

AFRICA RISK CONSULTING

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Angola Summary 30 August 2017

Angolans vote in a general election on 23 August. The Comissão Nacional Eleitoral (CNE) (national election commission) releases provisional results, showing that the ruling Movimento Popular de Libertação de Angola (MPLA) won 61.1% of votes and obtained 150 of 220 (68.1%) parliamentary seats. The main opposition party, União Nacional para a Independência Total de Angola (UNITA), says it will fight the elections results in court, filing more than 10 complaints. Initial reports indicate the voting process was calm and orderly. The Assembleia Nacional (lower chamber of parliament) passes laws that will limit the power of future presidents with regard to security and defence matters. United States (US)-based oil and gas services firm Halliburton Co agrees to pay \$29.2m to the US Securities and Exchange Commission (SEC) to settle allegations that it made corrupt payments totalling \$3.7m to secure oilfield contracts in Angola.

Provisional result show MPLA wins re-election

Angolans, on 23 August, voted in the fourth general election since the return to multi-party democracy in 1992.¹ The ruling **Movimento Popular de Libertação de Angola (MPLA)** was widely expected to maintain its parliamentary majority, and its presidential candidate **João Manuel Gonçalves Lourenço** to assume the presidency.² The election is significant because President **José Eduardo dos Santos** (1979-present) stepped down as a presidential candidate, although not as leader of the MPLA. Opposition presidential candidates included:³

- **Isaias Henriques Gola Samakuva - União Nacional para a Independência Total de Angola (UNITA);**
- **Quintino Antonio Moreira - Aliança Patriótica Nacional (APN);**
- **Benedicto Daniel - Partido de Renovação Social (PRS);**
- **Lucas Benghim Gonda - Frente Nacional de Libertação de Angola (FNLA);**
- **Abel Epalanga Chivukuvuku - Convergência Ampla de Salvação de Angola - Coligação Eleitoral (CASA-CE).**

The **Comissão Nacional Eleitoral (CNE)** (national election commission) released provisional results from the elections on 25 August.⁴ The provisional results confirm widely held expectations that the ruling MPLA would maintain its parliamentary majority and its presidential candidate Lourenço will replace outgoing dos Santos as president. The CNE's provisional results (with 98% of votes counted), as of 25 August, are detailed in Figure 1 (see below). The CNE confirmed they have definitive results in 11 of 18 provinces (**Cuando Cubango, Luanda, Cuanza Norte, Cuanza Sul, Cunene, Cabinda, Moxico, Benguela,**

¹ www.africanews.com

² www.africanews.com

³ Unless otherwise noted - www.africanews.com

⁴ Eleicoesgerais.cne.ao

Bengo, Huíla and Zaire).⁵ Combined, the opposition parties won a majority of votes in three provinces:

- Luanda (MPLA 48.17% / UNITA 35.44% / CASA-CE 14.64%);
- Cabinda (MPLA 39.75% / UNITA 29.33% / CASA-CE 28.18%); and
- Lunda Sul (MPLA 45.96% / UNITA 41.06% / PRS 9.62%).⁶

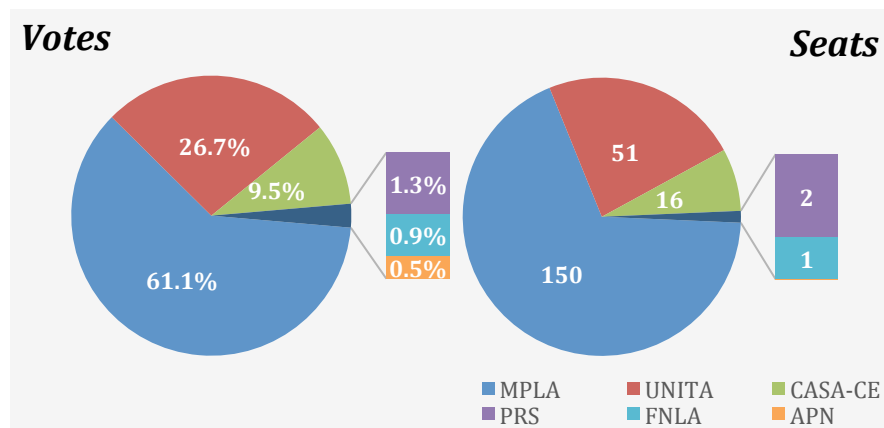


Figure 1: www.eleicoesgerais.cne.ao

Provisional results confirm prior expectations of a comfortable MPLA win. However, the opposition vote share in Luanda, Cabinda and Lunda Sul shows that the MPLA is losing ground in urban areas. In particular, CASA-CE has made significant progress as a political party, now firmly established. It appears likely that final results will confirm an absolute MPLA majority in parliament. Despite dos Santos's departure, the MPLA's victory indicates Angola will follow a path of continuity and stability, with an outlook of possible reform.⁷

