
Managing Angola's Economic Crisis: The CASA-CE Perspective on Policy Responses

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Introduction

At the meeting, Abel Chivukuvuku outlined CASA-CE's policy platform for reforming Angola's economy. Also present was Ambassador António Luvualu De Carvalho, who, in his role as Itinerant Ambassador for the Government of Angola, responded to the speaker's comments.

The meeting was held on the record. The following transcript is intended to serve as an aide-memoire for those who took part and to provide a transcript of discussions for those who did not.

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Abel Chivukuvuku

CASA-CE considers Angola to be a promising state. Angola was close to being a failed state in the early- and mid-1990s, and it was for a long time a problematic state until 2002, when a combination of peace and a decade-long economic boom made Angola a promising state. Actions taken now will determine whether Angola slips back to problematic state status, or moves to become a viable state within five to 10 years.

Angola is facing a multi-dimensional social, political and economic crisis, and effective responses must also be multi-dimensional.

Angola faces a great dilemma. As long as President dos Santos remains president, there will not be serious and profound reforms concerning the model of the state, which is excessively centralized. Angola will not have profound and acceptable reforms concerning the system of government which is also excessively centralized. There will not be profound reforms concerning the full implementation of values and principles of a democratic state. Angola remains a country in transition to democracy. The country will not have profound and serious reforms concerning the culture of governance, or profound and serious reforms concerning civil sensibility.

Hopefully, Angola will have elections in 2017, which are an opportunity to create conditions for a peaceful, orderly and positive change of government. There is also an opportunity if President dos Santos' pledge to retire in 2018 is true, but this depends on how this retirement and transition will be implemented.

CASA-CE published a 10-point plan in May 2016. This was a contribution of CASA-CE's thinking and conceptualizing to the government. It is a pity that CASA-CE received no feedback from the government. It remains unclear whether Angola's government took it into consideration.

The first point is the need for a clarification of the economic system and reform of the mental framework. For a long period, especially in the 1980s, Angola had a centrally planned economy, but the country started the transition to becoming a market economy in 1991. However, in certain circumstances whenever there is a specific problem, there is a tendency to adopt policies reminiscent of the centrally-planned era, which creates confusion as far as the system is concerned. CASA-CE is worried about whether actors are capable of reforming their mentality so that actions that are taken are concomitant with market-economy values and the free enterprise of citizens.

The second point is that there must be a reduction of the role of the state in the economy, specifically in the sectors of commerce, industry, financial services and insurance. The state must assume only the role of regulator. The state still puts up shops and supermarkets, which is not its role, and this creates unfair competition with the private sector. For example, for three years the state put up a network of supermarkets across all of the provinces, which later went bankrupt. This example showed unfair competition with the private sector and a misuse of state resources because the role of the state is not to put up shops.

The third point is that the economy must be depoliticized, to liberate the creativity and energy of Angolan citizens. The government has a tendency towards excessive politicization of the economic sector, which excludes parts of the population from the economic process. This means the state loses the creativity of those citizens, and their initiatives and energy. If Angola wants to make an inclusive economy where every citizen participates, the economy must be depoliticized.

Angola still has an enclave economy. This means that Angola is not putting to full use the enormous potential and resources of its whole territory, which remains extremely underused. There is a tendency to give priority to the seaside provinces and to neglect the interior. This is a consequence of the conflict era, when security in the countryside was a problem, and security on the seaside was guaranteed. But after 12 years of peace, making use of the full potential of the country is overdue.

Point five suggests to the government that the Angolan business environment should be improved through reducing bureaucracy, improving infrastructure and modernising laws and regulations. Legal protection of property should be provided. Angola's judicial systems need improvement so that business matters can be dealt with quickly. Angola must also provide a qualified workforce and guarantee the repatriation of returns. Angola has less foreign currency because of the oil crisis, creating a big problem for foreign companies and investors to repatriate their returns.

