Acknowledgements

Many persons have contributed to this book through discussions, debate and insight. We would particularly like to express our sincere thanks and appreciation to the members of the Institute for Security Studies who continue to provide incisive analysis of the conflicts ravaging the African continent. Our appreciation to the Government of Finland through whose generous funding this publication has been made possible and specifically to Pekka Orpana.

We would also like to acknowledge the excellence, professionalism and enthusiasm of our authors. Christian Dietrich would like to record a word of thanks to Virginia Gamba and Jakkie Potgieter for their kindness following his accident and Jakkie Cilliers would like to express his appreciation for the support and patience of Ulrika Soneson. Finally, we would like to thank Alice Coetzee for her superb editorial assistance.

Jakkie Cilliers and Christian Dietrich
Pretoria
September 2000

X

Map No. 3727 Rev. 2 UNITED NATIONS
October 1997 (Colour)

Department of Public Information
Cartographic Section

Resource wars – a new type of insurgency

Jakkie Cilliers

The Angolan war, now entering its fifth decade, initially coincided with a period of intense Cold War rivalry but has continued unabated thereafter, reflecting remarkable adaptive characteristics and the ability to survive Africa's political and strategic marginalisation. During the Cold War, national liberation wars, including that in Angola, were initially confined to settler colonies. In few cases were these movements internally coherent. In Angola the rivalry and competition between the *Movimento Popular de Libertação de Angola (*MPLA) and the *União Nacional para a Independência Total de Angola* (UNITA) for dominance reflected ethnic, racial, rural/urban and ideological divides that persist to the present. Even in the face of a common enemy, Portuguese colonialism, the three 'nationalist' groups (MPLA, UNITA and the *Frente Nacional de Libertação de Angola* or FNLA) were unable to overcome their differences and form a united front. Reflecting instead their particular class or ethnic interests rather than those of Angolans generally, they turned on one another in a struggle of remarkable ferocity. Following the early abandonment of the election timetable and with open war between the three organisations, the MPLA won the battle for control of Luanda on 11 November 1975, thereby gaining international recognition as the government of Angola. What had started off as a liberation war against Portuguese colonialism during the sixties, gained many of the characteristics of a proxy war between the former Soviet Union and Cuba on the one side and the United States in an uncomfortable alliance with apartheid South Africa on the other.

Describing the Angolan conflict during this period as a proxy war, not only reflects the extent to which global players sought to extend their influence and inhibit that of their opponent in far flung battlefields, but also the extent to which local leaders could mobilise external support for their own interests. While the support provided by Cuba, the Soviet Union, South Africa and the United States were to feature prominently regional dynamics also exerted themselves in Angola, particularly in the form of the influence and interests of the former Zaïre (now the Democratic Republic of Congo) and that of the liberation war in Namibia. Despite the end of the Cold War, the independence of Namibia and majority rule in South Africa, Angola's internal war continues unabated. By the turn of the century Angola appears to reflect the political-economic agendas of a new, evolving mode of violent political-economic interaction at the sub-state, national and regional level.

Recent studies, most notably by the Post Conflict Unit at the World Bank, have sought to portray wars as driven essentially by economic agendas, particularly those conflicts in the developing world. Among the Bank's analytical tools is a panel data set of conflicts over the period 1960 to 1999 that seeks to examine the risk of civil war. The head of the team has subsequently claimed that statistical analysis supports the interpretation that economic agendas appear to be central to the origins of many civil wars. In other words, greed largely causes war.[1]

Two lines of thinking underpin this analysis on the relationship between war and economics: that easily exploitable natural resources are used to finance civil wars and that the perpetuation of war in certain African countries serves as an alternative way of gaining income. Although not exclusively so, this approach has been collated into that of 'resource wars', sometimes put forward as reflecting an additional or 'new' type of war. The analysis in this volume does not support such an extreme view, but does point to the changed context, both within and without Africa, that has allowed some insurgencies to continue and evolve in the post Cold War era.

Although war may have both *intended* (i.e. planned) and *unintended* economic consequences, any analysis that seeks to reduce the study of extensive social conflict to a single determinant should be treated with care. War profiteering, or the economic benefits that may arise during a conflict, is not a new phenomenon but as old as war itself. Historically, economic considerations have been an important *cause* of wars, commercial agendas (the profits made during war) have often served to *perpetuate* conflict, and motivations to prosecute war also *change* over time. But economic considerations have not always predominated and can seldom be used as single-factor explanations. In fact the argument that current violent conflicts in Africa are driven to an unprecedented degree by greed or profit compared to other time periods, continents or wars, remains largely untested. Yet recent analysis is replete with economic jargon as economists describe the ongoing conflict as a belligerent investment in the continuation of war within which the cost of continuing the war is an incremental addition to sunk or past costs, compared to the potentially massive gains possible through victory. Furthermore, "[j]ustifying sunk costs, rather than avoiding future ones, can become the source of the belligerents' desire to continue the war."[2]

Although this somewhat contested approach has become a recent theme for a number of scholars[3], the 'economy of war' is still a neglected field of research, including the ways in which insurgent groups fund their campaigns. In fact the rather stark trade-off presented between greed versus grievance by recent analysts may partly reflect means-ends confusion between cause (grievance) and means (greed). One component is the relationship between natural resource abundance and war which appears to have made the Angolan war self sustaining.

As this volume will explore, the political and ethnic origins of the war in Angola remain salient to this day and serve to complement the resource war thesis. The regional, racial, class and even cultural dimensions make this one of Africa's most difficult conflicts to resolve. Yet this should not obscure the degree

to which derivative grievances and revenge for previous atrocities have become self-sustaining through Angola's rich natural resources.

This first chapter describes and analyses the war in Angola as an insurgency war, a prolonged conflict dependent upon the mobilisation of the 'host' population and external support for its continuation and eventual success. In terms of this approach, the concept of a resource war should be treated as a recent development within the theoretical framework of general insurgency warfare.

Insurgency warfare

Many terms have been used to describe insurgencies, including guerrilla wars, internal wars, and revolutionary wars. In an excellent study, Christopher Clapham[4] refers to four broad 'groups' or types of insurgency. The first, *liberation insurgencies*, set out to achieve independence from colonial or minority rule, would include the independence wars by anti-colonial nationalist groups in the Portuguese colonies of Angola, Guinea-Bissau and Mozambique. A second group, *separatist insurgencies*, seeks to represent the aspirations and identities of particular ethnic groups or regions within an existing state, either by seceding from that state altogether, or else by pressing for some special autonomous status. Virtually all African insurgencies, including the Angolan war, draw to some degree on ethnic differentiation within the state concerned. Nearby Zimbabwe is possibly the best example of two competing "nationalist" groupings, each reflecting a specific ethnic base amongst the Shona and Ndebele respectively, although with no overtly separatist agenda. The third group, *reform insurgencies*, seek radical reform of the national government, evident in the cases of the National Resistance Army in Uganda and the Ethiopian People's Revolutionary Democratic Front. The fourth, a new and controversial typology, is that of *warlord insurgencies*, which seem directed more towards a change in leadership and control of the resources available to the state than a change in policy, ideology or indeed in patterns of patronage. In some instances, such as in Liberia, warlords have gained state control. In neighbouring Sierra Leone, the Revolutionary United Front appears largely content to maintain a personal territorial fiefdom separate from existing state structure and boundaries.

This typology of insurgency also reflects, in part, an evolution over time and different circumstances. Insurgency wars have occurred across Africa in very different settings and differ widely from country to country. After the Second World War, 'people's war' was closely associated with the writings and teachings of Mao Zedong and adopted as the most effective means to defeat the conventional style armed forces of the colonial powers and their local allies. While Mao had developed a class-based theory for armed revolution, his teachings found resonance as a recipe for peasant mobilisation and armed organisation against central government in Africa, and not as an alternative social model. In fact a number of independent African leaders sought to implement large industrial-style development

projects more representative of the former Soviet Union than China, often with disastrous consequences.

Insurgency wars in Africa did not end with independence, although armed rebellion against the central government initially lost much of its automatic legitimacy in the eyes of other Africans. New conflicts soon emerged, and old differences resurfaced. Insurgencies were now directed at indigenous African governments where the decolonialisation process appeared to institutionalise control of a particular set of interests, religious, regional or ethnic, over others. This was certainly the case in Sudan after independence in 1956, a war generally characterised as that between the Muslim north and largely Christian south, driven by sub-state regional identity (that of the south) and religion rather than ideology.[5] Elsewhere armed resistance developed as a reaction to economic failure, repression and corruption as was the case in Uganda under Milton Obote and the former Zaïre under Mobutu Sese Seko. Continued state failure and incomplete governance also provided space for local leaders to mobilise their followers and provide alternative sources of security where those of the state had long since withered.

This chapter argues that it is possible to add an additional category to Clapham's typology above, one that is in part a development of liberation insurgency after decolonialisation and the end of the Cold War, and overlaps and subsumes within it warlord insurgencies. This category is that of *resource-based insurgencies*, reflecting the dynamics through which insurgency wars have been able to continue. The remainder of the chapter will seek to expand upon this theme.

Four factors served to enhance the salience of resource wars as the first type of 'post-nation state'[6] wars, or, less grandiosely, as a new pattern of insurgency. The first is *the increased importance of the informal polity and economy in Africa*, often in response to inappropriate economic policies, donor prescriptions, authoritarian and illegitimate governments or exploitative elites but also reflecting the lack of institutionalisation of the state itself. This has led to a situation where the larger volume of cross-border trade in Central and West Africa occurs outside the regulated economy, and where the state has not become functionally differentiated from society, largely serving as a private resouce rather than a public institution.[7] As a result, politics and power remain primarily personalised in much of Africa and state bureaucracy weakly institutionalised. The importance of the informal economy and of informal politics is, of course, facilitated by *the continued weakening and even collapse of a number of African states* about which much has been written. The African state has, for most of its modern existence, been a foreign construct, kept intact successively by colonial interests and thereafter by Cold War patronage. With the collapse of bipolar competition, Africa's importance has reverted to a lower level, reflecting its lack of strategic relevance and marginal economic role. As the state weakened, governance contracted inward, often reflecting little more than the limits of the urban sprawl and an absence of administration in the countryside, making governance more myth than a reality.

The third factor *is the effect of the end of the Cold War itself that has forced sub-state actors to develop alternative resources* from those prevalent during the

bipolar era. Over time organised violence itself has become an economic means of accumulation in certain areas. Previously organisations such as the MPLA and UNITA could obtain resources by presenting themselves as instruments in a much wider scheme, that of superpower competition. In the post bipolar era, Cold War patronage has been replaced by the exploitation of easily accessible natural resources. Less dependent upon external support, the exploitation of diamonds, cobalt, hardwood and the like have reduced the ability of external actors to leverage or pressurise the protagonists. Finally, *increased internationalisation and the apparent universal salience of economic liberalisation*, sometimes referred to as globalisation, has opened up new avenues for linkages by local actors that can now bypass state control through networks that are neither geographically located nor internationally regulated. The information age has not only benefited traders on Wall Street, but also rebel leaders, allowing them to hold and transfer off-shore accounts, to hide liquid assets and to purchase arms through brokers in far off countries where control is weak. During the Cold War, 'private' arms brokers and shippers were established by governments but with close ties to competing national security agencies, and used to make covert arms transfers to illegitimate but friendly allies of the major powers. Arms brokering and trafficking has expanded virtually unchecked since then as the business of war profiteering has become privatised and often relocated to less-developed countries where lack of controls and oversight ease operations.

In this sense the rise in so-called 'resource wars' reflects the changed domestic and regional economic and social patterns under conditions of greater international interaction and access to the global economy for developing countries. In Angola Cold War patronage has been replaced by resource war instrumentalisation. The subsequent sections will seek to comment upon these factors from different perspectives. The first seeks to look at disorder as a means to gain resources and the interests that key sectors in Angola may have in not actively seeking an end to the war.

The instrumentalisation of disorder

Much recent writing about wars on the continent, particularly those regarding West African countries such as Sierra Leone and Liberia, attempt to portray the humanitarian costs and damage of war, reflecting a bias towards a view of these conflicts as ultimately irrational, destructive and therefore without logic. From a humanitarian and civil rights perspective, condemnation often replaces explanation. Recent studies on the political-economy of disorder and the manner in which armed groups manage to instrumentalise conflict and extract economic benefits have come to view disorder not as a state of dereliction, but as a condition that offers more opportunities for leaders and their followers than would peace and order. Within the context of violent resource accumulation these antagonisms and hatreds therefore reflect a more calculated political-economic agenda than generally assumed.

According to this view elites have a vested interest in continued war and disorder since it allows them additional opportunities to extract and conceal rewards and thereby serve the various patrimonial networks that provide their legitimacy. In the absence of any other viable means to sustain neo-patrimonialism, there is inevitably a tendency to link politics to realms of greater disorder, be it war or crime under conditions of resource constraints. More crudely, violence is necessary to secure or maintain a slice of the pie under conditions of continued economic decline. In this manner disorder becomes a necessary resource and opportunity for reward while there is little incentive to work for a more institutionalised ordering of society.[8] This approach broadly follows the work of Chabal and Daloz who argue that sub-Saharan African state apparatus is concerned more with extracting resources from society in the interests of sustaining patrimonial networks than facilitating the society's development while at the same time being unable to monopolise the provision of order and stability. Accordingly "… what all African states share is a generalised system of patrimonialism and an acute degree of apparent disorder, as evidenced by a high level of governmental and administrative inefficiency, a lack of institutionalisation, a general disregard for the rules of the formal political and economic sectors, and a universal resort to personal(ised) and vertical solutions to societal problems."[9]

A recent development of this trend is the use of armed forces in adjacent African countries for both national strategic and commercial exploitative purposes. This trend is particularly evident in the DR Congo where the armed forces of Namibia, Zimbabwe, Rwanda and Uganda are all actively engaged in resource exploitation as part of their 'official' duties, only in part to offset the costs of intervention to the national fiscus. While this is an established trend in West Africa, its prevalence in Southern and Central Africa is more recent. In the process the instruments of sovereignty are employed for personal and private ends rather than in support of national objectives as life-long presidents and military leaders appropriate state instruments for personal economic agendas. 'Military commercialisation' has rendered the military apparatus of many countries a 'private' asset serving the interests of the governing elite.[10]

According to this view the conflict in Angola, indeed in much of Africa, is ultimately rational behaviour in the interest of important elites and to the benefit of specific groups, thereby supporting the resource war thesis advanced earlier, but at a different level. Such a view does not detract from the obvious fact that war remains a senseless destruction of life and property in the longer term. But successive chapters point to the fact that the war in Angola is a struggle for power and resources with a more immediate time horizon that depends upon the continued mobilisation of exclusion politics and resource exploitation for its sustenance.[11] This interpretation should not obscure the historical, sociological and cultural origins of the war, nor their continued salience, as recounted in the chapter by Richard Cornwell that traces the origins of the conflict in Angola. Should one accept the thesis that "[t]he legitimacy of the African political elites … derives from their ability to nourish the clientele on which their power rests"[12],

it reflects a continuity in African politics and the limited extent to which Western state constructs, values and norms have managed to penetrate most of Sub-Saharan Africa, with the limited exception of South Africa.

In a sense, this argument complements the discussion on resource abundance as the cause of conflict in countries such as Angola (and Sierra Leone) that is the subject of the following chapter by Philippe Le Billon, but at a 'deeper' social level. The implication is that resource competition in much of Sub-Saharan Africa reflects the vertically interrelated social structure typical of much of African society within which power is much more personalised than is the case in so-called Western societies. This does not imply that Sub-Saharan African societies are more (or less) homogenous, but that divisions are essentially vertical rather than class based. Within the confines of the various self-defined and shifting ethnic and language groups, these vertical relations are also more 'compressed', implying that the leader is closer to his followers, hence a much more personalised social system within which legitimacy is more directly dependent upon the delivery of tangible benefits. Since instruments of power such as the state bureaucracy are appropriated as personal and not public goods, peace and stability implies the loss of important sources of patronage for the loser, and a reduced opportunity for exploitation by the victor.

As discussed in this book by Christian Dietrich, instability within the Angolan diamond fields is to the benefit of both the MPLA and UNITA since it allows cohabitation and the extraction of profits that would not be possible during peace. At a general level war serves a number of immediate economic functions in the diamond fields including the extraction of protection payments and the ability to monopolise the diamond trade through the use and threat of violence. Neither would have been possible had there been peace and stability in the diamond rich areas such as Lunda Norte and Lunda Sul where the majority of Angolan diamonds are found. The war allows the government and UNITA to extract premium payments on all types of commodities sold to the *garimpeiros* (diamond diggers) who are geographically hostage to mafia-like protection rackets run by the government armed forces *Forças Armadas Angolanas* (FAA), UNITA and local warlords.

Compared to the MPLA government's income from oil, UNITA earns a relatively small amount from its illicit diamond trade. Although diamonds from Angola are not a significant factor in the international diamond market, strategically they are crucial for the survival of UNITA, which depends upon the income generated through diamonds to buy food, weapons and thus influence and sustenance. The international focus on the illegal diamond trade, if effective, represents an immediate and direct threat to UNITA but will be extremely difficult to implement. Rough diamonds from one (conflict) area can easily be smuggled out and sold elsewhere, particularly since many areas where diamonds are found straddle the border with the DR Congo and border control is absent. In 1999, for example, rough diamond imports from the DR Congo were more than double the value of exports estimated by the *Comptoir National d'Expertise* (CNE) in

Kinshasa. The Angolan government's re-capture of parts of the Cuango valley in 1999, combined with the first effects of re-structuring Angola's diamond sector boosted sales to Antwerp from 1,5 million carats in 1998 to 2,5 million in 1999, although these statistics must be treated with great care.[13]

Peace will also place the illegal income gained from oil and arms purchase commissions under much greater scrutiny, if one assumes that an end to the war implies more stringent standards of transparency and accountability by Angolans and the international community alike. Such a development would therefore threaten the basis of patronage from which the political elites in Luanda derive their influence.

Should one accept that the Angolan state (like many other in the region) is more an instrument of patronage than an independent public utility dedicated to general service, it implies that the elite that controls the state is in a much stronger position than any opposition group. It has long been recognised that the 'winner take all' democratic framework has little to offer opposition party supporters or indeed opposition politicians in most African states. Should UNITA therefore be excluded from participation in governing Angola, it loses much more than political power alone.

In a devastated country such as Angola the state occupies a central position accounting for almost 60% of its Gross National Product (GNP). Control over government provides a means to patronage, employment and status unrivalled by any other within the formal economy. The Angolan state is "… the largest proprietor, the only exporter (and consequently, the only agent generating foreign exchange), a great importer, the largest employer in the economy, the largest consumer of resources, the largest debtor and the largest investor…"[14] Although the 198 000 civil servants, one of the highest per capita ratio's in Africa, earn an average monthly wage of only US $60, this is one of the few sources of secure employment in Angola. Even the massive oil industry provides employment for only some 10 000 Angolans and the coffee sector, once a mainstay of agricultural production, has long since collapsed.

Wages and the ability to grant employment within the public sector alone do not do justice to the importance of this most central of all assets. A position in the public service enables the official to act as a gatekeeper, demanding rewards for even the most basic duties and services. In this way, public servants are able to increase their income considerably by demanding pay-offs and the state ultimately exists not to serve the people, but as a private means for resource extraction. The survival of a whole community may depend upon the income generated by a single public servant in the absence of other means of survival. These considerations aside, the Angolan state remains singularly unprepared to serve the Angolan people. Less than 2% of public servants have a tertiary qualification, while the Angolan professionals, scholars and educated classes have long since abandoned the civil service.[15]

The Angolan armed forces certainly have an institutional interest in the war, based on the benefits that accrue to the military as a result of the war and to select individuals in the purchase of massive amounts of arms. War allows a lack

of accountability that would not be possible in peacetime. In the interests of national security, an absence of external and even parliamentary oversight of national expenditure allows the use of front companies and diversion of funds to pay excessive commissions. Because the government budget is not unified or transparent on payments for arms there are substantial discrepancies between government estimates of defence spending and independent estimates. In some cases, these payments bypass the Ministry of Finance and the Central Bank and are made directly through the state owned petroleum company the *Sociedade Nacional de Combustiveis de Angola* (Sonangol), or through the Presidency.[16]

One should also consider the threat to employment, wages and therefore livelihood that peace would have for members of the government's armed forces (FAA) and UNITA members of its *Forças Armadas de Libertação de Angola* (FALA). Peace would inevitably result in a massive programme of demobilisation. If the precedents set by the second or third UN Angola Verification Missions (UNAVEM II or III) are anything to go by, such demobilisation would offer little for soldiers and guerrilla fighters for whom war has been a way of life for more than three decades. Returning to a landmine infested farming area with a bag of seed, some implements and a few hundred dollars in the pocket, may have some attraction for a soldier with a community to return to, but since up to a third of the Angolan population is internally displaced, few combatants have such an opportunity. In particular many UNITA fighters and their families may have been trekking across the countryside for several years and the security provided by the rebel movement may be the only means of rudimentary social organisation known to this captive population.

Despite its status as Africa's largest producer, oil has literally destroyed the Nigerian economy and corrupted its leadership. Angola seems to be heading the same way. The oil industry is the largest source of patronage and therefore power in the country and also provides the vehicle for external diplomacy. The petroleum industry in Angola boomed in the 1990s and shows no sign of slowing down, with rising crude oil production, sizeable and sustained discoveries and new potential for gas ventures. Oil accounted for about 90% of Angola's total exports and foreign exchange during 1999 and the country is set for US $18 billion in oil-related foreign investment over the next four years at a time when foreign direct investment in Africa is negligible. While the oil industry is, by nature, capital intensive and provides limited employment, it provides, potentially, a massive income. Thus far the Angolan government does not appear to have had to sell oil concessions below market price, this is only because the pressure to do so has been absent in a supplier market. But conflict has pressured the MPLA to mortgage its future oil production to obtain cash up front and most of this income is used to service Angola's external debt of almost US $10 billion, mainly to purchase arms.[17]

In the process members of the Angolan government elite have eroded public trust in the government given the excessive levels of corruption and wealth so blatantly evident amidst abject poverty. This has institutionalised a culture of

corruption and a widespread loss of confidence in the government that has been exploited by UNITA for its own political purposes. As argued by Assis Malaquias in his chapter, from the ordinary citizen's point of view, the elite's grip on state power has assumed hegemonic proportions and represents a throwback to colonial times when power, prestige, and privilege were closely associated with class and race. In the process Angolan politics has become distant and isolated from the need to garner popular support.[18]

Governance in Angola

The end of colonialism left most African states poorly prepared for self-governance, let alone independence. For most parts independent African countries did not reflect truly independent state bureaucracies within which the public and private spheres of life had become distinct. Instead of serving as a separate 'public' good, civic duty remained essentially a 'private' resource. The subsequent Cold War served to buttress weak African states but at the same time stunted any further institutionalisation of the state as somehow separate and distinct from private interests. At the international level the strategic relevance of regions such as Africa was elevated and the rivalry between the East and the West provided African leaders with the opportunity to seek and extract patronage to meet their own and wider interests. This meant that client regimes such as those of Mobutu Seso Seko in the former Zaïre were sustained beyond their own inherent logic, the MPLA able to assume power in Luanda, and leaders such Jonas Savimbi could survive and prosper. In many instances the post-colonial African state was effectively frozen in its unconsolidated form while the importance of informal social, political and economic networks increased. Although this brought a degree of stability to the continent, it happened at the cost of tolerating oppressive and exploitative governments.

At the beginning of the 21st century the situation is much changed. At independence, one could still argue that most of the post-colonial regimes retained sufficient monopoly of force through control over the security apparatus and the level of armaments at their disposal. Subsequently an increased number of African states have atrophied and weapons have spilled over their borders from armed conflicts throughout the region, circulating virtually uncontrolled. This has allowed groups in any number of countries to arm and challenge the incumbent elite while the security agencies themselves have decayed and lost their coherence.

As a result of the war, corruption and inefficiency, the Angolan government is unable to carry out vital functions associated with governance. This includes the provision of law and order, management of the economy and the supply of social services in those areas it periodically occupies outside the larger cities and towns. There are many indicators reflecting the extent of administrative collapse in Angola. By the end of May 2000 the World Food Programme was providing food

to 1 544 900 people and had requested a review to increase its operating budget in Angola. According to the United Nations, Angola has 3,7 million war-displaced people who are facing malnutrition and suffer from a lack of medical assistance, reflecting almost a third of the total estimated population. During the same month a report by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) estimated that 2,5 million people had been displaced around the country since the resumption of hostilities between government forces and UNITA in December 1998.[19]

State control in Angola reflects an almost exclusively urban bias and neglect of rural populations. This is the situation in most of the provinces where totally overcrowded cities, several times the size they were planned to be, put severe strains on a limited infrastructure of water and sewerage systems, while health services and public education are often non-existent.

Since independence the government has yet to produce an annual *Conta Geral do Estato* (General Account of the State) that would reflect annual state expenditure. While the country spends some 20% of GNP on defence and security, large amounts of funds disappear, on an annual basis, from the budget. It is no surprise therefore that government expenditure has long been out of control, evident by the fact that in a year such as 1995 inflation peaked at 3 785% while unbudgeted expenditure came to 130,5%.[20] The required rationalisation and training of an effective public service will also serve to compound the unemployment challenge – further exacerbated by the massive demobilisation challenge that will be faced by an appropriate Angolan military once peace comes to the country.

In the presidential government, concentrated in the *Futungo de Belas*, power now resides in a very small circle – ultimately dependent upon the armed forces, the FAA. In the process Angola has been transformed "…from the MPLA's one-party state, not to a multi-party state, but to a presidential regime. …FAA has become a military force independent of the politicians… As the MPLA has lost its physical capacity to govern or take care of people so noticeably in the provinces, so in the capital had its cadres lost the confidence of being the country's leadership."[21] As discussed by Andrea Ostheimer in her chapter on the role of the aid industry, Angola has created a parallel and offshore economy that has further entrenched social stratification along ethnic lines. Most of its cadres, the intellectual backbone of the party, have shifted their attention to private life and private businesses while civil opposition parties and Angolan NGOs are unable to fill this gap.

The importance of the informal economy

Despite a war that has continued virtually unabated since 1961, the population of some 12 million Angolans somehow survive through the extensive informal or parallel, often illegal, economy that is the true lifeblood of most of sub-Saharan Africa and, outside of Luanda, on food aid. After 30 years of war, Angola has

experienced the breakdown of what remained of the Portuguese colonial system and the emergence of a regionally based alternative political-economic system of survival, profit, power and protection that is much more powerful than the state.

In her groundbreaking study on the 'real economy' of Zaïre (now the DR Congo), Janet MacGaffey estimated that the size of the Zaïrian economy may have been as much as three times the size of the official GDP in 1991.[22] She distinguished between the formal and second or underground economy and argued that it was the massive size of the latter which keeps the disastrous national economy going, contrary to mainstream thinking that sees the informal economy as an adjunct to the formal economy.

In Angola the parallel informal economy, the *candonga*, consists of two main parts: the normally rural-based subsistence production, and the principally urban-based parallel market. Although these provide sustenance to the majority of Angolans, the link between the two has been severely disrupted by the war. Rural production does not reach the urban markets, which have largely come to rely on expensive, imported goods, stolen supplies and items illegally entering the country, mostly from the DR Congo. Already in 1989 the Angolan Ministry of Planning estimated the value of goods circulating in Angola's parallel markets at two and a half times the GDP, which involved around 300 000 persons of whom the majority were women.[23]

Many studies have pointed to the extent to which the border between the legal and illegal, the formal and informal, are blurred in much of Africa. As is the case with politics, the real business of African economic life is conducted informally and largely outside of formal institutions. What Western analysts call corruption is often quite acceptable and legitimate in a society that is essentially patrimonial in nature and within which legitimacy is largely dependent upon the ability to serve various patrimonial networks. It is when patrons cease to redistribute their (legal or illicit) gains that activities are perceived as 'criminal', or when sources of patronage are exhausted that leaders-for-life are replaced. Within this context, real meaning is only given to the notion of criminality when it is used to refer to an illegal activity that is also clearly illegitimate in the eyes of the patrimonial network which it serves.[24] The informal economy in Angola, indeed, in much of Africa, is therefore not illegitimate, although it may be considered to be illicit by most Western analysts.

Obviously the more informal the nature of local political and economic transactions, the easier they can be used for 'other' activities. Goods brought illegally into Angola, mainly from the DR Congo serve as a major source feeding the parallel market and as much of 50% of goods in a port like Luanda 'disappear', while industrial companies estimate that 30–50% of their production ends up in the parallel market. Recently food and other supplies distributed by emergency relief agencies have become another important source of supply through the instrumentalisation of humanitarian aid.[25]

Through the use or threat of violence, warring parties are particularly able to extend the existing parallel, informal and transborder economies that form the true economic lifeblood in Africa. An intrinsic part of this informal or hidden system,

internally and regionally, is the network that supplies UNITA with the commodities for war, including food, fuel, arms, ammunition, training, proviant, tyres, clothing, medical supplies and the like as described by Jakkie Potgieter. It involves civilian entrepreneurs and political and military officials at various levels in almost every country in the region, operates with impunity across borders and is unregulated and uncontrolled. Ironically a large portion of western Zambia's economy is so closely integrated into the UNITA regional war economy that an end to the conflict in Angola may severely debilitate that ailing country.

A changed international environment

The development of a resource-based insurgency in Angola has also been assisted by the changing international context.

Africa has lost its strategic relevance and the cry for an externally funded regeneration will do little to reverse the flow of foreign and domestic investment out of and past the continent. Apart from humanitarian concerns, only selected areas with exploitable natural resources capture the attention of the larger and more powerful countries. It has long been evident that a number of African states are either weak or exist as 'quasi-states' – they exist mainly because they are recognised internationally, not because they perform the functions of a state or share its attributes.[26]

Confronted with weak and collapsing states, which require long-term, expensive and complex solutions, donor countries often substitute humanitarian action for political engagement, generally avoiding significant investment in conflict prevention because of the political challenge of mobilising investment where no immediate crisis appears to threaten. Africans can no longer rely on outside assistance to end local wars that do not threaten the national interests of the larger developed countries. Therefore they have to take responsibility for their own peace and security at a time when the African state is at its weakest and most marginal in terms of global significance. The focus of international assistance has also become more short-term. The number of aid agencies has expanded and the industry has exploded in size at the same time that the levels of longer-term development assistance have declined. Angola is no exception although there is little indication that the provision of humanitarian aid has had a significant impact upon the war, possibly somewhat different to the situation in countries like the Sudan and Somalia.[27]

While not entirely new, the salience of economic as opposed to political agendas has accelerated with the triumph of Western liberal economic theory and the implosion of the former Soviet Union. Perhaps one could argue that political agendas have simply become more overtly economic. Today looking at Africa from the perspective of the developed North, democratisation is largely equated with stability and market access. For a weak African state liberalisation is a process that further undermines its already limited sovereignty. The process of what is generally termed globalisation has intensified in speed and intensity in

recent decades, leaving Africa with the trappings of modernity but bereft of development.[28]

At the same time structural adjustment policies have forced poor countries to downsize their administrations and outsource governmental functions in the interests of greater efficiency, further constraining the ability to administer the African state. For a time foreign development funds shifted from the government to NGOs until such time as donors realised that there was often little distinction between the political elites running the country and those engaged in civil society.

State sovereignty has in any case never been an absolute term. Strong states have always enjoyed 'more' sovereignty and been able to infringe upon that of less powerful states, whether in the case of Britain at the height of its power under Queen Victoria or the United States as the remaining superpower under President Bush. A number of concerns, primarily around human rights, have come to the fore in modern times, serving to reduce sovereign control over domestic developments, the hallmark of the state less than a century ago. Companies, once based within a single state, have become multi-nationals, ownership has become more complex and taxation difficult as executives seek marginal benefits from comparative tax regimes and production costs. Business has also changed and large multinationals seek to adopt ethical practices in war torn societies with varying results, as discussed by Richard Dietrich in a separate chapter.

While public companies and stock exchange listings impose minimum standards of corporate responsibility, particularly for those companies wishing to establish an international and multinational profile, this is not necessarily the case where shareholding is private and traders seek quick profits with no long-term corporate profile. The creation of new economic and financial opportunities has resulted in the emergence of national and transnational actors seeking to avoid state control, made easier by the more complex international financial and trading environment and the speed and ease with which these can now occur. The nature of the global trading system, international banking and the internet have blurred the distinction between legal and illegal activities to the extent that a firm can hide its real activities in a digital world outside of clear national control.

Apart from the murky side of a more interconnected world, the presence of large multinational oil firms in Angola helps create new channels for what William Reno in his chapter calls the 'private diplomacy' of Angola's MPLA regime. Oil is a key component in the government's ability to gain access to political and material resources beyond Angola's borders; not just to markets (as with diamonds), but also to diplomatic channels and more politically connected commercial networks that directly advance the MPLA's security strategy.

Economic liberalisation has also led to a massive expansion in international trade that is increasingly difficult to monitor or control. This expands the opportunities to mix legal and illegal goods and allows opportunities for extralegal or unofficial trading operations. The nature of modern communications, banking and the like has spurred the Angolan warring parties to refine their means of

economic sustainability that complicates external control or manipulation. Free from superpower patronage, the international community has less leverage and finds it harder to impact upon the situation, while the presence of large multinational oil companies in Angola helps create new and alternative channels for commercial diplomacy with those countries where these companies are based.

An important feature at the end of the Cold War era has been the growth in the grey world of arms supplies, facilitated by private arms brokers and shippers. This trend has a number of antecedents, not least the outsourcing of covert supply to rebels by intelligence agencies of larger powers during the bipolar era. Over time these gained a commercial life of their own. Initially most were located in European countries or in North America, each with hundreds if not thousands of private brokering agents and companies that were registered or allowed to trade internationally in military and security equipment. The collapse of the Warsaw Pact and move to NATO standard equipment by a number of Central and East European countries flooded the market with surplus Soviet-type equipment with desperate salesmen seeking cash buyers at rock bottom prices. Recently a new wave of arms brokering and shipping agents has developed, located in developing countries and often going into partnership with local military strong men or influential politicians as has been widely reported in a number of African countries. Some are former employees of arms companies or emerge from the procurement wing of armed opposition groups. Others are associated with private military companies such as Executive Outcomes or Sandline International or still serve in the public service or armed forces. Closer to the zones of violent conflict and hence the demand side of the arms market the global illegal arms market has established its roots deep into Africa as discussed by Johan Peleman whose chapter illustrates the situation regarding air supply to UNITA.[29]

Historically arms sales were dominated by government-to-government transactions but in a buyer's market state control is more myth than reality with a growing stock of surplus arms in constant circulation, often in private hands. The increased internationalisation of trade, information technology and ease of air travel facilitates circumventing national arms control systems and exploiting the weakest links in a fragile international regulatory chain.

Conclusion

Any broad typology of insurgency is fraught with generality. Each war is fought within a particular social, geographic and cultural context and it is difficult to argue that "…some kinds of African societies foster insurgency, while others do not."[30] Leadership and organisation comprises one variable, while others may be ideology and the relationship with the international system. Social structure, culture and history all present the analyst with the context within which to understand organised conflict in Africa. For example, referring to Somalia, Clapham observes that "… a disposition to resort to insurgency may result from the structures or values

of particular societies; in other words, where state structures are weak, and violence in pursuit of communal goals had been a normal feature of pre-colonial society, what is now defined as insurgency may merely be the continuation of such practices in the post-colonial era."[31]

Economically determinant theories on resource wars have become popular in recent years, seeking to provide a linkage between an abundance of mineral wealth and armed conflict in developing countries on the one hand, and the instrumentalisation of disorder on the other. There can be little doubt that the opportunities for self-enrichment offered by a high dependence upon primary commodities where democracy, accountability and governance is weak, helps to propel resource rich countries such as Angola into war and serve to perpetuate conflict. Such an inordinate dependence on primary commodity production not only inhibits the development of a manufacturing and service-based sector but effectively encourages predatory government practices in the absence of appropriate checks and balances, within a context where the public and private spheres of society have not become functionally distinct.[32]

But the argument that 'greed not grievance' lies at the *root* of insurgency war in a country such as Angola is not convincing, as illustrated in a number of chapters. This does not deny that war, even a protracted guerrilla campaign, requires the means to sustain it, normally in the form of a geographically secure base, a mobilising political cause and possibly ideology, and material support from friendly backers. In classical theories of revolutionary war external support has proven crucial in sustaining an internal conflict. The traditional interpretation of this concept is that of a safe haven within a neighbouring country or an inhospitable and poorly governed area, such as the central Angolan highlands, where guerrilla forces can organise and prepare with a degree of impunity. It has always included external logistic support. In recent Angolan history that support was provided by the United States and South Africa, often through the former Zaïre (DR Congo) and Namibia, first to the FNLA and later to UNITA. Cuba and the Soviet Union provided much larger and significant support to the MPLA. Until the end of the Cold War, external interests and funding literally provided the ammunition and arms for what was initially an anti-colonial liberation war. External involvement and the richness of their natural resources provided room and opportunity for Angolans to develop an indigenous war economy that, by the time external support ended, could sustain the war.

Within this framework the challenge of controlling the illicit diamond trade and the commodities that support the war reflect much wider trends. These include the increase in the volume of trans-border trade and the size of the informal, unregulated, and often illegal economy in Africa that dwarfs the size of the formal economy.

Angola therefore demonstrates the dynamics of a new type of regional and economically determined insurgency war, much more closely linked to the regional informal economy and even the global economy and its criminal component than previous wars. Because it is less dependent upon foreign patrons, external actors find it difficult to impact upon the continuation of the war. As

with all insurgencies, so-called resource wars are essentially internal in character and regional in their dynamics. While they reflect many of the characteristics of previous insurgencies during the bipolar era, resource wars are even more difficult to control due to their diffuse regional character, the degree to which they are less dependent upon external patronage and the extent to which they represent resource instumentalisation within a patrimonial social system.

The following chapter presents a theoretical framework for the political economy of the Angolan 'abundant resource' war (Philippe Le Billon). Subsequent chapters provide an interpretative account of the internal and regional dynamics of the war (Richard Cornwell), its global and arms dynamics (Hannelie de Beer and Virginia Gamba) and ethnic roots (Assis Malaquias). A separate chapter is devoted to the role of humanitarian aid during the war (Andrea Ostheimer). Four chapters are devoted to the diamond industry (all by Christian Dietrich). His first chapter quantifies the formal diamond mining sector, followed by a separate chapter on the informal diamond economy of the Lundas. Subsequent chapters focus on UNITA's mining and smuggling capacity. Two chapters are devoted to UNITA logistics. The first presents an overview of UNITA's logistic support structures (Jakkie Potgieter) and the other more specifically on airborne support to UNITA (Johan Peleman). A chapter by Duncan Clarke provides an overview of the oil industry. The chapter on the real war economy (William Reno) investigates the linkage between oil and diplomacy. Richard Dietrich investigates the ethical considerations of multinationals doing business in Angola. A final chapter looks towards the future (Jakkie Cilliers).

Endnotes

1 See, for example P Collier, Doing Well out of War: An Economic Perspective, in M Berdal & DM Malone (eds), *Greed and Grievance, Economic Agendas in Civil Wars*, Lynne Rienner, Boulder, 2000.

2 C King, *Ending Civil Wars*, Adelphi Paper no 308, International Institute for Strategic Studies, Oxford University Press, New York, p 43.

3 Including William Reno, David Keen, Mark Duffield, Anke Hoeffler and Indra de Soysa. The volume by Berdal & Malone, op cit, is possibly the single best compendium on this subject.

4 C Clapham, Introduction: Analysing African Insurgencies, in C Clapham (ed), *African Guerrillas*, James Currey, Oxford, 1998, pp 6–7.

5 See, for example, DH Johnson, The Sudan People's Liberation Army and the Problem of Factionalism, in Clapham (ed), op cit, pp 53–72.

6 M Duffield, Globalisation, Transborder Trade, and War Economies, in Berdal & Malone, op cit, p 74.

7 This follows the argument of P Chabal & J Daloz, *Africa works: Disorder as political instrument*, African issues, Villiers Publications, London, for the International African Institute in association with James Currey and Indiana University Press, 1999, pp 5–6.

8 Ibid.

9 Ibid, p xix.

10 C Dietrich, The commercialisation of military deployment in Africa, in *African Security Review*, vol 9, no 1, Institute for Security Studies, Pretoria, 2000, p 3.

11 For scholars such as Paul Collier greed, not grievance determines the agendas for engaging in war. "The true cause of much civil war is not the loud discourse of grievance, but the silent force of greed." For him rebel narratives focussing on ethnic or religious hatred, economic inequality, lack of political rights and government economic incompetence reflect no more than an externally palatable and personally satisfying motivational context. The argument in this chapter supports Collier's analysis at one level, but too narrow and economic deterministic a view may bring an automaticity to bear that ignores the organisational and social motivational or contextual aspects of rebellion. Collier, Doing Well out of War, in Berdal & Malone, op cit, pp 95–6 & 101

12 Chabal & Daloz, op cit, p 15.

13 The corresponding increase in value was from US $348 million to US $548 million. *Africa Energy and Mining*, 15 March 2000, Johannesburg.

14 VP de Andrade, Democratisation and Governance in Angola, paper presented at *Time for Renewed International Commitments to Peace in Angola: lessons learnt and the way forward*, Ruvomu Carlton, Maputo, 19–20 June 2000, p 8.