...as opposition plans to contest election result in court

Main opposition party UNITA said on 16 August it would challenge the election results in court.⁸ UNITA deputy leader **Rafael Massanga Savimbi** said,

"We do not accept these results, not because they show the MPLA in front, but because we do not think they are true... [we found] substantial differences between our tallies and those of the electoral commission... We are going to the courts... it is a crime to manipulate or distort the people's will, I think that for the first time the MPLA has not won... We succeeded in mobilising the majority of people, Angolans voted overwhelmingly for change."⁹

UNITA reportedly filed more than 10 complaints between 26 and 27 August, and is prepared to take its case to the **Constitutional Court** to demand election results comply with the electoral law.¹⁰ The respected anti-corruption advocacy website **Maka Angola** reiterated UNITA's complaint of vote counting manipulation.¹¹ Maka Angola claims to have collected

⁵ www.angop.ao

⁶ Source, Angola analyst, United Kingdom

⁷ www.africanews.com

⁸ www.news24.com

⁹ www.news24.com

¹⁰ www.makaangola.com

¹¹ www.makaangola.com

testimony from the opposition that the CNE sent people from Luanda, allegedly in the guise of CNE information technology (IT) experts, “on a mission to impose results devised in Luanda,”¹² and to co-opt opposition representatives to endorse them. Maka Angola claims an opposition member in **Bié Province** said,

“... there were people who came from Luanda and say they are IT experts at the service of the CNE, who have nothing to do with the work we are doing. There are two white people among them, presumed to be foreigners. We distrust this completely.”¹³

A opposition source in Luanda also reportedly told Maka Angola that the “technicians”¹⁴ sent to the provinces are working for the **Secretaria de Segurança da Presidência da República** (presidency security bureau), and in some cases **Spain-based INDRA**, the company that supplied the electoral material.¹⁵

“Some of these individuals have indicated they are trying to corrupt our nominees and list delegates, to make the job easier by signing the tallies they have brought from Luanda. We do not accept that.”¹⁶

... and observers commend a peaceful vote, despite limited access

Initial reports indicated the voting process was calm and orderly.¹⁷ **Ambrósio de Lemos**, the commissioner general of the **Polícia Nacional Angolana (PNA)** (national police), deployed 120,000 air and ground security personnel nationwide to ensure peace and security during the voting period.¹⁸ The CNE accredited 1,440 election observers to observe the voting process.¹⁹ Of these, 1,200 are from the international community while 240 are local observers.²⁰ Among the observers are the 40-member team from the **African Union (AU)** under the leadership of **Cape Verde’s** former prime minister, **José Maria das Neves**; and the team from the nine-member **Comunidade dos Países de Língua Portuguesa (CPLP)** (community of **Portuguese-speaking countries**) under the leadership of former **São Tomé and Príncipe** president **Miguel Trovoada** (1975-1979/1991-2001).²¹ The CNE also accredited a team from the **Southern African Development Community (SADC)**.²² The **European Union (EU)** cancelled its deployment of election observers last month after Angola rejected the EU’s demand to have access to all polling stations in all of Angola’s 18 provinces.²³ International media quoted an anonymous EU official as saying,

“Notwithstanding positive discussions with the Angolan side, the conditions for deployment in accordance with our methodology have not been met, therefore the EU will not deploy an electoral observation mission.”²⁴

The EU announcement came after the Angolan foreign ministry rejected a memorandum of understanding (MoU) with the EU, containing its conditions for the observation mission. The

¹² www.makaangola.com

¹³ www.makaangola.com

¹⁴ www.makaangola.com

¹⁵ www.makaangola.com

¹⁶ www.makaangola.com

¹⁷ www.africanews.com

¹⁸ www.africanews.com

¹⁹ www.africanews.com

²⁰ www.africanews.com

²¹ www.africanews.com

²² de.euronews.com

²³ www.africanews.com

²⁴ Reuters, 28 Jul 2017.

foreign minister, **Georges Chikoti**, had said that the government would allow the EU to observe the elections, but that the government would not sign an MoU with regard to their observation mission requirements.²⁵ Despite the government's refusal to sign the MoU, the EU sent a smaller team of experts to observe the elections, with no more than five people.²⁶