Point six concerns restructuring and depoliticising the Angolan financial system, particularly state-owned banks which at this moment are almost technically bankrupt. Depoliticization should guarantee that the financial system serves all those who have viable projects, without considering which political party the individual belongs to. Also, maybe the government should rethink the nature of the relationship with the International Monetary Fund (IMF) and World Bank so as to strengthen Angola's financial system.

Point seven concerns the creation of institutional mechanisms and introduction of adequate policies to oversee the process of awarding state contracts. President dos Santos tried several times to create a situation in which those in government do not award contracts to themselves, which is a prevailing and widespread behaviour. For example, a minister might have tenders to make, and will then create an enterprise in the sector and makes tenders to himself. A governor has to construct a road, creates an enterprise and gives the contract to himself. Angola needs to put up institutional mechanisms and adopt a framework which allows for the control of awarding of state contracts. Parliament must also be given back the oversight powers that it was stripped of. Currently the Angolan parliament, because of an injunction of the constitutional court, cannot oversee government action. This is a negative factor because one of the basic and traditional classic powers of a parliament is to oversee the work of the government.

Point eight calls for improved planning and the definition of priorities for public investment programs. Angola must also put a brake on the growth of external debt. It is CASA-CE's view that Angola has been unable to define appropriate priorities, especially to develop programs that have a direct relation with the quality of life of citizens. The Marginal of Luanda is beautiful, but the suburbs of Luanda – where people

live – have no sanitation, water or electricity provision. There must be a human dimension in defining the priorities for projects.

Point nine is the need for serious commitment and the adoption of policies to implement a strategy for economic diversification. It is true that such a strategy should have been adopted while the oil price was high. During that period, it was forgotten that Angola has plenty of arable land, the focus was instead on oil and diamonds. The rivers and water that could help to sustain a sophisticated agricultural sector to guarantee food safety were also forgotten. Other exploitable minerals were also forgotten during that time, and they could have been part of the economy. During that time it was forgotten that there were forestry resources. Oil and diamonds are not enough. There must now be a serious commitment, because currently there is erratic behaviour with regard to economic diversification.

Finally, point 10 recommends a serious commitment to fighting corruption, mismanagement, clientelism and nepotism. Part of the crisis is the economic crisis, which is not only a product of low oil prices, but also because some of Angola's resources are not put to use for the country because of corruption and stealing. Most state entities have lost the moral high ground to correct the situation. To be an actor in correcting a situation, you must lead by example.

CASA-CE's 10 general points were made public in July 2016, and Chivukuvuku took the initiative of sending these to the government to see if they could contribute ideas and thinking, because all Angolans are victims and should participate in correcting the situation.

On the prospects for CASA-CE in 2017 - the party is working to guarantee that the 2017 general election will be conducted in an acceptable political environment and within acceptable democratic practices, so as to guarantee fair and transparent elections. The party's perception is that CASA-CE is the political party with the biggest growth in Angola at this moment in time. The party is new at only four years old, but if it secures free, serious and transparent elections in 2017, it will be the government of Angola, or at the minimum it will form part of the government of Angola.

To outline the party's expectations for the international community with regard to Angola: CASA-CE encourages the international community to engage with Angola, through links between institutions, governments, parliaments, academics and professionals. There can only be understanding if there is engagement.

But with engagement there should be encouragement. Governments and universities, through engagement, should encourage their Angolan counterparts to move forwards, to implement values and principles of democracy, to respect human rights, and to improve the business environment so as to make the relationships more positive. Finally, despite recognizing that the Angolan business environment is not yet positive, investment is encouraged. Angola is a country with huge potential, it is not easy with the current environment but those who invest first will have better opportunities than those who enter late.

I am neither optimistic nor pessimistic about Angola's future, instead he is realistic.

Summary of question and answer session

Ambassador António Luvualu De Carvalho, Embaixador Itinerante da República de Angola

Thank you to President Chivukuvuku for a good presentation. He is a friend of the Angolan government and a young historical leader in Angola, who has made a very good presentation. The 10 point plan

presented by President Chivukuvuku is clearly the perspective of CASA-CE and we must agree to disagree on these points. Some of the measures presented are realistic, particularly the financial measures, but do not take into account issues of 'Dutch disease'.

