: full power came to reside in the Presidency – President José Eduardo dos Santos, his family, and his entourage, whose large and well-resourced handymen outflanked, and outranked, the country's ministries and public administration.

With the Presidency as the center of power, the MPLA regime became a sprawling network linking political power to the economic world. In a dynamic that is deemed characteristic of other petro-states; the public institutions were put at the service of the MPLA's patronage network. The presence of a powerful MPLA member became a precondition for any business activity in the country. The chief consequence of the MPLA's appropriation of public and private spheres was the dispersion of discretionary power into myriad units, each providing another opportunity for the distribution of resources.

The MPLA, which was profoundly transformed with the advent of Presidential absolutism, will have to evolve to adapt to the new political reality. Without the infinite resources from the oil sector, the party will not



be able to secure popular support exclusively through its patronage network. The party will need to open up politically, especially to the younger generation of Angolans, those born after the civil war, who associate the party with the corruption scandals and the rampant clientelism rather than the fight for independence.

The first meeting of the political bureau (the second most important decision-making chamber of the MPLA) following Lourenço's power move set the tone of MPLA politics for the first half of his mandate. While it produced a statement endorsing the decisions of the new president, thereby shutting down any possibility of the party becoming an opposition force to the new government, the political bureau also approved the appointment of several Dos Santos loyalists in high-ranking positions. This means that Dos Santos will maintain control over the party while he concedes to a complete revision of the relations between his family and the Angolan state.

In this wholly new configuration, which can be called a negotiated hegemony, Dos Santos will use the MPLA as a regulatory force, but he will not have the ability to run a shadow government as initially planned. In this scenario, Lourenço may be tempted to create a base of allies beyond the MPLA. This would lead to a gradual loss of control of the MPLA over the state apparatus. He has a strong political incentive to proceed in that manner: His newly acquired popularity draws exclusivity on his disposition to establish a sanitary cordon between Dos Santos and the government. If the MPLA remains strongly associated with Dos Santos, Lourenço will be able to count with the support of the international community and the civil society to foster the end of the one-party rule in Angola. He already made a clear sign in that direction when he announced that provincial governors will be appointed through local consultations before the end of his first presidential mandate.

# The Premises of a New Administration

The cabinet of João Lourenço reflects the political dynamics laid out in the earlier sections of this paper. It has two chief characteristics. First, even though several ministers and secretaries served in the previous administration, the real power holders are newcomers who have been directly appointed by Lourenço. Second, the public companies, which, as argued earlier, enjoyed a great deal of institutional autonomy under Dos Santos, are now under the strict control of their respective ministries.

Three “State Ministers” will be coordinating the government’s action on behalf of the president. Manuel Nunes Júnior will head the newly-created Ministry of Social Development. He has a PhD from York University and is considered one of the most qualified cadres of the Angolan government. He drafted the MPLA government program for the 2012 elections and served in numerous positions related to social development, including the political bureau. The priority of Nunes Júnior’s agenda is to reduce the dependency on imported products for consumption. He will focus on trying to make Angola self-sufficient on sugar, rice, corn, beans, milk and salt.

Pedro Sebastião is the man through which Lourenço ascended in the Defense apparatus. He is a hero from the war of independence, famous for his performance in the 1975 Great Battle of Cabinda<sup>20</sup>. Sebastião was acting defense minister during the civil war and vice minister for national defense in the post-war years. He also served as governor of the highly sensitive Zaire province and ambassador of Angola to Spain and Italy. He is known for his tough approach to security matters.

Frederico Manuel dos Santos e Silva Cardoso is a discreet technocrat who exercised several positions in the Angolan government over the past

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20. Cabinda is a province of Angola, separated from the country’s other seventeen provinces by a narrow strip of the DRC. Following the April 25, 1974 coup, the new regime in Portugal entered into talks with the three rival national liberation movements that were competing for influence in Angola: MPLA - People’s Movement for the Liberation of Angola); FNLA (Angolan National Liberation Front) and the UNITA ( National Union for the Total Independence of Angola). FLEC was excluded from the talks as Portugal never recognized it as an interlocutor in the independence process.

decade related to social and cultural matters. He served in the ministry of foreign affairs and in the cabinet of foreign affairs of the presidency of the republic. He also served as deputy minister for education and culture. He has no military and security experience.