15 Ibid, p 2.

16 The Stockholm International Peace Research Institute (SIPRI) estimated that 1997 defence spending was US $400 million – almost a 33% discrepancy with the government's estimate of US $302 million and not 11,1% but 36,3% of the 1997–98 budget. Source: http://www.hrw.org/press/2000/06/ango-0623-back.htm#N_10_, 27 June 2000.

17 The continued demand for high levels of military expenditure squeezes out the little funds available to social expenditure. The IMF estimated that 36% of the 1997–8 budget was spent on defence although only half the amount was actually recorded by the government. Yet all of these developments make Angola increasingly important within the Southern African Development Community and in Africa, as a key oil producer outside of OPEC (Nigeria is the most important African OPEC member) and increasingly as a global oil producer – particularly for the United States. Based on current trends Angola may eventually supply more than 20% of all US oil imports through ExxonMobil and Chevron – a fact that goes a long way towards explaining the surge in US and other support to the MPLA as opposed to its traditional ally UNITA.

18 Based on his analysis that greed and economic considerations drive a war such as that in Angola, Paul Collier offers a number of policies that the international community can use to reduce the economic incentives for conflict. These include curtailing the sales of primary commodities – hardly an option for a country such as Angola. But Collier also argues for making markets competitive and open as the best recipe to reduce corruption and increase efficiency. A second proposal is to diversify the economies of those societies that are most at risk, to lessen their reliance upon the export of primary commodities that are so useful as a vehicle for predatory behaviour. Collier, Doing Well out of War, in Berdal & Malone, op cit, pp 106–108. One can legitimately question policy proposals dependent upon massive donor assistance in an era that sees a steady decline in international assistance and a rise in private investment.

19 UN Office for the Coordination of Humanitarian Affairs, *New OCHA humanitarian report*, IRIN, 23 May 2000, Johannesburg
20 Ibid, p 12. The inflation rate for 1999 was 330%. The target for 2000 is to reduce it to 120%.
21 V Brittain, *Death of Dignity – Angola's civil war*, Pluto Press, London, 1988, p 94.
22 J MacGaffey, *The Real Economy of Zaïre*, James Currey, London, 1991, p 11.
23 I Tvedten, *Angola – struggle for peace and reconstruction*, Westview Press, Boulder, CO, 1997, pp 78–9.
24 Chabal & Daloz, op cit, p 79.
25 Ibid.
26 M Nicolson, *The Cosmopolitan World: are states a declining institution*, University of Sussex, undated, p 1.
27 Unlike diamonds, hardwood and ivory, food aid is a bulky, low-cost item that is readily consumable with a limited shelf life. The absence of food also affects those with weapons last since they can extort food through force of arms. There is therefore a well-known limit to the extent that food aid or humanitarian assistance in general reaches its intended consumers, the poor and destitute.
28 After M Nicholson, Globalisation, weak states and failed states, University of Sussex, paper prepared for the *Failed States conference*, 7–11 April 1999, Purdue University, West Lafayette, p 2.
29 B Wood & J Peleman, *The Arms Fixers – controlling the brokers and shipping agents*, BASIC, NISAT and PRIO, Oslo, 1999, pp 2–3.
30 Clapham in Clapham, op cit, p 11.
31 Ibid, p 5.
32 Chabal & Daloz, op cit, pp 4–6.

The political economy of resource wars

Philippe Le Billon

On an afternoon in July 1998, standing on the hilltops above Luanda, an Angolan companion commented on the view. Steep muddy gullies rolled down amongst the slums towards the bay, where an oilrig was slowly being towed to the off-shore oil fields. Soon, he remarked, the rig would contribute to the growing flow of oil that makes Angola the 'hottest market in the world' for the petroleum industry and contributes some US $3 billion in annual revenue to the *Movimento Popular de Libertação de Angola* (MPLA) controlled government.

Yet, all around us was destitution: four million lives seeking refuge from war and hunger in the *musseque*, the overgrown slums of the derelict capital city. In the interior, the situation was no better. Eight million people living in abject poverty despite favourable agricultural conditions. Fields were mined, crucial inputs and transport to markets were lacking. Some of these people lived close to the diamond fields that provided the *União Nacional para a Independência Total de Angola* (UNITA) with about US $500 million a year to keep its war against the government going throughout the 1990s.

In the opinion of this Angolan, the more riches, the more war, and the more suffering for the people. Indeed, while most commentators on Angola refer to the "great economic potential" of this country "blessed by the wealth of its natural resource endowment", others cannot but question this 'blessing' by contrasting this wealth to the poverty and despair of most Angolans.[1] Angola's oil and diamonds have indeed sustained one of the longest conflicts in the world and provided little but suffering for its population. After a failed peace process in 1992, and a second attempt in 1994 following a short but bloody war, the conflict flared up again during 1999. At the time of writing – mid 2000 – the government had the upper hand over all major cities but a significant part of the countryside remained under the control of UNITA.

The link between violence and Angola's wealth has a long history. Over the last 500 years of Angola's integration into the global economy, violence has indeed been mostly associated with the abundance of resources. Slavers plundered Angola's numerous and geographically accessible people and shipped them to Brazil's plantations. Colonialists expropriated Angola's fertile lands to provide an agricultural surplus for Portugal and an outlet for its impoverished population. Eventually, the industrial economy of the 20th century and the spread of luxury consumption provided a demand for Angola's oil and diamonds

that fuelled four decades of war. However, while war might have close links with Angola's wealth, can it be characterised as a 'resource war'? The usual definition of a resource war is that of an armed conflict waged to control valuable natural resources. While resource control may be the main factor driving a conflict, wars are too complex to be attributed to a single motivation. In this chapter the term 'resource war' will be used to define an armed conflict in which the control and revenue of natural resources are significantly involved in the economy of the conflict and/or the motivations of the belligerents.

This chapter details some of the major dynamics of resource wars in order to provide a conceptual and comparative framework for the Angolan case. Following this introduction, the second section examines the links between resources and the occurrence of conflict. The third section describes the impact of resource exploitation on the course of conflicts. The fourth section analyses the resistance to reform and transition to peace that often characterises resource rich countries. The final section concludes.

Links between resources and wars

At the risk of simplifying a complex issue, this chapter will focus on the extent to which need and greed causes conflict between people. This argument provides the basis for analysing links between resources and wars. So far, the majority of researchers have concentrated their attention on need, with the view that armed conflicts are related to the *scarcity of resources*. In contrast, another set of researchers has focused on greed and argued that the *abundance of resources* increases the likelihood of conflict.[2] The following section examines these two basic arguments while the rest of the chapter concentrates exclusively on the political economy of 'abundant resource wars'.

Scarce resource wars

The first argument is that 'scarce resources equals more conflicts', meaning that people will fight each other for the resources they need to survive. To put it in a more sophisticated way, resource poor societies are confronted by the capture of resource rents by the elite and are unable to adapt to the scarcity of resources. According to this neo-Malthusian argument, voiced at a time when environmental concerns were high on the international agenda, the degradation and depletion of renewable resources in the context of population growth motivates the capture of resources by powerful groups. Cases include the appropriation of irrigated lands on the Senegal/Mauritania border, scarce forest and agricultural lands in the Philippines or Mexico, grazing areas in Sudan associated with a displacement of local populations to marginal lands. These distributional conflicts take place when societies in environments with scarce or depleted resources are unable to innovate and mobilise sufficient capital in order to generate sufficient

wealth. Grievances by the powerless against resource allocation and the inability of the government to address such problems can undermine the legitimacy of authorities and social structures, resulting in open conflict.

From this perspective, a resource war is the violent expression of a distributional conflict associated with the paucity of resources, the lack of capacity to innovate, the greed of powerful groups, and the grievances of marginalised groups. There are three major counter arguments to the 'scarcity-driven violence' thesis.[3] *First*, resource scarcity and population pressure can result in socio-economic innovation, including a diversification of the economy, which also results in a more even distribution of power across society. *Second*, the state itself is more dependent on financial inputs from society, so is more likely to be representative and accountable towards it. *Finally*, the economic agenda of a resource poor country is to develop and harness human capital, rather than protect the weak resource rents of elites. As human capital develops (e.g. through education and institutions on resource management), the economy diversifies, and governance becomes more representative and accountable, the likelihood of violent conflict decreases. Indeed, even if specific cases support this 'scarce resource war' argument, a systematic examination of resources and conflicts through multivariate models has indicated that the level of endowment in renewable resources – those concerned by the 'greenwar' argument – are not associated with the risk of conflict. In contrast, countries with abundant non-renewable resources – those with a high proportion of their Gross Domestic Product (GDP) consisting of mineral exports – are more likely to face conflict.[4] Table 1 provides several examples of conflicts involving abundant and valuable resources.

Abundant resource wars

The second basic argument is that 'abundant resources equals more conflicts', meaning that when wealth depends on state or territorial control, competing groups will resort to non-cooperation or violence to control revenues. Here again, a more sophisticated approach argues that a wealth of resources can result in less democracy, poor economic growth, and greedy behaviour by competing elites. All these factors are generally associated with a greater likelihood of conflict.[5] The wealth of natural resources deeply influences the political economy of a country and its type of governance.

Economically, an abundance of natural resources is generally associated with poor economic performance and greater socio-economic inequalities. Resource poor economies often grow faster than resource rich economies. The economy of a resource rich country can be affected by 'Dutch disease', where the non-resource sector shrinks because talent and investment is ploughed into the resource sector and into rent seeking activities (most non-tradable) rather than into productive activities.[6] The resource sector and associated rent-seeking activities – such as the manipulation of foreign exchange, imports, public budget, and

subsidies – offer higher private returns than non-resource sectors. Incentives to invest in the latter (especially in their tradable components) are usually undermined by the adverse effect of the currency appreciation associated with the large foreign-exchange inflows arising from the resource sector. State attempts to support the non-resource sector through subsidies often prove unsustainable when they fail to address long-term competitiveness.

Table 1 – Examples of key resources involved in wars during the 1990s

Country	Integrated resources	Prospective resources
Afghanistan	Opium / heroin, emeralds	Natural gas and oil route
Algeria	Oil	
Angola	Oil, diamonds, timber, ivory	Oil, uranium
Burma / Myanmar	Rubies, timber, heroin	Oil
Cambodia	Timber, rubies, sculptures	Oil
Chad	Oil	Oil, uranium
Chechnya		Oil route
Colombia	Oil, heroin, cocaine, gold, coal, emeralds	Oil
Rep of Congo	Oil	
DR Congo	Copper, cobalt, diamonds, gold	Uranium, Oil, minerals
East Timor		Oil
Indonesia / Aceh	Oil	
Iraq / Kuwait	Oil	Oil
Lebanon	Hashish, heroin	
Liberia	Iron, diamonds, timber, rubber, drugs	
Mozambique	Hydropower, shrimps, ivory, timber	Gas
Papua New Guinea (Bougainville)	Copper	
Peru	Cocaine	
Philippines	Timber, marijuana	
Senegal (Casamance)	Marijuana	
Sierra Leone	Diamonds, rutile, bauxite	Diamonds
Somalia	Bananas, camels	
Sudan	Oil, cattle, timber	Oil, gold
Turkey / Kurdistan	Heroin	
Western Sahara	Phosphates	
West Papua / Irian Jaya (Indonesia)	Copper, timber	Oil, hydropower

Note: Integrated resources are currently exploited and directly involved in the conflict. Prospective resources are not yet, or not anymore, exploited, but can be indirectly involved in the conflict as belligerents and their backers hope to exploit these resources in the future.

Perverse economic and institutional effects of resource abundance include:

- poor economic growth;
- neglect of non-resource sectors and low level of economic linkages;
- high level of inequalities;
- corruption of state institutions;
- high economic inefficiency and subsidisation of politicised schemes;
- budgetary mismanagement;
- high level of debt due to overoptimistic revenue forecast and use of future revenues as collateral for loans; and
- high vulnerability to external shock, especially on resource prices.

Politically, resource rents provide leaders with a classic means for staying in power by establishing a regime organised through a system of patronage that rewards followers and punishes opponents. Clientelist networks linked to the resource sector thus shape power politics. Such regimes can divest themselves of the need for popular legitimacy by eliminating the need for broad-based taxation of a diversified formal economy, finance a repressive security apparatus, and reward a close circle of supporters and/or the general population. Populations or interest groups which are lightly, or not taxed at all by the government may be less concerned by its lack of accountability, legitimacy and representativeness than heavily taxed ones. When resources guarantee sufficient rent, there is little incentive for the leadership to develop a diversified economy that could give rise to alternative sources of economic power, which may strengthening political competitors. In this regard, the resource rent can be deliberately used to avoid the emergence of a class demanding political change (e.g. by impeding the growth of a middle class independent from the resource rent). The risk of domestic political competition can even be further curtailed by devolving the exploitation of the resource sector to foreign firms (e.g. through privatisation schemes); a measure that also offers the advantage of satisfying international financial institutions and consolidating external political support.

The dominance of the resource sector in the economy and its political control by the ruling elite leaves little scope for accumulating wealth and status outside state patronage. As the wealth and power gap between the ruling and the ruled increases, so does the frustration of marginalised groups, who see political change as the only avenue for satisfying their aspirations or expressing their grievances. Such groups may include competing elites (e.g. marginalised politicians or military officers), disenfranchised groups (e.g. unemployed youths), or an association of both. In the absence of widespread political consensus – which cannot be maintained only through a distribution of rents and repression – violence becomes the main if not only route to wealth and power for these groups. Developing countries with abundant resources tend to have predatory governments serving sectional interests and so face a greater risk of violent conflict. Even if not overtly predatory,

benevolent governments "must manage contests for resource rents … and trade off a coherent economic policy that maximises long-run welfare against the management of social tension."[7] This trade off results in inefficient investment and low growth, which – if the resource rent proves insufficient to dampen conflictual demands for reform – increases social tensions, lowers the cost of joining criminal gangs or rebel groups, and heightens the likelihood of conflict.

Violence as a political instrument of economic control

Societies confronted with specific environmental circumstances – scarcity or abundance – are often unable to address the problem of resource management without using violence. This is because in many cases, this resource endowment has a debilitating effect on economies and governing institutions that result in a violent distributional struggle. These two arguments have been supported by case studies and modelling. From a neo-Malthusian perspective, conflicts in 'over-populated' areas such as Rwanda or drought-prone regions in the Horn of Africa provide evidence about 'ecoviolence' or 'greenwar' linked to resource scarcity. Similarly, violence is seen as a result of a distributional struggle over abundant resources.

An alternative perspective is that violence allows groups to create and sustain profitable patterns of resource exploitation and wealth distribution. In other words, 'resource wars' are conflicts in which violence, or the threat of it, becomes an intrinsic part of the political economy of resource exploitation. Whether a resource is scarce or abundant is not that relevant. These two notions are relative. For example, in Angola, there is a local abundance of globally scarce diamonds. Beyond their scarcity or abundance, natural resources represent a *value*. The combination of violence and value can take two forms.

On one hand, the creation and distribution of this value – its political economy – can prove conflictual. Indeed, the transformation of nature into tradable commodities is a deeply political process; involving the definition of property rights, the organisation of labour, and the allocation of profits. While this process can be peaceful and cooperative, it is often conflictual and violence may be either in the form of physical force or through coercion and domination. The nature of violence will change whether resources involve production or extraction. With extractive resources (e.g. minerals), violence will take the form of a battle for state or at least territorial control. With productive resources (e.g. crops), violence will take a structural form, such as coercing labour or controlling trade. This structural violence will give rise to grievances and everyday forms of low-key resistance (e.g. pilfering, foot dragging); occasionally resulting in peasant uprisings, urban riots, and strikes. These two forms of resource war are not mutually exclusive, as some resources can involve territorial control and the coercion of labour to concentrate profits (plantations, cattle raising). On the other hand, the value of a resource can be used to win or sustain a conflict that is not directly related to the control of the resource itself. This value can be used for

commercial exchanges, mostly arms purchase, or to gain broader forms of support from business associates (e.g. diplomatic support from importing countries and their multinational corporations).

In short, conflict can be motivated by the pattern of resource exploitation, or *vice versa*. What matters is how specific groups are able to use violence to secure control of *valuable resources* and translate this control into greater power. In either case, the perpetuation of violence – either in the form of war or coercion – will depend on the distribution of power across society and the level of consensus over that distribution. When the state, as a governing body, is itself weakened by corruption, failing patronage politics, and growing illegitimacy, this consensus might prove impossible to achieve, making conflict over this distribution more likely. Abundant natural resources can motivate conflicts to secure state control or to secede, and involve foreign intervention.

Conflict over state control

Abundant valuable resources are 'the prize' for controlling the state and can lead to violent bids for the government, such as coup attempts by populist movements wanting political redress. An example of this was the failed coup attempt in Venezuela by military officer Hugo Chávez in 1992. His later election as president demonstrated the level of grievances felt by the majority of the population against the corruption and mismanagement of the considerable oil revenue of that country. Alternatively, bids for state control can be motivated by the greed of competing elites. In Liberia, Charles Taylor's bid for power in 1989 first targeted the seat of power in the capital Monrovia. Failing to do so, he nevertheless succeeded in establishing his rule over most of the country by taking control of lucrative sectors, not only in his country (rubber, timber and iron ore), but in neighbouring Sierra Leone (diamonds) as well by supporting a rebellion by the Revolutionary United Front. In Congo Brazzaville, the coup of Denis Sassou Nguesso (the previous president) against elected president Pascal Lissouba in 1997 was closely related to the control of the oil rent. In Algeria, although the political and religious agendas were predominant, the conflict over state control between the politico-military regime and Muslim 'fundamentalists' was also linked to the petroleum rent. On one hand, popular grievances against the regime were largely associated with its mismanagement of the revenue from oil and gas exports. On the other hand, the Algerian oligarchy was reluctant to devolve power to the election-winning Muslim party, as the main source of wealth was the state controlled petroleum rent.

Conflict over secession

Resources can also motivate secessions in resource rich regions. In this case, the capture of the prize does not require the control of the country but only the *de facto* sovereignty of the territories necessary for resource control and trade. Similar to

conflicts over state control, popular political agendas or more personal greed-driven initiatives can motivate secessions. The likelihood of political secession increases when 'outsiders' are perceived to extract 'local' resources without sharing the wealth, and when local populations are displaced by the extractive industry or suffer from its environmental costs. The distribution of benefits and externalities has fuelled the Biafra secession and rebellions in the Delta region of Nigeria, Aceh in Indonesia, and Cabinda in Angola, to name but a few examples of conflicts in oil-rich regions. While many of these secessions have an indigenous political base, some are also motivated by domestic or external actors manipulating local political identities for commercial interests. The most glaring example is that of the secession of Katanga in the Democratic Republic of Congo (DR Congo). Belgium and Anglo-Saxon interests first politically invented this region in order to secure a hold on the copper mines. In the wake of independence indigenous political leaders used it to distance themselves from Kinshasa. The fear of secession can also lead to severe repression by the central government. Southern Sudan, with its conflict over oil and grazing land, is an example of how far repression can go in forcing people to rebel. The war over copper revenues in Bougainville (Papua New Guinea) is another.

A number of wars are now characterised by a high degree of territorial fragmentation. These are not so much secession conflicts in a political sense, but rather the expression of a phenomenon of warlordism as well as of geographical circumstances (see below). Warlords are strongmen who control an area by their ability to wage war, and who do not obey higher authorities. The warlord's power and his ability to keep weak central authorities and competing groups at bay largely depends on his ability to organise a war economy, which often includes external commercial activities. In the former Yugoslavia, for example, the self-proclaimed 'republics' in Croatia and Bosnia were highly fragmented. On the Serb side, the personal economic agendas of local strongmen in the main towns prevented the centralisation of a war economy. This fragmentation reduced the efficiency of the 'Serb republics' (but probably not war crimes) and corrupted local politics; thereby preventing the consolidation of a 'Greater Serbia'. Similarly, on the Muslim side, a western Bosnia based faction that was financed – and partly motivated – by its commercial activities with Croats and Serbs opposed militarily the Sarajevo based government of Izetbegovic.

Foreign intervention

Finally, abundant natural resources can motivate foreign intervention. Foreign states, domestic politicians, private corporations and mercenaries can come together as a diverse coalition to pursue commercially motivated interventions. These interventions can take the form of assistance to *coup d'etat* and electoral fraud, support to local insurrections, or annexation by military force. In most cases, foreign powers and commercial associates hide the geopolitical and commercial agendas motivating such meddling by the need to restore 'order and stability', if not democracy and international law. In many cases such 'order and

stability' refers to a relation of dependence benefiting Southern ruling elite and foreign interests. Examples of foreign intervention tied to the exploitation of abundant natural resources include the military invasion of Kuwait by Iraq and the ensuing Gulf war in 1991 or the association of a private Thai banker and British security firm in planning a coup to reinstate an elected president in Sierra Leone in 1997. The war in Congo Brazzaville involved French interests – including those of Elf Aquitaine – as well as a direct military intervention by the Angolan government. Foreign interventions were probably most conspicuous during the war in the former Zaïre/DR Congo. The French-supported Mobutu troops allied with the Rwandan Hutu militias opposed Laurent Kabila and his Ugandan and Rwandan allies; while all were benefiting from the support of foreign commercial interests eager to secure mining concessions.

The role of the private sector in abundant resource wars is crucial as belligerents rely on its capacity to exploit and/or commercialise local resources. A wide variety of foreign commercial actors can intervene, from migrant workers, individual smugglers, small companies in neighbouring countries, to junior and large transnational corporations. Their intervention also varies from economic intermediaries to fully integrated operations, including political support and arms procurement as well as the involvement of mercenaries.[8] The involvement of mercenaries – or private military companies – has become widespread in unstable mineral rich countries, particularly in Africa.[9] Their role mostly involves the protection of areas of strategic economic interests for 'recognised' governments, with the risk of leaving the populations of resource poor areas without public services and at the mercy of predatory rebel groups.

The course and political economy of resource wars

Natural resources can contribute to the likelihood of armed conflicts as well as influence the duration, course and impact of the conflict upon populations. This influence is articulated through the financial and political interests generated by resource exploitation, the criminalisation of the conflict, and the effect on civilian populations.

Financing conflicts

The exploitation of resources to finance conflicts has been conspicuous in the history of wars. From cattle raiding, merchant capital and imperialist wars to contemporary conflicts, natural resources have financed the violent activities of many different types of belligerents.[10] With the end of the Cold War and the resulting sharp drop in foreign assistance to many governments and rebel groups, belligerents have become more dependent upon mobilising tradable commodities, such as minerals, timber or drugs, to sustain their military and political activities.[11] As local resources gain in importance for belligerents, so the focus of

military activities becomes centred on areas of economic significance. This has a critical effect on the location of conflicts, prompting rebel groups in particular to establish permanent strongholds wherever resources and transport routes are located, moving away from their traditional strategy of high mobility and location along international borders. War economies, including commercial activities, tend to shift from an economy of proximity, to an *economy of networks*. These diffuse and extensive networks involve mostly private groups (including international organised crime groups, transnational corporations, and diasporas), as well as the leadership of foreign countries (especially regional or former colonial powers), and – mostly unintendedly – consumers in importing countries.

Abundant resources provide armed groups with a source of cash, or collateral for credit lines, to purchase military equipment and support from the private sector. Beyond financing a conflict, the exploitation and commercialisation of natural resources can also help armed groups to develop an extensive and diversified support network, which integrates all people having an economic stake in the exploitation of resources. Such networks include private companies and middlemen involved in resource exploitation and trade, but also foreign political leaders. For example, UNITA's diamonds not only allowed the rebel movement to buy arms, but also to gain diplomatic and logistical support from regional political leaders whose 'friendship' for Savimbi partly rested on business interests (e.g. Compaoré in Burkina Faso, Eyadema in Togo).[12] Networks can also extend to national authorities in exporting and importing countries. In the case of Cambodia, the network of support of the Khmer Rouge rebels included the leadership of the Cambodian government, its adversary in the war, but the authoriser for its timber exports to Thailand.[13] Similarly, lax controls on export licensing allowed UNITA to sell diamonds through government controlled channels, with handsome profits for officials and middlemen facilitating this laundering. In this type of relation, opposing parties may have an interest in prolonging a profitable military stalemate in order to preserve economic interests that could be threatened by a total victory and subsequent peace.

Finally, the network of commercialisation involves consumers in importing countries. While international trade ethics represent a difficult problem to address because of its pervasiveness, action can be taken concerning specific commodities financing conflicts. For example, investigations into marketing networks can reveal the actors and mechanisms linking natural resources exploitation in countries at war and consumption in rich countries. When these networks are somewhat obscure and/or highly diversified, as in the case of diamonds produced in Angola or Sierra Leone, a responsible management of the supply-chain by the industry should ensure that no commodity ending up on the international market has participated in funding these conflicts. The diamond cartel De Beers, has pledged to take such steps and there is increasing pressure within the diamond industry to reform its practices.

The same could be argued about oil produced under repressive and corrupt regimes. While legitimate governments have a right to allocate oil revenues to

address military threats, military expenditures have commonly provided a cover for embezzlement, occasionally with the complicity of foreign oil companies. In Angola, some foreign oil companies are directly involved in domestic political and financial matters and participate actively in helping finance arms purchases, including through extra-budgetary channels.[14] Most prominently, Elf Aquitaine has reportedly acted as a facilitator in oil for arms deals and supported both sides in the conflict. Allegedly, such deals have been made with eastern European arms dealers associating Angolan officials (General Vieira Dias 'kopelipa'), arms brokers (Pierre Falcone and Arkadi Gaidamak), oil companies (Elf), and oil traders (Glencore). In 1998, oil shipments from Elf's 'Palanka' fields were circumventing normal national accounting procedures to pay for such deals.[15]

While, it is not in the short-term interests of private corporations to blow the whistle on such practices, it certainly is in their longer-term interest to address the problem as 'dirty' industries and commodities may suffer from consumer boycotts. Private corporations, either domestic or international, need to assume their political role and to take a moral stand by demonstrating their 'citizenship'. Such positions should, however, not be cynically used by first world companies to exclude competitors in the third world; for example by characterising African diamonds in general as 'dirty', and those of developed countries (e.g. Australia and Canada) as 'clean'. Nor should diamonds produced by multinationals be systematically considered 'clean' and artisanal ones 'dirty', with the risk of undermining local small-scale producers.

Criminalising conflicts

The economic agendas associated with the exploitation of resources can also influence the course of conflicts through their criminalisation, as financial motivations may come to override political ones.[16] Financial self-interest may motivate individual soldiers, local commanders, and their political backers to sustain profitable conflicts thereby securing their stake in the resource wealth. Such 'freelancing' and the attendant anarchy usually results in violent competition. Yet, it can also involve accommodation between opposing factions who find a mutual benefit in a 'comfortable military stalemate', leaving the territory and its population under a no-war-nor-peace situation.

War economies, generally involving valuable (illicit) commodities such as gems, drugs, and hardwood, circumvent regulations and taxation, contributing to the growth of the informal economy. The deregulation and internationalisation of trade through globalisation, has greatly facilitated external commercial links. Criminalisation occurs especially when the marketing of illicit commodities requires armed movements to develop downstream partnerships with criminal networks to facilitate international trade or retail sales. In these circumstances the imposition of sanctions may actually extend criminalisation by making normal economic activities illicit and pushing the state to engage with criminal gangs to run smuggling operations. This criminalisation is not exclusive to

conflict countries rich in natural resources. It is observed – at least in the form of a 'political economy of disorder' – throughout most of Africa.[17]

Impact on populations

The influence of resource wars on populations varies considerably. In some cases, local populations can be closely involved in, and profit from the exploitation and commercialisation of resources. This is true of the cocoa producers in Colombia or heroin producers in Afghanistan and Burma. Without a situation of conflict, the production of these lucrative but illicit products would not be possible. In a way, rebel groups play a protective role for such populations. In other cases, belligerents can see local people as a hindrance to resource control, resulting in forced evictions or massacres, such as in the diamond fields of Sierra Leone. Local populations can also be forcibly enrolled to exploit resources (e.g. rubber harvest in Liberian plantations, gas pipeline installation in Burma), in addition to other uses such as logistics, food production, or sex. Finally, governments and rebel groups can simply neglect populations by focusing exclusively on resource control and exploitation, leaving the rest of the economy and public services in total disarray.

In Angola, the oil rent has been of little benefit to the population because it has been spent mostly on military activities and distributed to the 'oil *nomenklatura*' – a number of state and private companies and privileged sections of the population. In a continuation of the practices of the former socialist state, civil servants – in particular high-ranking officials – receive personal privileges from the state or parastatal companies.[18] Such privileges include access to subsidised goods and services, as well as opportunities to generate easy profits. For example, in 1995, 36% of the education budget was allocated to overseas scholarships and US $400 million to subsidies on petrol, electricity, municipal water, transport and housing accessible only to a privileged minority within the population.[19] The bureaucracy within the state oil company Sonangol (about 5 000 people) benefits from a range of advantages, including special schools and overseas medical care, that are then deducted from the taxes paid back to the Treasury. The offices of Sonangol in London, Boston, and Liberia are reported to organise such assistance. A 1997 audit calculated that such 'taxation leakage' amounted to US $180 million for the previous 15 months. [20]

With regards to direct profits, a dual currency exchange scheme allowed privileged individuals and companies to access foreign currencies at an artificially low official rate. Mostly linked to import licences, this scheme was in place until 1999 and could secure profits of about 300%. The overvaluation of the official currency in turn contributed to import dependence, generating a 'virtuous' circle for beneficiaries. The privatisation of state assets and access to subsidised loans from the National Bank of Angola's 'affiliate' banks are another means of rewarding clienteles. Foreign oil companies also directly provide goods and services to prominent figures, which are then deducted from the companies' tax bills in Angola. Finally, the highest levels of government allegedly embezzle part of the

oil rent. World Bank staff estimate that in 1993 about US $1 billion was 'floating' between the national accounts figures and the government's budget figures' and had been allocated to a parallel military budget and to transaction commissions. Since 1996, the share received by the presidency from signature bonuses on oil concessions is officially set at 55%. Signature bonuses for three blocks awarded in 1999 to Exxon, TotalFinaElf, and BPAmoco would thus represent about US $480 million in revenue for the presidency, the remaining share having been supposedly attributed to Sonangol and oil producing provinces. Most of the bonuses would have in fact been allocated to military expenditures.

The state of poverty and distress of most Angolan people demonstrates that they have not been considered as relevant to the political economy of the conflict and the interests of belligerents. On the governmental side, the oil windfall should have provided social services and support for livelihoods. Yet, official government revenue from oil has been erratic, representing between 35–60% of gross revenue (variations are in part due to oil prices and maturity in field exploitation), and budgetary allocation non-transparent, with unrecorded expenditures reaching 30%. Social expenditures have been declining since the early 1990s. The end of Soviet block development assistance and the rise of corruption and misallocation have aggravated this decline; resulting in a dismal level of governmental services to the population. Furthermore, the supply of foreign currency at a (low) official rate to selected importers is supposed to subsidise imports of food and essential goods, in particular for the fast-growing urban population. However, in practice, food is mostly imported with foreign currency at the parallel market rate, while luxury consumption goods are imported at the subsidised rate. Finally, the dualism of the economy was reflected in the uneven budgetary allocation between Luanda and the provinces, the latter receiving only 13,5% of the executed budget in 1996 for two-thirds of the population.[21]

On UNITA's side, civilians were 'mobilised', or rather kidnapped and forced to grow crops in its 'liberated' areas during the 1980s. Now, the movement uses migrant labour from DR Congo or even as far as Senegal, to dig for diamonds – its main source of revenue. Similarly, despite early efforts to mobilise the population economically through large scale agricultural schemes soon after independence, the government as well as international donors have since put little effort in development schemes. The government is now attempting to return urban refugees to the agricultural sector with the main objective of reducing the population of Luanda and its dependence on food imports. This links of course to the indirect effects of the mineral sectors, the bias of the government in favour of coastal areas, and the perception of populations as 'backward subsistence farmers' and *deslocados* (internally displaced people) representing a social threat. While it is true that the Portuguese regime left the black population largely unprepared to integrate into a modern economy (except as agricultural labour), there was room for manoeuvre even during the conflict.

While the war has had a dramatic impact on many people, it is worth noting that the vast majority of the population has been sheltered from the direct

consequences of the war. Most of their suffering arises from economic mismanagement and a lack of employment opportunities. Aside from subsistence agriculture, many survive through informal trading. Repression against this sector is relaxed when the oil price drops in order to broaden economic opportunities and ease social tensions. In this context, rising social inequalities – resulting from rent seeking and the 'partial and uneven movement to a market economy' – have undermined the legitimacy of governmental rule and lowered the opportunity cost of joining UNITA. This has not provided, however, a political advantage for UNITA. As a popular slogan during the 1992 elections campaign said "MPLA steals, UNITA kills". So far, the MPLA has been sheltered from a democratic political reversal. Yet, the ruling elite is fearful of popular uprising, especially in the capital Luanda where a third of the population is concentrated. In addition to military force, the government has established a feared and predatory security apparatus and has jailed some of its critics.

To sum up, resource wars result in the domination of the economy by the military and resource sectors. The former is associated with destruction and underdevelopment; the latter corrupts politics and undermines the economy. As the non-resource and non-military sectors decline, wealth and power become increasingly dependent upon controlling rents from the resource sector and transfers to and within the military apparatus. This political economy motivates those already in control of the resource rents to protect their privileged access to rents at all costs, including through continued fighting against those contesting control. Alternatively, opposing groups may reach compromises with each other to advance their mutual interests, while maintaining a level of conflict that preserves their individual interests. If the wealth generated by the resource sector is sufficiently large, then the system can be perpetuated even as the non-resource economy collapses. On the contrary, the collapse of the economy can result in a military endgame. In the case of Angola, a crucial factor in the perpetuation of the conflict beyond the Cold War and South African regional hegemony agendas was that both contenders had access to a resource that was very difficult for the other to control. Oil requires large-scale investments and is submitted to international regulation, while alluvial diamonds can be dug with minimal investment and easily avoid regulation. Aside from the nature of the resources themselves, the geography of the resources is of great importance.

The geography of resources wars

Central to the integration of natural resources into a conflict is their *geographical location*. In short, the greater the distance or difficulty of access from the centre of control, the greater the cost of control and the higher the risk of losing the resource to the adversary. In other words, a resource close to the capital is less likely to be captured by rebels than a resource close to a border. Here are a few examples. Grazing lands in the immediate suburbs of administrative capitals and army barracks are over-used by pastoralists to avoid confrontation with cattle raiders

(e.g. Uganda). Gem mines and forests in remote or border areas tend to be overrun by rebel groups and integrated into their war economy, such as in Cambodia and Sierra Leone. Offshore oil, while being apparently distant from the centre of control, can be monopolised through international contracts and naval enforcement (e.g. Gulf of Guinea). The higher the availability of valuable resources at the periphery of control, the greater the likelihood of prolonged conflict.

The case of Angola is an excellent example. If UNITA wanted to control offshore oil, it would have to control the state and gain the recognition of petroleum companies. However, UNITA could not even inflict major damages to the oil revenue of the government, as the overwhelming majority of the oil fields were offshore. Similarly, if the government wanted to control diamonds, it would have to secure a monopoly of access over a vast territory. Even though the major mines are concentrated in one single province (Lunda Norte), alluvial diamonds can be found in many riverbeds over a huge territory of bush facilitating guerrilla activities. If diamonds had been found only in kimberlite pipes, as in Botswana, or on the seabed along the coast, as in Namibia, access to diamonds by UNITA would have been complicated, not to say impossible.

The second geographical dimension is that of *concentration*. Two categories have been identified: 'point' resources (or 'point source' resources) and 'diffuse' resources.[22] The former is concentrated in an area and mostly includes non-renewable resources exploited by extractive industries (i.e. mining). The latter is more widely spread and mostly includes renewable resources exploited by productive industries (i.e. agriculture, forestry, and fisheries). Aside from the purely physical aspect of this spatial concentration, the mode of exploitation can determine the social aspect of this concentration. For example, western agriculture has generally become a point resource as agribusiness uses mechanisation and enclosures to concentrate profits, while most agriculture in developing countries remains a diffuse resource exploited by smallholders.

The effect of resource concentration on conflict is complex. A point resource may be more easily monopolised than a diffuse resource but its desirability usually makes it more expensive to defend. Rewards from resource control are thus maximised when resources are sufficiently accessible and valuable. Such resources include (alluvial) gems, timber and drugs, which are among the resources most integrated into the war economies of rebel groups. With regard to Angola, oil is a point resource with a spatial concentration (oil platform), a small workforce, a very restricted number of firms, and a high concentration of profits. Alluvial diamonds, on the contrary, are a rather diffuse resource spread over a large territory, employing a large labour force, and accessible to a large number of firms, even individual freelance diggers (*garimpeiros*). Yet, the tight control exercised by UNITA over mines in some regions and *garimpeiros* is such that diamonds can also be considered as a point resource with regard to the concentration of profits.

Another geographical dimension of conflicts with particular relevance to resource wars is that of *fragmentation*. During conflicts, society and economic

activities are affected by a phenomenon of fragmentation – or contraction and circumscription – that is most visible in the distribution of population. Populations tend to regroup in the safest areas and vast regions become depopulated. This leads to a reconfiguration of economic activities and socio-political structures. Peacetime economic activities contract and are circumscribed both geographically and structurally, with a shift from production to services, resulting in the growth of informal activities. The effects on political and social control are ambiguous. Local political structures lose their force as people from unrelated communities are concentrated together (leading to anonymity and impunity), resulting in a loss of social control. Alternatively, this may allow authorities to tighten control over populations by using coercion in the absence of social cohesiveness.

This fragmentation has an important impact on war economies based on resources as leaders face difficulties in keeping their allies and controlling their subordinates. Unless the leadership is able to monopolise the links of exchange (vehicles, airports, roads, bank accounts, export authorisations, importers) between a resource and the open economy, an economic space is available for their allies and subordinates to become autonomous through commercial or criminal activities based on local resources. This is likely to weaken discipline and chains of command unless leaderships are able to hold them together through coercion and/or sufficiently strong ideologies, including that of ethnic hatred. In contrast, when resources are fed into the conflict from outside – the case during the Cold War – leaders can maintain the coherence of their armed movements through the tight control of the flow of foreign resources to their allies and subordinates. In order to prevent the loss of foreign support and sanctuaries, armed movements may adopt radical measures, such as strict discipline, harsh sanctions, forced recruitment (especially of children), indoctrination inside the movement, and violent repression of the population. The leadership may also use these measures to counter other effects such as corruption and greed developing within the movement. UNITA, which has few, if any, foreign allies, is finding itself increasingly isolated, as it experiences diminishing control over diamond resources and a tightening of sanctions, which extends to the freezing of financial assets, diamond trade, international travel and representation. While the resumption of large-scale conflict in late 1998 – at the initiative of the government – enabled UNITA to re-mobilise its troops and conduct a counter-offensive, it is now losing ground. A radicalisation of the movement due to dissidence or the defection of many moderates as well as its loss of resources could result in an even more brutal control of the population, thus following the route pursued by the *Resistência Nacional Moçambicana (*RENAMO) in Mozambique.

The fragmentation of a conflict is associated with the *peripheralisation* of economic networks as internal trade becomes increasingly risky and is replaced by transborder trade. This in turn aggravates capital flight and import dependence, characteristic of resource rich economies. Border towns and internal trading gateways take on a new importance, leading to a peripheralisation and fragmentation of political power. This peripheralisation also affects populations. Diasporas (includ-

ing ruling elites and their relatives) and refugees can be considered as 'satellite populations' resulting from this peripheralisation. The pre-existing pattern of population distribution (and its ethnic and class identity) is critical to the form that this peripheralisation takes. Poor people are geographically constrained in their choice of a 'safe', yet sufficiently close, destination. In Angola, the great distance between areas with large populations and international borders has limited UNITA's opportunity to benefit from large 'humanitarian sanctuaries' in Namibia, Zaïre or Zambia (e.g. unlike the Khmer Rouge in Thailand, the Rwandan Hutu militias in Zaïre/DR Congo, or the Mujihadeen in Pakistan). Instead the vast majority of displaced Angolans moved to government-controlled towns on the coast.

Finally, as mentioned earlier, there is a risk that belligerents will break into self-interested groups competing among themselves for territories, resource exploitation, and trading networks. In the case of drugs, for example, controlling production areas and populations can become an end in itself for either rebels or government units. This can affect the nature of conflict itself as greater control over territories and key exchange links can become more important than control over populations or key sites of state power. The military strategies of armed groups can change from highly mobile 'hit and run' combat targeting urban areas and infrastructures to defensive combat involving the creation of a 'space of insecurity' protecting key production areas and trading routes from rival groups. These spaces are defined by the military capabilities of armed groups v*is à vis* each other and the nature of the terrain. The best example is provided by the existence of more than 100 guerrilla fronts spread across Colombia's broken topography.

Alternatively, alliances between rival groups can be dictated by geographical constraints. Isolated from the world economy, armed groups can secure mutually beneficial deals with rivals to produce or market their resources. The overall effect of such accommodation between conflicting parties is ambiguous. In such circumstances, the exercise of local authority through violence – bringing material rewards – leads to a *materialist* idea of local power. This then feeds again into the fragmentation and perpetuation of the conflict when nominal leaders sign a political agreement but fail to rally their 'subordinates' to a 'national' political project. On the other hand, it can also favour a local transition to peace when local commanders lower the intensity of conflict and even negotiate their individual disengagement from the conflict without approval from their supposed leaders (e.g. Khmer Rouge defectors in Cambodia). The fragmentation of a conflict – and its role in perpetuating or reducing violence – thus has a geographical dimension in addition to political and economic ones.