President Chivukuvuku's point that the state was not growing in areas outside the petroleum sector, is a matter that is not the result of the will of the Angolan state. It happens in many countries where there are revenues from a commodity and there is no way to open other sectors to grow. The ambassador is sure that CASA-CE has listened to the serious measures published by the government to fight against the crisis. CASA-CE published their recommendations in July, but the Angolan government has also shown a number of measures to fight the crisis and these measures have been accomplished. The government is fighting the crisis and Angola is not leaving this crisis alone.

This is not a crisis created by the Angolan government, or a crisis just for Angola – it is a general crisis and all countries are fighting this crisis, even Great Britain.

The Angolan government shares some of the points made by President Chivukuvuku. All parties are working to ensure that elections in 2017 will be fair – the government and political parties are working towards this. This shows that Angola is not a closed society. The government has made efforts, as have all political parties, to ensure that Angola continues to be a pluralistic society.

In terms of Angola's business environment, since August 2015, a new private investment law and two new agencies working on private investment have been introduced. One is the RPX and the other is the Private Investment Technical Unit (UTIP). These agencies are working so that Angola can increase business, as well as having clearer and more open business. Angola is facing a transition since multi-partyism was introduced in 1992, but the most interested party in opening up Angola's diversification is the Angolan government. The government has international principles and works with the IMF, the World Bank, the City of London and the European Union to respect the principles of Basel 1, 2 and 3, and policies on money-laundering and other financial issues. The government is working on these issues and welcomes the contribution of CASA-CE and other political parties.

If President Chivukuvuku did not receive an answer from the government when he submitted CASA-CE's 10 point plan, he has heard one now. The government is open to working with all political forces in Angolan society, and welcomes debate, because the country needs to grow and improve as a society. The engineer accompanying Ambassador Luvualu De Carvalho is part of the cabinet that is making plans to restructure Luanda, and the architect present is working with the provincial government. As Chatham House has debates concerning sustainable cities, they welcome questions on these projects.

Questions

Have you reconciled with Isaiás Samakuva, and would you consider a joint coalition with the National Union for the Total Independence of Angola (UNITA) moving into the 2017 election? Would CASA-CE participate in a coalition government with other parties?

What specific policies would you enact to achieve a brake on debt?

Abel Chivukuvuku

First of all what Angola needs is change, but change has to be peaceful, orderly and positive, because there is a possibility of negative change. The quality of the change is important.

CASA-CE was created in April 2012, just four months before the election, but it quickly became the third largest political force in Angola. If that took only four months, in four years CASA-CE can become the biggest political force. It is worth considering what we have been doing to prepare for 2017. At this moment, CASA-CE is the fastest-growing political force in Angola. If Angola secures conditions conducive to free and fair elections there is a serious and realistic possibility of CASA-CE being the next government of Angola.

To that point it has been decided in the opposition to cooperate and work together with UNITA, the Partido de Renovação Social (PRS), BLACU and Frente Nacional de Libertação de Angola (FNLA) in order to contribute to creating positive conditions for elections. Parties are working together to improve the legislative framework, to promote the introduction of legislation that should change negative amendments made in previous legislation. These parties have already jointly tabled legislation to correct how the registration of voters is being prepared, and the way that it should be done. They have also decided to work together to either discuss with or force the MPLA to create a better political environment concerning the liberties of the individual. People should be free. Although this is already in the constitution, it is not well applied, especially in the countryside. It has also been decided that these opposition parties will work together in order to discuss with or force the MPLA, to open up public media outlets. In that sector we recognize that there is a very small effort, but there must be more movement.

There will also be co-operation to prepare elections. The possibility of making a pre-election coalition has already been ruled out. Each party is independent, with its own identity, but CASA-CE would consider the possibility of post-electoral arrangements. If CASA-CE does not succeed in making the 50-plus mark alone, at that point the possibility of joining forces with other political forces in the opposition to form a government is available. CASA-CE would only enter into a government if it was patriotic, competent and honest. These are the basic criteria.