International observers have since issued positive preliminary assessments of the electoral campaign and voting process, but their statements do not mention the vote counting process.²⁷ The AU, EU and the SADC issued statements on 25 August but did not comment on events that took place after the polls closed.²⁸ The EU and SADC both made clear that their statements were provisional and a final assessment of the elections would be made after the process was completed.²⁹ A brief EU statement was couched in diplomatic language but hinted at the continuing controversy over the count,³⁰ and warned,

*"It is important that the electoral process is completed in full transparency and any complaint addressed through legal means."*³¹

SADC also acknowledged that the electoral process was not yet complete and that it will issue a final statement at a later date:³²

*"Our long-term election observers will continue to observe the post-election period until 31 August."*³³

Key world leaders endorsed the MPLA's victory. Portugal's President **Marcelo Rebelo de Sousa** (2016-present)³⁴ and Russia's President **Vladimir Putin** (2000-2008/2012-present) have sent congratulatory messages to the MPLA and Lourenço.³⁵

The peacefulness of the elections is credit to the government's effective deployment of police and security forces. The limited representation of some election observers may reduce the reliability of statements on the electoral process. It is unclear whether observers' statements will be more critical following the release of the full election results and/or new evidence of suspicious behaviour.

Dos Santos prepares final pieces for succession

Before the election, the MPLA sought to secure the final pieces for an effective succession to dos Santos, who will continue to hold significant influence over government after his departure as president of the MPLA. The **Assembleia Nacional** (lower chamber of parliament) passed laws on 22 July that will limit the power of future presidents with regard to security and defence matters.³⁶ The laws will only apply to successors to the current president, dos Santos, who has enjoyed unfettered control of Angola's sprawling military and security institutions since taking power in 1979.³⁷ The new laws mean that the heads of the

²⁵ Reuters, 28 Jul 2017.

²⁶ Reuters, 28 Jul 2017.

²⁷ www.makaangola.com

²⁸ www.makaangola.com

²⁹ www.makaangola.com

³⁰ www.makaangola.com

³¹ www.makaangola.com

³² www.makaangola.com

³³ www.makaangola.com

³⁴ www.makaangola.com

³⁵ www.angop.ao

³⁶ AFP, 22 Jul 2017.

³⁷ AFP, 22 Jul 2017.

army, police and intelligence services are protected in their posts for eight years, from the current six-year term.³⁸ This will limit the president's power to remove them,³⁹ even in instances of criminal behaviour or due to old age.⁴⁰ **Andre Mendes de Carvalho**, opposition member of parliament (MP) for the CASA-CE said,⁴¹

*"It means that the president will not be able to remove them from their posts ... A law like this should not be passed just weeks before the end of a [presidential] term ... [moreover] it prevents the future president from working effectively."*⁴²

Opposition figures have accused outgoing president dos Santos of seeking to retain control of the military after he leaves office.⁴³

Dos Santos faced a possible setback to his carefully crafted succession plan in the lead-up to the election. **Bornito de Sousa Baltazar Diogo**, MPLA vice presidential candidate, reportedly suffered a stroke on 3 August.⁴⁴ Although de Sousa appeared to recover, his longer-term health concerns may jeopardise his longevity as vice president, if the current provisional results are confirmed.⁴⁵ De Sousa reportedly suffered a stroke during a campaign rally in Angola's northwestern Cuanza Province, after which he was transported to Luanda's **Multiperfil Clinica**. De Sousa was then reportedly transferred to a hospital in Spain.⁴⁶

De Sousa was elected as an MP in 2010. As an MP, he was chair of the legal affairs committee and the foreign affairs committee. Dos Santos appointed him as territorial administration minister in February 2010. Prior to his ministerial appointment, he was also president of the MPLA parliamentary group.

Through the enactment of the law to limit the powers of the president, dos Santos will maintain influence over the likely Lourenço successor government. However, although de Sousa's health appears to have improved since the stroke, his future health condition could negatively affect the stability of dos Santos' succession.