Resources, reforms and transition to peace

Aside from their effect upon the likelihood and course of the conflict, natural resource wealth – whether actual or perceived – often prevents successful political and economic reforms and a rapid transition to sustainable peace. Entrenched

interests associated with the capture of rents, together with the difficulty of reversing perverse economic effects can result in a lack of political consensus for reform. In extreme cases, the influence of the commercial agendas associated with resource exploitation on the structure of authority in armed groups and their motivation for violence can impede a transition to peace as even leaders committed to a peace agreement cannot control their 'followers' in order to enforce it.

Furthermore, the resource wealth weakens the leverage of external peace initiatives. The international community often lacks cohesion, willingness, or leverage to forge a consensus. The resource stake acts as a divisive factor among international players. Bilateral actors are inclined to accommodate domestic anti-reform interests in order to secure commercial benefits, particularly for their transnational corporations. In addition, the ability of the belligerents to draw on private capital decreases the potential leverage of multilateral agencies (e.g. United Nations, International Monetary Fund) exercised through grants and loans. In many contemporary wars, private capital inflows assume a greater importance than foreign assistance, especially in comparison to Cold War conflicts. Such private capital is largely unaccountable in the current international political system since it gives more weight to the commercial interests of transnational corporations than to the victims of conflict.[23] The current lack of influence of multilateral institutions plays to the advantage of international business corporations, private security firms, and bilateral actors with stakes in resource exploitation. In turn, most of these private groups are unwilling to take a stand to promote reforms and peace, preferring to maintain a 'neutral' attitude that perpetuates the status quo.

This is particularly the case when political power has become highly personalised, such as with President dos Santos and Savimbi in Angola. Here, the relations of authority and allegiance have come to rest in part on the use of patronage and corruption made possible by the manipulation of the resource rent and the (tacit) complicity of corporations. As this rent makes the exercise of power very lucrative, it makes unattractive the risk of democratic political change associated with peace. While both Angolan parties accepted the principle of elections, the elections themselves did not jeopardise their hegemony and internal structure. Rather, the electoral process further consolidated the exclusivity of these two armed parties over the political scene and the logic of war in case of defeat.[24] To some extent, the acceptance of a peace agreement leading to democratisation depends on a preliminary agreement on resource sharing, if not power sharing. The success of the peace process then hinges upon the outcome and respect of such a sharing agreement. This creates additional uncertainty and risk of failure in the transition to peace, as local commanders may not regard it as being in their interest. In the case of Angola, such sharing agreements on diamonds were initiated between the two parties, but governmental attacks on UNITA's mines in 1995 to 1997 may have put the peace process in jeopardy.

As mentioned earlier, the domestic political leadership can remain largely unaccountable and unresponsive to actors in the non-resource sectors. The leadership

is not dependent upon a diversified economy for its fiscal revenues, but rather receives revenues from a restricted number of corporations involved in resource extraction, mostly transnational corporations or crony companies. Political support can be obtained through clientelist and populist strategies, rather than through democracy and sound economic management. This consolidates the status quo and thereby impedes a transition to peace.

Conclusion

The influence and importance of local economic agendas during conflicts grew throughout the 1990s as a result of decreased external patronage and the relative absence of political ideology able to mobilise popular support.

While nationalism and other forms of identity politics remain key factors in conflicts, power is increasingly gained through the successful control of local resources and the development of commercially driven global networks of support. The political economy and geographical distribution of resources thus significantly influence the likelihood and course of wars. This influence is played out through local resource exploitation schemes, involving territorial control and access to labour and capital, as well as through global commercial networks. To some extent, many contemporary wars resemble the merchant capital wars of early colonial times. Privately financed to serve economic objectives, these wars are now aggravated by the scale of the unregulated global economy, the initiatives of local authorities, and the availability of modern weaponry. While it would be an error to reduce the Angola conflict to such a type of war, the opposing alliances of foreign companies and local elites, as well as the availability and localisation of oil and diamonds have influenced both the mode of governance in Angola and the history of this conflict. The impact of these resources on the prolongation of the war throughout the 1990s, the involvement of foreign actors, and the use of capital intensive armaments has been particularly significant.

In terms of political and military impact, foreign support generally provides a means of consolidating and centralising armed groups as leaders channel assistance from the top to their supporters. This has clearly been the case for Angola, even though internal political opposition has been harshly repressed on both sides and many footsoldiers have relied on looting to survive. By contrast, the commercial activities involved in resource wars generally result in a fragmentation of armed groups – between the leadership level and local commanders, or even down to individual soldiers – as resources flow from the bottom to the top through a variety of quasi-autonomous channels. Very small rebel groups without a political agenda can emerge from this fragmentation and be assimilated into ‘criminal’ gangs gathering marginalised and impoverished youths seeking empowerment through the use of violence. Furthermore, the localisation of authority and motives for violence can be deeply influenced by economic considerations to the point of impeding a transition to peace, as even committed leaders cannot control

their 'followers'. Despite attempts by the UNITA leadership to ensure a total control of diamonds, this has to some extent been the case. Oil, on the other hand, provided an easily centralised resource for the government, with very limited risks of fragmentation. Given the financial importance of oil over diamonds and the increasing international isolation of UNITA, the issue of the conflict is set to favour the MPLA. Yet, the legacy of a political economy concentrating revenues from a profitable war economy (through arms deals, public revenue embezzlement, importation, and dual exchange rate) will be difficult to overcome. Peacemaking processes need to understand the role of resources in conflicts and challenge the concerned actors, whether they are foot soldiers, warlords, domestic and foreign politicians, or multinationals. It is the whole political economy of southern resource rich countries and their relations with the north that needs to change if inequalities and recurring conflicts are to be avoided.

Endnotes

1 See for example: J Hare, *Angola's last best chance for peace: An insider's account of the peace process*, USIP, 1998; Human Rights Watch, *Arms Trade and Violations of the Laws of War since the 1992 Elections*, Human Rights Watch, New York, 1994; Human Rights Watch, *Angola Unravels: The Rise and Fall of the Lusaka Peace Process*, Human Rights Watch, New York, 1999; P Le Billon, A Land Cursed by its Wealth? Angola's War Economy, 1975–1999, *Work in Progress*, no 23, World Institute for Development Economics Research, Helsinki, 1999; S McCormick, *The Angolan economy: prospects for growth in a postwar environment*, Center for Strategic and International Studies, Washington DC, 1994; B Munslow, Angola: the Politics of Unsustainable Development, *Third World Quarterly*, vol 20, no 3, 1999, pp 551–68; LA Pereira da Silva & A Solimano, The Transition and the Political Economy of African Socialist Countries at War (Angola and Mozambique) in JA Paulson (ed) *African Economies in Transition*, vol 2, 1999, pp 9–67.

2 On scarce resources, see: O Bennett, (ed) *Greenwar: Environment and Conflict*, Panos Publication, London, 1991; T Homer-Dixon, *Environment, Scarcity and Violence*, Princeton University Press, Princeton NJ, 1999; N Myers, *Ultimate Security: the Environmental Basis of Political Stability*, Norton, London and New York, 1993; World Commission on Environment and Development, *Our Common Future*, Oxford University Press, Oxford, 1987. On abundant resources, see: P Collier, *Justice-Seeking and Loot-Seeking in Civil War,* Washington, World Bank, Unpublished manuscript, 1999; J Fairhead, The Conflict over Natural and Environmental Resources, in EW Wayne, F Stewart & R Vayrynen (eds), *The Origins of Humanitarian Emergencies: War and Displacement in Developing Countries,* Oxford University Press, Oxford, 2000.

3 For a detailed analysis of these arguments, see: E Boserup, *The Conditions of Agricultural Growth*, Allen and Unwin, London, 1965; M Tiffen, M Mortimore, et al, *More People, Less Erosion. Environmental Recovery in Kenya,* Jon Wiley, Chichester, 1994; G Ranis, *Towards a Model of Development for the Natural Resources Poor Economy*, Discussion Paper 529, Yale Economic Growth Center, Yale University, Yale, 1987.

4 The relation, however, is non-monotonic. The risk of conflict increases with the proportion of primary commodity exports until it reaches 28% of GDP (the risk of conflict is then 4,2 times greater than for a country with no primary exports). The risk then drops as states with a very high proportion of primary exports are supposedly rich enough to defend themselves or deter armed opposition (Collier, 1999, op cit, footnote 2). Another explanation is that a very large proportion of primary exports may be associated with a small population and little non-resource activities making equitable forms of development or rent-sharing possible, which may result in greater social peace. Two examples are Brunei (oil) and Botswana (diamonds).

5 On the subject of the curse of abundant resources, see: RM Auty & AH Gelb, *Political Economy of Resource-Abundant States*, World Institute for Development Economics Research, Helsinki, Unpublished manuscript, 1999; RM Auty, *Resource Abundance and Economic Development: Improving the Performance of Resource-Rich Countries*, Research for Action no 44, World Institute for Development Economics Research, Helsinki, 1998; AH Gelb, et al (eds), *Oil Windfalls: Blessing or Curse?* Oxford University Press, New York, 1988; ML Ross, *The Political Economy of the Resource Curse*, World Politics no 51, 1999, pp 297–322; JD Sachs & AM Warner, *Natural Resource Abundance and Economic Growth*, National Bureau of Economic Research Working Paper no 5398, 1995. For its implications on conflict, see: I de Soysa, *The Resource Curse: Are Civil Wars Driven by Rapacity or Paucity?* in M Berdal & D Malone (eds) *Greed and Grievance: Economic Agendas in Civil Wars*, Lynne Rienner, Boulder CO, 2000.

6 The term 'Dutch disease' itself refers to the effect of the development of North Sea oil production on the rest of the Dutch economy.

7 Auty & Gelb, 1999, op cit, footnote 5.

8 On operations by French interests, see FX Verschave, *La Françafrique*, Stock, Paris, 1998.

9 See for example: J Cilliers & P Mason (eds), *Peace, Profit or Plunder?: The Privatisation of Security in War-torn African Societies*, Institute for Security Studies, Pretoria, 1999; AF Musah, & JK Fayemi (eds), *Mercenaries. An African Security Dilemma*, Pluto Press, London, 2000.

10 See: M Berdal & D Keen, Violence and Economic Agendas in Civil Wars: Some Policy Implications, *Millenium: Journal of International Studies*, 1997, vol 26, no 3, pp 795–818; AH Westing, Global Resources and International Conflict: Environmental Factors, in *Strategy Policy and Action*, Oxford University Press, Oxford and New York, 1986.

11 On war economies and economic agendas of conflicts, see Berdal & Malone, op cit; D Keen, *Economic Functions of Violence in Civil Wars*, Adelphi Paper no 320, IISS, London and Oxford University Press, Oxford, 1998; J François & JC Rufin (eds), *Economie des Guerres Civiles*, Paris, Hachette, 1996.

12 Report of the Panel of Experts established by the Security Council pursuant to resolution 1237, on violations of Security Council Sanctions against UNITA, S/2000/203, 10 March 2000. Cited as *The Fowler Report*.

13 See P Le Billon, The Political Ecology of Transition in Cambodia 1989–1999: War, Peace and Forest Exploitation, *Development and Change*, vol 31, no 4, 2000; as well as the web site of Global Witness www.oneworld.org/globalwitness.

14 See Global Witness, ibid, footnote 13.

15 Interview with Ministry of Finance official, Luanda, July 1998.

16 The term criminalisation should not be taken in a moral sense and simply be related to the shift of war economies from foreign assistance to commercial resources. Resource wars may appear more criminal than proxy wars because they are not politically motivated or legitimated by one part of the 'international community'; yet, in a moral sense, it is the use of violence as an instrument of power against civilians which is criminal. In this respect both resource and proxy wars share a common criminal character.

17 On these perspectives, see: JF Bayart, S Ellis & B Hibou, *The Criminalisation of the State in Africa*, James Currey, Oxford, 1999; P Chabal & JP Daloz, *Africa Works – Disorder as Political Instrument*, James Currey, Oxford, 1999; C Clapham, *Africa and the International System: The Politics of State Survival*, Cambridge University Press, Cambridge, 1996; W Reno, *Warlord Politics and African States*, Lynne Rienner, Boulder, CO, 1998.

18 For an analysis, see: R Aguilar, The Evolution of the New Private Sector: the Case of Angola, in T Addison (ed) *Underdevelopment, Transition, and Reconstruction in Sub-Saharan Africa*, Draft mimeo, UNU/WIDER, Helsinki, 1999; ME Ferreira, La Reconversion Economique de la Nomenklatura Pétrolière, *Politique Africaine*, no. 57, 1995, pp 11–26; T Hodges, *Angola: from Afro-Stalinism to Jungle Capitalism*, Fridtjof Nansen Institute, Oslo, 2000; Human Rights Watch, 1999, ibid, footnote 1; K Maier, *Angola: Promises and Lies*, Serif, London, 1996; Pereira da Silva, 1999, ibid, footnote 1; K Somerville, *Angola: Economics and Society*, Frances Pinter, London, 1986.

19 S Kyle, *Angola: Current Situation and Future Prospects for the Macroeconomy*, CAER Paper no 25, HIID, Cambridge, MA, 1998.

20 Interview with Sonangol official, Luanda, July 1998.

21 The provinces do not include Cabinda, where transfers were 26 times higher than the average for all provinces due to a share on oil earnings. Hodges, 2000, ibid, footnote 18.

22 Auty, 1998, ibid, footnote 4.

23 That action can be taken at the international level is demonstrated by the relative success of international sanctions and NGO pressure on the timber and gem trade sustaining the Khmer Rouge and the corruption of the Cambodian government.

24 C Messiant, *Angola, les voies de l'ethnisation et de la decomposition*, Lusotopie, 1994, pp 155–210.

The war for independence

Richard Cornwell

Early and colonial history

Of the history of Angola prior to the arrival of the Portuguese little can be said with any certainty, except that the ancestors of most of today's inhabitants had long been in occupation of their traditional lands. At the end of the 15th century there were few large political units to be found in this sparsely populated part of west-central Africa. One exception, however, was the relatively sophisticated kingdom of Kongo, which exercised control over a wide area from its centre at the mouth of the Zaïre River and with which the Portuguese established contact in 1492.

Portugal's initial interest in the Kongo kingdom was largely of a missionary nature, but slave trading soon came to dominate relations with the local peoples, particularly after the opening up of the colony of Brazil in the 1530s. The effects of the slave trade were essentially destructive and a series of internal wars allowed the Portuguese to erode the autonomy of the kingdom. The traffic in human beings came to dominate the economy of Angola and in the course of 350 years or so it is estimated that some three million Africans were exported through Angolan ports – many of them to Brazil and Cuba.[1]

Portuguese attention then shifted southwards to where Luanda now stands and to the Mbundu kingdom of Ndongo, ruled by chiefs who took their titles from a religious symbol, the *ngola*. It was this title that was to give Angola its present name. Luanda was to serve as the base for the initial Portuguese attempt to conquer a larger area of what was to become Angola.[2] Portugal's claim to have been the earliest European colonial power in Africa tends to mislead, for it obscures the reality of Portugal's relationship with the peoples of Angola. For almost four hundred years after the initial contact, Portugal's control over the inhabitants and territory of Angola remained episodic and extremely limited. Until the end of the 19th century the Portuguese colonial enterprise in Angola consisted of little more than the establishment of a handful of ports and the erection of fortified posts along some of the more important trade routes. There were also protracted attempts to establish Portuguese penal colonies in the interior.[3]

The trade in human beings helped to establish a pattern of exploitation and relative advantage that goes a considerable way towards explaining the historical memories and cultural attitudes that underpin much of Angola's modern political configuration. The Mbundu-speakers of Luanda and its hinterland, in essence, came to be regarded as the collaborators of the Portuguese, exploiting the human capital of the interior.[4]

This pattern of perceived advantage and exploitation survived the end of the slave trade. It persisted into the 20th century, by which time there had emerged a class of *assimilados*, and *mestiços*, in the Angolan ports and their hinterlands, who enjoyed an existence more privileged than that of their fellow Angolans, many of whom remained entrapped in a form of rural slavery. The cultural divisions resulting from this history continue to inform popular notions and stereotypes in Angola today.

The end of the slave trade naturally generated a profound change in Portugal's economic and administrative policy in the colony. Alternative sources of revenue had to be secured, and this meant that control over the territory had to be asserted. In the event, however, the transition was far from rapid, and the borders of Angola as demarcated by European treaties in the 1880s and 1890s were not effectively secured until the late 1920s, despite the use of large numbers of Portuguese and African troops.[5]

Until the end of the Second World War Angola recorded little economic progress, except in the coffee plantations in the north of the country. These plantations were dependent upon forced labour, a system in many respects akin to slavery and so harsh that many Angolan communities sought to escape into neighbouring colonies.

Suddenly, after 1945, the rapid rise of world coffee prices brought an economic bonanza and Angola became Africa's largest producer and ranked third or fourth in the world coffee market. This windfall also had important social and political implications, for it intensified the latent conflict between whites and blacks, creating a new demand for forced labour and encouraging white immigration and the expropriation of African lands.

The growth of Angola's white population continued apace during the 1960s. Most of these settlers were of peasant stock, poorly educated and possessing few skills or resources. Rather than brave the isolation and dangers of rural settlement many of these immigrants sought the comparative comfort and security of the towns, where they competed for jobs with the urbanised black and *mestiço* populations.[6] This development aggravated a growing racial antagonism in Angola, and emphasised the primacy of white Portuguese interests. The economic and social tensions and opportunities of the period 1945–61 saw the rebirth of local political activity.

The three streams of nationalism

To impose some order upon the chaotic events that comprise the history of the Angolan struggle for independence, it is necessary to discuss in some detail the emergence of modern Angolan nationalism in its three broad streams, each with its own peculiarities in terms of region and political culture.

All these streams to an extent were influenced and informed by the urban and intellectual protest that developed first in Luanda before spreading into the

capital's Kimbundu-speaking hinterland. As has been seen, this area of Angola, inhabited by the Mbundu peoples, was the first to be subjected to Portuguese rule at the end of the 16th century. Within a hundred years the Portuguese had destroyed the local kingdom, leaving no vestiges around which later nationalists could organise resistance. Other Mbundu groups sought refuge in the interior, around Kasanje, and here a pre-nationalist Mbundu resistance did emerge, separate from that of the Luandans. As Portuguese influence extended into the interior along the railway line from Luanda, to Catete, Dondo, and Malange in the first decade of the 20th century, the Mbundu people of the Dembos hills continued a steady opposition to colonial domination that had lasted through most of the 19th century.[7]

The mainstream of Mbundu nationalism, however, was to be subsumed in the broader river of Luandan politics, with its strong Portuguese cultural influence, affecting intellectuals of white, *mulatto* and black origins. The Salazar government, which came to power in Portugal in 1932, was authoritarian and right wing. In Portugal itself, no liberal democratic opposition was tolerated or allowed to grow. Instead, the metropolitan opponents of Salazar tended to develop in the form of a radical and disciplined underground movement with Marxist leanings. These intellectual traditions found themselves easily transposed into the 'creolised' educated communities of Luanda and Benguela, and the centrality of class analysis was readily seized upon by nationalists reluctant to emphasise racial difference as the key polarising factor in their struggle.[8]

The victory of the Allied powers in 1945 triggered a wave of political enthusiasm among Luanda's nascent nationalists. The defeat of European fascism left Salazar's Portugal isolated and ideologically obsolete. In Luanda's growing slums a discontented black proletariat awaited organisation, which was to be forthcoming from the white and *mestiço* elite, many of whom had been educated in Portugal, and a growing class of black *assimilados*, many of whom had received their schooling from Protestant missionaries, and who identified with the aspirations of the uneducated majority. The local authorities' suppression of opposition simply led to a continuing radicalisation of dissent. The Portuguese Communist Party assisted the small Angolan political intelligentsia, and in 1955 the Angolan Communist Party (*Partido Communista de Angola* – PCA) was established, though essentially as a clandestine cell of the metropolitan movement. Within a few months the PCA had joined with others to form a nationalist front the *Partido da Luta dos Africanos de Angola* (PLUA), which by the end of 1956 had become part of the *Movimento Popular de Libertação de Angola* (MPLA).[9]

The original MPLA manifesto called for the overthrow of Portuguese rule and the establishment of an independent Angola under a democratic coalition of all the forces fighting Portuguese colonialism.[10] Initial efforts to establish a broad united front were frustrated largely because of the effective and ruthless counter-measures adopted by the secret police, the *Policia Internacional de Defesa de Estado* (PIDE), both in Portugal itself and in the overseas territories. Concerned by the possible influence of nationalist riots that had begun in January 1959 in

Léopoldville (Kinshasa), the capital of the Belgian Congo (Zaïre/Democratic Republic of Congo), two months later PIDE began to round up suspected subversives in Luanda. The following year many of these people were tried in secret and sentenced to long prison terms. Among those jailed were the first president of the MPLA, Ilidio Tomé Alves Machado and Dr Agostinho Neto, then leader of the MPLA steering committee. Unable to operate effectively within Luanda in the face of the PIDE's decapitation of its domestic leadership, the MPLA established itself as an external exile organisation under the acting leadership of Mário de Andrade, an intellectual and poet.[11]

In these early years much of the MPLA leadership hailed from the European-trained student elite. Many were the sons of civil servants or came from relatively privileged backgrounds, which set them apart from the inhabitants of the Luanda *muceques* (sand slums).[12]

The second major stream of Angolan nationalism had a quite different source. It was centred on the Angolan part of the old kingdom of Kongo, which had been in steady political decline since the defeats of the 17th century. A rump kingdom continued to exist under Portuguese tutelage, and direct colonial rule came late to the Kikongo-speaking people of northern Angola. This also implied that Portuguese cultural influences were far slighter here than in Luanda and the Mbundu territories. The Bakongo of Angola constitute merely part of the broader Kikongo-speaking community of the two Congos, and the interaction of nationalist agitation in the three colonies was conducted easily between peoples differentiated principally by their formal status as subjects of various colonial powers, and subsequently of independent states. This is not to say that Bakongo nationalist sentiment had but one outlet: some sought to resist the demands of their colonial rulers by resuscitating the autonomy and even independence of the Kongo kingdom, a tendency that continues to surface sporadically to this day, principally in the Democratic Republic of Congo. But the chief origin for Bakongo nationalism was the deep and growing resentment of the colonial practice of recruiting forced labour for the plantations, not merely for those of Angola, but of the enclave of Cabinda, and the islands of São Tomé and Principe.[13] To escape the harsh, indeed inhuman, demands of their colonial overlords, in the course of the first half of the 20th Century many Angolan Bakongo fled across the border into Belgian Congo, an exodus that had significant consequences for this stream of the Angolan nationalist project. In 1914 a general rising began in the area of São Salvador (Mbanza Congo), against the local chief's complicity in labour recruitment. One of its leaders was Miguel Necaca, whose grandson, Holden Roberto, was to emerge as one of the major figures of Angolan nationalism.[14]

Roberto was born in 1923 in Angola but spent almost all of his life in Belgian Congo, where the Bakongo opposition made its headquarters in Léopoldville. Here the support of the large Angolan refugee population allowed the Bakongo politicians in the Congolese capital with their broader objectives to displace those in São Salvador who still sought to promote Bakongo autonomy within Angola. In July 1957 the *União das Populações do Norte de Angola* (UPNA) was

established in a merger between the nationalists of Léopoldville and Matadi, under the presidency of Miguel's son Barros Necaca. As Portugal had been admitted to the United Nations in 1955, the UPNA leadership decided to lobby the world body and the American government. It also received an invitation to attend the All-African Peoples' Conference to be held in Accra, the capital of newly-independent Ghana in 1958. This important assignment went to Necaca's nephew, Holden Roberto, who thus began a career characterised by frenetic travelling and networking, which, for a while at least, was to give UPNA and its successor organisations an advantage over their Angolan nationalist rivals.[15]

By the time he reached Accra in December 1958, Roberto was circulating literature in the name of a new organisation, the *União das Populações de Angola* (UPA), which, at least on paper, depicted the Bakongo-led movement as a nationwide one, a role that was calculated to have a greater appeal to the leaders of other African states and liberation movements. In Accra, Roberto established relationships with several other young luminaries of the nationalist firmament, including Patrice Lumumba, Kenneth Kaunda, Tom Mboya and Frantz Fanon. Already by now he was beginning to consider the use of revolutionary violence, should Portugal remain obdurate.[16]

The following year he visited the United Nations as a member of the delegation from Guinea-Conakry, when he addressed the United Nations in its first debate on the Angolan issue. He also made use of the opportunity to broaden his US contacts, building upon those he had made in his youth among Protestant missionaries. In 1960 Roberto returned to Africa to attend the Second All-Africa Peoples' Conference in Tunis, where he began what was to be a long friendship with Habib Bourguiba. Here he also met a delegation from the MPLA, led by Viriato da Cruz and Lucio Lara who, encouraged by their success in forming a loose common front with Amilcar Cabral's Guinean nationalists, tried to persuade Roberto to bring in UPA as well. In this they were motivated by an awareness that Roberto's organisation had an important following among the forced labourers of northern Angola and the émigrés in the Congo. Roberto rejected the approach, but was to be pressured sporadically thereafter by African politicians to review his decision.[17] In the meantime Roberto began a campaign to lure experienced soldiers from the colonial forces in Angola, and a number of deserters formed the core of the UPA's nascent guerrilla army, to be trained initially by Tunisian officers.[18] He now turned to the task of building a broader political and diplomatic base prior to launching militant action.[19] Among those he contacted shortly afterwards was Jonas Savimbi, then enrolled in the University of Fribourg in Switzerland, and an important leader of Angolan student opinion in Europe. Savimbi had already been approached by the MPLA, but made it clear that for the moment he was not interested in joining either movement, given their relative disarray.[20]

The third stream of Angolan nationalism traces its source to the Ovimbundu peoples of Central Angola, who comprise some 40% of the national population, comparable to the size of the Mbundu and Bakongo communities combined. It was also influenced to a lesser degree by smaller ethnic groups, such as the

Chokwe, Lwena and Cuanhama of the east and south, which perforce brought it into contact with political groups among people of similar ethnic background in neighbouring states.[21] For a long while this third stream attracted little attention, for it was far removed from the major urban centres of Luanda and Léopoldville, and little influenced by their cultural activities. Few of its leaders had access to overseas education, and the result was that in the early years this stream lacked a significant body of political activists, students and exiles.[22]

The Ovimbundu kingdoms of Bailundo and Bié were subdued by the Portuguese only around the turn of the 20th century. The construction of the Benguela railway line between 1903 and 1929 allowed the spread of Ovimbundu settlements into the interior province of Moxico, and brought them into contact with the developing copper economies of Katanga and Northern Rhodesia (Zambia).

The political interest of the Ovimbundu was stimulated by Portugal's horrified reaction to the sudden independence of the Congo. By the end of 1960 local groups of young nationalists were emerging from the schools of the Umbundu-speaking region. In 1958 the Protestant missions of the region had despatched a first group of Ovimbundu students, mainly of peasant stock, to study in Portugal. Here they were joined by a growing number of dissidents forced into exile by PIDE repression. One of this initial group of students was Jonas Savimbi, who had previously been a scholar in the isolated and culturally Portuguese environment of Sá da Bandeira (Lubango).[23]

1961: The anticolonial revolt begins

By the beginning of 1961 the Angolan economy was in a recession triggered by the collapse of coffee prices and exacerbated by problems in the fishing and cotton sectors. Rising unemployment and wage-cuts led to a rising tide of frustration among the increasing number of black students leaving the educational system.

It was in the cotton sector that the first three violent outbursts began. In January 1961, falling cotton prices and the failure to pay the peasant growers led to strikes and retaliation in the form of beatings and arrests. This triggered a wholesale revolt against the Portuguese authorities and their system of enforced cotton growing in the Kasanje area. The rising was led by António Mariano and became known as 'Maria's war'. The insurrectionists burned the seed they were supposed to plant, destroyed barges, erected barricades, looted stores and missions, slaughtered livestock and chased away Europeans. From the remote border areas the revolt spread into the centre of the Malange district. This alarmed the authorities into reaction, and troops and aircraft were sent to firebomb and strafe apparently disaffected villages. Though the rebels managed to destroy a number of bridges and launched a few ambushes, they were no match for the Portuguese. There are no accurate figures of the numbers who died in this short and brutal campaign, but its leader was arrested, tortured and shortly afterwards murdered by the authorities.[24]

Many of the insurrectionists fled to the Congo, where they would form a support base for subsequent UPA operations into Kasanje.

The second outbreak of 1961 occurred in Luanda itself where in the early morning of 4 February, several hundred Africans armed with knives and clubs attacked the principal political prison in an abortive assault. Some seven Portuguese police were killed and about 40 of the attackers. Following the funerals of the policemen, whites shot dead a number of African bystanders. Renewed rioting and another attempt to storm the prison were followed on 10 February by an attack on another jail, with further fatalities. The authorities' reaction was to organise vigilante attracks on the *muceques*. Summary executions by the army, police, militia and vigilantes left about 3 000 dead.[25]

It is still unclear who organised and launched the attack of 4 February, though the MPLA is generally thought to have been responsible. Certainly in the wake of the rioting several MPLA militants left Luanda for the Dembos region, hoping to start a resistance movement among the rural Mbundu. Though a failure in terms of its outcome, the violence of February 1961 certainly put Angola firmly on the agenda at the United Nations, and drew attention to the explosive situation building in the country.

The torch of militant nationalist, however, now passed to Holden Roberto's UPA. On 15 March an insurrection broke out across a wide swathe of northern Angola. Though the UPA had been preparing for the launching of a militant campaign to coincide with the opening of a United Nations' debate on Angola, its claims to have organised the entire rising seem to be exaggerated, but for all that they were believed, with important consequences for the status of the UPA in revolutionary and nationalist circles.[26] It was some days before the extent of the northern insurrection became apparent. The numbers of Portuguese settlers killed amounted to some 250 in the first few days, and perhaps 750 by the end of another three months, despite the attempts of the UPA leadership to target property rather than persons. Also targetted were *mestiços* and farm labourers, mainly Ovimbundu, who resisted the insurgents.

Though momentarily successful in seizing control of a broad swathe of northern Angola, the rebellion was far too poorly equipped or organised to sustain its territorial gains. Nor was the Portuguese regime susceptible to such pressures as could be brought to bear by international public opinion. In desperation the UPA set about trying to remould the uprising into a sustained guerrilla war, and in June 1961 formally established an armed wing, the *Exército de Libertação de Angola* (ELNA).[27]

As the area affected was scantily garrisoned, the rising had spread quickly, and reinforcements began to arrive from Portugal only at the beginning of May. Thereafter, Portuguese retaliation was fierce and indiscriminate. Aircraft bombed and strafed villages in and outside the affected area, while troops and settler militias conducted a terror campaign on the ground. At the end of six months, some 40 000 Africans had been killed, and the Portuguese had succeeded in their over-reaction in spreading the insurrection over a much wider area than

originally, and had forced more than 200 000 Angolans to seek refuge across the border in Congo-Léopoldville, where they would eventually serve as a recruiting base for the UPA.[28]

The Portuguese reaction was not simply one of repression, however, and a number of important reforms were introduced, including the abolition of forced labour, the compulsory cultivation of cotton and the alienation of land. Efforts were set in motion to broaden access to health and education services. But significant political reform was not forthcoming, and the suddenness and brutality of the rising and its aftermath had made it all but impossible to rebuild a feeling of communality to underpin any 'hearts and minds' strategy. By October the Portuguese armed forces and their auxiliaries had regained control of almost all of northern Angola, but this would prove only the first of many campaigns, as the Angolan crisis shifted up a gear.[29]

Competition or cooperation?

Despite the setbacks and military humiliations of 1961, the UPA had established itself in the public consciousness as a threat to Portuguese domination. Its knowledge and experience of the situation in Léopoldville gave it additional advantages over rival Angolan movements at this time.[30]

The MPLA, realising that it was being upstaged, moved to garner more international support, and approached the UPA to form a common-action front that would give the MPLA access to Congolese bases from which to operate into Angola. The MPLA gained some ground on the diplomatic front, winning material support from Morocco, and making its appeal heard through progressive circles in Europe. Roberto's careful courtship of American liberal opinion left the UPA unchallenged in the USA, which was in any case distrusted in MPLA circles because of its generally accommodating stance on the policies of its NATO ally, Portugal, but the division of foreign activity on the part of the rival movements added another complicating dimension to their competition for support.[31] At this stage in Africa the MPLA could count on the 'radical' states of the Casablanca group – Ghana, Guinea, Mali, Morocco and the United Arab Republic and on links forged with nascent nationalist movements in Mozambique, Portuguese Guinea, Cape Verde and São Tomé-Principe.[32]

In an attempt to improve its profile inside Angola, the MPLA moved its headquarters from Conakry to Léopoldville where it renewed its efforts to create a common front. Roberto remained aloof, however, issuing a counter proposal that other groups should join the UPA, the only movement actually waging a military campaign in Angola. Roberto's response was indicative of two emerging trends: first, his unwillingness to surrender any measure of control over the UPA; and, second, his rejection of an alliance with the MPLA, whose well-educated and sophisticated leadership would present too formidable a challenge to the relatively less privileged figures who comprised the UPA's directorate.[33]

As the MPLA attempted to insert small guerrilla bands of its own into Angola to reinforce the groups of partisans who had escaped Luanda into the Dembos forests it met resistance not only from the Portuguese but from the UPA, which ambushed and killed MPLA patrols entering the operational area. Roberto himself had given instructions to the effect that MPLA infiltrators were to be annihilated, setting a pattern for the murderous internecine conflict that was to characterise the relationship between the rival nationalist groupings. This was a weakness the Portuguese authorities would exploit to the full.[34]

In November 1961 Roberto was one of several Angolan nationalists present for another debate on the question in the United Nations General Assembly. He was accompanied by Jonas Savimbi, who had succumbed to Roberto's persuasion and had recently been appointed the UPA's secretary-general. The appointment was a shrewd one, for it brought a leading element of the Ovimbundu stream into the organisation.[35]

By early 1962 the chaotic nationalist uprising of the previous year was beginning to take the form of an organised guerrilla insurgency. The rebels could claim to control an area in northern Angola some 240 km wide and 320 km deep. Here they established a crude form of self-government. Rebel military activity consisted largely of ambushing Portuguese patrols and attacking plantations. The Portuguese riposte was the use of airpower, including napalm.[36]

For UPA the next stage was to forge an alliance with another Bakongo movement, the *Partido Democrático de Angola* (PDA) in March 1962 as the *Frente Nacional de Libertação de Angola* (FNLA) and then, in the following month, to create a provisional government. This eventually happened not in Angola itself but in Léopoldville as the Revolutionary Government of Angola in Exile (GRAE).[37] As much as anything this move was a calculated response to recent efforts on the part of the MPLA to establish itself among the emigre and refugee community of Léopoldville and Bas Congo that constituted the UPA's support base. The formation of the GRAE also provided a vehicle with which to solicit the recognition of African governments for the FNLA's exclusive legitimacy.[38] By mid-1963 Roberto's strategy had paid off. The Organisation of African Unity (OAU) recognised the GRAE as the sole recipient of sanctioned assistance from its Liberation Committee. To many observers it seemed as if the MPLA had been terminally marginalised, a situation exacerbated by its own internal feuds, of which an early episode saw the removal of Viriato da Cruz as secretary-general.[39]

In July 1962 Dr Agostinho Neto, the MPLA's 'honorary president' had escaped from house arrest in Portugal to Morocco. His imprisonment and exile had bestowed upon him a heroic status, and it was hoped that his arrival on the Léopoldville scene would pave the way for nationalist unification. In the event Neto handled negotiations with Roberto with a distinct lack of skill and tact, and ended by publicly dismissing the FNLA as working to safeguard the interests of the imperialists.[40]

Neto's position as party president was confirmed at the MPLA's first national congress, held in Léopoldville in December 1962. Also at the congress, Mário de

Andrade, now responsible for external affairs within the party, accurately summed up one of the MPLA's principal weaknesses. He urged the party to broaden its appeal to the peasantry, and to discard its image as an organisation for intellectuals. He also urged that more attention be given to the situation inside Angola, where political education, military activities and strikes all had a role to play. Already small groups of trainees were returning from Ghana and Morocco to form the basis for the party's new military wing. But despite efforts to redirect the party to an internal militancy associated with the oppressed peasantry, the dominance of the party's steering committee by a group hailing from Luanda-Mbundu elite group continued to impede a convincing association with the Ovimbundu and Bakongo peasantry.[41]

Roberto's own shortcomings prevented him from driving home the GRAE's advantages over its troubled rivals. His centralised system of control was creating tensions within the leadership, many of whom, particularly those of the PDA, felt increasingly marginalised.[42] Another consequence of Roberto's leadership style was that in terms of political and administrative organisation little or no progress was made, with most time spent on garnering external support and expanding military operations. The myth of having formed a government in exile merely aggravated the situation, allowing the FNLA and many of its supporters to confuse form with substance.[43]

Other developments in the region offered the chance to broaden the GRAE's operational area into other Angolan border regions, from Northern Rhodesia, then entering its pre-independence phase of self-government. Savimbi, assisted by student leader Jorge Valentim was especially eager to operate into the Lundas and Moxico districts. Yet this threatened the paramountcy of FNLA/Leopoldville, which proved obstructive and eventually compelled the closure of the movement's Katanga office. By now, Savimbi and Valentim were on the verge of campaigning against Roberto's continued leadership, as he spurned opportunity after opportunity to broaden the revolutionary front, ethnically or geographically.[44]

Tshombe's accession to power in Léopoldville in 1964 was disastrous for the GRAE, which, sealed off from any external aid by the new regime, had to fall back upon its own resources. These proved distressingly meagre. Within the FNLA/GRAE factional suspicion had been growing throughout 1964 and Savimbi had begun organising his own following to challenge Roberto's leadership. In the course of mounting this campaign Savimbi travelled secretly to Moscow, Prague, Budapest and East Berlin, but came away disappointed. He also courted the favour of Iraq and the UAR, carefully distancing himself from Roberto's acceptance of Israeli aid. By this stage, Roberto himself had taken over GRAE's foreign affairs, leaving Savimbi's organisational title hollow. Savimbi was now considering the next step in his planned defection, which for a while, at least, included establishing a new party and then negotiating a common front with Neto, to whom he had already begun approaches. Roberto was accused of tribalism, racism, corruption and of obstructing the opening of a new front from Katanga. By mid-1964, GRAE was torn in two.[45]

The OAU's summit in Cairo July 1964 provided the setting for a public falling out. Savimbi turned up in Cairo and called a press conference at which he announced his resignation from GRAE. He denounced the FNLA as an empty sham. Roberto and Savimbi now traded open insults, each denouncing the other as tribalist, divisive and pro-American. Savimbi's attacks allowed those African leaders suspicious of Roberto to reopen the debate about GRAE's recognition. The OAU decided to try to persuade Roberto to consider uniting in the common struggle with the MPLA, now thrown a lifeline by the unlikely agency of Savimbi.[46] After the summit Savimbi proceeded to Algiers, where Ben Bella helped him arrange a visit to the Far East. Here he met Chairman Mao Zedong and Premier Zhou Enlai. They reminded him that only a few months earlier he had been denouncing Da Cruz as pro-Chinese, but agreed to provide modest training and support for a genuine guerrilla war inside Angola. Savimbi also visited North Korea and North Vietnam, where he held discussions with General Giap.[47]

Once back in Africa Savimbi returned to Algiers, where he consulted with Che Guevara. Having followed up on arrangements to send a group of his followers to China, he returned to complete his studies in Switzerland, interrupting his work later in 1964 to visit Brazzaville, where Neto, Daniel Chipenda and other MPLA leaders made an unsuccessful attempt to persuade him to join their movement. After completing his degree in July 1965, he returned to Zambia to begin the organisation of his own movement, which immediately led to a sharp deterioration in his relations with the MPLA, who also coveted this bridgehead. In this enterprise he was able to draw on a number of constituencies: the disillusioned ranks of the GRAE, including several experienced military and political leaders; a group of overseas students, being organised by Jorge Valentim; and ex-UPA members in Lusaka. Rationalising his decision to begin a new organisation, Savimbi argued that since the MPLA was pro-Moscow and the GRAE received assistance from Western sources, a new movement was needed that would represent the interests of the Angolan majority within the country. He also argued that it was essential to avoid the embroilment of the Angolan struggle in Cold War confrontations, and to this end, in October 1965, he persuaded President Kaunda to invite Roberto and Neto to Lusaka for discussions on a common front. They declined.[48]

In March 1966 Savimbi crossed the border into Angola to gather with 67 others at Muangai in Moxico district. This was the culmination of months of preparations, culminating between 5 and 25 March in the establishment of the *União Nacional para a Independência Total de Angola* (UNITA). Further approaches to the GRAE and MPLA met with rejection and in September 1966 a UNITA congress in Lusaka elected the party leadership, with Savimbi at its head.[49]

UNITA was preparing for a protracted struggle and, unlike Roberto and even Neto, understood the necessity of careful organisation on the base of a politically educated peasantry. It was difficult and painstaking work which involved showing an illiterate rural population the links between the abstract aims of the anti-imperial struggle and their own local grievances. This would lay the ground for civil disobedience campaigns. Meanwhile UNITA also sought to mount a

limited number of small-scale military actions. It began recruiting and training peasant militias in its quest to operate independently of external assistance. The opening of the eastern front met with a violent Portuguese response. The MPLA, too, was now ready to enter the eastern part of Angola, leading to bloody rivalry once again within the nationalist movement.[50]

By mid-1964 GRAE's insurgency in Angola had come to a virtual halt, crippled by Tshombe's hostility and by rising tensions within the military wing based at Kinkuzu. The lack of momentum and of internal cohesion fed upon each other through Tshombe's rule, and defections and schisms multiplied, many of them encouraged by the PIDE.[51]

Once again, unforeseen events combined to assure Roberto's political survival. Tshombe's ambitions to seize power were foiled by his dismissal in October 1965. A few weeks later the army toppled Kasavubu, and installed General Joseph Désiré Mobutu in his place, a coup ratified unanimously by parliament.[52] Mobutu was a close personal friend and ally of Roberto, and allowed him to silence his political opponents and marginalise those FNLA elements outside of the UPA.[53]

While UPA/GRAE withered in 1964–66, the MPLA staged an astonishing recovery. In the OAU the MPLA succeeded in reopening the issue of GRAE's recognition and by March 1965 had secured a promise of training and material assistance from the Liberation Committee. The Soviets had also resumed exclusive support to the MPLA in 1964, accusing Roberto of collaboration with Tshombe and the USA. Between 1964 and 1966 the MPLA also opened links to China, which granted limited support. On a visit to Brazzaville in 1965 Che Guevara met Neto, and when some 1 000 Cubans arrived to train the Congo-Brazzaville militia, some also devoted time to Angolan guerrillas. This was the beginning of a relationship that was to prove of cardinal importance to the MPLA's fortunes, though few would have anticipated that at the time. The situation *vis-à-vis* GRAE had now been reversed, and the MPLA found itself virtually recognised as the sole movement worthy of support from the Afro-Asian bloc.[54] There were problems, of course, Tshombe's government was even less likely than its predecessor to grant the MPLA passage en route to Angola, a situation that failed to improve with the advent of Mobutu. Thus for much of the period 1964–66 the Cabinda enclave was the only area in which the MPLA could undertake military operations, though these were limited in scope and failed to elicit much support from the Cabindans themselves.[55]

UNITA, operating out of Zambia, faced its major challenge in the shape of the militarily more robust MPLA, which did everything possible to wipe out this political rather than military interloper. Savimbi's attempts to achieve a united front with the MPLA were firmly rebuffed, while Kaunda's attempts to secure the reconciliation of Savimbi and Roberto were frustrated by the latter's insistence that UNITA should disband and join the FNLA as individuals. In December 1966 UNITA launched its first major operation against the Benguela Railway. Militarily it was a disaster, with almost 300 guerrillas being killed. Politically it placed UNITA on the map, but this and subsequent attacks on the railway led to threats

from Portugal that it would close a route vital to the exports of the Zambian and Zaïrian Copperbelt. In June 1967 Savimbi was arrested in Lusaka and subsequently deported to Egypt, the temporary leadership of UNITA passing to Smart Chata, the organisation's vice-president. It was another year before Savimbi was able to return to Angola via Zambia, his return expedited by the South West Africa People's Organisation (SWAPO).[56]

For Savimbi the internal front in the struggle against the Portuguese remained paramount. In its propaganda UNITA continued to disparage the *mestiço* as collaborators and emphasised its own links with the longest resistance to Portuguese penetration among the people's of the south-east. Self-reliance was also a recurring theme. UNITA represented itself as nationalist and anti-imperialist, which included a rejection of socialist imperialism. Invoking the thinking of Mao Zedong, it advocated the formation of a socialist state accommodating the African cultural heritage. The achievement of this end would require a protracted struggle led by a revolutionary party, but one quite different from that led by intellectuals raised in a European ideological tradition.[57]

By 1970 UNITA was attempting to extend its influence westwards along the line of rail into the centre of the Ovimbundu communities. It met with opposition, not only from the Portuguese security services but also from MPLA forces in the rear.[58] Nevertheless the framework of a system of rudimentary administrative structures was established at village level. Outside Africa, UNITA maintained offices only in London, which meant its external profile remained low relative to those of the MPLA and FNLA.[59]

Within the MPLA the opening of its eastern front from Zambia after 1966 was the source of fresh tensions. This strategy implied that the party had to develop a new local leadership among ethnic groups hardly represented in Luandan society. Most of the peoples of sparsely populated eastern Angola were illiterate and politically naive. This meant that Mbundu figures continued to dominate positions of authority even in the new theatre, even though the overall organisation was directed by an Ovimbundu, Daniel Chipenda, a situation that was virtually bound to lead to resentment.[60]

The MPLA's effectiveness was also attenuated by the geographical dispersion of its operational headquarters. Attempts to co-ordinate and concentrate precipitated new internal conflict, not over ideology, for the MPLA remained an eclectic front at this stage of its development, but over inadequate communications, military difficulties and personalities. By 1968 the Portuguese had developed more effective counter-insurgency tactics involving the extensive use of helicopters, ground-attack aircraft and commando raids. FNLA pressure on MPLA units contributed to the latter's discomfort in the battle zone.[61] The MPLA was badly affected in terms of casualties and morale. Up until 1973 the Portuguese forces were able to inflict serious losses on the MPLA, which exacerbated tensions between the political and military leadership of the movement.[62] This internal feuding, which became associated most starkly in the growing differences between Neto and Chipenda, evidently led Moscow to shift its support from the former to the latter for a period in 1972 and

1973. But by early 1973, Moscow shifted once more in Neto's favour, and provided him with evidence of an assassination plot on Chipenda's part. Neto immediately denounced his rival as an ambitious Ovimbundu tribalist in the Savimbi mould.[63] Chipenda dismissed the accusations and criticised Neto for again trying to shift the weight of MPLA operations to the north following the signing of a common front accord with Roberto in December 1972.[64] The attempts to carry through this plan eventually failed, but had the additional effect of paralysing MPLA activities in eastern Angola. By early 1974 Neto's leadership was under renewed criticism from a group of intellectuals led by Mário de Andrade.[65] The MPLA was already dividing into three distinct factions, one centering on Neto and his lieutenants, one centering upon De Andrade – the *Revolta Activa* – and one around Chipenda – the *Revolta do Leste*.