CASA-CE has not considered the possibility of forming a government with the MPLA. At this moment, philosophically, and in terms of behaviour and attitude, the MPLA would have to recycle itself to be a positive element as far as governing is concerned. As long as President dos Santos is president, such change cannot occur. If CASA-CE does not win in 2017, and President dos Santos resigns in 2018 as he has promised, this would mean that a new circumstance had arisen. CASA-CE would remain open-minded about the president's successor. but circumstances would have to change.

God is a friend of CASA-CE. The oil price is low there is a problem of mismanagement, a crisis of malaria and of yellow fever – many negative things are happening. These things are negative for the country but they enhance CASA-CE's possibility of winning. The political crisis is because at certain moments in the history of Angola, President dos Santos was a positive factor. In certain moments in the history of Angola, the role of President dos Santos was positive. But at this moment he has completely lost touch with reality and CASA-CE believes it is now time for him to go and a new dispensation to be established.

On the social crisis – during the economic boom the conditions of living for Angolans was becoming better. The country was improving on indices of poverty and human development, but during this crisis poverty is growing again. During the economic boom, a section of the middle class grew, composed of civil servants, high-ranking military officers and the police, and small businesspeople. This middle class was the most affected by Angola's current crisis. Why is poverty growing again? Poverty is growing because the cost of living is high, while at the same time civil servant salaries are being eroded. Also, some of those who already had the ability to educate their children abroad no longer have it, because there is very scarce offer of foreign currency. The social situation is degrading and CASA-CE hopes that this does not create negative social tension.

Angola has a law that establishes a debt ceiling. There are different perceptions – the government claims that it has not yet attained that level, but economic experts explain that while direct government debt has probably not yet reached the level established by law, if the borrowing of public enterprises such as SONANGOL is included, then the two levels of debt have gone beyond the ceiling. CASA-CE wants to see a brake put on the accumulation of debt, to avoid negatively affect future generations and providing them with fewer resources. Unfortunately, Angolan institutions often break and disrespect the laws. Even if the government goes beyond the debt ceiling nothing happens because parliament, which should act, does not have enough powers to act.

Questions

Could you comment on the ongoing reforms being carried out at Sonangol?

There has been some frustration among Angolan commentators about opposition parties' inability to capitalize on the current crisis. Do you agree, and what are the challenges that opposition parties currently face?

What do you think are the reasons that the IMF programme in Angola is no longer ahead?

In the last election, CASA-CE did well in a short period of time, and made some inroads especially in urban areas. How do you see CASA-CE's prospects in areas where it will compete with the RFS and the FNLR, or in Cabinda? Will CASA-CE be less active in those areas or equally active, given that it needs to prioritize its own resources and campaigning?

Question for Ambassador António Luvualu De Carvalho

The Angolan embassy has frequently refused meetings with Angolan diaspora in the UK. As diaspora skill is being wasted, what is the government's response to this?

Ambassador António Luvualu De Carvalho, Embaixador Itinerante da República de Angola

Mr Chivukuvuku has spoken of his belief in strange forces, as he views the fall in oil prices and yellow fever will create conditions that will bring the opposition to power in Angola, but the government does not believe this will happen because this is a cyclical crisis that will pass. Although the price of petroleum is down, the government is working to diversify the economy and responding to the situation. President Chivukuvuku is very optimistic about the growth of his party, and its convergence with other opposition parties, but in truth it is unclear whether CASA-CE can grow to be the size of the MPLA. The MPLA is almost 60 years old, and it is not clear that a coalition of parties that has existed for five years could grow to the size of the MPLA. Angolans will find out whether this possible in the elections in 2017.

President Chivukuvuku's view of President dos Santos is a personal view that the government respects, but the will of the Angolan people at the last election affirmed their trust in President dos Santos. The view of Angolans who voted, including in big cities, is one of trust in the ruling party. Nobody knows the election result of 2017, including Mr Chivukuvuku, but everyone is working to have free and fair elections. We will find out whether the MPLA, UNITA or CASA-CE will win after the elections.