In regard to the public companies, Carlos Saturnino, the new head of Sonangol<sup>21</sup>, a former rival of Isabel dos Santos, will share the authority over the oil sector with the secretary for oil Paulo Jeronimo and the minister of natural resources and oil Diamantino de Azevedo. As argued earlier in this paper, this entire new configuration of the oil sector is the most impacting innovation of Lourenço's government. At Endiama, the public company in charge of regulating the diamond sector, Lourenço has appointed José Manuel Ganga Junior as CEO in replacement of Carlos Sumbula, close to Isabel dos Santos, who had longstanding interests in the Angolan diamond business. Ganga Junior is a technocrat with vast experience in the sector as he headed the Sociedade Mineira de Catoca, Angola's most successful industrial project outside the oil sector, for more than a decade. His first decision as CEO was to break the contract between an Endiama subsidiary, Sodiam, and De Grisogno, a Swiss luxury jeweler that is partly owned by Isabel dos Santos and her husband, Sindika Dikolo.

These and many other appointments provide a few indications of how Angolan politics will evolve under Lourenço. First, with exception of the sovereign wealth fund, which remains under control of his son Filomeno, Dos Santos will struggle to influence the government. Initially, Dos Santos expected to have personal advisors in key positions. They were supposed to act as their "eyes and ears". As of December, they were mostly gone. Second, Lourenço does not expect to replicate the Dos Santos' mode of government. Under the new configuration, ministries and public companies will have more operational autonomy. Third, Lourenço is giving particular attention to the ministries in charge of developing the third sector. Clearly, Lourenço's chief priority is to reduce Angola's dependency on oil.

## **Regional Politics: the Cases of the Lundas & Cabinda**

The Lunda provinces are a case in point to illustrate the ongoing transformations in Angola. Located in the northeastern part of the country, which borders the Democratic Republic of the Congo, Lunda Sul and

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21. S. Eisenhammer, "Angola president dismisses Sonangol chair Isabel dos Santos", *Reuters*, November 2017.

especially Lunda Norte were at the center of the illicit diamond trade that fueled the last decade of the civil war in Angola. In order to militarily control the region and, most importantly, to tame the trade of diamonds that benefited mostly, but not only, the rebel forces, the Angolan government surrendered much of its authority to private diamond companies that have since performed basic public functions of security, health and even border protection. The decline of the diamond industry and the overwhelming domination of the oil sector further consolidated the central authority over the provincial one.

This unlikely public-private arrangement has maintained the Lundas, a historically complicated region, in relative peace since 2002. While Lunda Sul, whose diamond resources are exploited by one of the most well organized industrial complexes in Angola, was the object of enhanced state intervention in terms of public services and infrastructure, Lunda Norte remained largely abandoned in the hands of private companies that exploited the diamond trade, which takes place in the remotely-located diamond fields of the Cuango riverbed, in particularly harsh conditions. During most of the colonial period, the Lundas were governed as one single entity, under the command of a multinational diamond company, Diamang. The partition of the Lundas occurred in the early years of independence, but only became effective after the civil war in 2002.

Recent changes in the political and economic landscape may provoke a new reorganization of the Lundas and their functioning. The collapse of state services will force the very mobile (by Angolan standards) population of the Lunda Sul to relocate in search of new sources of rents. Part of that population originated from Lunda Norte, to where they will most likely relocate. This demographic movement will result in a reactivation of the illicit diamond trade in Lunda Norte. The diamond sector may have lost some of its value in recent years, but it remains an attractive market for Angolans who have very little opportunities and are inspired by the mythology surrounding the diamond trade in the war years. The younger generation remains sensible to the idea that diamonds brought immediate and unexpected fortunes.

A reactivation of the diamond trade could have unexpected consequences both locally and nationally. Artisanal miners would be subject of severe repression from the state police, which would further discredit the government. The resumption of violence could reanimate the secessionist rhetoric that has animated local politics in the Lunda provinces since decolonization. The government of the Democratic Republic of the Congo could exploit that potential for instability.