As we have seen, the assistance provided by most of the governments of independent Congo-Brazzaville had given Holden Roberto's FNLA a distinct edge over its nationalist rivals in terms of its proximity to the area of operations most favourable to an insurgency. Roberto's leadership style, however, with its centralisation upon his own person and the marginalisation of able lieutenants continued to hobble the organisation. From time to time this led to debilitating internal dissension, and in June 1971, tiring of the GRAE's inability to advance organisationally, the OAU withdrew the recognition it had extended in 1963 to this putative government in exile.[66] The GRAE idea having lost its *raison d'étre*, was tacitly allowed to wither, and from 1972 Roberto's efforts were dedicated to constructing a strong military force.[67] In 1972 the situation at the key Kinkuzu training base had deteriorated to such an extent that a virtual mutiny ensued. This was eventually suppressed by Congolese troops, and thirteen officers who had opposed Roberto's continued leadership were executed and others imprisoned. In effect Roberto's links to Mobutu had saved him. Further purges followed and in 1973 the PDA and UPA were formerly dissolved and fully merged into FNLA. From now on, as Mobutu sought to position himself as a figure on the Pan-African stage, his army played an increasingly significant role in organising, training and equipping Roberto's forces, even to the point of allowing the FNLA to conscript youths among the refugee-émigré population in Zaïre.[68]

Despite pressure from Mobutu to revitalise the movement, Roberto remained largely reclusive in Kinshasa, guarded by Zaïrian troops. The FNLA's philosophy, such as it was, remained nationalist, non-Marxist and peasant-oriented, which also fitted comfortably with Mobutu's new-found passion for African authenticity.[69]

The Lisbon coup

Ultimately, independence was to come to Portugal's African possessions only indirectly as a result of the struggle being waged by the various liberation movements. Although waged in a relatively ineffective and desultory fashion, particu-

larly in the case of Angola, taken as a whole these conflicts were consuming some 40% of the national budget of the poorest country in Western Europe. The conscript army was thoroughly demoralised by unwinnable campaigns that had cost them some 12 000 dead and more than 40 000 wounded, mostly in Guinea and Mozambique. On 25 April 1974 Caetano's government was ousted in an almost bloodless coup by the Armed Forces Movement, a group of some 300 junior officers, some of whom wanted simply to restore the armed forces' self-respect, others pursuing a more radical agenda. In place of the old authoritarian regime, they installed their senior officers as a Junta of National Salvation, under the leadership of General António de Spínola, whose outspoken criticism of ruinous colonial wars had led to his dismissal from the army the previous month.[70]

By July 1974 Spínola had been pressured by an increasingly radical regime into conceding independence to the African colonies rather than pursue his preferred federationist agenda. The Portuguese junta initially planned on a referendum to decide the political future in each of its African territories, but this was unacceptable to the liberation movements, who were not about to be denied the prize at this late stage. Each now strove to position itself to succeed in what looked increasingly like a triangular struggle.[71]

At this time the FNLA was by far the most formidable of the parties in terms of the size and equipment of its armed wing. Roberto now set about building upon this advantage by expanding his force of some 10 000 guerrillas, of whom 2 000 were operating inside Angola. Already in January Roberto had received promises of assistance from Romania, and this started to arrive, despite the MPLA's best attempts to dissuade Bucharest. Libya, too, would soon begin sending arms and equipment. At this stage, however, the FNLA's principal external supplier was China, and in addition to arms and equipment, in June 1974 the first of what would become a team of 120 Chinese military instructors began to arrive at Kinkuzu base, where they would join 100 Zaïrian paratroopers to train an army planned to number 15 000. By early August, the Chinese deployment was complete and a massive shipment of arms and other military equipment had been received.[72]

Throughout July and August, the FNLA began to move additional forces into northern Angola, and stepped up its military activities against the Portuguese. By the end of September it boasted a substantial occupied zone in Uige. These activities and attempts at recruitment persuaded some 60 000 Ovimbundu contract workers to flee the coffee plantations and seek the relative safety of refugee camps near Huambo. On 12 October 1974, the FNLA signed a cease-fire with the Portuguese authorities, having completed the initial part of its military positioning. Roberto now sent a strong delegation into Luanda to open an office in a city where only five to ten per cent of the population were Bakongo.[73]

UNITA's reaction to developments was to try to consolidate its political position in the centre of the country. It promptly discarded its Maoist rhetoric in an attempt to secure white political and financial support. On 14 June 1974 UNITA

concluded a cease-fire with the Portuguese. Savimbi's skills as a orator were now employed to good effect, and he was able to adjust his party's message to suit the tastes of whatever audience he was addressing. In this way he managed to reassure many whites fearful of the militaristic image of the FNLA and MPLA. He was simultaneously able to appeal to the sentiments of Afro-Americans, by rejecting the MPLA's multiracialism. To supplement its propaganda campaign, UNITA also began to gather recruits for military training, so as to have the necessary physical strength to underpin its political aspirations.[74]

The Lisbon coup caught the MPLA completely off-guard. As we have seen, the movement was riven by factionalism and on 11 May 1974 the *Revolta Activa* issued a manifesto from Brazzaville blaming Neto's presidentialist style for the political and military weaknesses of the MPLA. De Andrade and his following of largely *mestiço* intellectuals wanted the issue of the party leadership decided at a full congress. Later that month Mobutu, in collaboration with Roberto and Savimbi tried to have Daniel Chipenda, of the *Revolta do Leste*, recognised as the authentic MPLA, an attempt frustrated by Tanzania's President Nyerere.[75]

On 8 June the three MPLA factions met in Lusaka to agree on a compromise tripartite leadership pending the outcome of the party congress. The following month a summit under OAU auspices at Bukavu urged the MPLA and FNLA to agree to a common front after the congress, which was held in Lusaka from 12–23 August. The congress was attended by 165 members of Neto's faction, 165 of the *Revolta do Leste*, and 70 of the *Revolta Activa*. After eleven days of dispute Neto's faction walked out, claiming it had been underrepresented, and would hold its own congress in Angola. Most of the *Revolta Activa* delegates also departed, leaving Chipenda in charge of the rump, which obligingly elected him party president. Even Chipenda realised this position was untenable and at the end of the month he bowed to OAU pressure and relinquished the presidency. On 3 September in Brazzaville all three factions signed a pact officially reunifying the MPLA.[76]

The Brazzaville compromise, as so many before and since, fell apart almost immediately. Daniel Chipenda went straight to Kinshasa and then with Mobutu to Sal, in the Cape Verde islands. There they met with General Spínola, Holden Roberto and Jonas Savimbi. In common with many observers, Spínola calculated that the Chinese-backed FNLA constituted the most formidable of the movements militarily, and Mobutu evidently convinced him that Neto and his branch of the MPLA could be removed from future consideration. Unhappy with the free hand given FRELIMO in Mozambique, the conservative general planned to install in Angola a provisional government of 12 ministers, two each from UNITA, FNLA and MPLA (*Revolta Activa* and *Revolta do Leste*) and six from other ethnic and white movements. He envisaged independence by October 1976.[77]

The effort to exclude Neto from the political equation ended later that month when Spínola resigned, unable to co-operate further with the radically inclined movement that had thrust him into power. He was replaced by General Francisco da Costa Gomes, an appointment that signified an ideological shift to the left.

Already the previous month the MPLA had benefited implicitly from the appointment of Admiral Rosa Coutinho as Angola's high commissioner, for he openly sympathised with Neto.[78] Between 12 and 21 September Neto held his congress in Moxico. Here a new political strategy was articulated and a 35–member central committee headed by a 10-person politburo elected.[79]

Chipenda now publicly repudiated the Brazzaville agreement, and called on the support of the 2 000 to 3 000 guerrillas under his command in eastern Angola and Zambia. When Neto signed a cease-fire with the Portuguese on 21 October 1974, Chipenda vowed to continue fighting. Nevertheless by December Chipenda, too, was in Luanda to open an office, whereupon he was formally expelled from the MPLA.[80]

In November the MPLA consolidated its position in the oil-rich enclave of Cabinda, ousting the separatist guerrillas there with the tacit assistance of the Portuguese.[81]

The Alvor Accord

By the beginning of 1975 there was plenty of cause for the OAU to be alarmed at the prospect of a three-cornered struggle for power in Angola, despite pacts between Savimbi and Roberto in November and Savimbi and Neto in December which called for a common front and a cessation of all mutually hostile propaganda.[82] Accordingly it summoned Roberto, Neto and Savimbi to Mombasa on 3 January to sign an accord in which they undertook to co-operate in peace, to preserve Angola's territorial integrity and to facilitate national reconciliation. They also declared themselves ready to negotiate with Portugal on the independence process. These latter talks began on 10 January in Alvor, Portugal. Five days later, on 15 January 1975, the Portuguese government signed an agreement with the MPLA, FNLA and UNITA providing for Angola to receive its independence on 11 November that year. In the meantime the country would be governed by a coalition transitional government comprising members of the three movements under the leadership of a prime ministerial triumvirate. The high commissioner, Brigadier-General Silva Cardoso, would arbitrate any differences in the coalition. There were also provisions to integrate the armed forces of the three movements into a single army. Initially this mixed force was to consist of 8 000 men each from the MPLA, FNLA and UNITA and 24 000 Portuguese troops – who would be withdrawn between 1 October 1975 and 29 February 1976. In terms of the Alvor Accord, the transitional government was to draft a provisional constitution and an electoral law, and register voters and candidates for general elections to a constituent assembly, to be held before the end of October 1975.[83]

It was perhaps too much to expect that an agreement signed in the uncertainty of the situation then unfolding both in Angola and Portugal would suddenly mark the end of the bitter internecine rivalries within the liberation movement. Though the members of the transitional government agreed on virtually all poli-

cy issues, including the state taking a 51% stake in all major extractive industries, and the rejection of Cabindan separatism, an atmosphere of deep mutual distrust persisted and was made worse by factions and individuals now competing for actual state power.[84]

By now, despite their public pledges, each movement was approaching possible foreign sponsors for arms and military assistance. Late in January, the US National Security Council approved a secret grant of US $300 000 to the FNLA, considering that it enjoyed the military advantage. It rejected a proposal to assist UNITA at this stage. Instead of putting its weight behind the Alvor Accord, and despite a reputation for having tacitly assisted the Portuguese regime as a member of NATO, Washington now determined to wager on the exclusion from power in Angola of pro-Communist forces, though, oddly enough, these were also receiving assistance from Beijing.[85]

This decision seems to have been made with no reference to the MPLA's long-standing links with Castro's Cuba, a relationship that was resumed in December 1974 with the visit to Angola of two senior Cuban officials. This mission concluded that while the FNLA was certainly militarily the strongest movement, the MPLA had greater staying power. At this stage, however, Neto seems to have been more interested in what the Soviets could supply in terms of arms and money, though in subsequent months he did ask the Cubans for US $100 000 to allow him to tranship his arsenal from Dar es Salaam, a request that went unanswered for now.[86] Moscow had resumed its support for Neto, and would increase this as it became apparent that the USA and China were backing the FNLA, in an unholy alliance that caused great alarm in the Kremlin.

Overture to civil war

The first major clash after the inauguration of the interim government on 31 January occurred just two weeks later when MPLA troops loyal to Agostinho Neto attacked the Luanda offices of Daniel Chipenda's MPLA *Revolta do Leste* faction, killing several people. This attack drove the Chipenda group out of Luanda and was justified on the flimsy grounds that since the Eastern Revolt group had not been recognised in the Alvor Accord, it was illegal. A more likely explanation is that Neto was eager to prevent a rival MPLA group from establishing a position in the capital, a location that was obviously to prove vital in determining which of the liberation movements would lodge the strongest claim to the succession. Chipenda shortly announced that his forces would join the FNLA, of which he became assistant secretary-general on 15 April. This move effectively reduced the size of the non-Mbundu component of the MPLA.[87]

Fighting also occurred in a number of places between the MPLA and FNLA, the latter being acutely aware of a need to establish a presence in the capital. Using the financial clout afforded by US and Zaïrian backing Roberto bought Angola's leading daily and a TV station and launched a propaganda campaign against the

MPLA. He also began to deploy well-armed contingents of his forces into Angola, including Luanda, conscious of his movement's superiority in terms of overall numbers and equipment.[88] At this stage it appears that some of Roberto's lieutenants were pressing him to stage a military bid for power, a temptation he apparently resisted, though FNLA operations suggest a two-track approach. On 23 March FNLA troops attacked MPLA installations in Luanda and a week later a motorised column of 500 FNLA troops arrived in the city. Fighting continued in the *muceques* for most of April as the FNLA attacked MPLA headquarters throughout Luanda. By 3 May the death toll stood at some 700, with another 1 000 wounded. Other incidents occurred in the north – in São Salvador (Mbanza Kongo), Ambrizete (Nzeto) and Tomboco. In the central highlands there were clashes between FNLA and MPLA forces in Nova Lisboa (Huambo), which spread further east to include Luso, Silva Porto (Bié) and Teixera de Sousa (Bailundo).[89]

UNITA, which had least to gain from a military confrontation at this stage, managed to remain aloof from the conflict until 20–21 May, when its offices in Lobito came under MPLA attack.[90]

Fighting in Luanda was halted for little more than a fortnight by a cease-fire signed on 12 May and then resumed with greater ferocity over a wider area. MPLA units attacked FNLA positions in Cuanza Norte, Malanje and Uige. Between 3 and 5 June the FNLA was driven from the Cabinda enclave. Fighting then recommenced in Luanda and persisted despite another cease-fire agreement. The June fighting was the first to affect UNITA, as its headquarters in Luanda came under MPLA attack, but until August the party continued to try to win popular and international support as a party of peace, an effort that secured a significant amount of sympathy from other African governments.[91]

By this time, however the Alvor Accords were effectively dead, and the transitional government barely functioning. No provisional constitution had been published nor an electoral law approved. There were violent disagreements about how many Angolan refugees were eligible to vote, the FNLA's estimates being more than twice those of the MPLA and UNITA. Internal displacements caused by the internal conflict added to the chaotic situation.[92]

In the meantime the joint army had not even begun to be formed, each movement was recruiting as fast as possible, and growing quantities of weaponry were flowing into the country.

Since mid-May the Portuguese government had sought a reconfirmation of the parties' commitment to Alvor, and from 16–21 June 1975 Neto, Savimbi and Roberto met in Nakuru, Kenya to attempt a settlement that would rescue the peace process. Portugal was excluded on the insistence of Roberto, who accused the Armed Forces Movement of bias towards the MPLA. Two days after agreement had been reached, mortar and small-arms fire was again being exchanged in Luanda. High Commissioner Cardoso blamed both the FNLA and MPLA, and the ministry of economic affairs warned that the country stood on the verge of collapse.

This realisation seemed to have an effect, however brief. In the first week of July the provisional constitution was published and a modest beginning was

made with force integration, but by the 9th the fighting had resumed in greater intensity and the three movements began effectively to divide Angola into spheres of military influence. By the middle of the month the MPLA had almost evicted the FNLA from the capital. Roberto's forces were also under increasing pressure in the Luanda-Malanje corridor and by August had been pinned back into the north-east corner of Angola. The MPLA had now secured control of all central Angola. The MPLA was proving far more formidable than the FNLA and its backers had anticipated. The governments of Zambia and Zaïre were becoming alarmed and approached Washington for action.[93]

In mid-July the US Central Intelligence Agency decided upon a massive increase in its support for the FNLA, and the initiation of assistance to UNITA. The FNLA attempted a counter-offensive from the Zaire and Uíge provinces, where it had now amassed a force of 17 000. Roberto announced that he would lead his troops on Luanda, the first time he had entered Angola in 14 years. By 24 July the FNLA had seized Caxito, scarcely 50 km from the capital, but here the advance stalled.[94]

As July ended with Angola engaged in a full-scale civil war, Cuba again took the initiative in its dealings with the MPLA. In early August a seven-man delegation arrived in Angola to establish Neto's exact requirements. It also brought him the US $100 000 he had earlier requested. Neto asked for military instructors, weapons, clothing and food, and the Cuban mission forwarded to Havana a proposal for a military mission of 94 men. The Cuban government promptly increased the size of the training mission to 480, sufficient to staff four centres, where it was planned to train 5 300 Angolans. Weapons and supplies would also be provided so that the operation could begin in mid-October. At no stage does Havana appear to have consulted with Moscow about this matter, giving the lie to the, then and later common, assumption that Cuba was acting as the USSR's proxy or surrogate.[95]

By this stage the South Africans, too, had become alarmed. They had been involved on the periphery of the Angolan conflict for some time, at least partly out of a desire to counter SWAPO's activities in the border area with South West Africa (Namibia). This had also drawn them into combined operations with Portuguese forces against all guerrillas within south-eastern Angola.[96] As the situation deteriorated in Angola in early 1975, the South African government was adamant that it would not be drawn into the conflict. Nevertheless, there had been contacts as early as July 1974 between Savimbi and the South Africans at which the former requested weapons. A small number of small-arms was delivered that October, but over the next few months Pretoria edged increasingly into the provision of clandestine assistance. In exchange Savimbi promised to cooperate in the fight against SWAPO.[97] In February 1975 the FNLA made contact with the South Africans, followed by Daniel Chipenda in May.[98] Savimbi, Roberto and Chipenda all played the anti-communist card and undertook to undermine SWAPO's strength. Pretoria's intelligence calculations were that the MPLA enjoyed little popular support, and that the Portuguese government would

probably postpone elections indefinitely. By June 1975 South Africa was drawing up plans to provide substantial assistance to the three anti-MPLA leaders, with equipment, arms, ammunition and training. By July deliveries were under way, and by September a substantial training programme was in operation.[99]

A small force of South Africans had already moved into southern Angola in June 1975, whence they moved two months later to secure the Cunene River hydroelectric scheme against possible attack.

Meanwhile in the north of the country the FNLA had received a massive amount of weaponry from the USA in August, and in mid-September Mobutu deployed two of his elite battalions in support of Roberto. By 26 September, however, the MPLA forces had again stalled the northern advance, albeit within 30 km of the capital. By this time US intelligence was becoming alarmed that despite the superiority of the FNLA in terms of numbers and equipment, the movement was poorly trained and led. The Chinese, coming to the same conclusion, withdrew their training teams. In the centre of the country, Nova Lisboa (Huambo) was coming under threat from the MPLA by early October, as the Portuguese withdrew towards Luanda preparatory to their planned return home. The South African instructors with Savimbi were sending alarming reports to their superiors in Pretoria and had even assisted in UNITA's defence of the city on 5 October. Nine days later, on 14 October 1975, a South African Defence Force column crossed into southern Angola in support of a force under Daniel Chipenda.[100]

The South African-led force quickly moved north-eastwards, forcing the MPLA out of Pereira de Eça (Ngiva), before moving through Sá da Bandeira (Lubango) on 24 October and taking the port of Moçâmedes on the 28th. On 2 and 3 November Cuban instructors came into contact with the South Africans as the latter pushed on to Benguela, which fell on the 6th. By the 7th the South African column was in Lobito, and by the 14th in Novo Redondo (Ngunza).[101]

By this time the MPLA was thoroughly alarmed at the sudden threat from the south. The MPLA now approached Cuba for combat troops. Havana agreed on 4 November, and the first contingent of 158 special forces arrived in Angola on the 9th. Through November and December Cuban reinforcements continued to arrive and succeeded in holding a defence line less than 300 km south of Luanda. By late December the Cubans had achieved numerical parity with the South Africans and were ready to begin a counter-offensive.[102]

By then the FNLA's northern front had collapsed. Roberto was impatient to reach the capital by the date set for independence, 11 November. Ignoring the advice of his foreign allies, he set off from Caxito with a single column to cover the 30 km to Luanda. Roberto's force disintegrated under heavy artillery and rocket bombardment, and by early January the FNLA had ceased to pose a military threat of any significance.[103]

High Commissioner Cardoso departed for Portugal the day before independence and the MPLA installed itself as the government of the People's Republic of Angola. Initially most African governments withheld recognition, preferring an inclusive settlement with elections to follow, but as the scale of the South African

intervention became apparent, more and more states announced their support for Neto's new government. By now Pretoria was isolated, at least in public, and whatever undertakings the US National Security Advisor Dr Henry Kissinger had given in private, a hobbled presidency was unable to deliver upon them in the face of a recalcitrant Congress determined to bring under control the White House's ability to conduct foreign policy and wage war without the approval of the elected representatives of the people.

On 22 January 1976, the South African Defence Force withdrew its forces across the Angolan border. The war for independence had finished, the war against the Angolan people was about to begin.

Endnotes

1 D Birmingham, *Portugal and Africa*, Macmillan Press, Basingstoke, 1999, pp 44–62; GJ Bender, *Angola under the Portuguese: The myth and the reality*, University of Los California Press, Berkeley, CA, 1978, pp 12–18; I Kaplan (ed), *Angola: A country study*, The American University, Washington DC, 1979, pp 10–29.
2 Birmingham, op cit, pp 55–62.
3 Bender, op cit, pp 59–94.
4 Birmingham, op cit, pp 82–109. As with so many historically derived stereotypes, this was not an accurate reflection of the facts, in that many people of the interior had also been profiting from this trade.
5 J Marcum, *The Angolan revolution*, volume I: The anatomy of an explosion, MIT Press, Cambridge, MA, 1969, pp 3–5.
6 Bender, op cit, pp 95–131.
7 Marcum, op cit, volume I, pp 13–16.
8 Ibid, pp 16–22; WM James, *A political history of the civil war in Angola, 1974–1990*, Transaction Publishers, New Brunswick, NJ, 1991, pp 28–30.
9 Marcum, op cit, volume I, pp 23–30.
10 Ibid, p 30
11 Ibid, pp 37–41.
12 One of the prominent intellectual forces in the MPLA was Lúcio Lara, the son of a wealthy sugar plantation owner. See Marcum, op cit, volume I, pp 42–43.
13 Ibid, pp 49–53.
14 Ibid, pp 49–56; James, op cit, pp 27–28.
15 Marcum, op cit, volume I, pp 60–68; James, op cit, pp 27–28.
16 See Marcum, op cit, volume I, p 135 for Fanon's influence on Roberto's thinking.
17 Ibid, pp 43, 70, on the Accra meeting.
18 Ibid, pp 135–136.
19 Ibid, pp 136–137.
20 Ibid, pp 137–138.
21 After 1960, the Cuanhama branch of this stream, as a subgroup of the Ovambo, most of whom lived in South West Africa (Namibia), brought about connections between SWAPO's Sam Nujoma and the UPA of Holden Roberto and subsequently with Savimbi's UNITA. See Marcum, op cit, volume I, pp 114–115.
22 James, op cit, pp 31–35.

23 Marcum, op cit, volume I, pp 111–112; 118–120
24 Ibid, pp 124–126; James, op cit, pp 52–53.
25 Marcum, op cit, volume I, pp 126–130; WS van der Waals, *Portugal's war in Africa 1961–1974*, Ashanti Publishing, Rivonia, 1993, pp 52–53.
26 Marcum, op cit, volume I, pp 130–147; van der Waals, op cit, pp 56–58.
27 Marcum, op cit, volume I, p 157; van der Waals, op cit, pp 61–67.
28 Marcum, op cit, volume I, pp 135–154; van der Waals, op cit, pp 58–78.
29 Marcum, op cit, volume I, pp 190–193; van der Waals, op cit, pp 75–78.
30 Marcum, op cit, volume I, pp 159, 175–180; James, op cit, pp 42–44.
31 Marcum, op cit, volume I, pp 159–164; 200–204. With the advent of the Kennedy administration in 1961, Portugal was no longer able to count on the unequivocal support of the USA in the UN, a point not lost on Roberto, but the limits to US altruism were revealed starkly when the Berlin crisis broke and reminded Washington of the importance of the Azores facility. Ibid, pp 181–189. See also G Wright, *The destruction of a nation: United states' policy towards Angola since 1945*, Pluto Press, London, 1997, pp 16–36.
32 Marcum, op cit, volume I, p 203; James, op cit, pp 46–48. The United Arab Republic (UAR) was created on 1 February 1958 through the union of Egypt and Syria. In September 1961 Syria withdrew from the union, but Egypt retained the title UAR until 1971.
33 Marcum, op cit, volume I, pp 203–205. This fear of being outclassed by the sophisticates of Luanda is a recurring theme in the failure to achieve unity between parties of different traditions and backgrounds.
34 Ibid, pp 210–221. In the propaganda war between the UPA and the MPLA there were increasing allegations that the former was driven by Bakongo tribalism and was anti-*mestiço* and anti-*assimilado*. There were also charges that Roberto was not really Angolan, having spent so much of his life in the Congo. UPA countered that the MPLA was Mbundu-dominated.
35 Ibid, pp 220–221.
36 Ibid, pp 228–233.
37 *Govêrno Revolucionário de Angola no Exilio.*
38 Marcum, op cit , volume I, pp 243–248
39 Ibid, pp 251–255; van der Waals, op cit, pp 100–101. Viriato da Cruz, the secretary-general was eventually dismissed the party altogether in July 1963 when he persisted in advocating a working relationship with the FNLA to gain access to the main Angolan war front. In April 1964 Da Cruz and his followers were admitted to the FNLA, but not to GRAE. See J Marcum, *The Angolan Revolution, volume II: Exile politics and guerrilla warfare (1962–1976)*, MIT Press, Cambridge, MA, 1978, pp 86–92.
40 Marcum, op cit, volume I, pp 263–267.
41 Marcum, op cit, volume I, pp 299–302; volume II, pp 27–32; van der Waals, op cit, pp 101–104.
42 Marcum, op cit, volume I, pp 302–304; volume II pp 34–37.
43 Marcum, op cit, volume II, pp 38–39.
44 Ibid, pp 100–113.
45 Ibid, pp133–134.
46 Ibid, pp 136–141.
47 Ibid, pp 160–161.
48 Ibid, pp 160–166; James, op cit, pp 50–52.

49 Marcum, op cit, volume II, pp 164–167. van der Waals, op cit, pp 106–109. One of Savimbi's three vice-presidents was Smart Chata, who had been so important in establishing the party's Chokwe and Zambian links.
50 Marcum, op cit, volume II, pp 167–169; van der Waals, op cit, p 106.
51 Marcum, op cit, volume II, pp 141–149.
52 Ibid, p 149.
53 Ibid, pp 149–160.
54 Ibid, pp 169–172
55 Ibid, pp 172–176. A small MPLA group continued to operate in the Dembos area of northern Angola, but was virtually cut off by UPA forces.
56 Ibid, pp 191–193. UNITA's co-operation with SWAPO was important in allowing the former to infiltrate the remote south-eastern parts of Angola. See Marcum, op cit, volume II, p 217.
57 Ibid, pp 193–195.
58 Ibid, pp 211–212. It appears that many of the MPLA's actions in the eastern front were undertaken not against the Portuguese, but UNITA.
59 Ibid, pp 194–197.
60 Ibid, pp 197–199.
61 Ibid, pp 210–214. According to Portuguese sources, MPLA informers reciprocated by disclosing the whereabouts of FNLA forces. van der Waals, op cit, pp 110–121.
62 Marcum, op cit, volume II, pp 199–201.
63 Ibid, pp 200–203. He added the accusation that Chipenda had been providing arms to UNITA and that the latter organisation was collaborating with the Portuguese.
64 Ibid, pp 209–210. Ever since withdrawing recognition from the GRAE, the OAU had been at pains to reconcile the FNLA and MPLA. UNITA, which enjoyed no recognition from the OAU at this stage, was simply omitted from the ensuing negotiations. The agreement of 13 December 1972 provided for the establishment of a unified command council, but mutual suspicions once again prevailed and the MPLA still failed to gain access to Angola via Zaïre, to Neto's great embarrassment.
65 Ibid, pp 203–205.
66 Ibid, pp 185–187.
67 Ibid, pp 189–191.
68 Ibid, pp 187–189; 218–221.
69 Ibid, p 189.
70 van der Waals, op cit, pp 237–257. van der Waals was with the South African consulate in Luanda from 1970 to 1973, and is particularly good on developments within the armed forces, and the influence of Spínola's published writings. See also D Reynolds, *One world divisible: A global history since 1945*, Allen Lane, Penguin Press, London, 2000, pp 343–345; James, op cit, pp 41–42; Marcum, op cit, volume II, pp 241–243.
71 Marcum, op cit, volume II, pp 243–244.
72 Ibid, pp 243–246, 428 fn 43; James, op cit, pp 52–53.
73 Marcum, op cit, p 246.
74 Ibid, pp 243, 247–248, 429 fn 59. UNITA also found it expedient in November 1974 to disavow its long-standing alliance with SWAPO.
75 Ibid, pp 248–249.
76 Ibid, pp 249–250.
77 Ibid, pp 250–251, 431 fn 84–85; M Wolfers & J Bergerol, *Angola in the frontline*, Zed

Press, London, 1983, p 6, which also provides a view of developments from the mainline MPLA perspective.

78 Marcum, op cit, volume II, pp 250–251; van der Waals, op cit, p 255.

79 Marcum, op cit, volume II, p 252. The top five in the politburo were Agostinho Neto, president; Lopo do Nascimento; Lúcio Lara; Carlos Rocha; and José Eduardo dos Santos.

80 Ibid, p 251.

81 Ibid, pp 253–254.

82 C Legum (ed), *Africa Contemporary Record*, volume 7, 1974–1975, Rex Collings, London, 1975, p B538.

83 Marcum, op cit, volume II, pp 255–256; C Legum (ed), *Africa Contemporary Record*, volume 8, 1975–76, Rex Collings, London, p B421.

84 Legum, Africa Contemporary Record, 1975–76, op cit, pp B422–425.

85 Marcum, volume II, op cit, pp 256–257; Legum, Africa Contemporary Record, 1975–1976, op cit, p B 423. The insistence of many Western journalists and politicians upon labelling the MPLA a Marxist organisation was incorrect. Though many of its leaders had been informed by Marxist-Leninist writings, there were other who represented a far broader spectrum of Leftist thinking. At this stage it remained a heterogeneous movement; developments and alliances would push it more firmly into the Marxist camp.

86 P Gleijeses, *Havana's policy in Africa, 1959–76: New evidence from Cuban archives*, Cold War International History Project Bulletin, Issues 8/9 Winter 1996/1997, pp 8–9.

87 Legum, Africa Contemporary Record, 1975–1976, op cit, p B423.

88 Ibid, p B423–4.

89 Ibid, p B424

90 Ibid.

91 Ibid, p B425.

92 Ibid.

93 Marcum, op cit, volume II, pp 261–262.

94 Legum, Africa Contemporary Record, 1975–1976, op cit, pp B426–427.

95 Gleijeses, op cit, p 9.

96 van der Waals, op cit, pp 208–211

97 FJ du T Spies & SJ du Preez, *Operasie Savannah: Angola 1975–1976*, South African Defence Force, Pretoria, 1989, pp 60–62.

98 Ibid, pp 62–63.

99 Ibid, pp 62–71; J Marcum, op cit, volume II, pp 268–269.

100 Spies & du Preez, op cit, pp 76–87; Marcum, op cit, volume II, pp 286–269; Gleijeses, op cit, pp 10–11.

101 Spies &du Preez, op cit, pp 89–110; Marcum, op cit, volume II, p 269; Gleijeses, op cit, p 11.

102 Gleijeses, op cit, pp 11–15.

103 Marcum, op cit, volume II, p 274.

The arms dilemma: resources for arms or arms for resources?

Hannelie de Beer and Virginia Gamba

The military coup in Portugal in April 1974 not only shook the foundations of NATO but also altered the strategic balance of power in Southern Africa. The Angolan race for power that started in 1975 also served to reassert the influence and status of the Soviet Union in the East-West balance of power. It is debatable whether the actual events unfolding in the 1974–1976 history of Angola would have occurred as they did if these had not coincided with a particularly strategic moment in the East-West ideological confrontation. The Soviet-Cuban intervention in Angola, the direct South African and indirect American/Chinese presence in Angola amongst others, are better explained as a chapter in Cold War history than as a struggle of peoples for independence and power. Likewise, the dozen years that followed the intervention are better seen in the context of local rivalries, in terms of regional influence, and in the light of the superpower stalemate which characterised the era. Although superpower and regional politics go a long way in explaining the continuation of war in Angola without exhausting its warring parties, it cannot explain the reasons why the Angolan scenario continues with such equal force as this chapter is being written.

The end of the Cold War was marked by disillusion with global ideological confrontation and the exhaustion of proxy struggles, as well as a new sense of global insecurity. The ensuing shifts in direction and emphasis ushered in new actors and new strategies with the continuation of global competition. Used to capitalising on the different opportunities in their battle to survive, the Angolan warring parties were superbly adapted to benefit from the post Cold War environment using it as a multiplier force for war rather than as an excuse for peace.

This chapter attempts to show that the will and urgency for war, although not entirely dependent on material resources, is invariably affected by them. It also attempts to demonstrate that the renewable tools for the Angolan war are nothing more nor less than the practical adaptation of existing means to pursue the object of war, and that the object of war itself has become indistinguishable with the means needed to keep the war going.

11th November 1975

During July 1974 the new Portuguese government announced that Angola, Guinea Bissau and Mozambique would shortly be granted independence, a move that inevitably led to a power struggle within Angola and further afield. By August, two of the major armed nationalist movements of Angola had installed themselves in the capital, Luanda, which became a centre for increasingly violent competition. On 15 January 1975, the Portuguese government, *Movimento Popular de Libertação de Angola* (MPLA), *União Nacional para a Independência Total de Angola* (UNITA) and the *Frente Nacional de Libertação de Angola* (FNLA) signed the Alvor Agreement to establish a transitional government and an independence process. On paper, the three nationalist organisations would be the only legal representatives of the Angolan people, would work together in peace and create a combined defence force consisting of 8 000 combatants from each of the three and 24 000 Portuguese troops. Not surprisingly, given the circumstances, peace never materialised and the three movements remained as uncooperative as ever. There was something though, that all three agreed upon, that 11 November 1975 would be the definite date for the independence of Angola. The scramble for power was on. And since the scramble for power clearly showed that posession of the capital city on that date would provide a strategic advantage, the fight for Luanda intensified. War broke out between the MPLA, FNLA and UNITA as the groups fought for dominance in preparation for the Portuguese departure.

But this was a war that was not only fought by Angolans. In varying degrees of intensity, the Soviet and Western blocks, regional powers such as South Africa, and interested parties such as Cuba, used the Angolan race for independence as pieces of a chess-game. Despite strong competition, the Soviet Union managed to reassert its power. Its decision to act drastically in Angola was motivated by a feeling of perceived loss of influence in the Third World. The need to reassert Soviet reliability for the benefit of Third World governments and liberation movements underscored the USSR's need to restore credibility in balance-of-power considerations. The opportunity was exploited to full advantage when the United States coincidentally entered the quagmire in 1975.

The Soviet Union had few ties remaining in Africa. The USSR had experienced major setbacks in Ghana, Mali, Zaïre and the Sudan; and Soviet relations with Egypt had deteriorated. Furthermore, both the Chinese gains in Zambia and Tanzania and the popularity of the People's Republic of China among Southern African liberation movements challenged the Soviet position in the area.[1] By 1975, Chinese-American collusion was also apparent in their joint covert support for the FNLA.[2]

Events in Portugal posed a problem. The fall of the radical government in that country was perceived as a Soviet acceptance of the defeat of a client state by some. If Angola followed the same path, the ability of the USSR to support a client could be called into question. This was a sensitive issue in Africa, as evidenced

by Soviet failures in the Congo and Ghana in the 1960s. In contrast, effective support for the weak MPLA could boost the Soviet image as a leader of world revolutionary movements. A defeat for the MPLA could lead future liberation movements to seek the support of the People's Republic of China and thus diminish Soviet ability to influence events in Southern Africa.