Halliburton agrees to pay \$29.2m to settle alleged corrupt payments

United States (US)-based oil and gas services firm **Halliburton Co** agreed on 27 July to pay \$29.2m to the **US Securities and Exchange Commission (SEC)** to settle allegations that it made corrupt payments totalling \$3.7m to secure oilfield contracts in Angola.⁴⁷ The settlement contributes to the perception that corrupt facilitation payments are necessary to secure oil and gas contracts in Angola. The SEC said that the settlement includes \$14m in profit that the company allegedly made from the deal, a \$14m penalty, and \$1.2m in interest.⁴⁸ Halliburton said that, as a result of the settlement, it would install an independent compliance contractor for 18 months to ensure effective anti-corruption operations throughout **Africa**.⁴⁹ However, Halliburton neither admitted nor denied the SEC's findings.⁵⁰ Local sources believe that corruption is endemic in Angola,

³⁸ Bloomberg, 21 Jul 2017.

³⁹ AFP, 22 Jul 2017.

⁴⁰ Business Day, 21 Jul 2017.

⁴¹ AFP, 22 Jul 2017.

⁴² AFP, 22 Jul 2017.

⁴³ www.enca.com

⁴⁴ www.africareview.com

⁴⁵ www.africareview.com

⁴⁶ www.africareview.com

⁴⁷ Multiple sources: Financial Times, 27 Jul 2017; www.sec.gov.

⁴⁸ Financial Times, 27 Jul 2017.

⁴⁹ Multiple sources: FCPA Blog, 27 Jul 2017; Financial Times, 27 Jul 2017.

“The state of corruption in Angola is catastrophic. All institutions from the presidency to the lowest see corruption as normal. In Angola, corruption is something that one lives with day-to-day and is normal... In practice, it is institutionalised, because all can practise corruption, all can divert public funds, all can commit crimes of corruption, so it is not a coincidence that in dos Santos’ government no leader has been imprisoned or judged for misappropriation of funds.”⁵¹

The SEC received a tipoff in 2010 about potential violation of the US **Foreign Corrupt Practices Act (FCPA)**.⁵² According to the SEC, state-owned **Sociedade Nacional de Combustíveis de Angola - E.P. (Sonangol)** asked Halliburton to partner with a local company to meet domestic regulations for foreign operators in Angola.⁵³ In doing so, Halliburton allegedly outsourced over \$13m worth of business to the unnamed local partner.⁵⁴ A friend of an Angolan official allegedly owned the local partner.⁵⁵ Halliburton vice president, **Jeannot Lorenz**, a **French** national, allegedly circumvented Halliburton’s internal accounting controls, falsifying books and records to facilitate the illegal payment.⁵⁶ Lorenz had previously served as Angola country manager for Halliburton from 1993 to 2002.⁵⁷ SEC enforcement division associate director, **Antonia Chin**, said,

“Halliburton committed to using a particular supplier that posed significant FCPA risks and a company vice president circumvented important internal accounting controls to get the deal done quickly. Companies and their executives must comply with these internal accounting controls that help ensure the integrity of corporate transactions.”⁵⁸

Halliburton had already settled FCPA violations totalling \$578m in 2009, after its former subsidiary **KBR Inc** admitted paying **Nigerian** officials \$182m in bribes to build liquefied natural gas (LNG) facilities on **Bonny Island** (Nigeria).⁵⁹

There is little optimism for a change in the apparent corrupt nature of attribution of government contracts, especially at Sonangol,

*“There has been no change in recent years. Because in Angola politicians and businesspeople are the same... Who will judge whom? Who will pursue whom? There are even good initiatives in terms of discourse, but in practice nothing works... I am one of those that believe that **Isabel dos Santos** (chair of Sonangol) brought nothing new – Sonangol never combatted corruption and it can’t because that would mean fighting itself. From this we see that in Angola those who carry out wide-ranging corruption automatically are promoted.”⁶⁰*

The settlement between Halliburton and the SEC does little to assuage investor concerns of corruption in the Angolan oil and gas sector. Local sources believe that progress in this regard has been slow, or non-existent. The introduction of a contractor to mitigate corruption at Halliburton could improve the company’s brand image, which has been damaged by the

⁵⁰ Financial Times, 27 Jul 2017.

⁵¹ Source, political scientist, Luanda

⁵² Financial Times, 27 Jul 2017.

⁵³ Financial Times, 27 Jul 2017.

⁵⁴ Financial Times, 27 Jul 2017.

⁵⁵ FCPA Blog, 27 Jul 2017.

⁵⁶ www.sec.gov

⁵⁷ www.sec.gov

⁵⁸ Financial Times, 27 Jul 2017.

⁵⁹ FCPA Blog, 27 Jul 2017.

⁶⁰ Source, political analyst, Luanda

SEC settlement. Sonangol, on the other hand, continues to have a bad reputation for alleged corrupt practices in the sector.

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