Another region where the unraveling of state services could create a new foyer of social conflict is Cabinda. A public-private consortium consisting of government forces and private security firms linked to the oil sector tightly controls the region. Cabinda, an enclave inside the Democratic Republic of the Congo, has a long history of secessionism, which relates to external influences and local dynamics.<sup>22</sup> The disengagement of the oil sector as several major oil companies have announced that they are planning to reduce their presence in Angola will weaken the presence of formal institutions in Cabinda, which will be once again exposed to separatism violence. The Angolan government is strong and possesses a control over the territory and the population that several neighboring countries would envy. But this control is predominantly based on an arrangement with the private sector, which is made financially viable by the oil industry.

## International Partners and Angola

As Angola needs emergency financial assistance and its closest partners are either unwilling or incapable to offer the necessary support, the negotiations with the international monetary fund will have a special significance. For Angola, the reentrance of the IMF as a political player will signify the end of Angola's period of autonomy and sovereignty. For the IMF, the negotiations with Angola will be especially important as the institution will want to set a precedent for other countries that are tempted to opt-out from the tutelage of international institutions.

It is a matter of agreement that discussions have already initiated informally and are being piloted by João Lourenço's wife, Ana Dias Lourenço, who will be playing a leading role in the relations with international institutions. Facing the desertion of several allies from the developing world, including Brazil, and the worsening of relations with traditional allies, most importantly Portugal, the Angolan government will seat in the negotiations table with the IMF officials in a position of unprecedented fragility since the end of the civil war.

The IMF will most likely impose a package combining the adoption of immediate macroeconomic measures<sup>23</sup>, including devaluation and the end of subsidies in most economic sectors; a series of structural reforms in order to reevaluate the role of the state in the economy; and open up

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22. J. Martin, "Histoire d'une guérilla fantôme. Le(s) Front(s) de libération de l'enclave du Cabinda", Etudes de l'Ifri, January 2017.

23. "IMF Team Completes Staff Visit to Angola", International Monetary Fund, November 2017.

opportunities for sectors not dependent on the oil industry. While Lourenço has publicly spoken in favor of several measures defended by the IMF, most importantly the need to diversify the economy, he will struggle to impose drastic economic reforms against the MPLA establishment.

The new political momentum is facilitating the negotiations. It is a matter of agreement among the international community that the Angolan economy will never be reformed without a serious questioning of the special interests the Dos Santos clan, which has captured most sectors of the economy over the past three decades. The IMF and the World Bank have particularly appreciated the arrival in the government of technocrats from a new generation, who are well trained and will be able to act more independently. A notable absence in Angolan politics since the turn of the century, the World Bank has announced that it will support Lourenço's program to revitalize the agricultural sector<sup>24</sup>.

Lourenço is taking over the presidency in a context of tense relations with key foreign partners, chiefly Portugal and China. Portugal began to reconcile with Angola in the aftermath of the Eurozone crisis, when Portuguese companies invested in the booming Angolan market. In the context of increasing economic reliance on Angola, Portuguese authorities tolerated questionable investments from the Angolan elite in their national economy, and most importantly from Isabel dos Santos.

But this collusion between Portuguese and Angolan business interests ended abruptly in 2013. The collapse of Portugal's largest bank, Banco Espírito Santo, following a series of bad loans in Angola<sup>25</sup>, prompted the European authorities to intervene. Since then, Portuguese authorities have tried to limit their exposure to Angolan investment, leading to a retaliation from Angolan investors, who have been particularly unreliable in their payments toward Portuguese companies since the collapse of oil prices in 2014.

Relations between the two countries worsened over the past year, as the Portuguese attorney general announced that he would authorize the investigation of members of the Angolan government, including the now former vice president Manuel Vicente. The government, in turn, treated this move like an attack on the country's sovereignty. That episode set the tone for Portugal-Angola relations, although the economic interdependency between the two countries will probably limit the potential for a diplomatic escalation. Angola, home of hundreds of

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24. "Angola gets World Bank support for agricultural productivity", The World Bank, July 2016.