On the Soviet domestic front, a weak stand on Angola by Brezhnev would provide ammunition to elements opposed to *détente* within a leadership already inflamed by Soviet setbacks in Egypt, Portugal and Chile. A decision on Angola might affect the outcome of the 25th Party Congress, due in October 1975, for this was the first party congress to take place since the intensification of *détente* in 1972.

The Soviet-Cuban intervention was not part of a deliberate test of a grand Soviet design in Africa. It proved to be the product of several external factors. The stakes were high, but by the skilful exploitation of opportunities on the unstable African political scene, and by a continuous assessment of the perceived risks in the intervention, the Soviets scored a major victory. The intervention in Angola bestowed upon the USSR a new image, namely that of a dependable ally and supporter of black states in Southern Africa.[3]

Above all, the magnitude of the Soviet commitment in Angola demonstrated the global capabilities and willingness of a superpower to intervene. It confirmed United States analysts' belief that the Soviet Union had made major strides towards the acquisition of effective long-range sea and airlift capabilities; and it demonstrated the effectiveness of Soviet decision-making, especially their correct assessment of the United States response. Here, according to Valenta, it is worth noting that during the major Soviet-Cuban escalation in the intervention of December 1975, there was a brief halt of two weeks (December 9 to 25).[4] It is likely that the leadership was re-evaluating its policies in light of the United States public warnings that Soviet actions in Angola threatened United States-Soviet relations. Nevertheless, when the United States senate voted on December 19 to cut off covert aid to the FNLA and UNITA (because of fears of a new Vietnam) the Soviets and Cubans resumed their operations in Angola.

The role of Cuba in Angola is debatable. There has been much discussion of the 'independence' of Cuban activities in Angola since 1975. There are arguments that Castro was following his own power projection in Angola, whereas others deny any Cuban role independent of the USSR. The Cuban presence in Angola became massive with time but the ability of Cuba to retain or exploit that presence without the full support of the Soviet Union has never been doubted. The confirmation that Cuba could not operate to that level in isolation of the Soviet Union eventually came with the end of the Cold War. As the Soviet Union lost ground and interest in Africa, the Cuban presence in the continent all but disappeared.

From the Western point of view, Angola was directly involved in most sensitive issues in Southern Africa; both Zaïre and Zambia depended on the Benguela railway as the main outlet for the copper belt. In 1975, President Kaunda of

Zambia was South Africa's main hope for a policy of *détente* with black Africa. General Mobutu Sese Seko of Zaïre was the 'main ally' of the United States in Africa and the main African supporter of the 'pro-western' FNLA forces. Aside from these, the reasons for South African involvement varied from fear of an MPLA victory that would bring about a Marxist government to the real need South Africa had to improve its counterinsurgency operations *vis-à-vis* the South West Africa People's Organisation (SWAPO). The SWAPO factor led to the South African Defence Force (SADF) launching Operation Savannah on 27 March 1975, which lasted until 17 March 1976. Last but not least was the strategic importance of the Angolan coastline in relation to the North Atlantic security equation and the control of the seas in the wake of the oil crisis and Middle East war of the early seventies.

The United States failed to recognise the vulnerability of the Portuguese regime at home and its relationship with the African colonies during the early 1970s was based on a belief that it was necessary to maintain good relations with the Portuguese dictatorship.[5] The strategic importance of a base in the Azores, both during the Berlin crisis and the Yom Kippur war, reinforced this view. Problems regarding the United States stand on the Portuguese regime were highlighted by Portugal's membership of NATO. Once the dictatorship was ousted, the United States was hindered from taking a firmer attitude toward both Portugal and Angola by the United States perspective of *détente*. Thus, Henry Kissinger, because he needed to demonstrate that *détente* worked, especially at the time of the Helsinki Accords, thought it easier to deal with the Portuguese Communist party through Moscow.

The fall of the Portuguese radicals in the summer of 1975 did not increase the involvement of the United States in Angola since it coincided with the Vietnam debacle of April 1975. In the wake of Vietnam and, later, Watergate, United States policymakers operated under considerable constraints, and their only reaction to the escalation of Soviet-Cuban aid in Angola was to provide covert assistance to the FNLA from Zaïre. American attitudes encouraged the Soviet leadership to believe that the United States was unlikely to make a major issue of the Angolan situation.

After the South Africans invaded Angola in October, the political risk of the Soviet Union offending the rest of Africa decreased. The Soviets also capitalised on the South African intervention by identifying United States support for the FNLA-UNITA forces with South Africa. On 11th November 1975, the Soviet Union recognised the MPLA as the sole Angolan government, defying the Organisation for African Unity's (OAU) recommendation that "No State should recognise any liberation movement in the event of the latter declaring unilateral independence."[6]

Under Soviet pressure, in January 1976, the OAU arranged for an Extraordinary Summit Conference to discuss the Angolan situation. In order to speed the defeat of the FNLA and UNITA forces and grant the MPLA a decisive victory before the conference, a further escalation of Soviet-Cuban involvement was necessary. This Soviet-Cuban intervention, and the Soviet diplomatic offensive in

Africa, gradually brought victory to the MPLA. With the defeat of the FNLA and the retreat of UNITA in January 1976, the OAU recognised the MPLA, on 11 February 1976, as the sole legitimate government of Angola. [7]

With the recognition came legitimacy and this provided the MPLA with a multiplier force. It set the stage for ongoing war where the magnitude and quality of arms would become indispensable for its grip on power. Similarly, competition for resources with which to procure arms that might prove decisive in war, became a priority for UNITA. The resource war of Angola had begun although it would only be identified as such when the trappings of the Cold War were laid to rest and greed, crime and power finally came into their own.

Arms to break a stalemate

The pursuit of arms to sustain conflict in Angola from 1976 to the end of the millennium can roughly be divided into three phases: the superpower stalemate (1977–1985); the decline of the bipolar structures culminating in the end of the Cold War (1986–90); and the post Cold War environment (1991–2000).

After 1976, the Soviet Union followed its success in Angola with even more dramatic global moves such as the invasion of Afghanistan in 1978. After the soul searching inevitably linked to two national disasters – the loss of Saigon and the Watergate scandal – the United States started to pull out of its quagmire of self-flagellation. Two events assisted the end of this exercise: the Iranian revolution and the failed attempt mounted by President Carter to extricate hostages from that intolerable situation. The American public's tolerance for constant humiliation was wearing thin. More preoccupying still, the strategic balance between the Soviet and American arsenals seemed to be in peril, as United States strategic dominance was challenged.

Between 1976 and 1980, the strategic doctrines of the two superpowers underwent dramatic shifts. For the United States this was the era of nuclear parity and conventional inferiority, war surviving capacity and the doctrine of limited strategic options. The emphasis was on proportionality. The end of *détente* meant the conventional rearming of Europe, the end of arms control talks and the general reinforcement of NATO. While this was going on, the tactical alliance with the People's Republic of China was consolidated so as to disperse the efforts of the common opponent, a tactic well known in the environment of strategic tripolarity.[8] The Soviet Union and its satellites had now achieved nuclear parity and conventional superiority, and adopted a war-winning strategy, including the capability of firing first if necessary – long a monopoly of the Americans. They could therefore embark on important projections of power and influence, most notably in Angola and Afghanistan. Thus ended a decade of 'peaceful co-existence'. By 1979 with insurgencies on the rise in the soft underbelly of the United States, most notably in Nicaragua, the stage was set for the stakes to increase. If Ronald Reagan had not existed at that time, he would have had to be invented.

Inevitably, Angola was part of this gigantic stage. Following the Soviet advantage, the period from 1976 to 1979 saw an extensive re-organisation of the Angolan army, the *Exercito Popular de Angola* (EPA), into infantry brigades along conventional Soviet lines. But the rigid structure lacked an effective counter-insurgency capability. Soviet advisors were attached to each brigade.[9] Since the Angolan air force, the *Força Aerea Popular de Angola*, FAPA, lacked qualified personnel, Cuban, Eastern European and other African pilots filled the gap while the Soviet Union ran the air logistics until late in the 1980s.[10] Throughout these years, equipment and war materiel continued to arrive in Luanda. In fact, the influence accrued by the Soviet Union and its proxies in supporting what was the *weakest* of the Angolan liberation movements continued to serve a dual purpose. It generated credibility for Soviet support of insurgencies worldwide, and, at the same time, ensured a constant ideological and financial dependency by sustaining a weak government in power.

Perhaps the fact that the MPLA was weak and needed the physical and material support of strong allies to sustain its cause best explains the tenacity and continued activity of opponent forces of which UNITA became the largest by 1976. Preparing itself for a long haul, Savimbi regrouped UNITA in Bié province and established an insurgent network in the central highlands, soon extending it southward into Cuando Cubango. The army was reorganised into Fronts and Military Regions and followed the guerrilla strategy outlined in the 'Cuanza Manifesto' which included hit-and-run attacks on economically important infrastructure such as the Benguela Railroad that linked landlocked Zambia with the Atlantic.[11] Strategically, the UNITA leadership exploited the bipolar competition by ensuring continued support for its war effort while also tapping into African regional politics and priorities to sustain itself. Among these, South Africa proved to be the strongest regional actor, not surprisingly, since it had the most to lose.

The strategic retreat of the South African forces from Angola in 1976 did not last long. In subsequent years MPLA support to SWAPO and eventually to the African National Congress (ANC) would ensure that South Africa remained deeply engaged in Angola. In response to SWAPO operations, the SADF launched a series of ever-larger conventional cross-border operations, apart from ongoing smaller operational activity in the area. In parallel with the increased South African engagement, Cuban numbers increased from 4 000 in 1978, to 19 000 in 1979, to 21 000 in 1980 and 23 000 in 1981.[12]

With the military defeat of the FNLA literally hours before independence, the United States shifted its support to UNITA. Although the Carter administration's attitude towards the MPLA was very different from that of its predecessor, indirect support to UNITA continued. With the approval of the United States and France, Morocco started to provide military assistance and training for UNITA in October 1977. According to Wright the United States also obtained 600 tons of weapons via China for UNITA which was delivered in 1979. Despite this, UNITA experienced a constant shortage of trained light infantry units until the early 1980s. Its guerrilla units were also at a disadvantage when facing motorised

(*Forçes Armadas Populares de Libertação de Angola*) FAPLA units supported by tanks, artillery and aircraft. In fact, by 1979 FAPLA and its Cuban allies had succeeded in containing UNITA forces and reopened the Benguela railway line. In 1979 Savimbi moved his headquarters from Huambo to Jamba in south-east Angola. UNITA clearly lacked the ability to capture FAPLA garrisons and engage in anything but insurgent tactics. As a result, South Africa started a secret programme to support UNITA by using units such as 32 Battalion to capture FAPLA garrisons in southern Angola and then hand them over to UNITA.[13] UNITA would itself develop the capacity to attack and capture garrisons by 1983–84.[14] By that stage UNITA was active in Cuando Cubango province in the south-east, Moxico province in the east, along virtually the entire Zambian border, and the Huíla province on the central plateau, in addition to its involvement in the diamond fields in Lunda Sul and Lunda Norte.[15] South African operations in Angola were often conducted in collaboration with UNITA and military advisors were appointed to Savimbi. Although combat support operations between SADF and UNITA took place on several occasions and the SADF also trained maintenance and repair personnel, its most crucial role was that of logistic supply. The latter continued, together with training, until Namibian independence. The UNITA strategy and the South African needs ensured the maintenance of UNITA as a significant fighting force. It also drained the Cuban effort in Africa in a slow but sure manner. Fundamentally, it bought time for the United States to swing back into the picture with considerable vigour.

The victory of Ronald Reagan in the 1980 United States presidential elections set the scene for the repeal of the Clarke amendment, the resumption of limited United States assistance to UNITA and a policy of 'constructive engagement' that would link a Cuban withdrawal from Angola to Namibian independence. Savimbi had already paid an unofficial visit to Washington the previous year. Apart from offering direct assistance, the United States encouraged South Africa, Saudi Arabia, Morocco, Zaïre and Israel to support UNITA.

Between 1980 and 1985, the Reagan administration feverishly tried to recoup the reverses that the United States had suffered in the recent past. To recover lost ground Presidential Directive 59 followed, eventually leading to a doctrine that emphasised defence and survival as registered in the Strategic Defence Initiative (SDI) commonly known as 'star wars'. The United States also embarked upon the nuclear and conventional rearmament of Europe and the reassertion of a first nuclear strike capacity. But these moves needed time for implementation, particularly in regard to the deployment of nuclear arsenals. It is therefore not surprising that a number of stop-gap measures were simultaneously undertaken – measures that would support the belief that the 'West' was still fighting fit. Aside from the consolidation of the 'China' card and the resurrection of the Rapid Deployment Force, the most important of these measures was the public spousal of a 'new' counterinsurgency doctrine, that of Low Intensity Conflict (LIC).

Armed with LIC doctrine, the United States no longer shied away from publicly admitting its support for 'freedom' movements worldwide. It also generated the

belief that insurgency against communist governments had to be created where it did not exist. The emphasis on human rights protection during the Carter years was replaced by the Reagan administration's posture *vis-à-vis* right-wing military and authoritarian governments worldwide. More importantly, it also generated concrete support for the Contras in Nicaragua and the Mujahedin in Afghanistan, among others. This new environment was reinforced by more aggressive and assertive defence policies from United States allies and friends as seen in the Israeli invasion of southern Lebanon and the British defence of the Falklands.

Following the unveiling of LIC strategy, the Angolan war acquired new proportions and both the South Africans and UNITA obtained a respite although this did not mean that Soviet and Cuban support of the MPLA would be reduced; it was merely balanced out. This could mean only one thing, the Angolan arms race would continue.

In 1981 FAPLA replaced its old T-34 tanks with T-54/55s which were used operationally in 1983. Older armoured personnel carriers (APC) were replaced with BTR-60s and more artillery pieces such as 122mm D-30 howitzers and 122mm BM-21 multiple rocket launchers (MRL) were received. The D-30 gave the force an artillery capability of approximately 15km and the BM-21s an area bombardment and stand off capability of between 11 and 20 kms. MiG-21 aircraft were replaced with MiG-23 and Su-22 ground attack aircraft were introduced into the Angolan air space.[16] The new tanks, armoured personnel carriers and multiple rocket launchers were ill suited to the terrain and the enemy. Thus, despite the improved firepower and conventional capacity, FAPLA found it difficult to conduct counter guerrilla tactics that UNITA, by necessity, had become so skilled in during the last four years.

In 1982, UNITA standardised its units and deployment across its operational areas. Each military region was provided with units consisting of dispersed guerrilla formations (15 to 50 troops each), 150-man guerrilla companies and 500-man strong semi-regular infantry battalions, reinforced with artillery (mortars, rocket launchers or small-calibre field guns) for attacking fixed FAPLA positions. UNITA now had armed forces numbering almost 30 000 and had developed its own special forces or commandos that provided it with the ability to infiltrate enemy positions and perform specialised small team operations. The following year UNITA numbers swelled to 35 000 combat ready troops and that amount almost doubled by 1987–88. It received anti-tank weapons from South Africa as well as captured 82mm B-10 recoilless guns mounted on Unimog trucks for its anti-tank units in the same year – essential for countering FAPLA's deployment of its new T-54/44 tanks. By mid-1983 UNITA had extended its sphere of influence to cover most of the area south of the Benguela railway line.[17]

FAPLA too was reorganising following its setbacks in the preceding years, bolstered by the decision by the Cuban forces to once again participate in offensive operations. By November 1983 FAPLA was restructured into more than 70 brigades, all equipped with Soviet and Warsaw Pact equipment. Reorganisation again took place in 1984 in an effort to fill both the conventional and counter-

insurgency roles. Despite its increase in firepower, logistics remained a serious problem.[18] During May 1984 FAPLA launched the first of four major attempts, one each year, to penetrate and occupy UNITA territory in Cuando Cubango and Moxico provinces. By September the offensive had petered out and FAPLA withdrew. But Soviet equipment (estimated worth more than US $1 billion) continued to pour into Angola between January 1984 and August 1985. By now FAPLA had 30 MiG-23's and 8 Su-22's aircraft, 33 Mi-24, 27 Allouette, and 69 Mi-8 and Mi-17 helicopters. It also had an estimated 350 T-55, 150 T-34 and 50 PT-76 tanks.[19]

Not connected to, but emulating the Soviet worry at the steady progress of 'Western' reassertion of global power, in June 1985, FAPLA launched its second major offensive against UNITA in southern Angola with the assistance of 50 000 Cuban troops and territorial forces. The operation into the Cazombo salient in the east succeeded but that towards Mavinga in the south-east was repulsed with South African assistance.[20] Government troops retreated to Cuíto Cuanavale and Menongue. Meanwhile, as Soviet and Cuban support of an increasingly overt Marxist MPLA became evident to a conservative Reagan administration, the United States Senate voted to repeal the Clark Amendment in 1985 and UNITA soon received Stinger shoulder-fired surface-to-air missile, TOW anti-tank missiles, 106mm anti-tank recoilless rifles, ammunition and fuel. UNITA's new anti-aircraft capability represented a genuine threat to FAPLA aircraft and the anti-tank capability was vital in containing ground assaults.[21]

In parallel with negotiations on the independence for Namibia, fighting between Cuban/FAPLA and South African forces in southern Angola intensified during the late eighties. While the SADF stockpiled UNITA, the Soviet Union replaced FAPLA's extensive losses incurred during the 1985 offensive. The extent to which the MPLA was able to mortgage its future income in order to purchase arms is obvious when one considers that it bought more than US $1,5 billion worth of weapons and equipment at this point. This included T-55 tanks, BTR-60 armoured personnel carriers, BRDM-2 armoured cars, the new BMP-1 infantry fighting vehicles, artillery pieces such as BM-14 and BM-21 multiple rocket launchers and SA-8 as well as SA-13 surface-to-air systems. BMP-1s became the standard fighting vehicle and increased the force's mobility. M-46 field guns replaced older models and gave FAPLA the advantage of artillery with a maximum range of more than 25km. Combat helicopters (Mi-24) and ground support aircraft were also sent to Angola[22] and added a valuable air attack capability. In December 1985 Soviet General Konstantin Shaganovitch was appointed supreme commander of all FAPLA and foreign forces, backed by 950 Soviet officers posted to operational and training commands. Cuba's expeditionary troop numbers were raised to 45 000, largely focussing on protective tasks to free FAPLA for offensive operations. In response to these arms purchases and restructuring, South Africa, already deeply involved in joint operations, stepped up its training of the UNITA command cadre.

Decline in bipolar interest and the rise of alternatives

The period between 1986 and 1990 was characterised by a decline of superpower interest in the Angolan conflict induced by changing balance of power considerations, the economic exhaustion of the Soviet Union and its allies and the end of the Cold War itself. Inevitably, this decline in extra-continental support for the Angolan warring parties, mostly based on ideological and power-play motivations, gave way to a second set of interests in the Angolan conflict; this time, regional. It also concentrated the minds of the Angolan warring parties behind one pressing objective: that of decreasing their dependency on superpower physical support and constant arms procurement.

Zimbabwe had already become independent in 1980. The negotiated independence processes that led to the emergence of Namibia; the end of conflict in Mozambique; and the end of apartheid in South Africa, which eventually led to the triumph of the ANC in the 1994 elections, punctuated the changes in the regional situation. By the same token, African strongholds in the Cold War struggle began to crumble, a situation that would see the demise of Mobutu Sese Seko in the late nineties. In the void of superpower interest, the dynamics within the region started to make themselves felt.

Sensing the end of affairs, as they knew it, the Angolan warring parties began an early scramble for the possession and control of the resource-rich areas of Angola. They were determined to tap into the necessary resources as early as possible, even if it meant buying their way into continuing conflict. This does not mean that there was no exploitation of resources by warring parties before 1988. This always existed, but as of 1986 there was a deliberate concentration on procuring a foothold in these regions, the extent of which only became evident at the start of the United Nations missions. It is interesting to note that roughly at the same time as the peace processes in Angola commenced; those on Mozambique were also being discussed. The question begs to be asked whether the different results of UN operations in Angola and Mozambique – one failed, one successful – were at least in part related to the fact that Mozambique is rich in prawns and peanuts, while Angola is rich in oil and diamonds.

By 1986/87, new equipment gave FAPLA tremendous conventional capabilities in terms of mobility, added long distance artillery and area bombardment as well as anti-aircraft capabilities. But effectiveness was undermined by the low morale of the troops. The tanks, multiple rocket launchers, armoured personnel carriers and infantry-fighting vehicles also tended to confine FAPLA to roads and conventional war tactics. The newly acquired equipment however proved useful when FAPLA and approximately 15 000 Cuban troops again launched an assault against UNITA in south-east Angola from Cuíto Cuanavale in August 1987 to 1988. Having learnt from the disasters of 1985, FAPLA had prepared well for the offensive but the operation was halted in mid-September when South Africa intervened directly in support of UNITA. Eventually FAPLA retreated to Cuíto Cuanavale having suffered extensive losses. Although the South Africans surrounded Cuíto they did

not succeed in taking the town in a belated offensive. Following a November 1987 meeting between Presidents Castro and dos Santos in Havana, Cuba started sending an additional 15 000 troops to Angola, arriving early the following year.[23] The Cuban forces adopted an aggressive military deployment and the SADF was forced to withdraw to Namibia. The events at Cuíto were widely interpreted as something of a watershed for the South Africans, although only Cuban intervention had managed to salvage a stalemate from sure defeat for FAPLA.

Although much less than that provided to the MPLA by its allies, UNITA received about US $250 million in covert aid from the United States in the years 1986 to 1991[24] and indeterminate but certainly substantially more support from South Africa. UNITA also enhanced its conventional capacity by capturing equipment from FAPLA. An example is the capture of a platoon of T-54/55 tanks, which was used to reinforce its forces in December 1987 in its effort to capture Munhango.[25] Meanwhile the United States resumed its "constructive engagement" talks between Angola and South Africa over Namibia while simultaneously continuing to provide military aid to UNITA. UNITA operations along the Zaïrian border, particularly in Malange, Uige and Zaire provinces escalated. FAPLA reorganised again in 1988 to 1989 and now had 80 brigades assisted by 20 military task forces and nearly 120 000 troops. By the time of the Cuban withdrawal in terms of the New York Accord and despite its previous losses, FAPLA could largely continue the fight on its own.[26]

The Brazzaville Protocol, agreed to on 13 December 1988, outlined the procedure for the withdrawal of the 50 000 Cuban troops over 27 months and for Namibian independence. On 22 December 1988, the New York Accords were formally signed between South Africa, Cuba and Angola. Namibia was to become independent. The Cubans and the African National Congress were to leave Angola. South Africa was to end its support of UNITA – although that from the United States would increase. The United Nations was to oversee events. A small team of military monitors (UNAVEM) were deployed to Angola early in 1989 to observe the withdrawal of the Cuban troops.

Having secured the independence of Namibia, pressure for an internal settlement in Angola and a reduction in tensions in the sub-continent increased. Talks between the MPLA and UNITA were held under Portuguese auspices and, following intense United States pressure, dos Santos and Savimbi met for the first time in Gbadolite on 22 June 1989 in the presence of 18 African heads of state. The subsequent cease fire quickly collapsed.

In December 1989 FAPLA launched an offensive (Operation *Ultimo Assalto*), aimed at capturing first Mavinga and then Savimbi's headquarters in Jamba. FAPLA managed to cross the Lomba river and briefly occupy the Mavinga airstrip but the offensive bogged down in the rain by March of the following year. During May 1990, UNITA recaptured Mavinga when FAPLA had to redeploy troops to Uíge, north-east of Luanda to respond to the dramatic escalation of UNITA operations in the area.[27]

The post-cold war environment

Voting patterns in the United Nations Security Council started to change with UNIFIL (UN Interim Force in Lebanon). In 1987 the Council set unanimously the framework for the ending of the Iran-Iraq war and the same year the permanent members started their cooperation as a group. These developments, closely associated with the demise of the Cold War, had an immediate impact on Africa and changed the nature and dimensions of what was originally perceived as an international emergency measure; that of multinational peacekeeping operations. With the end of the Cold War, the United Nations began to attract more attention as a possible vehicle for collective security. This was felt more readily in the field of conflict resolution: Namibia, Nicaragua, El Salvador, Cambodia, Mozambique, Somalia, and Bosnia-Herzegovina. The possibilities initially seemed endless and a new resolve to act towards the consolidation of peace soon evolved into a feeling of collective responsibility for the achievement of peace.

International peacekeeping gradually expanded as a concept to include peacemaking, peace-building, and finally, peace-enforcement. The Namibian operation, the United Nations Transition Assistance Group (UNTAG), still reflected a number of traditional tenets for peacekeeping, but from ONUSAL and ONUCA (United Nations Operation in El Salvador and United Nations Operation in Central America) onwards, United Nations operations became more complex, bigger, and more multifunctional. UNTAC (United Nations Transitional Authority in Cambodia) immediately afterwards became probably the largest United Nations operation in a transitional society, and although peacemaking and peace building were added as components of traditional peacekeeping it was still dependent on the clearly expressed will of all parties to end hostilities. The existence of a ceasefire, of a 'peace to keep', had always been a priority when the Security Council mandated operations up to that date. Nevertheless, soon this would change as reflected in the failed operations of Somalia and Yugoslavia, among others, where United Nations personnel were mandated without such a caveat.

Nevertheless, the United Nations capability to interpose forces between warring parties in the post Cold War environment not only led to expanding concepts, it also led to accrued experiences. With the greater experience by multinational forces on a wider variety of cases, a number of issues that had not previously been considered before as vital to peacekeeping began to emerge. The need to monitor human rights abuses, to protect vulnerable populations, to implement the disarmament and demobilisation of warring factions, and ultimately the need to provide emergency government structures in post-conflict situations emerged as questions which no one could answer but which were not seen as obstacles for action. As a result, many operations mandated in a hurry for the best of reasons sometimes failed to achieve results. It soon emerged that a fundamental cause for this was the inability of peacekeepers and/or peacekeeping mandates to take disarmament and demobilisation as seriously as they deserved.

Angola was no exception to the new willingness of the United Nations to act on the side of peace. Mozambique and Angola both commenced peacekeeping operations at roughly the same time. Nevertheless, although peace in Mozambique ultimately prospered, the same was not to be in Angola.

Six rounds of peace talks took place been April 1990 and May 1991 at which point the signature of the Bicesse Accords in Portugal on 15 May 1991, brought a respite to the Angolan war. Portugal hosted the negotiations with observers from the United States and the Soviet Union – an arrangement to become known as the observing Troika. Furthermore, the Troika agreed on a 'Triple Zero' clause which indicated that none of the three powers would engage in the sale or transfer of arms to the warring parties in Angola. Bicesse also provided for a cease fire, disarmament, the confinement and demobilising of the 152 000 armed forces of the MPLA and UNITA, the formation of a new 40 000 strong national army, the *Forças Armadas Angolanas* (FAA), with an equal number of soldiers from UNITA and the FAPLA, and the need for multi-party elections monitored by the United Nations.[28] The MPLA would remain the legal government, with responsibility for running the country while preparations for elections were made. In preparation for democracy the Angolan People's Assembly subsequently amended the Constitution (during March 1991 and again in September 1992) and passed a series of laws to allow for a nominal multi-party system. Although three factors contributed to the agreement, namely the balance of military power between FAPLA and UNITA, the indications by the Soviet Union and Cuba that they wanted to reduce their financial commitments to Angola and the end of the Cold War, Bicesse was also a triumph for diplomacy. Finally, it also provided UNITA with an opportunity to gain power through the ballot box – an outcome widely expected by the United States and Savimbi alike.

A small UN Angola Verification Mission (UNAVEM ll) was deployed in a monitoring role under the UN secretary-general's Special Representative for Angola, Margaret Anstee. Significantly, UNAVEM ll did not have any powers to enforce compliance with the military and political processes. With a US $118 million budget and a total of 350 military observers and 126 police observers it had limited capacity. In March 1992 the mission's mandate was enlarged to include the observation and monitoring of the elections negotiated under the Bicesse Accords, but remained inadequately funded and staffed for the task despite the addition of 100 electoral observers. The day before elections started the MPLA and UNITA announced the formation of a new national army, but only 8 800 out of the projected 40 000 troops had actually reported for the force.[29]

Eduardo dos Santos, the leader of the MPLA, won the presidential elections in September 1992. By the narrowest of margins, he failed to achieve an absolute majority, requiring a second round of presidential elections. The MPLA also won the legislative competition, receiving 54% of the vote, against UNITA's 34%. Even before the results were announced Savimbi retreated to Huambo. Shortly thereafter MPLA forces attacked and destroyed UNITA's offices in Luanda, killing or capturing almost all of its military and civilian cadres in the capital. Within a month the war had re-started, lasting until November 1994.

The UN secretary-general reported to the Security Council on 25 November 1992 that a root cause for the deterioration in the security situation had been the incomplete fulfilment of key provisions of the Peace Accords. Ineffectual demobilisation and disarmament was another serious contributing factor.[30] Of the 34 425 weapons collected from UNITA troops and police in the disarmament effort, 97% were personal or light crew weapons and between 30 to 40% were old and/or unserviceable.[31] These problems would continue during the UNAVEM III mission.

During January 1993 UNITA pushed into the rest of the diamond area in the north-east, took the important oil town of Soyo and seized the strategic airport of Cuíto Cuanavale. In desperation the Angola government hired a South African private military company, Executives Outcomes Limited, to rebuild the FAA.[32] Executive Outcomes was contracted to train 5 000 troops from the FAA's 16th Regiment and 30 pilots, but also to direct front-line operations against UNITA.[33] Executive Outcomes employees also participated in operations such as the recapture of Soyo in May 1993 – although UNITA recaptured the town after the mercenary contingent withdrew. It is important to note however, that although the subsequent Lusaka Protocol stipulated the "repatriation of mercenaries", 400–500 Executive Outcomes personnel worked with FAA until January 1996.[34]

By now, the only significant change in the Angolan situation was that of diplomatic recognition of the MPLA government by the Clinton administration which subsequently also lifted the arms embargo against the Angola government. With four-fifths of the country under his control, Savimbi announced a unilateral ceasefire in September 1993. It was ignored by the MPLA.[35] The extent of MPLA arms purchases during this period is evident from the fact that external debt, as a percentage of Gross Domestic Product, almost quadrupled, as did military spending.[36] FAA commander General João de Matos also embarked upon a restructuring programme of his forces. By the end of 1993, FAA had grown to 85 000 troops and more were in training. In the same year, Belarus supplied twenty-one BMP-1 armoured personnel carriers to boost FAA's mobility while Bulgaria sold light weapons and ammunition to the government. The FAA arms build-up exceeded that of the mid/late 1980s reaching an estimated level of US $2 billion.[37] By the autumn of 1993 the military tide was turning and in November the following year Savimbi had to retreat from Huambo. Yet UNITA would retain control of a large portion of the diamond areas, which, by mid 1996 were worth an estimated US $1 million a day "…flown out to Zaïre from the airports under UNITA control such as Andulo, Bailundo and Negage, despite the UN presence in those places."[38]

As the war continued the importance of diamonds as a source of revenue increased for the rebels. UNITA procured most of its weapons during 1993 to 1994 in Eastern Europe (Bulgaria and Ukraine), including mortar bombs, anti-tank weapons, anti-aircraft weapons, grenades, various types of ammunition and a variety of small arms and light weapons. In September 1993, the UN imposed arms, military equipment and fuel sanctions on UNITA but still with the hope of bringing Savimbi back to the negotiating table.[39]

UNITA meanwhile had been adding a conventional capability to its guerrilla forces. The fighting after the 1992 elections appeared to demonstrate that it would not be able to turn the tide conclusively without a conventional capacity. The result was the establishment of conventional units such as the 3rd Motorised Brigade.[40] UNITA's new units created a degree of balance in military power between the two forces. It also provided new challenges for the UNITA logistical system, particularly regarding fuel. UNITA's advantage lay in the rebels' lack of dependence on the conventional capacity, which could only be used when fuel supplies were available and the terrain suitable. Nevertheless, UNITA always retained the option of reverting to guerrilla warfare. Over-confident of his new capabilities Savimbi sought to hold towns such as Huambo and Soyo, providing concentrated targets for FAA and adding to the destruction of these cities as rural warfare moved to urban areas. By the second half of 1994, UNITA had lost most of the key towns due to the involvement of Executive Outcomes and the MPLA purchases of new weapons from Brazil, Spain, Ukraine, Bulgaria, Uzbekistan and China.[41] As usual, UNITA resorted to its tried and tested guerrilla tactics.

The Lusaka Protocol was signed in Zambia in November 1994 when UNITA was under extreme military pressure. The Protocol sought to expand and implement the Bicesse Accords. Following the initialling but prior to the formal signing of the Protocol the government continued to fight for Huambo, Soyo and Uíge in what UNITA saw as a violation of the spirit if not the letter of the Lusaka process. It was probably not surprising that Savimbi did not personally attend the signing ceremony, leaving it to a subordinate, Eugénio Manuvakola, to sign on his behalf. This was an ominous start to the vaunted peace process.

The Lusaka Protocol was intended to commence a power-sharing process. Military issues addressed in the Protocol included integration of UNITA generals and troops in the government's armed forces, demobilisation under UN supervision and the repatriation of mercenaries. Political issues included the United Nations mandate (UNAVEM), the role of the peacekeepers, the completion of the electoral process and national reconciliation. A Joint Commission consisted of the United Nations, the Angolan government and UNITA, with the United States, Portugal and Russia (successor state to the Soviet Union) acting as a Troika to oversee the implementation of the Lusaka Protocol. But the Troika proved to be a weak institution and apart from confusing the oversight role of the United Nations also undermined the peace process when the Soviet Union and Portugal, despite the Triple Zero agreement of Bicesse, sold military equipment to the Angolan government while the United States was widely suspected of covertly funding UNITA.

Compared to the previous UN mission, UNAVEM III was much larger, costing some US $1,5 billion over four years and had as many as 7 000 troops, 350 military observers, 65 mine sweeping experts, 260 civilian police and 100 staff members in Angola.[42] Despite this commitment by the international community the peace process unravelled from the start. Deployment was delayed and the UN systematically turned a blind eye to acknowledged breaches of the Protocol by

both parties.[43] Furthermore, as the first combatants entered the assembly camps for disarmament and demobilisation, as early as January 1995, it became clear that there was going to be little demobilisation and almost no disarmament.

Meanwhile, with cash from its oil industry, the government continued with major arms procurement in 1995/96. One hundred BMP-2 infantry fighting vehicles arrived in Luanda and US $300 million was spent on MiG-23 and Su-22 aircraft, Mi-17 and Mi-24 attack helicopters. Approximately a dozen Pilatus PC-7 training aircraft were bought from Switzerland. Aircraft, vehicles and artillery from Brazil, helicopters, air-to-ground missiles and a variety of ammunitions from France as well as AK-47s, Ural trucks, rocket-propelled grenades, mortars, ammunition, T-55 tanks and fighter aircraft from Russia followed. Since UNITA still dominated nearly 70% of the rural areas and prevented the government from using the roads, much of the procurement was used to ensure air supply to FAA forces and civilian inhabitants of major towns such as Saurimo, Kuito, Luena, Malanje and Uíge.[44]

By controlling many of the diamond fields in the Lundas, UNITA was also able to continue with its conventional arms procurement in 1996/97, although not nearly to the same extent as the government. The movement acquired at least one BM-27 multiple rocket launcher from Ukraine as well as a SA-6 surface-to-air missile system and BMP-2 infantry fighting vehicles from Bulgaria.[45] The BMPs added to UNITA's mobility, but also added to the pressure on fuel supplies.

By mid 1997, the pressure was building up once again and reports cited troop mobilisation, movement of military equipment and forced conscription by both sides. UNITA and FAA launched attacks especially in the northern provinces. During June FAA captured 10 to 15% of the diamond producing areas controlled by UNITA and thus expanded government control over a corridor from Dundo to Luena.[46] In August 1997, the Angola government claimed that UNITA had 35 000 armed troops, although military analysts and diplomats in Luanda estimated the rebel strength at between 15 000 to 25 000.[47] Further sanctions against UNITA followed in October 1997 as the rebels continued to flaunt the Lusaka Protocol. The sanctions included banning foreign travel by senior UNITA members and closing UNITA offices abroad.[48] But the effect of the sanctions was limited. The arms race continued and the peace process was all but dead.

Violence increased in frequency and brutality as the year progressed and UNITA started to re-occupy those areas it had already ceded to the Government. By June 1998, the Angolan government began serious preparations to return to war. Finally, a precipitating occurrence: on 27 June 1998, the UN Special Representative to Angola, Alioune Blondin Bêye, died in an air crash in Côte d'Ivoire. Indications and preparations for war increased. United Nations sanctions were imposed on UNITA in July 1998. The aim was to limit UNITA's capacity to buy weapons and therefore international pressure was used to defer purchase of UNITA diamonds and selling of mining equipment to UNITA with little effect. The so-called 'Fowler Commission' was appointed to advise the UN on their implementation.

The signs that preparations for war were gathering speed were evident. In August 1998, for example, the Russia's Defence Minister, Igor Sergeev, visited Angola and the two countries signed an agreement for the repair, servicing and modernisation of different kinds of weapons of Soviet and Russian origin. Angola's Russian debt already stood at US $6 billion. It was agreed that Russia would participate in oil refining and diamond producing ventures as part payment for military support.[49] On 8 October 1998 the secretary-general of the United Nations, Kofi Annan, said, "It is widely assumed that the Angolan Armed Forces are preparing for a possible major military action" against UNITA strongholds.[50]

The peace process had effectively already collapsed when, at the opening of the MPLA's Fourth Congress in Luanda on 5 December 1998, President dos Santos called for the termination of UNAVEM III's successor the United Nations Observer Mission in Angola (MONUA) and an end to the Lusaka peace process. MONUA withdrew for safety from all UNITA-held areas on 6 December. The war which followed was characterised by both sides laying mines, extensive use of aircraft by the government on UNITA positions and the indiscriminate shelling of MPLA-held towns such as Malange, Kuito and Huambo by UNITA long-range artillery.[51] Following the shooting down of two United Nations chartered aircraft, the UN secretary-general decided that MONUA could achieve little and recommended that its mandate be terminated on 26 February 1999 to be followed by a phased withdrawal. The Joint Commission, which had overseen the implementation of the peace accords, had long since ceased to function.

The failures of UNAVEM II, UNAVEM III and MONUA occurred for many different reasons but one of them was the lack of willingness of the parties to take disarmament and demobilisation seriously, and the lack of commitment in the UN itself to pursue these objectives. With the resumption of war in Angola by early 1999, it seemed that part of the United Nations failure was directly related to the parties' intention to use the 'lull' in hostilities during UNAVEM II and III to re-equip and re-train in order to escalate the level of the fighting to gain decisive victory. The warring parties seem to have exploited the international attention awarded to them by UNAVEM II and III to obtain clear political and military objectives. The Angolan government, conscious of the fact that it had retained power over the years due to external support, attempted to freeze this status through the United Nations operations. UNITA, on the other hand, used the defects in the United Nations mission, particularly related to disarmament and demobilisation, to buy time to re-equip and re-train in the hope of escalating conflict and acquiring a decisive victory when the time was ripe.

As it was, the renewal of war in Angola not only demonstrated that UNITA was fully prepared to resume fighting but that the government had ample initiative to pursue military rather than political alternatives at that time. The latter factor takes into account the shift in regional geopolitics concurrently affecting Zaïre – which had become the Democratic Republic of Congo (DR Congo) when Mobutu Sese Seko was removed from power and replaced by Kabila in 1997.

Resources for arms or arms for resources?

By the middle of 1999 violence had spread to Angolan provinces in the north and west. The humanitarian aid agencies had not foreseen the resumption of war and were caught unprepared for the demands that followed. The government was unwilling to allow "… right of access or safe corridors to reach the hundreds of thousands of displaced in the government occupied towns and provincial capitals without compromising the international boycott against dealing with the militant wing of UNITA."[52] In September 1999 Operation Restore eventually saw the government seize Bailundo and Andulo with its large airport. UNITA was forced to retreat from the Central Highlands and revert to guerrilla war tactics. As sporadic attacks, ambushes and mine laying gathered pace UNITA sought to keep the Angolan armed forces off balance to delay the expected resumption of a full-scale offensive. Seeking to maintain pressure on UNITA the government launched a new front from Namibia, capturing UNITA's former headquarters, Jamba, during December 1999. However, the yearly rainy season and logistical problems subsequently bogged down the FAA conventional forces, making them targets for UNITA guerrilla forces.

Ultimately, UNITA remains. Speaking to the editor of the Portuguese newspaper 'Folha 8' during May 2000 Savimbi was forthright. "We have not been defeated. We have lost a battle … There can be no real peace in Angola without UNITA's participation. … We are part and parcel of the problem, and so we should be part of the solution…. neither the MPLA nor UNITA can annihilate one another."[53]

What most fail to say, however, is that the fight will continue as long as both sides have the ambition and the resources to wage and pay for war. In Angola, both sides to the conflict have demonstrated their knowledge of this fact by concentrating their efforts on the maintenance, recovery or capture of territories rich in mineral resources since the late 1980s. They have consistently used these resources to buy weapons, and to support an increasingly corrupt elite on both sides. The result is a country awash with weapons with a warring elite that cares nothing for its people.