Ambassador António Luvualu De Carvalho has been informed by the Angolan Embassy in London of the large Angolan community in the UK, numbering almost 20,000 people. The government must make more effort to meet with the community, but that effort should be mutual – the community must also seek out

links to the embassy. Several Angolans came to Britain in difficult conditions and changed their status to benefit from social facilities provided by the UK government to migrants. Now their situation has also changed, the Angolan authorities need the Angolan community to meet the embassy. This will allow for the development of a good working platform – the Ambassador is open to discussing any concerns. Chatham House also provides a platform for increasing social understanding between the diaspora and the Angolan government.

It was reported on social media that the IMF would provide a rescue for Angola's economy, but this was not the reality of discussions between the government and the IMF. The IMF has a permanent mission in Angola, because there is an existing standby agreement. The public messages given to the Angolan public were inaccurate. The purpose of IMF–government meetings was not to develop a rescue package for the Angolan economy. Angola needs technical assistance from the IMF, but it is not in a state where it requires IMF money at this moment. Despite currently experiencing difficult moments, Angola will manage the situation. The messages on social media were bad from the start.

Abel Chivukuvuku

Addressing the Ambassador's comments on the time factor, he made reference to the MPLA holding advantage is because of its age. But if this was true then Angola's major political party should be the FNLA, which is more than 60 years old. CASA-CE became stronger than the FNLA in four months. CASA-CE's understanding of the value of time is not based on the counting of minutes, hours, days, months and years, but what you do with the time available. Those who do better are those who use less. What counts is what you do with the time available. It is a question of mathematics. In four months CASA-CE became the third largest political force by using the time available positively, so imagine what they could achieve in five years.

Sonangol really needed reforms, because for a long time it was like a state within a state and was acting in sectors unrelated to its core business. It was neglectful and losing money in some areas. For instance, the state created a Special Economic Zone (SEZ) in Viana, which was supposed to create incentives to attract enterprise and investment in the industrial sector. Yet Sonangol ended up building the SEZ and invested 53 industrial projects itself. Two months ago the president had to enact a decree to transfer these enterprises to the private sector in a timeframe of 60 days, because the projects were almost bankrupt. Of concern is what was meant by the term 'transfer'. These projects should be privatized, because in this context 'transfer' often means that those in power distribute enterprises among themselves. Only time will tell if this is what happens. In any case, reforms to Sonangol were long overdue. Although it remains unknown what the nature of the reforms will be, they are necessary.

In four months CASA-CE had time to be across the country in all provinces, but the party recognized that during the last election it did not yet have a fully-functioning partnership. Since then, the party has adopted a four point strategy. First its aim is to grow. Now CASA-CE is growing seriously. Secondly, it must transform. Currently CASA-CE is legally classed as a coalition, but it has been decided to transform it from a coalition to a political party. The third point is to consolidate, by establishing a functioning machine across the country. Fourth, the party must win the hearts and minds of Angolan citizens.

Chivukuvuku was elected as a Member of Parliament, but left parliament to focus on building a fully-fledged organisation. He has created a program called '15/15', requiring spending 15 days of each month in Luanda focusing on his responsibilities, and the remaining 15 days staying in one of Angola's provinces, visiting villages and towns under a program called 'sit, listen, share'. This means living with people, listening to their problems, talking to government officials, priests and so on.

Today there are only three parties in Angola that can be found across the whole country – MPLA, UNITA and CASA. The difference is that CASA-CE is a new phenomenon, MPLA, FNLA and UNITA are well-known and everyone wants something new. CASA-CE believes that in any human endeavour, especially when it comes to building a country or society, it is important to have a clear vision, far-sighted and positive ambition, and the will to act forcefully. That is what CASA-CE has been doing all these years.

Question

Did you prefer the Republican Convention with Donald Trump or the Democratic National Convention with Hillary Clintons?

Abel Chivukuvuku

Donald Trump's congress was exciting and theatrical, and it was said that entertainment has captured politics. The Democratic Convention was a little more serious, with more ideas and less theatrics.