25. "Angola puts local unit of Portuguese bank BES into administration", *Reuters*, August 2014.

thousands of Portuguese expatriates, remains an essential revenue provider for Portuguese companies. Likewise, worsening relations with Portugal would further damage the image of Angola abroad. In a worst-case scenario, Portugal could call for sanctions from the EU, with dramatic consequences for the fragile Angolan economy.

The relations between Angola and China are also undergoing a profound revision. Angola welcomed enthusiastically the arrival of Chinese investment, which paid little attention to local politics. China and Angola quickly established a cooperation based on billion-dollars loans on very low interest rates to the Angolan government, which would in turn used these loans for infrastructure projects led by Chinese companies. These loans were repaid in oil or other natural resources. In the process, China gained access to strategic markets and Angola obtained funds to lead its national reconstruction project. This model which was very successful for a decade, started to collapse after the oil crisis. China has limited the allocation of funds to Angola, and Chinese companies have deserted the country. Today, Angola is trapped in Chinese debt: most of its oil revenues are being used to repay the Chinese credit lines. Unless Lourenço obtains a new deal involving a debt haircut or a re-scheduling of payments, his ability to use the oil revenues to encourage the development of other sectors of the economy will be very limited.

Finally, the civil Society has applauded the decision from Lourenço to appoint new directors in the state-owned media. Luaty Beirão, Angola's most prominent activist has declared that there is more freedom in Angola since Lourenço took office.<sup>26</sup> The media has also adopted a surprisingly aggressive editorial line against Dos Santos. Private newspapers are reporting scandals involving the family of Dos Santos on an almost daily basis. Most recently, the media made headlines about revelations that Zenu, the son of Dos Santos and head of the sovereign fund, has placed part of the fund's in offshore personal accounts.<sup>27</sup> The Angolan press would have simply ignored this kind of news before the arrival of Lourenço. The growing anti-Dos Santos sentiment, combined with the surge in oil prices, will encourage Lourenço to pursue his reorganization of the government. However, it remains impossible to discern whether Lourenço's policies are aimed at consolidating his political authority or at bringing real change in the governance of Angola. While he has announced in many occasions that he will seek to reduce the role of the state in the economy, Lourenço still has to adopt concrete measures in that direction.

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26. Luaty Beirão diz que se vê "mais liberdade" em Angola, *Diário de Notícias*, 9 November 2017.

27. Fundo Soberano de Angola exposto nos Paradise Papers, *Público*, 7 November 2017.



# Conclusion

The oil crisis deflagrated in 2015 undoubtedly marked the end of the first cycle of the post-war period in Angola. Not only it put an end on the international conjecture that allowed Angola to emerge as a regional powerhouse since the end of the civil war, but it also unleashed the transformation of the regime that has governed the country for most of the post-colonial period. While this period has been tainted by widespread mismanagement and corruption, it has also been transformational, for it has defined the nature of the relations between Angola's state and society.

Retrospectively, it appears that the Dos Santos fatigue had been largely underestimated. The military victory in 2002, the massive investment in infrastructure, and the organization of spectacular electoral campaigns did not suffice to attenuate the authoritarian and corrupt image of his regime among the population. The oil crisis made it impossible for Dos Santos to orchestrate a family succession. Combined with the desperate situation of the economy, the general dissatisfaction offered an opportunity for the new president to dismantle the Dos Santos "state inside the state" in a speed and intensity that few believed it would be possible. The success of his actions goes to show that Angola's patronage system was not dependent on one person, but rather on one resource: oil. As soon as Lourenço dared to seize control of Sonangol, the capacity of nuisance from the Dos Santos clan was almost entirely neutralized.

However, while Lourenço has proven to be a skilled politician in the early months of his mandate, he still has to show that he is able and willing to implement new governance and policy-making practices at a variety of levels. The president will have several opportunities to prove that he is serious about reforming the country in 2018. In several sectors, from oil to telecommunications, Lourenço will have to show that he is capable of breaking the arrangements made by Dos Santos. In a number of occasions, from the negotiations with international partners to the passing of new legislation, he will have to confront the political and economic establishment as a whole. Most importantly, in order to truly bring an end to the patronage system structured around Dos Santos, he will have to rethink the relations between the state and the oil sector. In other words, Lourenço will only succeed if Angola ceases to be a petro-state under his tenure.