It is virtually impossible to assess the number of small arms and light weapons in circulation in Angola after two decades of war. Aside from old stocks of small arms re-circulating within Angola, there are constant inflows of illicit small arms into Angola through its porous borders. These movements are facilitated by the existence of increasingly well organised transnational criminal organisations, widespread corruption, and the existence of well established covert arms supply networks across a region of vast borders with little potential for effective physical control. While most arms are flown in from Eastern European suppliers, not all stop in Angola. Weapons flowing out of Angola into northern Namibia and Zambia, for example, are being constantly reported. The symbiosis between the conflict in Angola and that in the DR Congo, Rwanda, Uganda, northern Namibia and western Zambia is such that the movement of small arms, ammunition and other commodities associated either with the war effort itself or with those

'items' needed as currency bartering in order to pay for military materiel (such as diamonds, endangered species, and rare woods) have expanded the existing smuggling pipelines.

As regards the Angolan government's conventional weapons procurement, most of the lethal equipment bought in the last year was obtained in transactions with Russia, Belarus, Ukraine and North Korea, whereas some of the non-lethal equipment came from countries as far afield as Brazil and Switzerland. The International Institute for Strategic Studies in London estimated that the government's military expenditure was US $400 million in 1995 and US $450 million in 1996.[54] The Stockholm International Peace Research Institute estimated that the MPLA's military expenditure was US $400 million in 1997 and US $840 million in 1998. According to the Russian press, Angola closed a contract with Russia for US $1 billion of weapons (mainly aircraft) in 1998.[55] However, Western military intelligence analysts put the figure at "several hundred thousand million US dollars".[56] According to the official budget of 1997/8, only US $302 million (11,1%) of the total budget of US $2,6 billion would be spent on defence. This figure indicated an increase of 8% from 1996/7.[57] The March 1999 provisional budget of US $5,1 billion showed that the largest part of it would be used for defence. Information indicated that the Angolan government earmarked US $500 million of the US $900 million of oil signature bonuses in 1999 for FAA equipment acquisitions. Angola's oil production has also been used as collateral and thus the government receives very little current revenue from its oil sources and will not do so for several years to come.

On the UNITA side, Global Witness estimated that the rebel group obtained a minimum of US $3,7 billion between 1992 to 1998 from diamond sales.[58] This figure excludes revenue from other sources or interest generated in overseas bank accounts. It is claimed that UNITA was also involved in the ivory trade and selling of hard wood. A large amount of this income must have been used to buy military equipment if one considers that a single Konkurs anti-tank missile costs US $15 000. UNITA must also pay substantial premiums on the purchase price and carrier costs of equipment due to the UN sanctions. But, over the years UNITA did not only acquire all of its heavier conventional weapons and equipment by buying it from (mostly) Eastern European countries. It also bought weapons from FAA members or captured military hardware from FAA units. This point was illustrated by Colonel Kallias, a former UNITA soldier, who testified to the Fowler Commission that UNITA purchased only five T-64 tanks and that the rest of the tanks in its arsenal were captured from the government.[59] Both the government and UNITA regularly claim that they capture large stocks of equipment from the other[60] while new equipment keeps pouring in.

At the end of the day, the war continues with increasingly sophisticated weaponry. The weaponry itself can sometimes assist in forecasting the type of arms cycles yet to come. The recent 1999 acquisition of air capacity by the FAA is a case in point. In early 1999, newly procured aircraft indicated the emphasis on air capacity. Aircraft subsequently played a decisive role in the success of the offensive

against Andulo and Bailundo during 1999. Russian pilots and maintenance technicians who were part of Su-27 deals, for example, enhanced the effectiveness of the new equipment. The procurement of liquid air fuel bombs also played a crucial role in the victory at Bailundo/Andulo and will play a major role in future operations. The IL117 radar systems were also an important acquisition as the Angolan government now has theoretically more than 80% cover of its air space. As UNITA does not have a fighter capability, the main aim of the radar systems is to monitor and curb aircraft movement to UNITA. The advanced laser-guided target sighting systems on the T-72 tanks will make the tanks a much more lethal weapon, especially with the specialised training provided to the T-72 tank crews by Russian trainers.

It is quite possible that UNITA's purchases have consistently been exaggerated for a variety of reasons. According to unconfirmed information, UNITA has acquired 10 FROG 3/7 surface-to-surface missiles from North Korea, and although there were supposed to have been delivered in April 1999, they have not been used. It is known that UNITA acquired a number of Konkurs anti-tank guided missile systems from Belarus in order to counter the FAA mechanised offensive.[61] Anti-air, anti-tank and a small number of surface-to-surface missiles as well as a number of armoured personnel carriers and some artillery pieces were flown into UNITA controlled areas since the middle of 1998. It was also reported that UNITA has obtained MiG-23 fighter aircraft and Mi-24 attack helicopters from the Ukraine through an European intermediary.[62] However, the aircraft have not been seen in Angola and other information indicated that the MiG-23 aircraft were based at Ndola airport in Zambia as part of the Zambian Air Force to patrol the UNITA logistical lines and the ownership was undetermined.[63] The extravagant claims of the Angolan intelligence services that UNITA has acquired large quantities of tanks and even MiG fighters are doubted.

But paying for war, and making money out of war, are not the only consequences of the way Angola is mortgaging the future of the Angolan people in the pursuit of sophisticated war. There are also indirect consequences. War material is accompanied by other types of influence as seen, for example, in the arrival of several foreign specialised trainers such as the 40 Russian armour specialists and Russian pilots and maintenance technicians[64] in Angola. South African, East European and Cuban soldiers provided various specialised services and operational advice to FAA in 1999.[65] Another example is the project to relocate maintenance and repair facilities for former Soviet Bloc equipment in Luanda.[66] The FAA has also approached several private companies to provide specialised military services and as an example a deal between FAA and the US company Military Professional Resources, Inc (MPRI) was discussed in 1999,[67] but it did not realise because the Angolan government could not come up with the necessary funds. The provision of training is also high in the agenda for both warring parties and this in itself can assist in the perpetuation and expansion of the Angolan situation further afield. For example, as a result of the conflict, the expertise of the soldiers and the weapons available to the fighting forces in Angola, UNITA as well as FAA, have become involved in conflicts in Central Africa. FAA assisted the Kabila forces

during its take over of Kinshasa in 1997 and is still assisting the forces against the new rebel onslaught. It also played an important role in the Sassou-Nguesso coup in Congo-Brazzaville and is still playing a major role in the country. On the other hand UNITA assisted the Mobutu forces during the final stages of the rebel march against Kinshasa and is now supporting the rebel forces fighting Kabila. It was also involved in training Hutu and Burundian rebels and supplying weapons to them since 1995.[68] Finally, the Angolan conflict has also spilled over into northern Namibia and western Zambia.

Conclusion

A reading of the drawn-out history of the Angolan conflict and the resources needed to sustain it can clearly be separated into two different periods: one which was run on the political fuel of the Cold War ideological struggle, and a subsequent phase dominated by economic imperatives. In many regions, the Cold War proxy struggle exhausted itself with the subsequent lack of interest from international actors. In Angola, the opposite seems to have taken place. The country's vast riches, managed and exploited by a handful of people bent on total control allowed for war to continue.

Since 1992 UNITA has consistently controlled 70% of Angola's diamond production, generating US $3,7 billion in revenue, enabling them to maintain their war effort. Their outputs have been channelled through various means as is clearly shown in the Fowler Report of 2000. Aside from the diamond trade itself, UNITA has also built up substantial investment portfolios abroad to supplement these revenues. By the same token, the ongoing war has also benefited a select elite in the government side. All war economies benefit small groups of people and Angola is no exception. In the case of the Angolan government, oil revenues and oil-backed loans from foreign banks between the state oil company Sonangol, the palace, and the central bank create a 'circuit' which has funded arms purchases of up to US $1 billion per year. With this war economy circuit in place, it is difficult to provide a radical overhaul of public finances that the humanitarian situation and the re-scheduling of debt for Angola entail.[69]

The dynamics of this conflict have also torpedoed every single peace agreement and international peace mission in Angola since 1991. Finally, the war in Angola has also infected the region. New weapons to fuel that conflict are incessantly bought and paid for either with direct payments from Angolan natural resources or indirectly by bartering in terms of future exploitation. The stark realities surrounding weapons, war and money have serious consequences for Angola and its immediate neighbours.

Endnotes

1 See: C Stevens, The Soviet Union and Black Africa, London 1976 as quoted in V Gamba, *The Falklands/Malvinas War as a model for North-South Crisis Prevention*, Allen and Unwin, Boston, 1987, pp 17–23
2 See: J Valenta, The Soviet-Cuban Intervention in Angola 1975, *Studies in Comparative Communism*, no 11, 1978 in V Gamba, op cit.
3 Ibid.
4 Ibid.
5 K Maxwell, The Thorn of the Portuguese Revolution, *Foreign Affairs*, no 54, New York, Winter 1975–6.
6 EK Lawson & T Henriksen, *Soviet and Chinese Aid to African Nations*, New York, 1980, as quoted in Gamba, op cit.
7 Gamba, op cit, pp 17
8 Ibid.
9 JW Turner, *Continent ablaze: The Insurgency War in Africa – 1960 to the Present*, Jonathan Ball, Johannesburg, 1989, pp 101, 104–105.
10 Ibid, pp 101 & 106.
11 Ibid, p 103; F Bridgeland, *Jonas Savimbi, A Key to Africa*, Macmillan, Braamfontein, 1986, pp 194–218, 231–3.
12 C Wright, *The Destruction of a Nation – United States' Policy towards Angola since 1945*, Pluto, Chicago, p 91.
13 Ibid, p 83, Turner, op cit, pp 101–102.
14 Turner, op cit, pp 45.
15 Ibid, pp 45, 101–102.
16 Ibid, pp 42 & 46.
17 UNITA: *Identity of a Free Angola*, Jamba, Angola, UNITA, 1985, pp 29–30; F Bridgeland, *War for Africa*, Ashanti, Gibraltar, 1991, pp 268–9 & 285; Steenkamp, op cit, p 137; Turner, op cit, pp 110 & 112; *Africa Defence Journal*, Paris, December 1983, p 25 and January 1984, p 21.
18 Turner, op cit, pp 103 & 114.
19 P Stiff, *The Silent War – South African Recce Operations 1969–1994*, Galago, Johannesburg, p. 530; Turner, op cit, pp 103, 110 & 113–114; *Africa Defence Journal*, Paris, December 1983, pp 24–25.
20 FAPLA had repeatedly tried to take Mavinga (March 1981, May 1981 and July 1982) with its strategically important airbase from where supplies could be flown in from Zaïre and South West Africa/Namibia. Stiff, op cit, p 351; Human Rights Watch, *Angola Unravels: The Rise and Fall of the Lusaka Peace Process*, New York, 1999, p 13.
21 Information was proved to John W Turner, courtesy of IFF and Free Angola Information Service (FAIS) Washington, DC; Wright, op cit, p 127; Turner, op cit, p 113.
22 Stiff, op cit, p 533.
23 F Bridgeland, *War for Africa*, Ashanti, Gibraltar, 1991, p 45; Wright, op cit, p 131; Human Rights Watch, *Angola Unravels*, op cit, p 1.
24 US assistance to UNITA: Before the Clarke amendment (1974 and 1975) US $31,7 million. The Clarke amendment was in force from 1976 to 1985. Thereafter:
1986: US $15 million
1987: US $15 million

1988: US $30 million
1989: US $50 million
1990: unknown
1991: unknown
US $30 million
Stiff, op cit, p 150; Wright, op cit, pp 125–6.

25 Steenkamp, op cit, p 153; UNITA communiqués 22 and 23 December 1987 as sighted in Turner, op cit.

26 Turner, op cit, pp 115–6, 118; S Cleary, Angola – A case study of private military involvement, in J Cilliers & P Mason (eds) *Peace, Profit and Plunder? The Privatisation of Security in war-torn African societies*, Institute for Security Studies, Pretoria, 1999, p 144.

27 Turner, op cit, p 119.

28 A 6 000 person navy and a 4 000 person air force was to be formed from government forces. Wright, op cit, p 159.

29 Ibid, p 167.

30 Document UN S/24858, 25 November 1992.

31 UNAVEM III Force HQ, Q Cell, File c:\QWP\R97.WB2\12 March 1997; J Potgieter, The Price of War and peace: A critical Assessment of the Disarmament Component of the United Nations Operations in Southern Africa, in V Gamba (ed), *Society under Siege*, Towards Collaborative Peace Series Volume I, Institute for Security Studies, Pretoria, p 153.

32 Turner, op cit, p 153; for more detail on EO activities in Angola see Cleary in Cilliers & Mason, op cit, pp 141–174.

33 S Brummer, Distrust as SA 'mercenaries' leave Angola, *Weekly Mail & Guardian*, Johannesburg, 19–25 January 1996, p 4; Cleary in Cilliers & Mason, op cit, p 156.

34 A Vines, Mercenaries and the Privatisation of Security in Africa, in G Mills & J Stremlau (eds), The *Privatisation of Security in Africa*, Johannesburg, South Africa Institute of International Affairs, Johannesburg, 1999, pp 47–80 as cited in Human Rights Watch, *Angola Unravels*, op cit, p 19.

35 Cleary in Cilliers & Mason, op cit, p 157.

36 K Pech & D Beresford, Africa's New-look Dogs of War, *Weekly Mail & Guardian*, 24–30 January 1997, p 24; Cleary in Cilliers & Mason, op cit, pp 146 & 156.

37 Human Rights Watch, *Angola: Arms Trade*, op cit, p 45; Turner, op cit, pp 151 & 157; Cleary in Cilliers & Mason, op cit, p 161.

38 V Brittain, *Death of Dignity – Angola's civil war*, Pluto Press, London 1988, p 89.

39 *Letter dated 10 March 2000 from the Chairman of the Security Council Committee established pursuant to Resolution 864 (1993) concerning the situation in Angola addressed to the President of the Security Council*, Fowler Commission, United Nations, S/2000/203, 10 March 2000; *United Nations report exposes arms-for-diamonds scandal*, Middle East Intelligence Wire, Africa News Service, 3 April 2000.

40 Equipped with twenty-six BMP-2 armoured personnel carriers, nine T-62 tanks, eighteen AGS-17 automatic grenade launchers, twelve 82mm mortars, nine BM-21 multiple rocket launchers, nine 122mm Grad P multiple rocket launchers, nine 23mm ZU-23s and a D-30 artillery battery. Institute for Security Studies, *A Luta Continua? Angolan Situation Report*, October 1999, Halfway House, Annex A, pp 12–13.

41 Wright, op cit, p 186.

42 One of the reasons for the change to the UN Observer Mission in Angola (MONUA)

in June 1977 was the estimated US $1 million per day costs.
43 *Angola Unravels*, op cit, p 2.
44 AJ Venter, Mercenaries fuel next round in Angolan civil war**,** *International Defence Review*, London, 1 March 1996, p 63.
45 The BM-27 is an effective long distance area weapon and the extremely mobile SAM increased the threat to enemy aircraft. Fowler Commission, op cit.
46 Human Rights Watch, *Angola Unravels*, op cit, p 2
47 J Fleming, UN unimpressed by UNITA bid – Human Rights Watch, *Angola: Arms Trade*, op cit, p 45.
48 UN report exposes arms for diamonds scandal, *Middle East Intelligence Wire*, Africa New Service, 3 April 2000.
49 P Pushkin (translation), The conflict in Angola hinders fulfillment of the Russian plans in this country, *Defence and Security*, 10 November 1998.
50 E Leopold, Annan says Angola peace process deeply threatened, *Reuters News Service*, 9 October 1998.
51 Human Rights Watch, *Angola Unravels*, op cit, p 6.
52 A Cain, Humanitarian and Development actors in Angola – building peace or protecting stakes? Draft paper presented to a conference on *Time for renewed international commitment to peace in Angola: lessons learnt and ways forward*, Maputo 19–20 June 2000, p 6
53 Savimbi says no real peace without UNITA's participation, *Focus on Angola* (Portuguese), Reuters business briefing, 23 May 2000 from, 19 May 2000.
54 IISS, *Military Data on Angola*, London, 5 March 1998.
55 www.sipri.se/cgi-bin/backend.milex.pl?coun = Angola, SIPRI Arms Transfers Project, updated 18 June 1999, www.sipri.se/projects/armstrade/atrec93_97.html.
56 *Izvestia*, Moscow, 4 December, 198, cited in BBC Summary of World Broadcasts, 6 December, 1998 and Human Rights Watch interviews with military intelligence analysts in London, Paris, and Washington, DC, January 1999.
57 Human Right Watch, *Angola Unravels*, op cit, p 94
58 Global Witness, *A Rough Trade*, London, 1998, p 3.
59 Fowler Commission, op cit, p 7.
60 Two examples of claims by the warring parties were that the MPLA government captured BMP-2 armoured vehicles, D-30 guns, T-64 tanks, BM-21 multiple rocket launchers, ZU-23 anti-aircraft guns and SA-16s since December 1998 from UNITA. UNITA claimed in a communiqué in June 1999 to have captured several FAA equipment pieces including 90 armoured personnel carriers (including BMP-1 and BMP-2s), 21 tanks (including T-55, T-62 and T-72 tanks), 21 ZU-23mm anti-tank guns and eight BM-21 multiple rocket launchers during the first five months of 1999. There have also been claims that FAA commanders sold equipment to UNITA commanders in the field, but it is difficult to confirm this.
61 Information supplied by J Smith, Midrand, September 1999.
62 Stratfor, *Angolan War Intensifies – Backed by Whom?* 13 May 1999.
63 Information supplied by J Smith, Midrand, May 1999.
64 Ibid, September 1999.
65 Institute for Security Studies, *A Luta Continua?* op cit, Annex A, pp 5–6.
66 Ibid**,** p 6.
67 US diplomat talking to Human Rights Watch, Luanda, August 1998.
68 Human Rights Watch interviews with a European diplomat, Kinshasa, 9 March 1995;

with a corporate security officer, Kinshasa, 8 March 1995; with arms traffickers, Kalemi, 9 February 1995 and Kinshasa, 7–8 March 1995.

69 V Gamba & R Cornwell, *Regulation and Self Regulation of Private Sector Transactions*, paper presented in April 1999 in London for the meeting on Economic Agendas in Civil Wars.

Ethnicity and conflict in Angola: prospects for reconciliation

Assis Malaquias

After 25 years of civil war, the Angolan state exists in name only. Its ability to perform even the most basic functions of governance has crumbled under the strains of one of Africa's most protracted conflicts. Angolan society is increasingly acquiring all the characteristics of a Hobbesian existence: death has become banal whether by starvation in government controlled areas or by bullets, mines or bombs in rebel areas. Worse still, there is no short-term end in sight. Domestically, an enfeebled and coopted civil society lacks the capacity and space to present realistic alternatives for a peaceful solution while various international peace-making attempts have failed, reducing the appetite for further external intervention. What are the main causes of this complex situation?

Angola's conflict is being depicted as a 'resource war'. The elites of the two main warring parties – the governing *Movimento Popular de Libertação de Angola* (MPLA) and the rebel *União Nacional para a Independência Total de Angola* (UNITA) – have used the country's vast oil and diamond resources to further their political and economic interests while the majority of the people lead a miserable existence. This view of the war in Angola, however accurate, does not take into account the important underlying causes of the conflict. Angola's ongoing tragedy is also the result of the dominant politico-military forces' reluctance to share power and wealth within an inclusive multi-ethnic and multi-racial political system. This has historical roots and is a direct consequence of the major divisions between the main nationalist groups that participated in the anti-colonial war of liberation, from 1961 to 1974. These cleavages, however, were only partly the result of deep animosities caused by class or racial differences reflecting colonial society or even ideological differences reflecting Cold War allegiances.[1] At a deeper level, the divisions between the nationalist groups were caused mainly by ethnic differences predating colonialism.

By forcibly binding different ethnic groups into one centrally administered territory, colonial rule inevitably led to the politicisation of ethnicity as different ethnic groups retreated into primordial constructs for cultural, if not political, self-preservation. Although other important dividing factors, including class and race, were superimposed by colonialism on Angolan society, the gulf dividing ethnic groups has proven to be both enduring and difficult to bridge. Not surprisingly, the anti-colonial struggle reflected these ethnic differences. The major liberation

movements – MPLA, UNITA and FNLA (*Frente Nacional de Libertação de Angola*) – represented almost exclusively the Mbundu[2], Ovimbundu[3], and Bacongo[4] ethnic groups respectively. Even in the face of their common enemy, Portuguese colonialism, these three nationalist groups were unable to overcome their differences and form a united front. They remained deeply divided by issues of ethnicity. This is not to argue that other issues did not contribute to the disagreements among the liberation movements. In fact, besides ethnicity, issues of race and class featured prominently in the liberation movements' discourse to highlight both the oppressive and exploitative nature of Portuguese colonial rule in Angola and the differences among them. For example, since FNLA and UNITA drew most of their support from peasants in the northern and central areas of Angola, their programmes placed significant emphasis on the exploitation of Angola and its people by a relatively small number of Portuguese settlers. But both FNLA and UNITA also consistently highlighted the fact that many of MPLA's top leaders were descendants of Portuguese and/or originated from relatively privileged socio-economic classes. For MPLA, class – not race – constituted an important element of its discourse. Since a significant portion of MPLA leadership originated from the urban areas, especially the capital city of Luanda, it successfully used class issues within a Marxist-Leninist discourse to gain support from the embryonic proletariat, the emerging intelligentsia, and revolutionary mixed-race Angolans (*mulattos*). However, as will be discussed below, the end of settler rule decreased the significance of race and class as the main factors sustaining the conflict. Thus, ethnicity and ideology remained the main dividing factors. Later, with the collapse of the Soviet Union, ideological differences became irrelevant as the MPLA abandoned Marxism-Leninism and embraced Western political and economic models. Today, the width of the ethnic gap and a lack of domestic and international mechanisms to bridge it remain as important factors hindering a resolution of the conflict.

This chapter has three objectives. First, it highlights the role of ethnicity in triggering and sustaining the civil war in Angola. It provides an analysis of how the major politico-military forces have used ethnic politics for different, yet equally destructive, purposes. For the MPLA, informal ethnic networks have been influential in maintaining its grip on power even during times of adversity caused by domestic and international pressures. UNITA, on the other hand, has successfully used ethnicity to rally and sustain popular support among the Ovimbundu, Angola's major ethnic group. Second, this chapter analyses how the civil war has paralysed the state and facilitated the usurping of power by unaccountable elites. The collapse of governance in Angola, this chapter argues, has been one of the major consequences of this ethnic-inspired civil war. Third, it focuses attention on the difficulties of reconciliation and peace in a context of ethnic conflict and governance breakdown. Reconciliation and peace will remain elusive for the foreseeable future especially in the absence of a vibrant civil society with the ability to bridge the ethnic divide separating the warring parties and provide alternative forms of governance. Given this situation, the chapter

concludes by suggesting that a new, more inclusive and transparent political system is needed if the Angolan conflict is to be permanently resolved.

Theoretical framework: ethnicity, nationalism and statehood

The notion of ethnicity is both amorphous and imbued with extreme doses of subjectivity. James Kellas, for example, defines ethnicity as a "state of being ethnic, or belonging to an ethnic group."[5] The literature on ethnicity is filled with such vague definitions of this concept. This points to the fact that ethnicity cannot be adequately defined in isolation. Ethnicity is an important social and political force that must be understood in conjunction with other equally essential and related notions like ethnic groups and nations. Richard Schermerhorn defines an ethnic group as "a collectivity within a larger society having real or putative common ancestry, memories of a shared historical past, and a cultural focus on one or more symbolic elements defined as the epitome of their peoplehood. Examples of such symbolic elements are: kinship patterns, physical contiguity (as in localism or sectionalism), religious affiliation, language or dialect forms, tribal affiliation, nationality, phenotypical features, or any combination of these. A necessary accompaniment is some consciousness of kind among members of the group."[6]

Unlike Schermerhorn, John Hutchinson and Anthony Smith de-emphasise the connection with the 'larger society'. They prefer the term *ethnie* or ethnic community to define "a named human population with myths of common ancestry, shared historical memories, one or more elements of common culture, a link with a homeland and a sense of solidarity among at least some of its members."[7]

Whether one adopts Schermerhorn's comprehensive definition or Hutchinson and Smith's more elegant version, it is hard to deny the importance of ethnicity in the post-Cold War period when, around the world, various ethnic groups, many masquerading as nations, claim the right to govern themselves as independent, sovereign entities. Much of the present international confusion arises precisely because many ethnic groups claim the status of a nation.

The international community is hesitant to recognise such claims. This is understandable because a nation is much more than a group of people with a sense of community derived from common bonds of history, culture, and common ancestry. Nations, as Kellas reminds us, "have 'objective' characteristics which may include a territory, a language, a religion, or common descent (though not all these are always present), and 'subjective' characteristics, essentially a people's awareness of its nationality and affection for it."[8] However, in the current Westphalian system, nations matter little. People conduct their international affairs through states, not nations. Therefore, for a people or a nation to achieve international relevance, the attainment of statehood is a primary prerequisite. The problem for would-be states is that the current international system is inherently conservative and it abhors, and therefore discourages, territorial mutations of its constituent units – the states. Furthermore, most states still uphold traditional

notions of "hard power" that equate it primarily with landmass and population. Since power – acquisition, accumulation, and use – is at the very centre of a state's existence and survival, few states will voluntarily give up territory and population to facilitate the creation of another state.

This has not prevented political leaders – whether expressing the national will or pursuing their personal ambitions – from attempting to achieve domestic or international relevance for their 'nations'. In most cases, this process involves politicising ethnicity. For Joseph Rothschild, the politicisation of ethnicity involves four elements, including:

- "to render people cognitively aware of the relevance of politics to the health of their ethnic cultural values and vice versa;
- to stimulate their concern about this nexus;
- to mobilise them into self-conscious ethnic groups; and
- to direct their behaviour toward activity in the political arena on the basis of this awareness, concern, and group consciousness."[9]

As numerous contemporary examples in Africa and elsewhere illustrate, once ethnicity is politicised, it becomes a powerful political force that may ultimately "enhance, retard, or nullify the political integration of states, may legitimate or delegitimate their political systems, and stabilise or undermine their regimes and governments."[10] As the next section shows, the politicisation of ethnicity in Africa has retarded and – at least in the cases of Angola and Somalia – nullified the political integration of states; delegitimised post-colonial African political systems and undermined many African regimes and governments.

Africa: ethnicity and colonialism

Attempts by European powers to graft the Westphalian system upon Africa have resulted in dismal failures. This is evident in the continuing struggle by many post-colonial African states for domestic survival and international relevance. This pathetic condition was not entirely unpredictable given the role of ethnicity in pre-colonial society.

Pre-colonial Africa included hundreds of societies ranging from small bands of hunters and gatherers to large, agricultural-based communities with highly sophisticated and centralised political structures dominated by chiefs and kings. Most of these societies were held together by a strong sense of kinship and common territory. As Richard Thompson notes, despite their diverse forms of social, political, and economic organisation, pre-colonial Africa had several features in common. These included the fact that "each society identified with a 'homeland,' a specific territory not defined in the legalistic sense of a modern state boundary, but in the equally forceful sense of a 'common land' occupied since the beginning of the 'people' themselves."[11] Even more important, as far as the *problematique* of

ethnicity is concerned, Africans attached to each place "an emotional and cultural significance that could only be regarded as sacred."[12] This realm – the subjective domain of emotion, culture, and spirituality – must have escaped colonial European perception. Or, what is worse, it fell victim to colonial expediency with devastating effects for post-colonial Africa.

The departing colonial powers bequeathed to the leaders of 'independent' Africa a virtual ethnic time bomb. The boundaries of the new African states reflected colonial, not cultural or national divisions. During the hastily arranged decolonisation process, and given the personal ambitions of the would-be leaders of the new states, little or no time was available for a sober assessment of the costs and benefits of building the post-colonial state according to an essentially unaltered colonial blueprint. Predictably, independence did not usher in a new era of freedom, peace, and prosperity. Instead, secessions and demands for regional self-determination dominated the agenda of nearly all newly independent African states. Ironically, nationalism took on a new meaning: it was no longer anti-colonial but anti-state. Its instrument of choice was no longer a liberation war but inter-ethnic strife and sometimes genocide. In reality, this could probably not have been prevented. The inherited boundaries are artificial lines on a map, not ethnic/national boundaries. From this perspective, the post-colonial states are in many respects just as artificial and illegitimate as the entities they replaced. In this situation, it is inevitable that political parties will develop along ethnic lines and 'liberation armies' will be formed to reconfigure the new states to take into account ethnic realities.

The latest evidence of an attempt to reconfigure an African state along ethnic lines comes from Namibia where a secessionist movement is demanding independence for the Caprivi Strip! Before Namibia's current crisis several other African states – the Democratic Republic of Congo (former Zaïre), Chad, Ethiopia, Nigeria, and the Sudan – have experienced long civil wars involving separatists seeking to establish their own states.

The reason for these wars cannot simply be explained by the existence of numerous, often unfriendly, ethnic groups, tribes or nations. Civil wars in Africa, particularly of the secessionist type, reflect these new states' inability to develop an inclusive political system that takes into account the fact that African citizens' primary allegiances are not always to states. Often, the state must compete with the ethnic group, tribe or nation for the citizen's allegiances because the latter's sense of self is intrinsically attached to such factors as kinship ties, race, language, locality, religion, and tradition. This, as will be developed later, has significant implications for governance. Many African states still lack administrative and ideological capacity to govern, which means that they are unable to manage, let alone reconcile, ethnic conflicts. Specifically, governance in Africa is still essentially a zero-sum proposition. Most African states have come under the control of one ethnic group, usually numerically dominant. The resources of the state and economy are then used for the benefit of that group, to the detriment of others. This causes resentment, particularly when other groups see themselves as having

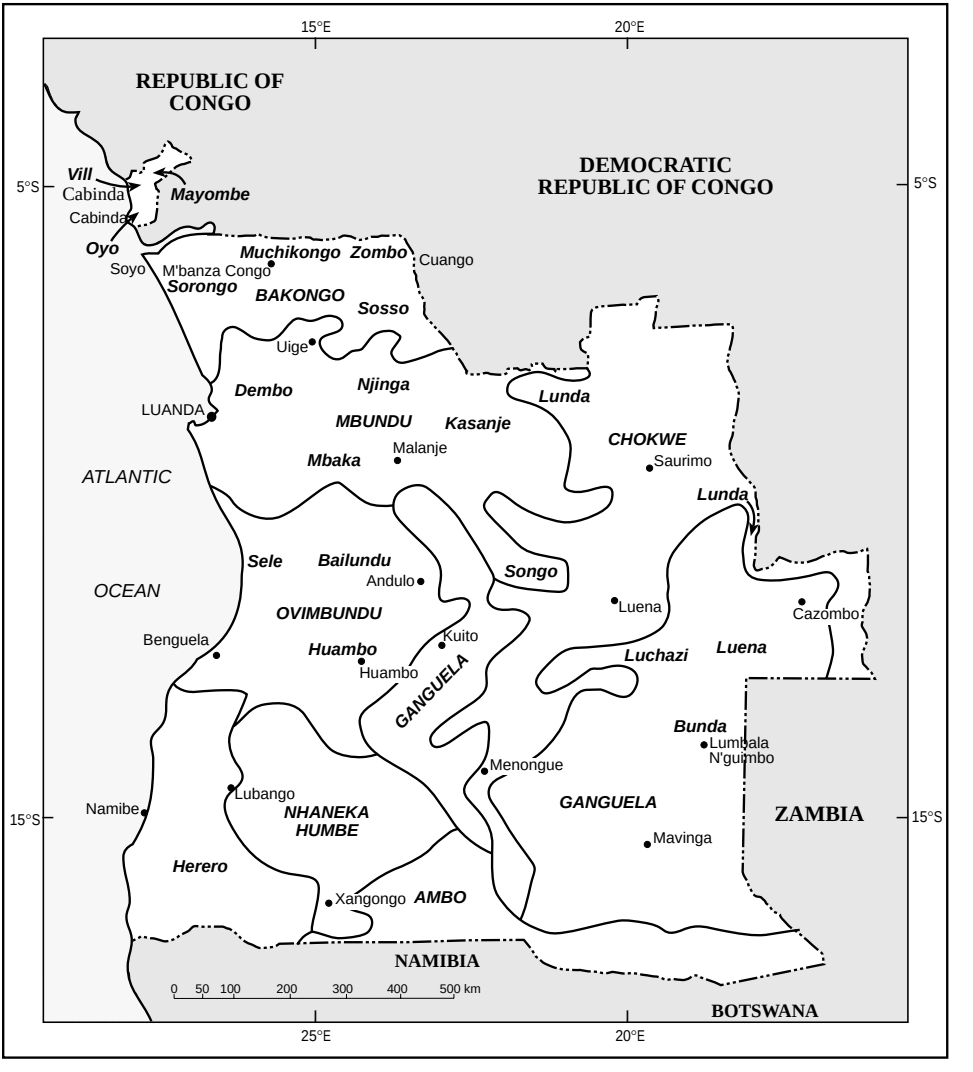
certain tangible attributes – like economic power, intellectual excellence, a tradition of military prowess – that could be translated into political power. In such cases, when access to political power is denied, civil wars often result.

This should not come as a surprise, especially in Africa where control of the state has become a vital political goal for ethnic groups because it provides unobstructed access to jobs, land, education, credit facilities and other highly coveted privileges and sources of wealth. For dominant groups, control of the state ensures political supremacy and economic dominance. Subordinate groups seek control of the state to ensure that their social, cultural, and economic interests are protected and their political aspirations fulfilled. When the political arena does not accommodate ethnic groups as interest groups they become conflict groups with a mandate to insert the group's grievances, claims, anxieties, and aspirations into the national agenda by all means necessary, including war. In extreme cases of real or perceived exclusionist politics, ethnic groups will opt for their own state – even if small and insignificant on the world stage – to ensure political, economic, cultural and demographic survival. This conforms to the Westphalian logic that places the state, not the nation, tribe or ethnic group, at the centre of world politics. In other words, in the current international system, the state is an indispensable vehicle for an ethnic group, particularly those who aspire to nation-state status, to realise their political aspirations both domestically and internationally. The case of Angola highlights some of these issues.

Ethnicity and the colonial state in Angola

Ethnic divisions in Angola pre-date colonialism. As in many other parts of Africa, the pre-colonial process of state formation was carried out mainly along ethnic lines. When Portuguese explorer Diogo Cao first arrived at the Kingdom of Kongo in the early 15th century he found a complex process of state formation underway. Specifically, what Cao found in what would become Angola was not one homogenous state but a large number of distinct ethno-linguistic groups varying in size, level of economic development, and degree of political organisation. Some were small 'tribes', others constituted larger nations. The kingdom of Kongo, for example, dominated the political landscape in the region. Ruled by a monarch, the kingdom was divided into six provinces, five of which had their own subordinate rulers. The central province of Mpemba was governed by the king personally and contained the royal city of Mbanza Kongo. This city lay on a well-cultivated area surrounded by many small villages. Its population was once estimated to be as much as 100 000 people. The surrounding provinces were Nsundi to the north, Mpangu to the north-east, Mbata to the south-east, Mbamba in the south-west, and Sonyo on the coast west of the capital.[13] The 'scramble for Africa' split this kingdom into three modern-day African states: the Republic of Congo (Brazzaville), the Democratic Republic of Congo (DR Congo), and Angola.

Ethno-linguistic map of Angola



There were other smaller powers south of Kongo, in present-day Angola, like the kingdoms of Ndongo (or Ngola) and Kasanje that achieved some prominence in the 16th century before succumbing to the destructive effects of the slave trade. Other important political entities included the Lunda empire which "dominated the scene from afar during the 18th century,"[14] as well as the Bailundo and Benguela kingdoms.

The colonial presence halted this process of state building by forcibly including within the colonial domain different ethnolinguistic groups with different histories and political aspirations. This set the stage for a complicated process of post-colonial state building, both in Angola and elsewhere in Africa. Unsurprisingly, the main combatants in Angola have claimed to represent (or are seen to represent) the major ethno-linguistic groups in the country – Bacongo, Mbundu, and Ovimbundu – that once constituted distinct kingdoms: Kongo, Ndongo, and Bailundo respectively.

Currently, the Bacongo represent about 15% of Angola's population and live mainly in the northern provinces of Cabinda, Zaire, and Uíge. They have traditionally regarded Kinshasa, not Luanda, as their cultural, economic, and political centre. The Mbundu, representing about 25% of the population, occupy the areas around the capital city, Luanda, and east as far as the Kasanje area of Malanje province. A distinct ethnic subgroup has developed within the larger Mbundu region. The impact of the colonial presence on the western part of the Mbundu domain, more specifically around Luanda, brought people from all Angolan ethnic groups to the region. Over time, they constituted a unique group – heavily influenced by the language and customs of the colonial power – which can accurately be described as *Luandas*.[15]

The Ovimbundu are, by far, the largest ethno-linguistic group. They represent 35% to 40% of Angola's population and dominate the areas with the highest population density in the country – the central plateau provinces of Benguela, Bie and Huambo. Their cultural, linguistic and economic domination in central part of Angola is such that they have been regarded as "a nation rather than an assembly of tribes."[16]

Awareness of this ethnic diversity is crucial to understanding the politics and society in Angola, both during colonial times and as a post-colonial state. For example, in the past, the Portuguese were able to impose colonial rule because the nature of anti-colonial resistance was so fractured. Although sporadic military resistance persisted during Portugal's presence in Angola, the various kingdoms and chiefdoms threatened by colonial domination were not able to create a united front. From this perspective, the disunity that characterised the anti-colonial movement after the Second World War and the inability to establish an inclusive political system after independence have long historical antecedents.

Unlike its colonial counterparts, Portugal did not participate in the European drive to de-colonise after the Second World War. Thus, an anti-colonial war was fought from 1961 until 1974. As mentioned earlier, three national liberation movements participated in this struggle. However, contrary to the experience of

other former Portuguese colonies, the liberation movements in Angola never succeeded in creating a united front because the MPLA, FNLA, and UNITA were never able to overcome their ethnic differences.

The MPLA was founded in 1956 to lead the struggle against colonialism. However, its appeal never reached much beyond the Mbundu people living around the capital region from where most of MPLA leadership emerged. This movement also succeeded in attracting some *assimilados*,[17] *mullatos*,[18] and even some members of the settler community.

The FNLA was created through the merger of several groups whose main objective was the restoration of the ancient Kongo kingdom in northern Angola. Thus, FNLA's main constituency remained almost exclusively restricted to the Bacongo ethnic group. Attempts to expand this constituency to include elements from other ethnic groups consistently failed.

Similarly, the main rationale for creating UNITA was primarily ethnic. The Ovimbundu it represented believed that, as the major ethnic group in Angola, they should have their own 'liberation movement' to counterbalance the role and power of the movements representing the other two major ethnic groups. History has shown that the political project of these movements, especially FNLA and UNITA – was not national but sub-national. In other words, beyond the rhetoric, they were primarily concerned with the aspirations of particular ethnic groups – Bacongo, Mbundu, Ovimbundu – not the creation of a multi-ethnic and multi-racial Angolan state. For the liberation movements, the colonial state was an artificial and oppressive construct in need of dismantling to ensure the survival of their respective nations. To this end, both Holden Roberto's FNLA and Jonas Savimbi's UNITA used ethnicity as an important political tool at the domestic level. However, given the nature of the anti-colonial war – relatively small guerrilla groups facing an entrenched, NATO-backed colonial regime – and the broader international context framed by the Cold War, no liberation movement escaped capture by powerful foreign forces. The MPLA became a proxy of the former Soviet Union and Cuba while FNLA and UNITA were proxies of Western interests, particularly American and South African. The dynamic interplay of these forces – domestic/ethnic and international/ideological – affected Angolan post-colonial politics in important respects.

From liberation war to ethnic war

The overthrow of the regime in Portugal by a group of disgruntled middle-level army officers in April 1974 placed Angola on the fast track to independence. Predictably, in the absence of a common colonial enemy and with their ethnic differences accentuated by mistrust and ideological animosity, the nationalist movements derailed the process of state building and set the new state on the slippery path to fratricidal self-destruction. In this context, Portugal's feeble efforts to set up a transition government that included FNLA, MPLA, and UNITA

did not stand a chance of success. Ultimately, all groups invited foreign forces to help them achieve supremacy in the initial phase of the civil war. Nevertheless, neither UNITA nor FNLA was able to take control of Luanda even with the assistance of invading armies from neighbouring South Africa and Zaïre. The MPLA emerged victorious in the sense that it was able to drive its two main rivals from Luanda, keep them out, install a one-party Marxist regime and win international diplomatic recognition from most states except apartheid South Africa and the United States.

Ethnicity played an important part in the MPLA's successful eviction of its adversaries from Luanda and the consolidation of its rule around the capital region, if not elsewhere in the vast rural expanses of Angola. Although the MPLA invited foreign troops from Cuba and received massive amounts of arms from the former Soviet Union to defeat its rivals – who, incidentally, also had invited their own external backers for similar reasons – the key to its success can also be attributed to the strategy of *poder popular*, or peoples' power. During the crucial stages of decolonisation, between April 1974 and November 1975, MPLA used *poder popular* to install and maintain itself in power with popular legitimacy, even if mostly confined to the capital region where the Mbundu ethnic group predominated.

Poder popular ostensibly brought the people closer to MPLA via 'mass organisations' like *União Nacional dos Trabalhadores Angolanos* (UNTA), for workers; *Juventude do Movimento Popular de Libertaçao de Angola* (JMPLA), for youth; *Organizacao da Mulher Angolana* (OMA), for women; and *Organizacao dos Pioneiros Angolanos* (OPA), for children. In addition, *poder popular* involved the creation of local 'popular committees' that served as its basic organisational unit.[19] These committees were used to disseminate the MPLA's political programme during the decolonisation period. More importantly, the committees became the nuclei of the MPLA's militia comprising civilians of the predominantly Mbundu ethnic group in the capital city and surrounding regions. This made them an indispensable tool in consolidating MPLA's hold on the capital and its environs. These militia, who were supplied with weapons that now flowed freely into urban areas from guerrilla bases in the countryside, systematically harassed anyone who was not sympathetic to MPLA. In other words, since most non-Mbundus supported either FNLA or UNITA they were no longer welcome in the capital region. In this way armed Mbundu militia loyal to MPLA forced thousands of FNLA and UNITA sympathisers out of the capital region before independence and prior to the intervention of outside forces from Cuba, South Africa, and Zaïre (now DR Congo). The Cuban intervention notwithstanding, this forcible ethnic removal ensured that MPLA was in control of the capital city ahead of the transfer of power from Portugal on 11 November 1975.

The movement of light weapons into urban areas was a direct result of the haphazard manner in which the decolonisation process was carried out. The collapsing colonial administration did not supervise the resettlement of the former guerrilla armies from their bases either inside or outside Angola. This enabled

the FNLA, MPLA, and UNITA to move their armed guerrillas into the rural and urban areas where they commanded most popular support. The FNLA established itself in the northern provinces of Zaire, Uíge, and Kwanza-Norte; the MPLA in Luanda, Malange and Kwanza-Sul while UNITA moved into the central plateau provinces of Benguela, Bie, and Huambo. In the remaining provinces, where no group had overwhelming ethnic support, political and military control was less definite.

The use of ethnicity to achieve political goals before independence affected the nature and character of the new Angolan state and influenced post-colonial politics in important respects. For example, after ensuring that the MPLA was in control of the capital city when power was transferred, the Mbundu ethnic group has maintained the MPLA in power for 25 years even in the face of inept governance. This is not surprising, as the Mbundu are the primary beneficiaries of the complex web of patron-client networks that have emerged to distribute the vast oil and diamond wealth. Other ethnic groups, including the majority Ovimbundu, have only token access to state power or the wealth derived from controlling the state.

Two major consequences have emerged from this failure to share power and wealth. First, the state is regarded as illegitimate by a significant portion of the population, which has no political voice within a highly restrictive political system and consequently does not receive tangible benefits from it. Second, it legitimises violence as a means to destroy this artificial, unfair, and undemocratic political construct. These two factors have conspired to abort all attempts to create a political consensus upon which a viable state can be built.

On the basis of the argument presented above, this chapter suggests that an additional level of analysis must be added to contemporary examinations of the Angolan conflict. Although class, racial, and ideological differences were important in the past – just like the current inability to find consensus on sharing wealth and power – the underlying cause has not changed. The fundamental cause of the civil war in Angola resides in the division of power and wealth along ethnic lines. One ethnic group in particular, the Mbundu, has benefited disproportionately from the *de facto* exclusion of all others from the centres of political and economic power. Thus, the civil war can be seen as an attempt by a powerful force, claiming to represent the largest ethnic group, the Ovimbundu, to redress the perceived unfairness of the system.

There is, however, another layer of complexity in the Angolan case that is often neglected. A closer look reveals that the major ethnic groups in Angola are not homogeneous. To speak of three major ethno-linguistic groups grossly over-simplifies a very complex picture of ethnicity in Angola. For example, the so-called 'big three' ethnic groups include several sub-groups.[20] This level of ethnic fragmentation also has important implications for governance. For instance, even if either the MPLA or UNITA were to win the civil war and attempt to impose ethnic hegemony, it would not necessarily guarantee peace because the Ovimbundu-controlled UNITA is in turn controlled by Savimbi's Bieno subgroup. The Bailundo and Uambo subgroups, although numerically superior and traditionally more

powerful politically, militarily and economically have been overshadowed by Savimbi's subgroup. Savimbi's hegemony has been tolerated, but not fully accepted by all Ovimbundu subgroups, because of the perceived external threats, essentially from the Mbundu who control the government. Constant purges within UNITA suggest that Savimbi's hegemony is based on coercion rather than consent.

Similarly, in the absence of the threat posed by UNITA, the major divisions within the Mbundu ethnic group that dominates the MPLA would come to the surface and might manifest themselves violently. The same could be said of all other major ethnic groups. In other words, the civil war in Angola is hiding potentially violent intra-group divisions.

Second, none of the nationalist movements represented the majority of the population. UNITA and FNLA in particular were used as instruments to legitimise the aspirations of a small group of ambitious individuals who did not even belong to these ethnic groups' elites. For example, as mentioned before, Savimbi belongs to the Bieno sub-group, not from larger, more influential subgroups like the Bailundo or Uambo. Therefore, allegiance from their respective larger ethnic groups was never spontaneous. In fact, all three major nationalist movements in Angola had to 'mobilise' the populations within their areas of operations. Moreover, during the anti-colonial war, both the MPLA and UNITA guerrillas were forced to operate outside of the regions inhabited by the ethnic groups they purportedly represented.

Initially, significant portions of the Ovimbundus and Bacongos responded to the ethnic appeals of UNITA and FNLA respectively because these ethnic groups regarded the liberation movements as instruments that would eventually restore their lost power, wealth, and honour. Later, as the transition to independence descended into civil war, mobilisation became increasingly more coercive. Within their respective ethnic zones of influence, the nationalist movements demanded complete, unquestioning allegiance from the populations. Support for a rival movement, even if only alleged, became the ultimate political crime, routinely punishable by death. Although UNITA claimed to represent the largest segment of the population and could, arguably, have won the planned pre-independence elections, the departing colonial administration handed over power to the MPLA in a desperate attempt to save the transition process that was being undermined by the civil war. Ethnicity was clearly a determining factor. The departing colonial administration could not hand over power to either UNITA or FNLA because these groups' claims of legitimacy were based on their purported representation of specific ethnic groups: the Ovimbundu and the Bacongo. The MPLA, on the other hand, was perceived to represent the urban segment of the population that had transcended – or was in the process of transcending – ethnicity.

Third, and finally, issues of class and race would have conspired against the new state even if the main ethnic groups had shared a common political goal. UNITA regards the Mbundu as the dominant group, even though they are numerically smaller than the Ovimbundu. To use Schermerhorn's definition, the dominant group

refers to "that collectivity within a society which has pre-eminent authority to function both as guardians and sustainers of the controlling value system, and as prime allocators of rewards in society."[21] Conversely, UNITA sees itself as the legitimate representative of the majority of the population – the Ovimbundu – that has been relegated to a subordinate status. For UNITA, the Ovimbundu's relegation to subordinate status was initially accomplished with the aid of the Russians and Cubans who helped place and keep the dominant group's representatives in power. More recently, the dominant group has kept the Ovimbundu out of power by grossly manipulating the political process and by controlling the state's economic resources.

UNITA's view regarding who constitutes the dominant group in Angola is, to say the least, overly simplistic. The Mbundu cannot be considered the dominant group within Angolan society. In fact two other groups compete for dominance. First, as noted above, the descendants of Angolan indentured labourers who worked in Portuguese plantations in the island of Sao Tome control the innermost centre of political power in Angola. UNITA has insistently alleged that Angolan president José Eduardo dos Santos was born in Sao Tome, not in Angola. Likewise, most of his inner-circle includes people who were born, or whose parents were born, in Sao Tome. Although the regime over which they preside includes a disproportionate number of Mbundus, the presidential entourage's own ethnic ties with the Mbundu population are, at best, tenuous. Ironically, this means that even the people from which MPLA draws most of its support question their legitimacy. It has become clear that dos Santos' rule is tolerated only because the alternative, Savimbi, is unthinkable for many Mbundu. Second, mixed-race Angolans (*mulattos*) control the economy. This group has filled the space left by the departing Portuguese settlers who owned most economic enterprises in the country. In sum, the war in Angola is further complicated by subethnic and racial dynamics. In such circumstances, achieving good governance, let alone reconciliation and peace, is highly problematic.

Governance in an ethnically divided society

The preoccupation with good governance in Africa is not new. As early as two decades ago, after the 'lost decade' of the 1970s, the International Financial Institutions diagnosed Africa's affliction as a 'crisis of governance' reflected in the extensive personalisation of power, the denial of fundamental rights and freedoms, widespread corruption, and the prevalence of non-elected and unaccountable governments.[22] The recommended prescription emphasised 'political renewal' premised in "a systematic effort to build a pluralistic institutional structure, a determination to respect the rule of law, and a vigorous protection of the freedom of the press and human rights."[23] Even critics of adjustment policies in Africa accepted this position. For example, in its 'African Alternative Framework', the United Nations Economic Commission for Africa (ECA) suggested that governance was the key to fundamental change in the continent. For ECA, governance

involved the "democratisation of the decision-making process at national, local and grassroots levels so as to generate the necessary consensus and people's support."[24] In this sense, governance serves two important purposes. First, it pushes African rulers to become more accountable to the populations over which they claim authority. Second, it can "facilitate a relationship of bargaining through which the interests of the state and those in society can be adjusted to each other so that the exercise of state power might be regarded as legitimate by those subject to it."[25] This, for Goran Hyden, results in a situation "where politics is a positive-sum game; where reciprocal behaviour and legitimate relations of power between governors and governed prevail; and where everybody is a winner not only in the short run but also in the long run.[26]

From a practical perspective, good governance involves political and bureaucratic accountability, freedom of association and participation, freedom of information and expression, and a sound autonomous judicial system. It goes without saying that the effectiveness of a system of governance depends largely on how it is perceived. Those governments that acquire authority or legitimate power to govern through a credible electoral process have a better chance of becoming real agents of change. Similarly, good governance requires arrangements to make bureaucrats more accountable through regular monitoring of performance of public agencies and officials. This is essential to achieve transparency in bureaucracies, particularly in terms of rigorous financial management, an area that has become particularly problematic in Angola. Even more important, political and bureaucratic accountability cannot become reality until citizens acquire the freedom to establish religious groups, professional associations, women's groups, and other private voluntary organisations to pursue political, social, or economic objectives under the protection of an efficient, reliable and autonomous judicial system.

The realm of governance was one of the first casualties in Angola's civil war. Currently, the decaying state is no longer able to carry out vital functions associated with governance including forms of domination, the nature of surplus extraction, and the patterns of resource allocation. Most of these functions are now formulated and carried out by powerful private agents who are not accountable to the public.

The inability to establish a regime of good governance in Angola can be understood by analysing the ways the new state was organised, particularly in terms of how power was exercised. Only then can the failure of its policies and the consequent loss of legitimacy and authority be explained. Although Angola achieved independence in extremely difficult conditions, the MPLA's success in gaining control of the government enabled it to extend and consolidate its administration throughout the country with the help of Cuban troops and Russian advisers. In retrospect, Angolans expected that the winning side would introduce a system of good governance and impose measures to establish a viable political order that could promote national unity and ethnic harmony, social and regional equality, and economic development. Instead, an intolerant, inflexible political order based on Marxist-Leninist principles was erected to benefit a narrow segment of the population.

After inflicting severe political and military setbacks to UNITA and the FNLA in the initial stages of the civil war, the MPLA installed a one-party regime that attempted to either co-opt or destroy most elements of civil society. Political participation could only take place when mobilised and organised by the state to serve its own specific purposes. As discussed earlier, 'mass organisations' were created to mobilise workers, women, students, and even children.

The basic contractual relationship between state and citizen was lost in the Marxist-Leninist ideological fog. Instead, the people became a valuable element to be used in furthering the goals of an oppressive state. This resulted in ethnic favouritism and divisions, corruption and economic decline that combined to further devastate a state already ruined by civil war. With most avenues for political participation closed by the state, and in the presence of centralised, yet dysfunctional and decaying political and economic structures, Angolan citizens became almost exclusively consumed by concerns for their immediate survival; i.e., the search for food, shelter, and security. Meanwhile the growth of a powerful and usurping state elite contributed to the creation an ever-widening gap between state and citizen.

This gulf between the state and civil society manifests itself in various domestic conflicts involving ethnicity, class and race within an overall context of poor governance. Ironically, in the war against colonial domination and during its first years in power, the governing MPLA proclaimed itself as a "movement of the masses." Gradually, however, a political and economic elite – composed predominantly of *mulattos* and descendants from returning indentured labourers from Sao Tome – used their superior education, political skills, and economic power to take control of the party from the Mbundu elite. Instead of maintaining the existing strong ties with workers and peasants, the governing elite grew increasingly detached from the common citizen and used the repressive means of the state to preserve its privileged status.

From the ordinary citizen's point of view, the elite's grip on state power has assumed hegemonic proportions and represents a throwback to colonial times when power, prestige, and privilege were closely associated with class and race. Given their pivotal position, members of the Angolan ruling elite have enormous resources of patronage. As discussed before, these resources have been put to use to create extensive and intricate patron/client networks. It is within these networks that most political deals are made and significant economic transactions take place. Such networks are indispensable for holding political office or seeking public employment. Unsurprisingly, these networks of patron/client relationships have been used by the ruling elite for political control and financial aggrandisement. In the process, however, they engendered high levels of corruption and have eroded public trust in government. This widespread loss of confidence in the government has been exploited by UNITA for its own political purposes.

As the majority of Angolans found that survival meant operating in competition with a coercive and predatory state, they opted to inhabit the informal spheres outside the reaches of the state. This seriously hampered the development

of civil society. When the state saw its survival threatened by the weight of war and economic decline in the 1980s, it could not count on the resourcefulness – let alone understanding – of the civil society. Consequently, the conflict-resolutions mechanisms that have been attempted in Angola since the early 1990s have been unsuccessful.

Tragically for Angola, any hopes that the opposition would present alternative forms of governance have been dashed long ago. In fact, the situation facing citizens living within territories controlled by UNITA is also characterised by unaccountable and personalised rule. Throughout the years of insurgency, UNITA showed that it was no better equipped to facilitate the development of a healthy civil society. After losing its power struggle with the MPLA in 1976, UNITA returned to the countryside and has waged a devastating guerrilla war with the help of South Africa and the United States. By the time the Bicesse Peace Accord for Angola was signed in May 1991, UNITA controlled most of the south-eastern portion of Angola where it installed a rival administration.

Political participation in the areas controlled by UNITA was even more restricted than in government-held zones. There are several reasons for this. Although UNITA portrayed itself as a democratic organisation its political orientation and practice are clearly Maoist. As such, UNITA created very centralised structures both at the political as well as at the military levels. In fact, military structures dominated the organisation in the sense that no civilians were allowed to hold leadership positions. All members of UNITA's Politburo and its Political Commission (the decision-making body) have a military rank. The merging of military and political positions and functions gave UNITA a particularly rigid and disciplinarian character. Savimbi has successfully transformed UNITA into a powerful army under the cover of a political party.

The average citizen in Angola was unshackled – if only briefly – during the period of political and economic liberalisation leading to the signing of the Bicesse Peace Accords in 1991 and up to the resumption of the civil war after the elections of September 1992. However, Angola's version of *glasnost* and *perestroika* revealed important paradoxes in state-society relations. The would-be totalitarian regime had created both dissent and dependency. The dissent, which lay mostly dormant throughout the repressive years, served as the catalyst for the mushrooming of all types of organisations after the legal framework of the one-party state was abandoned. Paradoxically, most of these organisations continued to depend on the state or international organisations for resources. Thus, political parties, churches, cultural groups, women's organisations, and so on, have proliferated not so much as a counterweight to the state but mainly to benefit from it in terms of financial assistance and all the other benefits traditionally allotted to the state elites.

As mentioned before, the MPLA relied on the 'mass organisations' it created to ensure participation of officially sanctioned groups while making the formation of autonomous organisations illegal. Mass organisations were expected to provide unconditional support for MPLA's broad political, economic, and social

programmes. Although the economic reforms in the late 1980s and political liberalisation initiatives in the early 1990s allowed the emergence of autonomous organised groups, the MPLA has tried to influence key groups by binding them into organisations that have become dependent on patronage. An example is president José Eduardo dos Santos' own NGO – *Fundacao Eduardo dos Santos* (FESA) – whose considerable wealth and power rivals that of several ministries. By constantly redefining patron-client relationships, the regime continues to influence society – this time with the additional 'civil' label – as well as extend its organisation, coordination, and supervision over as much of the population as possible with the ultimate aim of staving off organised mass opposition.

It has now become clear that in Angola the emergence of organised groups commonly associated with civil society and their dependent relationship with the state constitutes an integral part of a well-designed strategy by the regime to keep itself in power. The MPLA had not planned to liberalise the regime and institute a genuine democratisation process that would eventually make the party-state genuinely accountable to common citizens. In fact, the reverse is closer to reality. The liberalisation measures introduced in the 1980s and 1990s were cleverly manipulated to create enough 'manoeuvring space' – especially in terms of providing sufficient economic/financial gains – to ensure that the party would remain in power.

The structures arising under this reordering resemble 'state corporatism' rather than civil society. Their continued existence, influence and well being depend on the whims and/or generosity of the state, particularly the party controlling it. By restricting the space of civil society the MPLA is preventing alternatives from emerging, further preventing genuine democratisation. In such circumstances, the party and the state – ruling over hybrid economic structures combined with centralised power – can remain unaccountable. The far-reaching impact of this form of state corporatism was evident during the 1992 electoral fiasco. The governing MPLA, having succeeded in collapsing the dividing line between party and state, was able to use state resources – particularly functionaries, revenues, the media and means of transportation – to ensure electoral victory. Although UNITA received the most votes in the provinces with the highest population density and where the Ovimbundu predominate – i.e., Benguela, Bie, and Huambo – this was not enough for a rebel victory at the polls. Incredibly, UNITA's claims of electoral fraud during the 1992 elections – triggering a return to war – missed a crucial point. Control of the corporatist state, not fraud, determined the MPLA's victory.

Conclusion

This chapter has attempted to show how the major politico-military forces in Angola have used ethnic politics for different, yet equally destructive, ends. For the MPLA, informal ethnic networks kept it in power even after suffering apparently crushing setbacks at the international and domestic levels. But these net-

works must be perpetually greased with the vast oil revenues controlled unaccountably by the regime. This has institutionalised a culture of corruption.

UNITA, on the other hand, has succeeded in using ethnicity to rally and sustain popular support among the Ovimbundu. By highlighting the fact that Mbundus dominate the governing MPLA, UNITA has consistently characterised the failure of governance in conspiratorial terms – as a conscious effort by the MPLA to deny other groups the fruits of oil and mineral wealth. Therefore, UNITA has been able to justify the use of military means as a way of redressing the inequitable distribution of power and wealth. This has fostered a culture of violence.

The twin cultures of corruption and violence have contributed to prolong the civil war. In fact, a new round of fighting is underway, triggered by the government's decision in December 1998 to mount a military assault on UNITA's two main strongholds. In October 1999, UNITA lost its main strongholds – Bailundo and Andulo – to the government. There are no indications that the current offensive will inflict a decisive and fatal blow against the rebels. Eventually, more peaceful ways must be found to reconcile the differences that separate the warring factions. This is an essential pre-condition to rebuild the state.

Since the state in Angola has historically been regarded as artificial and illegitimate, the project to rebuild it will necessarily rest on sub-national formations. The rules of the political game cannot be imposed from above by the state. They must be devised and implemented from below. Specifically, for Angola, this would entail a radical devolution of power to the local level where people can find innovative and peaceful ways to govern themselves.

Angola, like all other former colonies, cannot return to pre-colonial forms of governance. It must adapt and conform to the requirements of the modern state. However, this does not necessarily entail a rejection of ethnicity. Being a citizen and a member of any ethnic group must not be mutually exclusive. But this goal will only be realised when all ethnic groups perceive the state to be an expression of their multifaceted aspirations, including access to power and wealth. In the absence of an equitable division of power and wealth within a democratic system, Angola's future will remain grim.

In sum, given its central importance, the optic of ethnicity provides important insights for understanding Angola's current situation. Equally important, it opens possibilities to contemplate and anticipate possible solutions. Ethnicity is a formidable force. However, this force does not have to be necessarily destructive. Its power can be harnessed for more positive and constructive ends, including modern projects of state building. Unless such new and more positive forms for managing ethnicity are found, governance in Angola – as elsewhere in Africa – will remain highly problematic.

Endnotes

1 The Marxist MPLA was supported by the former Soviet Union while *Frente Nacional de Libertação de Angola* (FNLA) and UNITA were supported by the United States.
2 The Mbundu ethnic group is sometimes referred to as the Kimbundu.
3 The Ovimbundu ethnic group is often referred to as the Umbundu.
4 The Bacongo ethnic group is sometimes referred to as Kicongo.
5 J Kellas, *The Politics of Nationalism and Ethnicity,* St. Martin's Press, New York, 1991, p 5.
6 R Schermerhorn, *Comparative Ethnic Relations,* Random House, New York, 1970, p 12.
7 J Hutchinson & AD Smith, Introduction, in Hutchinson & Smith, *Ethnicity,* Oxford University Press, Oxford, 1996, p 6.
8 Kellas, op cit, p 2.
9 J Rothschild, *Ethnopolitics: A Conceptual Framework*, Columbia University Press, New York, 1981, p 6.
10 Ibid.
11 R Thompson, *Theories of Ethnicity: A Critical Appraisal,* Greenwood Press, Westport, 1989, pp 64–5.
12 Ibid, p 65.
13 D Birmingham, *Trade and Conflict in Angola: The Mbundu and Their Neighbours Under the Influence of the Portuguese 1483–1790,* Clarendon Press, London, 1966, p 2.
14 Ibid, p ix.
15 J Redinha, *Distribuicao Etnica da Provincia de Angola,* Centro de Informacao e Turismo de Angola, Luanda, 1965, p 7.
16 WS van der Waals, *Portugal's war in Angola 1961–1974*, Ashanti, Johannesburg, 1993, p 16.
17 Educated Angolans who had embraced the Portuguese way of life.
18 Angolans of mixed race.
19 MPLA political structure included several layers: local (commune), municipal, provincial, and national.
20 The Bacongo (Kicongo) ethnic group is composed of several major subgroups, including Cacongo, Coje, Congo, Guenze, Iaca, Iombe, Muchicongo, Oio, Paca, Pombo, Sorongo, Sosso, Suco, Vili, and Zombo. The Mbundu (Kimbundu) ethnic group includes Ambundo, Bambeiro, Bangala, Bondo, Cari, Chinje, Dembo, Haco, Holo, Hungo, Libolo, Luanda, Luango, Minungo, Ngola, Ntemo, Puna, Quibala, Quissama, Sende, and Songo. The Ovimbundu (Umbundu) include Bailundo, Bieno, Caconda, Chicuma, Dombe, Ganda, Hanha, Lumbo, Mbui, Quissanje, Sambo, Sele, Sumbe, and Uambo. See Redinha, op cit, pp 11–20.
21 Schermerhorn, op cit, p 12.
22 World Bank, *Sub-Saharan Africa: from Crisis to Sustainable Growth,* World Bank, Washington, DC, 1989, p 60.
23 Ibid, pp 60–61.
24 United Nations Economic Commission for Africa, *African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation,* ECA, Addis Ababa, 1989, pp 60–61.
25 D Apter & C Rosberg, *Political Development and the New Realism in Sub-Saharan Africa,* University of Virginia Press, Charlottesville, 1994, p 91.
26 G Hyden, Governance and the Study of Politics, in G Hyden & M Bratton, *Governance and Politics in Africa,* Westview, Boulder, 1992, p 10.

Aid agencies: providers of essential resources?

Andrea E Ostheimer

Since the end of the Cold War, aid agencies have become more embroiled than ever before in the heat of civil wars. Confronted with a belligerent environment, relief workers have to face the moral dilemmas[1] and problems of humanitarian assistance in complex emergencies.[2] At the same time they have to cope with rising criticism.

According to International Red Cross principles, on which humanitarian aid is based, aid should be independent, neutral and impartial. Only neutrality and impartiality can guarantee access to conflict areas because all participants in the conflict need to be sure that the opponent will not benefit from assistance. In reality, humanitarian assistance is confronted with restricted access to war zones. Humanitarian assistance usually depends on the respective authorities – in most cases the government – to receive permission for relief operations. How independent and neutral do humanitarian actors remain under these conditions?

The way aid agencies are funded also raises questions about their independence. According to Alex de Waal three quarters of United Kingdom food aid is handled by non-governmental organisations (NGOs). Major food aid agencies such as Care, World Vision, and Catholic Relief Services, are largely or even wholly funded by USAID (US Agency for International Development).[3] "From the 1980s, more and more NGOs have taken more and more government money for relief programmes and become what David Korten calls 'public service contractors'".[4]

The politicisation of humanitarian aid can be demonstrated by reference to the level of funding for different emergencies. Barry Munslow and Christopher Brown note that "... in Irak there is roughly US $3 000 being spent on every beneficiary, whilst in Angola the figure is US $58 and in southern Sudan it is a meagre US $18."[5] Those different levels clearly reflect the relative political importance of the three emergencies in the hierarchy of the international donor community.

Fundraising for humanitarian work requires publicity, so it is in the interest of every aid agency to have as high a profile as possible. To obtain a high media profile they must also succumb to additional 'rules of the game'. Engagement has to be operational as only this provides a setting with an emotional touch appealing to donors. But how does an agency remain neutral in its decision to withdraw from a conflict when this means diminished media-presence and therefore a reduction in funds?[6]

In practice, the dilemma often facing humanitarian assistance is the knowledge that it would be more effective if the agency were to take sides.[7] Often the acceptance of the *de facto* authority in an area is the only way to ensure the security of humanitarian personnel.

In discussing neutrality and impartiality one has to ask if it is possible to prevent humanitarian assistance from becoming a political instrument? When aid is the only leverage available to bring a mediation process forward, the issue becomes particularly crucial. To what extent should the politicisation of humanitarian assistance be tolerated or even enhanced? Should humanitarian assistance become an integrated and institutional part of peace-building initiatives? And if so, how can this be achieved?

With the experiences in Somalia, Sudan, and during the Great Lakes crises, humanitarian assistance was once again confronted with rising criticism. As Hugo Slim noted, "Increasingly, commentators have gone further than a purely technical critique of emergency aid and have more openly come to talk in moral terms of particular humanitarian action as being either right or wrong, good or bad."[8] Although such a discourse cannot and should not be conducted on this level,[9] the examples listed here provide some indication of the extent to which humanitarian aid can rapidly become integrated into the dynamics of complex political emergencies.

When Operation Lifeline Sudan (OLS) was initiated in 1989 it set a precedent from the beginning. Negotiations by the United Nations (UN) with all conflict participants led to a *modus vivendi* of 'negotiated access' and provided safe corridors for humanitarian assistance in all war zones. For the first time, a government allowed aid convoys to rebel held territory.[10] Although the accessibility of the whole war zone can be considered as progress in humanitarian terms, neutrality and impartiality were certainly compromised. OLS became deeply entangled in Sudan's politics.[11]

Adrian van der Knaap, representative of the World Food Programme (WPF) in Kampala reports of cases in southern Sudan, "… where the guerrilla movements have warned of population movement from point A to point B because the guerrilla movement needed food supplies at point B. The best way to get those food supplies to point B was to displace the population and the humanitarian agencies to provide assistance."[12] Aid had two additional functions for the Sudan People's Liberation Army. On the one hand it was a major source of income. On the other hand, its interaction with international organisations gave the liberation movement a certain amount of legitimacy.[13] The Sudanese government also used humanitarian aid to build up strategic bases of support in the South,[14] or to resettle refugees under political or economic strategies.[15] Reports of Khartoum provisioning its troops with aid became common. By speculating with foreign currency exchange rates Khartoum made additional profit on humanitarian organisations. The military and commercial sector thus attempted to gain extra funds by controlling the flow of aid. A limited offer on an almost monopolised market allowed for higher prices and guaranteed extra profits.

In Rwanda, relief organisations were confronted with the dilemma that refugee camps were controlled by military leaders and humanitarian aid was mainly distributed through the former Rwandan administrative structures, arousing suspicion that the military also benefited from the aid. Aid was used to reinforce control over refugees. Local Rwandans working for relief organisations had to pay a war tax to the leaders of about 30% from their wages. In this way humanitarian aid became the *de facto* fuel of the war economy of the former Rwandan regime. Confronted with these circumstances *Médecins sans Frontiers* (MSF) decided to withdraw from the refugee camps in Goma and Bukavu at the beginning of 1995.[16]

Another dilemma which humanitarian assistance organisations often face is that by feeding the population, resources are freed up for the warring factions. In Rwanda the international community spent approximately US $1,5 billion on humanitarian measures between April and October 1994. On a per capita basis therefore US $200 per person. In comparison, the Gross National Product (GNP) per person was estimated to be around US $250 at the time.[17] The impact that these levels of aid have on the macroeconomic structure and on the socio-political environment is immense.

Nevertheless, any discussion about a misuse of humanitarian aid and a consequently freeing up of resources for war efforts has to take into account that most states in the midst of a complex emergency are extremely weak entities, hardly able and often apparently unwilling, to fulfil core state functions. Some may be *de facto* failed states, while others are autocratic regimes without any linkage to society and the general populace. In neither do the empowered group reflect a democratic sense of accountability towards their people, thus setting a context where scarce resources are last spent on social services.

In the face of increasing criticism, moral dilemmas and the problems of providing humanitarian assistance in complex emergencies, NGOs and donors are changing their attitudes and policies. There is a move toward the Hippocratic principle *primum non-nocere* – first do not harm – which means that humanitarian actions should not work against those who are supposed to be the beneficiaries.[18] Although an observance of *primum non-nocere* is generally welcome, a rigid interpretation may lead to the belief that by refusing humanitarian assistance one would avoid supporting an illegitimate regime.[19] However, such a rigid approach questions the *basis* of humanitarian assistance and does not seek to address current problems (above all the politicisation of humanitarian assistance) or establish space for humanitarian assistance during complex emergencies.

This chapter takes a realist approach in exploring the obvious discrepancy between high demands and harsh reality. Humanitarian assistance is a political instrument and is used as such by conflicting factions and/or by donors. Humanitarian assistance can, under certain circumstances, contribute to prolonging conflicts. Only once humanitarian aid is recognised as a political factor will it be possible to restrict abuse and incorporate it constructively as a possible conflict resolution mechanism. Such an approach does not imply an abandonment of moral

principles in allocating aid, but calls for a clearer recognition of the political and military realities.

In the present context of Angola, where there has been limited academic research on the issue of humanitarian aid, the challenge is to investigate the extent to which humanitarian assistance and its actors have become politicised. What roles do aid agencies play in the political-economic system, and how is aid politicised? Can humanitarian assistance in Angola be seen as *de facto* fuel to the war economy, as was the case with the former Rwandan regime? And in consequence, might the donor community provide essential resources for prolonging Angola's civil war?

Any discussion of these hypotheses and questions needs to go beyond a mere assessment of Angola's human disaster and its costs for the international community. Primarily, it has to draw attention to the interaction between three key actors – the conflict parties, the international community and the humanitarian agencies.

The state of the Angolan state

To understand the humanitarian dimension of Angola's complex emergency it is important to focus on the state of the Angolan state. As Lionel Cliffe and Robin Luckham note, "one common denominator that has accompanied great human suffering and armed conflict is a political context in which the state itself has either collapsed, been contested or been seriously weakened."[20]

In a country like Angola the state does not perform its function as the primary institution for disaster relief and development work. Not only has the government been hindered in performing these functions as a result of decades of civil war but the state has also failed to deliver social services due to a growing delinkage of the state from the Angolan society.

By applying Max Weber's classical concept of the state to Angola, it becomes obvious that the *de jure* Angolan 'state' would be classified as 'stateless'. In Weber's terms, the state signifies a compulsory association with a territorial basis characterised by compulsory jurisdiction, continuous organisation, and a monopoly of force over its territory and population.[21] His argument centres on the monopoly of force that a government should have in the territory under its jurisdiction. In the case of Angola where the *Movimento Popular de Libertação de Angola* (MPLA) and the *União Nacional para a Independência Total de Angola* (UNITA) have tried to establish permanent control over the contested territory, Weber's sense of 'statelessness'[22] seems appropriate. This parameter is also central to Holsti's paradigm and definition of a 'failed state'. According to Holsti, states fail or collapse when *inter alia* "... there are one or more armed 'mini-sovereigns' within the state. They have effective rule-making capacity and are armed sufficiently to resist central authorities."[23]

But neither theoretical approach sufficiently explains the state of the Angolan state. Although the MPLA government has no monopoly of power over the

Angolan territory, it has demonstrated a surprising resilience over the years. On a national level Angola may be classified as a failed-state in the classical Weberian sense. However, if one focuses on the Angolan state as the limited territory under control of the Angolan government, and then assesses government's performance, one can speak of a weak state. The determining factor for a weak or strong state, according to Barry Buzan[24] is the degree of socio-political cohesion, and not its military strength. In addition to a lack of territorial control, the Angolan state demonstrates three inter-related and interdependent features, which are decisive with regard to socio-political cohesion. These features, which are discussed further within the context of humanitarian assistance, are:

- a de-linkage of the Angolan political elite (itself fragmented) from Angolan society;
- an erosion of the Angolan state's performance in delivering services to the people, including providing security for the people, and in consequence;
- a loss of political legitimacy of the government.

An elite delinked from society

As discussed by Assis Malaquias in this volume, the historical cleavages within Angola's elite gave birth to three separate liberation movements, the MPLA, the *Frente Nacional de Libertação de Angola* (FNLA) and UNITA. The ethnic dimension and overlapping congruency with an urban-rural cleavage also enhanced and fostered the alienation between ruling elites and the people.[25] A culmination of that development can be seen from the mid-1990s onwards, when Angola did not transform from a one-party state to a multi-party-state, but to a presidential regime that spun off the party apparatus of the MPLA like a silkworm off its cocoon.[26]

With the power shift toward the *Futungo* and the presidential circle, the MPLA lost much of its influence and capacity to determine Angolan politics. As a result, most of its cadres, who were the intellectual backbone of the party, shifted their attention to private life and private businesses.[27] The weakening of the political party accompanied by the institutional weakness of political bodies such as parliament and ministries *vis à vis* the presidency, as well as an impotent and often co-opted civil opposition further contributed to the alienation between those in power in Luanda and Angolan society.

In turn, the general weakness of the NGO sector has severely affected the delivery of humanitarian assistance as international agencies struggle to find adequate local counterparts for the implementation of their programmes.

Erosion of public services

One factor contributing to the institutional weaknesses in Angola is the problematic role of the public service sector. Its growing inefficiency contributes to the steady decay of the state's capacity to fulfil its core functions. Already under

colonialism little was accomplished in education and health care for the mass of the population since the main aim of the public sector was to keep profits flowing back to Portugal.

In the post-independence era the state bureaucracy has remained ineffective, with the exception of the petroleum sector. Public administration turned into a support network for MPLA cadres, who were provided with cheap access to facilities like transport, accommodation, and electricity.[28] However, the growing economic paralysis in the mid-1990s led to a steady erosion of the value of public salaries as well as a gradual decrease in the provision of social services. This exacerbated the social distance between the core circle of the ruling elite and its administrative substructure. As public servants' salaries (quite often not more than an equivalent of US $10 per month) lost their purchasing power, the officials had to find other sources of income. In order to survive, public-sector employees spend much more time on rent-seeking activities than on their official job.[29] Declining real wages is one of the main reasons for the implosion of already low levels of social services. In addition, low salaries fostered the growth of corruption among officials in all sectors and at all levels.

The most serious erosion of public services occurred in the health sector. The brain drain to private clinics and businesses confronted the Angolan government with a loss of intellectual capital, which it tried to redress by bringing in foreign doctors. Today, for example, the whole province of Cuanza-Sul relies on 20 doctors, 10 of who are Vietnamese and three Korean. These physicians seldom speak the patients' language, and lack the working equipment and drugs for adequate treatment.

A review of the Angolan government's relief institutions shows a similarly weak record in terms of capacity and effectiveness. In the late 1980s, the *Secretariado do Estado de Assuntos Sociais* (SEAS) was the only government institution that had operational capacities (trucks, storehouses) on the provincial level. SEAS concentrated its operations on the displaced population. Due to under-funding it depended largely on UN and bilateral aid. Within NGO circles SEAS was criticised primarily for its lack of coordination.[30] When the government's ability to import commercial food declined around 1988 and emergency food relief became progressively important, responsibility for relief aid coordination was transferred to the *Unidade Tecnica de Assistência de Emergência* (UTA-E) within the Ministry of Commerce. Marc Duffield characterised this institution "as a symptom of growing inter-ministerial competition to control and manipulate relief aid."[31]

Today, the coordination of aid is in the hands of the *Ministério de Assistência e Reinserção Social* (MINARS), the successor institution of SEAS. A weak government agency, MINARS depends largely on the material support of the international aid community. Quite often MINARS' runs out of supplies for its community kitchens at the beginning of the month.[32] However, despite institutional constraints, lack of finances, adequate staff and logistics, MINARS' work has earned some praise.[33] But its performance depends entirely on the attitude and dedication

of those staff in key positions, a dedication that seems hard to maintain considering the monthly salary of a provincial MINARS Director (US $20), compared to the average income of a private security guard working for an NGO (US $150). Recently, MINARS has attempted to take on a directing role within the aid system but still has to prove that it is able to go beyond noble declarations.

De-linkage on a socio-economic level

A crucial element within the socio-economic dimension of the Angolan state's de-linkage from society has been the government's creation of, what David Sogge called, an "offshore economy"[34]. After independence the MPLA soon formed strategic alliances with multinational oil corporations. Because it was able to finance its military and economic projects almost entirely with oil revenues, the Angolan government no longer needed to diversify its economy and boost the productive capacity of its population.[35] The failure of agricultural policies (socialist style state farms) and a dramatically deteriorating industrial output were offset by an increased oil output.

Public revenues were mainly funnelled to the party's *nomenklatura*, providing access to goods as well as to school and health facilities abroad. The government neglected large parts of the rural population, which it viewed only in terms of military conscription rates.[36] When peasants received less for their products than at the end of the colonial period, they stopped selling their products at official markets. Agricultural products went to the parallel market where rural producers earned 10 to 50 times more in cash or bartered items. Nevertheless, the most distinctive feature of Angola's parallel economy remains its incorporation into the clientelist network of the ruling elite.

In addition to the 'de-linked' social structure of Angolan society, the ongoing war facilitates corruption, allowing the competing elites and their entourages to engage in further rent-seeking activities.[37] Several cases have been reported[38] where Angolan state authorities have not allowed NGOs to bring in additional aircraft to enchance their logistic capacities. They rather wanted NGOs to hire planes from national aviation enterprises, which belonged to or were linked to the business activities of FAA staff members or the inner *Futungo* circle. Under terms of neutrality, humanitarian organisations refuse to do so and continue struggling with the state's bureaucratic obstacles.

Another consequence of the 'de-linkage' is demonstrated by the increasing privatisation of the Angolan state. Where the state abstains from its core functions, NGOs are increasingly taking over those tasks. In the field of humanitarian assistance, both the government and UNITA have abdicated their responsibilities in those areas under their control and have sourced out the provision of food and social services – largely to the international community. On both sides a re-prioritisation of military aims can be detected which becomes particularly evident when military attacks are planned and carried out, regardless of the impact on any humanitarian work in the area.[39]

When considering the structural deformation of Angola's current political system and its weak administrative capacity in general, one should ask to what extent humanitarian aid contributes to the fragmentation of the public sector, with all its negative side effects? Accordingly, it has to be queried whether the NGO community addresses the government's attitude in a constructive way. In order to gain or sustain a sufficiently public profile to attract funding, most NGOs eagerly offer their services, and do so generally and unconditionally, without raising the question of what the government can do and how the NGO sector could complement the government's efforts rather than replace it.

Assessing the human disaster

As in any military conflict, the cost of human lives and the numbers of direct and indirect victims of Angola's 25 years of war can only be estimated. As the last national census was held in 1970 (counting 5 646 166 inhabitants) the size of the Angolan population today is estimated at 12,4 million.[40]

Angola's humanitarian disaster has been marked by three distinct phases of warfare. The first period stretches from independence in November 1975 to the Bicesse accords in May 1991, and can be characterised as a rurally based, low intensity war. During this time some 900 000 Angolans died, of those about 85% to 95% were civilians.[41] At that time human suffering was exacerbated by a severe and prolonged drought that affected Southern Africa. According to a UN task force report in 1989, an estimated 90 000 adults and older children died from disease, malnutrition, and starvation between 1980 and 1988.[42]

The second phase encompassed the renewed outbreak of hostilities after the September 1992 elections until the Lusaka Protocols in November 1994. This was a new type of warfare, perhaps the most destructive in Angolan history. Low intensity warfare turned into disruptive fighting around the cities when both sides tried to clear the towns of any opposition.[43] By mid 1993, the Angolan government's control was reduced to about a third of the national territory.

During the first three months of fighting UNITA succeeded in controlling the country's agricultural base. Limited access to agricultural fields, due to continued fighting and landmines as well as a paralysed transport sector resulted in the collapse of agricultural production. Malnutrition became chronic in almost the entire country.[44] In many regions under UNITA control, former government health posts were abandoned and stocks were stolen.

The sieges of Huambo and Cuito provide a sad example of the dimension of Angola's humanitarian emergency. Although no systematic studies have been conducted in those areas affected by the war, it is estimated that the fighting in Huambo alone caused 15 000 casualties.[45] When, after 55 days of siege, Huambo fell to UNITA in March 1993, government soldiers along with almost 100 000 people withdrew to government-held areas along the coast.[46] In Cuito an even more dramatic humanitarian situation occurred. During the siege, 20 000 to 30 000

people died. Cuito became a divided city with the government and UNITA each controlling a part of the town.

During this period, UN-Secretary General Boutros-Ghali reported that more than 1 000 people were dying per day in Angola.[47] In 1994, humanitarian organisations such as WFP were providing food to approximately two million Angolans. But there was also a huge need for other subsidies. As Mercedes Sayagues, the WFP Southern Africa Regional Information Officer stated, in Huambo more people were dying from lack of medication and wounds than from hunger.[48] When this phase of war finally ended in November 1994, Angola's population relied heavily on emergency assistance from the international community. In November 1994 an estimated 1,2 million people were still in need of emergency aid. But with a consolidation of the peace process, an increasing shift from relief assistance to sustainable development efforts (support of water projects, local health clinics, etc) set in. According to the United Nations Development Programme's (UNDP) Human Development Report, Angola showed an upward trend in the period of relative peace until 1998. With relative peace it was ranked 156th (data from 1995) in 1998 but with a resumption of war in December 1998 Angola declined to 160 (behind Malawi and Uganda).[49]

The third and current period is marked by the open resurgence of war, which started in December 1998. In the aftermath of Mobutu's loss of power in the neighbouring Zaïre in 1997, uncertainty spread and the extension of state administration in the former UNITA held territory came to a halt. At the time the WFP concluded that there would be "little possibility of supporting anything like an ordinary development project until at least 1999."[50]

In the meantime the humanitarian situation has deteriorated significantly. Both sides have started to clear the local population from disputed areas. UNITA's strategy has been to increase pressure on the government's already collapsing social services, in the hope of creating a victory through social implosion.[51] The government's main strategy has been to deprive UNITA of potential supporters. Both strategies used the population as the target and the instrument through which to prosecute the war. As a result, 50% of the population live in besieged and overcrowded towns and cities. At the moment, humanitarian aid can only be provided to those people living in government held areas. In August 1999, the UN estimated that approximately three million people lived in UNITA held areas. As there is no access, aid agencies have little idea of the scale of suffering.[52] At the end of August 1999, two million Angolans in government controlled areas were in need of emergency aid, of whom 400 000 were malnourished. Some 200 Angolans die every day as a result of malnutrition.

Landmine victims

In addition to malnutrition and disease, landmines are responsible for a continuously rising figure of war victims. Angola is one of the most mine-affected countries in the world. Different sources quote figures ranging from seven to 15 million

landmines.[53] Many of those are planted on the outskirts of the largest urban centres, around internally displaced persons (IDP) camps and along the main roads.[54] The United Nations Children's Fund (UNICEF) assumes that 90 000 Angolans have been killed or injured by mines, so far.[55] Although the Angolan government is a signatory of the Ottawa treaty banning anti-personnel landmines, the treaty has not yet been ratified by the Angolan parliament. In response to the increasing threat posed by UNITA, the government strengthened existing minefields around strategic assets and laid anti-tank mines (not covered by the treaty) on specific roads that could be used by UNITA.

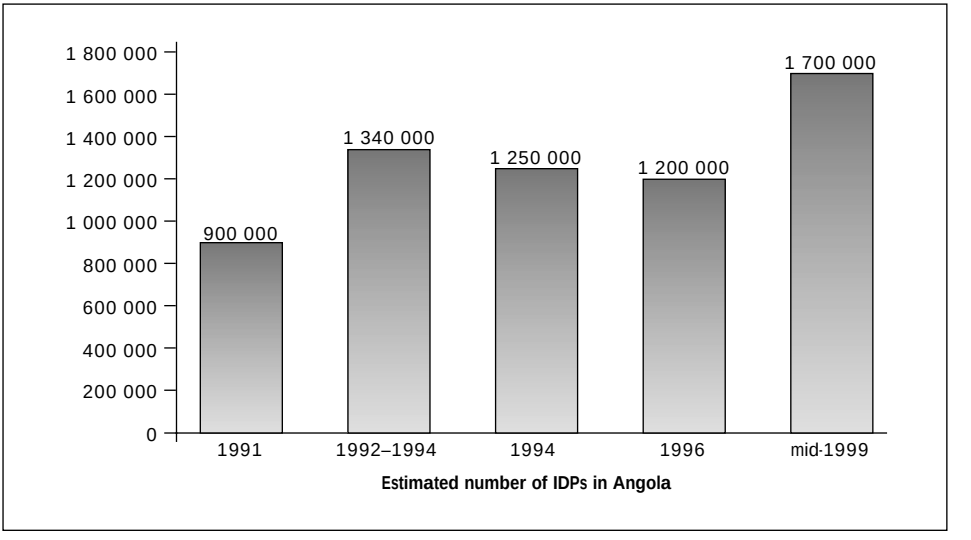
With the increase in conflict, the donor community has largely suspended assistance to mine clearance programmes. In October 1999 the European Union announced the suspension of mine clearance funding due to the continued use of landmines. Donors and NGOs are also aware and concerned about being used to clear strategically important assets for both the government and UNITA. Most NGO's are furthermore attempting to shift their programmes to mine-awareness training. The reduction of funds to mine-clearance operations, however, seems to be an exaggeration of the *primum non-nocere* principle by the donor community. In order not to become involved in the sensitive issue of the use of landmines, donors decide to abstain from de-mining actions, presumably hoping to put some pressure on the government. However, in the context of Angola's de-linkage of state and society, and the prioritisation of military and strategic issues by the responsible authorities, their leverage is limited. The local population and increasingly aid workers continue to suffer from landmine accidents. And they are totally dependent on the de-mining actions of the international community.

Internally displaced persons and their social impact

The almost 1,7 million people displaced within Angola constitute the most serious humanitarian problem with a grave impact on the society. Again, figures of displaced persons in Angola are not accurate. Seldom is a coherent distinction made between previously displaced persons and newly displaced persons. Constant monitoring of population movements is almost impossible due to the security situation and limited access. Additionally, a substantial amount of IDPs are not in the camps but squat in public buildings, live in suburb squatter camps or stay with relatives, thus making identification and registration almost impossible.[56] Nevertheless, an increasing flux of IDPs can be traced from 1991 when about 900 000 were officially considered displaced by UNICEF – a number that increased to 1,7 million in 1999.[57] The Humanitarian Assistance Coordinating Unit (UCAH) estimates that between mid-1998 and mid-1999 some 924 000 additional persons have been displaced. [58]

Not all of the 1,7 million IDPs are equally in need of food assistance. Some of them are able to survive on plots of land that they received from the government. However, in most cases, such as in Benguela, which has a dramatic caseload of IDPs from Huambo and Cuito, disposable land is limited, and only a few families

Graph 1: Number of internally displaced persons in Angola 1991 –



are really able to profit from the government programme. Nevertheless, the government and its respective provincial levels would like to present their 'Land for IDPs'-programme as an example of their efforts to alleviate the civil population's burden.

Today, the most needy are those who fled after the resurgence of war in 1998. Again, numbers cited by humanitarian sources vary between 869 302[60]and 924 000[61] for the period January 1998 to mid-1999. Although the fighting from 1992 to 1994 and recently has concentrated on the cities, most refugees fled from rural areas to the provincial towns held by the government. The main flux went from the interior to the coastal strips, accelerating Angola's rapid urbanisation as reflected in Table 1.

Table 1: Population development 1970–1997[62]

	1970	**1997**
Total population	5,58 million	12,24 million
Urban (% of total)	15,0	43,1

One can assume that approximately 50% of Angola's population now live in urban areas and on their peripheries. The city of Luanda is totally overburdened with an estimated four million residents.[63] Currently 90% of Luanda's inhabi-

tants live below the poverty line.[64] Availability and accessibility of food for the local population is a major problem in the capital as well as in other cities. Due to the progressive erosion of the country's infrastructure and the collapse of both commercial and subsistence farming, large parts of the civilian population have become dependent on external aid.

In places like Malanje, Huambo, and Cuito the socio-economic situation was under severe strain for months.[65] It has improved only slightly since October 1999. The situation in rural areas, however, remains disastrous. According to the UN's rapid needs assessment conducted in April 2000, people are surviving on larvae and grass in certain parts of Huambo province.[66] Even in provincial capitals it has become increasingly difficult and expensive to provide much needed assistance, as these places are often only accessible by air.

Totally overcrowded cities (sometimes eight times their planned size) put severe strains on the limited infrastructure of water and sewerage systems. In Malanje city, only 50 out of 250 bore holes still function.[67] According to UNICEF estimates of January 1999, only 31% of the total population (46% in urban areas, 22% in rural areas) have access to safe water. Only 40% of the population benefit from sanitation and of those only 27% in rural areas (62% in urban areas).[68]

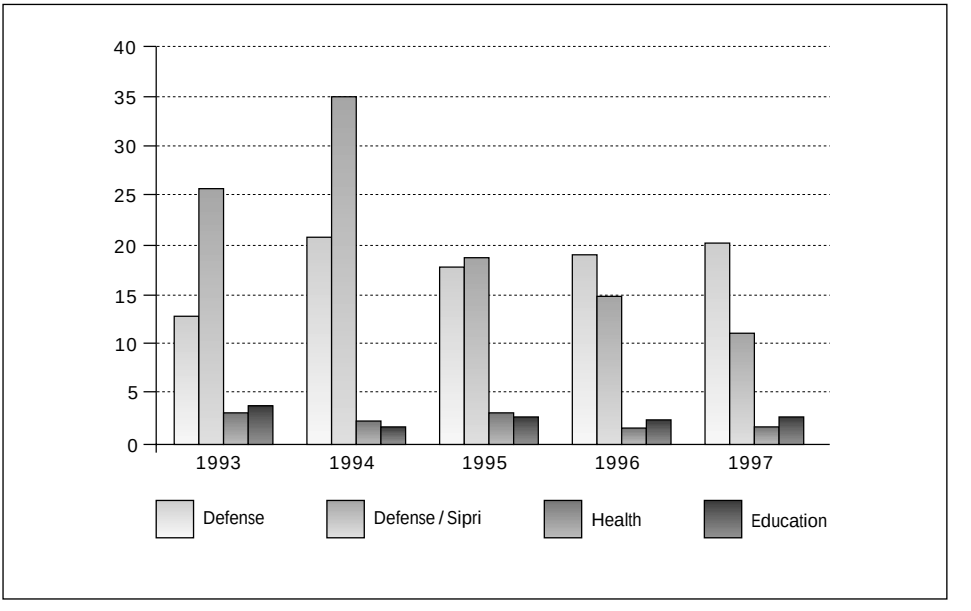
Health and food situation

According to the UN, Angola is the "worst place in the world to be a child". UNICEF reports that one in three children die before they reach the age of five.[69] Approximately 42% of the children under age five are underweight.[70] A survey conducted in May and June 1999 revealed that more resident children are attending a supplementary feeding centre in Huambo than IDP children (20%).[71] The survey also indicated that even adult residents in Huambo now show the same signs of malnutrition as IDPs. In the besieged city, without its own food storage or funds to buy food, non-assisted families are often unable to eat on a daily basis.[72] The increasing need of both groups has prompted aid agencies to extend their programmes to the temporary residents.[73]

Food supply has become the first priority in the field of humanitarian assistance to the Angolan population. The government's insignificant contribution has resulted in NGOs assuming the main burden of assistance. In the case of Cuito some 80% of current food programmes are run by NGOs.[74]

Since 1999 Angola's population has also been afflicted with renewed outbreaks of epidemics, such as polio, meningitis, and sleeping sickness. The remnants of an almost collapsed health sector are fighting a losing battle to contain these epidemics and diseases. Many provinces have no functioning health infrastructure due to the destruction of health posts and clinics during the war, a lack of staff especially with higher qualifications,[75] and a lack of equipment and supplies. In the *município* of Gabela, Cuanza Sul, there is only one doctor left for an estimated population of 260 000.[76] Staff at the central hospital in Huambo has declined from 42 Angolan doctors to four Angolans and five Vietnamese, several

Graph 2: Expenditure on defence and public order, health and education as percentage of GDP 1993–1997 [77]



departments such as paediatrics are without any adequately trained physicians. Medical assistance to major parts of the population rests almost entirely in the hands of humanitarian organisations. As a result MSF and the International Red Cross are running vaccination centres, managing hospitals and organising the supply of medical equipment and drugs.

Despite these realities, Angola's expenditures on health as a percentage of GDP continues to decline – especially when compared to the military budget, which has been rising steadily, even in times when the country was supposed to be engaged in a peace process. These indicators clearly underline the state's divestiture of its social responsibilities and the direction of resources according to established public-policy priorities.

'Non-classified' state expenditure is also rising, for example from 1% in 1995 to 32% in 1996.[78] According to the Economist Intelligence Unit, between 30% and 50% of government revenues and expenditures are not accounted for in the official state budget in order to cover real defence allocations.[79]

Declining economic output

The Angolan government is under increasing financial pressure[80] as a result of the continuing war, an offshore economy reliant on oil production, and the substitution of domestic production, with imports financed in turn by oil revenues.[81]

The GDP-share of Angola's agricultural sector has never been beyond seven to nine percent, even during times of peace – compared to a share of the oil and diamond mining sector of 52 to 61%.[82] As a result of the renewed war, less than four percent of arable land is currently under cultivation while the agricultural production rate fell to about 10,1%[83] in 1999. According to the Food and Agricultural Organisation of the United Nations (FAO) and WFP the country's self-sufficiency ratio remains well below the 50% mark. With food production of 535 000 metric tons in 1998/1999 Angola was able to cover only half of its need for the 1999/2000 marketing year. Despite commercial imports, it is expected that emergency food aid of about 180 000 metric tons will still be required during that period.[84]

The above factors, along with a paralysed public service sector and a deteriorating humanitarian situation has further increased the financial pressure on the Angolan government[85] and set the stage for the intervention of the international aid community.

The relief industry in Angola

UN agencies and NGOs

During the Cold War only a few NGOs, such as MSF-France and the International Red Cross conducted operations in rebel held areas. By the end of the 1980s, when the first steps were taken toward the Bicesse Accords, humanitarian assistance gained new momentum. In September 1990 the UN announced its Special Relief Programme for Angola (SRPA). Expectations were high that SRPA would accelerate or at least support the peace process. It was hoped that the instrument of 'negotiated access' would create peace corridors that would allow aid agencies to provide humanitarian support to the affected civilian population.

However, the attempt to establish stable peace corridors failed in Angola – as was the case elsewhere. Both the government and UNITA only stuck to the agreement when it suited their strategic aims. With agreements of access unilaterally suspended for months and proportional divisions of relief aid between the conflicting parties[86] (regardless of *de facto* existing needs) aid became much more an integral part of conflict dynamics and the war economy than a constructive support for the peace process. For example, while UNITA was in control of Huambo the government suspended all cargo flights to the town. In response, UNITA threatened to target cargo planes delivering food to cities held by the government. Most NGOs and UN agencies were forced to halt their projects because of increasing logistical constraints as well as for security reasons. In consequence, the civilian population in Huambo and in other places suffered severe food shortages.[87]

In Cuito, UNITA had almost no civilians in areas under its control but was given 50% of the food aid that reached the town, according to the formula of

'negotiated access'. The main beneficiaries on UNITA's side undoubtedly were the soldiers, although the rebels tried to conceal this by bringing peasants from remote areas to the town to collect supplies. In the government controlled part of Cuito the food had to be distributed among the 50 000 civilians who were not allowed to leave. Government soldiers were supplied mainly through parachute drops.[88] When UNICEF shipped seeds and tools to the partitioned town in 1993, both UNITA and the government insisted on getting exactly half of each – although the government controlling the urban centre only had limited use for agricultural tools.[89] However, as both sides benefited from the *modus vivendi* of 'negotiated' access, it developed into a bargaining chip, counteracting the original intention of advancing the peace process.[90]

In hindsight, SRPA's weak performance in coordinating NGO and UN activities was to be expected,[91] given the side effects and problems of establishing peace corridors. Generally NGOs were reluctant to participate in SRPA's coordination efforts, partly out of fear of losing their own profile but also due to increased doubts about its cost effectiveness.[92] In 1993 the UN's Department of Humanitarian Affairs (DHA) established a new coordinating body, called the Humanitarian Assistance Coordinating Unit, generally known by its Portuguese acronym, UCAH (recently UCAH was renamed OCHA). Its aim was to provide security information to the humanitarian community in Angola. It also tried to facilitate the coordination of emergency assistance. During its initial phase – and contrary to its predecessor – UCAH was well perceived within the NGO community,[93] largely as a result of the leading personalities involved and their policies.

Today, seven years after a successful start, UCAH/OCHA suffers from a lack of personnel and credibility among the NGO community, which is still in search of a coordination platform. Much of UCAH's role as a coordinating body has been taken over by WFP, which is undoubtedly the most important UN agency addressing Angola's emergency. The entire humanitarian community in Angola depends on WFP's transport logistics and air services to bring supplies and equipment to places where access is difficult. With the renewed outbreak of hostilities in 1998, WFP had to shift its attention away from its rehabilitation programme;[94] and back to emergency food distribution to vulnerable groups. In March 2000, WFP was transporting over 16 000 metric tons to feed an estimated one million beneficiaries. WFP expects to reach again a peak of two million beneficiaries, which it had in 1993 to 1995.[95]

Other UN agencies and programmes also had to scale down or redirect their activities as a result of the resumption of conflict in December 1998. UNICEF, which ran a massive polio vaccination campaign in 1999 (interestingly with financial assistance of De Beers),[96] re-programmed its country programme from rehabilitation actions to emergency relief. UNDP suspended two major programmes mainly supporting the re-integration of ex-combatants and vocational training for demobilised soldiers. The implementation of its ambitious nationwide Community Rehabilitation and National Reconciliation Programme had to be limited to secure areas of the country.[97]

Until the late 1980s the number of private humanitarian agencies operating in Angola were confined to about six international NGOs. However, with the ceasefire in 1991, the humanitarian community grew to about 50. Initially directed to developmental work, including de-mining activities, reintegration programmes, and demobilisation support, most of them had to redirect their activities toward emergency programmes when fighting resumed following the elections.

Aid cooperation, confrontation or cooption?

The history of cooperation between humanitarian organisations, the Angolan government and UNITA reveals an ambiguous relationship. After the putsch of the *Nitistas* in 1977 the Angolan government sent many aid workers home, as they were suspected of holding populist left-wing ideas similar to the *putschists*.[98] However, when the governments military expenditures rose in the 1980s and oil revenues declined drastically, the country opened its doors to foreign aid agencies. In 1989 it also became possible for Angolans to establish non-profit organisations independent of state and party.[99] On different levels and in various fields today the government cooperates with UN agencies and NGOs. MINARS provides subsidised fuel for air transport and waives port and customs taxes for commodities related to UN agencies and NGO programmes. Nevertheless, humanitarian organisations are still confronted with a range of daily bureaucratic obstacles in areas under government control. One aid worker recently described the difficulties in obtaining visas and work permits as a "combat against the inquisition".[100]

In general, the Angolan government still attempts to determine policy in the humanitarian field, which it perceives as part of its national sovereignty – an issue about which it is sensitive. But it's more form than content. With its lack of commitment and capacity to implement humanitarian policy, the social sector has become increasingly privatised.

In UNITA-held zones only a few entrusted foreign aid organisations (International Red Cross and MSF-F) were allowed to operate prior to the elections in 1992. So when UNITA requested humanitarian aid in 1993 it came as a surprise. There was strong suspicion that UNITA was running out of resources to manage the areas under its control and needed relief supplies.[101] Aid agencies operating in UNITA-zones found themselves completely under UNITA's orders and conditions regarding their work.[102] Food distribution had to be organised mainly through UNITA's Social Welfare Department, or, where possible, through Caritas, which had an extensive local network within UNITA-areas because of its links with local churches. Genuine Angolan organisations have never been allowed to work in UNITA zones.[103]

All in all, humanitarian operations within UNITA controlled areas (to the extent that they were possible at all) proved to be strenuous and troublesome. To get the landing permits from UNITA, field contacts had to be established in advance, which proved to be difficult. The government perceived contacts with UNITA as participation in the war with the result that NGOs such as MSF-France,

which operated in UNITA controlled areas, were accused of being partial.[104] On several occasions both conflict parties stopped food deliveries out of fear that the other would benefit too much.[105]

In Angola, as in most complex emergencies, the loss or leakage of food aid has to be seen as part of the system, especially in cases where humanitarian agencies are not able to distribute food supplies directly to their target groups. Estimates for Angola presume figures around 5% to 15%.[106] However, in Angola, losses of foodstuff and other items have never been as serious as in other countries, such as Somalia, where field investigations revealed that 50% of the losses were unaccounted for.[107]

There are various levels of misappropriation taking place in Angola. Attacks on food convoys by so called 'unknown, uniformed, armed people' occur regularly. This euphemistic term for the offenders points to the fact that particularly in areas where troops are not regularly paid, theft by FAA combatants is also common. However, as 65% to 70% of the food supplies are airlifted in Angola this kind of diversion remains at a low level.

Various incidents have been reported where *sobas* (traditional leaders) of displaced communities included people in their lists of beneficiaries who belonged to the resident population. OCHA also reports cases to the contrary, where IDPs had to bribe *sobas* in order to get on the distribution list or were expected to hand over a portion of their assistance to the *soba*. Compared to other complex emergencies these incidents in Angola constitute 'petty crimes'. An alert international aid community that tries to monitor the distribution of aid until it reaches the beneficiary has so far prevented organised misappropriation.

The interlinked factors of access and security have further complicated the working environment of NGOs and UN agencies operating in Angola. An increasing number of security-related incidents are prompting humanitarian organisations to rethink their activities, or even suspend them. Additionally, the issue of security forms part of the problem of access. In many regions continued fighting, mining or just the impassable state of the roads hampers access. With the withdrawal of the UN Observer Mission in Angola (MONUA), aid agencies lost their last 'neutral' instrument to protect increasingly insecure overland transports. To provide a minimum of security they now would have to rely on FAA troops to escort their trucks. The arrangement inevitably brings the issue of humanitarian aid's theoretical principle of 'impartiality' into question.

Furthermore, in most cases access means that either the government or UNITA have to allow operations. This is a political decision. Currently (mid 2000) the principal of negotiated access is suspended and UNITA does not allow any NGO to operate within its territories. However, even prior to UNITA's decision, the government prohibited NGO-operations in UNITA-controlled areas. When in June 1998 a crew of *Aviacion sans frontiers* disobeyed these orders and flew to UNITA zones, they were denied immigration permits on their return to Luanda.[108]

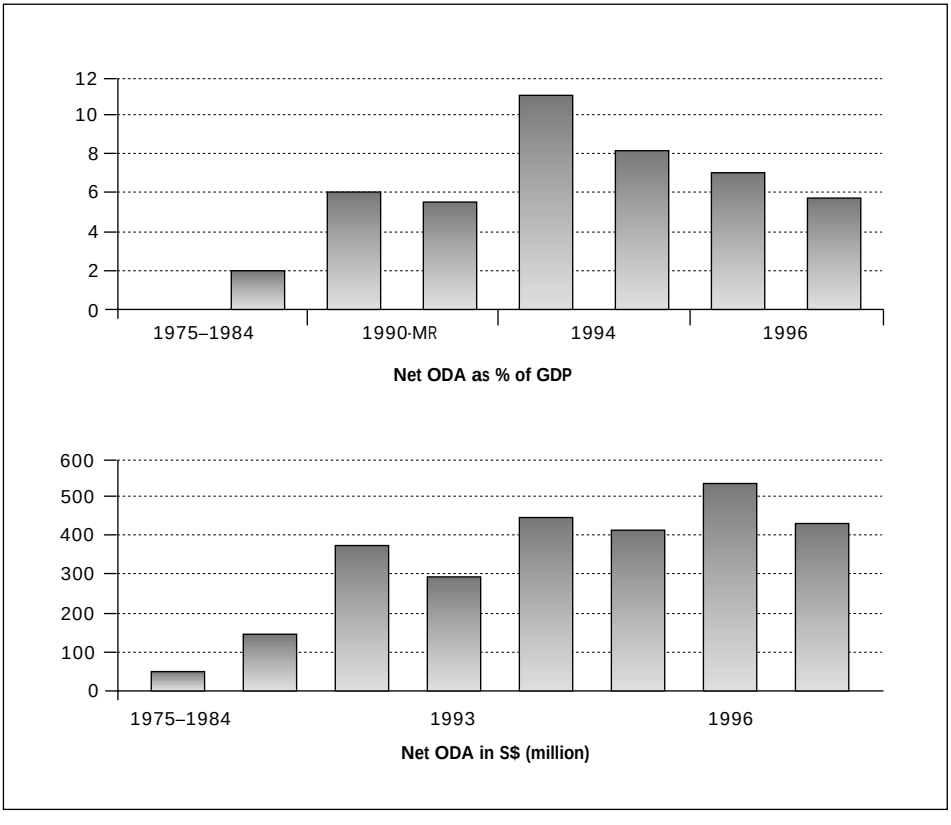
Thus relief assistance, which, in theory, should be impartial and independent, has become progressively dependent on the cooperation of warring parties. In the

Angolan context, humanitarian organisations are dependent on the cooperation of both factions, but (due to the de-linkage between society and the government and the availability of other resources for both parties) no reciprocal dependency exists. Hence, when humanitarian aid becomes politicised the international community can no longer use it as a form of leverage to put pressure on the conflicting parties. In the Angolan context humanitarian aid falls short of its strategic objectives.

Financial costs and donor policies

The international community's response to Angola's crisis has largely been determined by the prevailing political situation in the country. During the height of the Cold War and up to 1991 development assistance to Angola remained modest, mainly because a number of important donor countries in the West felt that Angola was allied with the 'wrong side'. At that time Sweden and Cuba (until 1990) provided most of Angola's development assistance.[109]

Graph 3: Net official development assistance (ODA) for Angola 1975–1997[113]



With the changing climate in international politics, the donor community started to address Angola's social and economic crisis. The United States initiated its humanitarian assistance to Angola in 1989, long before diplomatic recognition of the country (1995). Today the US is Angola's largest bilateral donor,[110] having provided approximately US $400 million in humanitarian assistance since 1994. Donations to WFP in 1999 made up more than a third of the total needed.[111] Already as much as seven percent of US oil imports per day come from Angola and the share is expected to increase to 10% within eight years. Considering the Franco-American rivalry in the region,[112] humanitarian aid seems to have become an instrument to enhance a favourable climate for investments by national companies.

As figures on net official development assistance for Angola reveal (Graph 3), the flows of aid to Angola reflect the ebbs and tides of the peace process.

The responses to the UN Consolidated Inter-Agency Appeals[114] for Angola over the last years are also indicative. The appeals from 1995 to 1997, which raised only half of the money required, showed a cautious donor attitude towards the 'no peace, no war' situation. However, the latest appeals and the contributions received show that Angola has gained new momentum on the donor's agenda. Compared to other complex emergencies donations are exceptionally high. And none of the larger NGOs really speaks of 'donor fatigue' regarding their work in Angola.

Table 3: UN consolidated inter-agency appeals 1994–2000[115]

	Angola			Sierra Leone	Sudan	Ex-Yugoslavia
Year	Requirement US $	Contribution US $	% Needs covered	% Needs covered	% Needs covered	% Needs covered
1994	181 229 482	158 144 592	83,2		81,3	105,8
1995	294 326 884	145 273 539	45,9	52,7	50,1	89,5
1996	201 502 093	111 105 732	56,6	67,2	51,4	68,6
1997	198 735 512	105 953 908	53,3	41,6	40,5	67,9
1998	80 965 142	63 791 764	71,0	64,3	83,9	55,3
1999	110 840 321[116]	96 333 290	81,9	40,8	91,4	83,9
2000	258 515 854	66 392 851[a]	25,7[a]	4,7[b]	11,4[a]	5,8[c]

[a] As of 8 February 2000
[b] As of 14 March 2000
[c] As of 29 February 2000

Challenges

This chapter has sought to respond to the dilemma inherent in the provision of humanitarian aid in complex emergencies in general and more specifically regarding Angola. As the attempt to interrogate the political use of aid as part of peace-building initiatives has illustrated, there are no quick or easy answers to these challenges. The issues are complex and demand a differentiated approach, which takes particular conflict structures and situations into account.

In Angola, thus far, neither humanitarian actors nor donors have questioned their policies, not even under wider aspects of *primum non-nocere*. This may be explained by the belief that Angola's civil conflict is not perceived as a war where humanitarian aid fuels the war economy. Both conflict participants possess other means to grease their war machines. Over the next six years it is estimated that the government of Angola will receive approximately US $1,4 billion to US $2,7 billion per annum from the oil industry, excluding signature bonuses or other once-off payments.[117] The resources available to UNITA through diamonds are much less, but remain significant. Since the Angolan government is under immense pressure from its highly indebted economy, foreign development and humanitarian assistance organisations are welcomed to take over sectors that the government has abandoned. Thus, one can argue that aid enhances the government's financial situation insofar as basic social services are taken over by aid agencies. However, to speak of aid as an essential resource of the Angolan conflict would be stretching the point. It remains appropriate to speak of an instrumentalisation of aid, especially in the context of 'negotiated access', where humanitarian assistance has become a bargaining chip for both sides.[118]

Wittingly or unwittingly, humanitarian actors have played a critical role in the privatisation of the Angolan state and its de-linkage from society. Neither humanitarian actors nor the donor community question the existing structures within Angola. Humanitarian actors mainly abstain from a critical approach for security reasons and the fear of governmental harassment. Their attitude also partly reflects the logic of relief activities, which is derived from a natural disaster model that pays little attention to social or political factors. The international community placed Angola high on the donor agenda but concentrated mainly on curing symptoms and not the underlying causes.

Undoubtedly, humanitarian assistance has saved and still saves many lives. But, without a coordinated and sustained initiative to place the whole complexity of Angola's crisis within the political agenda, humanitarian assistance remains a fig leaf covering the absence of political action.

Angola is trapped in a humanitarian tragedy that is partially caused by the war but also has been perpetuated by a weak and dysfunctional state. These dysfunctions cannot only be blamed on 25 years of warfare. Within any future peace-building initiative a comprehensive and holistic approach has to be developed, tackling the institutional weaknesses of the Angolan state. The ruling elite has to reassume authority over the responsibilities it has divested. One of the main objectives must

be to re-establish responsiveness between ruling elite and society. This is not only fundamental for success in the humanitarian and developmental fields but also for envisaged processes of peace and democratisation in the future. As the former US President Dwight D. Eisenhower noted, "Food can be a powerful instrument for all the free world in building a durable peace". But one has to address causes and not only symptoms.

Endnotes

1 For a detailed discussion of the moral dimensions: H Slim, *Doing the Right Thing. Relief Agencies, Moral Dilemmas and Moral Responsibility in Political Emergencies and War*, Studies on Emergencies and Disaster Relief, Report no 6, Nordiska Afrikainstitutet, Uppsala, 1997.

2 The term 'complex emergency' became standard UN vocabulary in the end of the 1980s, and tries to underline the multiple causes of a situation. The breakdown of governmental institutions, massive population displacements and suffering of the civilian population are symptoms of complex emergencies. M Duffield, *Complex Political Emergencies. With Reference to Angola and Bosnia*, An Exploratory Report for UNICEF [unpublished], Birmingham 1994, pp 9 & 11.

3 A de Waal, *Famine Crimes. Politics & the Disaster Relief Industry in Africa*, James Currey, Bloomington, Oxford, 1997, p 141.

4 Ibid.

5 B Munslow & C Brown, Complex Emergencies: the Institutional Impasse, in *Third World Quarterly*, vol 20, no 1, 1999, pp 207–221 & 215f.

6 J Prendergast, *Frontline Diplomacy. Humanitarian Aid and Conflict in Africa*, Lynne Rienner, Boulder, London, 1996, p 4ff.

7 A van der Knaap, World Food Programme (Kampala), in: W Kuehne (et al), *Improving African and International Capabilities for Preventing and Resolving Violent Conflict. The Great Lakes Region Crises*, Stiftung Wissenschaft und Politik, Ebenhausen, 1997, p 60.

8 Slim, op cit, p 3.

9 For a detailed discussion and counterposition towards the critics, see J Macrae, Unheilige Allianz, in *Der Überblick*, vol 35, no 1, 1999, pp 41–45.

10 B Ludermann, Operation Lebenslinie. In die Politik verstrickt, in *Der Überblick*, vol 35, no 1, 1999, p 29.

11 The instrumentalisation of aid in southern Sudan is well documented. See for example: J Prendergast, *Crisis response: Humanitarian Band-Aids in Sudan and Somalia*, Pluto Press, London, Chicago, Illinois, 1997; A de Waal, *Food and Power in Sudan. A Critique of Humanitarianism*, African Rights, London, 1997; D Keen, The Functions of Famine in Southwestern Sudan: Implications for Relief, in J Macrae & A Zwi (eds), *War & Hunger. Rethinking International Responses to Complex Emergencies*, Zed Books, London, New Jersey, 1994, pp 111–124.

12 Van der Knaap, op cit, p 59.

13 Ludermann, op cit.

14 D Keen, *The Benefits of Famine. A political economy of famine and relief in Southwestern Sudan, 1983–89*, Princeton University Press, Princeton, New Jersey, 1994, p 138.

15 A de Waal, *Famine Crimes*: *Politics & The Disaster Relief Industry in Africa*, James Currey, Oxford, Bloomington, 1997, p 103.
16 E Goemaere, MSF, in Kühne, op cit, p 63f.
17 R Hanisch, Katastrophen und ihre Opfer, in R Hanisch/P Moßmann (eds.), *Katastrophen und ihre Bewältigung in den Ländern des Südens*, Deutsches Übersee-Institut, Hamburg, 1996, pp 20–60
18 Goemaere, MSF, op cit, p 66.
19 As Joanna Macrae suspects the British government was following such a connection in the case of Sierra Leone at the end of 1997 and in the beginning of 1998, see J Macrae, op cit, p 42f.
20 L Cliffe & R Luckham, Complex political emergencies and the state: failure and the fate of the state, in *Third World Quarterly*, vol 20, no 1, 1999, pp 27–50.
21 T Parsons (ed), *Weber, The Theory of Social and Economic Organisation*, Free Press, New York, 1964, p 156.
22 RH Jackson & CG Rosberg, Why Africa's weak states persist: The empirical and the juridical statehood, in *World Politics*, vol 35, no 1, 1982, pp 1–24.
23 KJ Holsti, War, Peace and the state of the state, in *International Political Science Review*, vol 16, no 4, 1995, pp 319–339.
24 B Buzan [et al], *People, States & Fear*, 2nd ed, Harvester Wheatsheaf, New York, 1991, p 97.
25 C Messiant, Angola: the challenge of statehood, in D Birmingham & PM Martin (eds), *History of Central Africa. The Contemporary years (since 1960)*, Addison Wesley Longman, New York, 1998, pp 131–165 & 139ff.
26 V Brittain, *Death of Dignity – Angola's Civil War*, Pluto Press, London, Chicago, Illinois, 1998, p 95.
27 Ibid, p 94.
28 B Munslow, Angola: the politics of unsustainable development, in *Third World Quarterly*, vol 20, no 3, 1999, pp 551–568 & 564.
29 Ibid.
30 Duffield, op cit, p 33ff.
31 Ibid.
32 Humanitarian Source, 24 April 2000.
33 Interview with David Sogge via e-mail, 16 February 2000.
34 D Sogge, *Challenges to Civil Initiatives Amidst Angola's Precarious Peace*, Report to AWEPA, June 1996. Cited as Sogge, *Challenges*…
35 D Sogge, Angola: Surviving against Rollback and Petrodollars, in J Macrae & A Zwi (eds), op cit, pp 92–110.
36 Messiant, op cit, p 155f.
37 Munslow, op cit, p 554.
38 Humanitarian Sources, 6 March 2000.
39 Catrin Schulte-Hillen, MSF, in K Hart & J Lewis (eds), *Why Angola matters*, James Currey, London, 1995, p 106.
40 Economist Intelligence Unit (EIU), *Country Profile Angola 1999–2000*, p 12.
41 D Sogge (ed), *Sustainable Peace: Angola's Recovery*, Southern African Research and Documentation Centre, Harare, 1992, p 24f. Cited as Sogge, *Sustainable*….
42 Ibid, p 25.
43 Duffield, op cit, p 73.
44 Brittain, op cit, p 75.

45 Duffield, op cit, p 73.
46 MJ Anstee, *Orphan of the Cold War: the inside story of the collapse of the Angolan peace process, 1992 – 93*, Macmillan, Basingstoke, 1996, p 166.
47 Ibid, p 73.
48 Africa Information Afrique, 18 April 1994 gopher://csf.colorado.edu:70/00/ipe/Them…_net/Angola/940512.ang.The_Legacy_of_War,8 February 2000.
49 UNDP, *Human Development Report 1999*, Oxford University, New York, Oxford, 1999; *Report of the Secretary-General on the United Nations Office in Angola (UNOA)*, 14 January 2000, www.reliefwebt.int, 3 February 2000.
50 World Food Programme, *Project Angola 5602.02, WFP/EB.1/98/8/*1, 11 December 1997, www.wfp.org, 2 February 2000.
51 John Prendergast characterises UNITA's strategy as the hope to create a "victory by social explosion". However, regarding the collapsed social system, the weakness of civil society, the climate of intimidation and the only occasionally and currently active civil resistance it has to be argued that in Angola's context the term 'social implosion' might be more appropriate. J Prendergast, *Angola's Deadly War. Dealing with Savimbi's Hell on Earth*, United States Institute of Peace www.usip.org, Special Report, 12 October 1999, p 4.
52 Oxfam Policy Dialogue, *Africa's forgotten crises: people in peril Angola, Ethiopia, Eritrea, Sierra Leone, Congo*, 1999, www.oxfam.org.uk/policy/papers/africa.htm, 22 March 2000.
53 USAID/BHR/OFDA, *Angola – Complex Emergency Situation Report #1 (FY2000)*, 8 October 1999 (revised 14 October 99), www.info.usaid.gov/ofda/angola_sr1_fy00.html, 23 March 2000, Angola Peace Monitor, vol 6, no 5, 18 January 2000, www.anc.org.za/angola/apmintro.html, 22 March 2000.
54 USAID/BHR/OFDA, op cit.
55 UNICEF, *Humanitarian Appeal for Children and Women*, Jan-Dec 2000, www.reliefweb.int, 4 February 2000.
56 WFP, Emergency Operation Angola www.wfp.org/OP/Countries/angola/Angola6138.htm, 2 February 2000. Also, A Hodges, O Desafio do Pós-Guerra: Reintegração Sócio-Económica de Deslocados, Refugiados e Soldados Desmobilizados, in M Bravo (coord), *Angola: Transição para a Paz, Reconciliação e Desenvolvimento*, Hugin, Lisboa 1996, pp 99–115.
57 In 1996 UCAH estimated that approximately 200 000 IDPs were in need of humanitarian assistance in UNITA-controlled territory.
58 *Angola Peace Monitor*, vol 5, no 9, 29 May 1999, www.anc.org.za/angola/apmintro.html, 22 March 2000.
59 D Sogge, *Angola: Surviving against Rollback and Petrodollars*, op cit, p 101; Norwegian Refugee Council, *Internally displaced persons in Angola* [mission report November 1996], www.nrc.no/Dokserie/97-1/angolintro.htm, 11 February 2000; H de Beer, Humanitarian situation, in *Angola update*, December 1999; Statement of Catherine Bertini, WFP Executive Director to the Security Council Informal Consultations on Angola, 23 August 1999, in *A Crisis neglected: The Growing Humanitarian Tragedy in Angola*, Supplementary to WFP Emergency Report, No. 35 (1999), 3 September 1999; www.reliefweb.int/w/rwb.nsf.OpenDocument, 3 February 2000.

60 UCAH, *Angola Humanitarian Situation report, 2–8 July 1999*, http://www.reliefweb.int/IRIN/sa/countrystories/angola/19990713.htm, 13 February 2000.
61 *Angola Peace Monitor*, vol 5, no 9, 29 May 1999, op cit.
62 Economist Intelligence Unit, *Angola – Country Profile*, 1999–2000.
63 Bertini, op cit.
64 de Beer, op cit.
65 From Malanje roundabout 104 850 IDPs were reported to be crammed into the city. Huambo's population (300 000) had to cope with additional 120 000 refugees. In Cuito it is estimated that as many people live in the camps around the town as in the city (approximately 200,000). *Angola Peace Monitor*, vol 5, no 6, 26 February 1999, http://www.anc.org.za/angola/apmintro.html, 22 March 2000.
66 www.reliefweb.int/w/rwb.nsf/OpenDocument, 10 May 2000.
67 World Vision, *In Angola 1,7 Million are Homeless in a Forgotten War; World Vision calls on the International Community to Respond*, www.worldvision.org.uk/displayArchNewsItem.jsp?id = 1566, 2 February 2000.
68 Oxfam-UK, *Africa's forgotten lives. Oxfam cites double standards*, News Release 9 September 1999, www.oxfam.org.uk/whatnew/press/africacon.htm, 2 February 2000.
69 UNICEF, *Information statistics*, www.unicef.org/statis, 18 March 2000.
70 UNDP, *Human Development Report 1999*, op cit, p 146.
71 UNICEF, *Humanitarian Appeal for Children and Women*, Jan-Dec 2000, op cit, also, Humanitarian Source, 27 April 2000.
72 UCAH, *Angola Humanitarian Situation report, 2–8 July 1999*, op cit.
73 *Angola Peace Monitor*, vol 5, no 10, 30 June 1999, www.anc.org.za/angola/apmintro.html, 22 March 2000.
74 M Tassie, *Accès aux biens alimentaires dans l'agglomération urbaine de Kuito – Angola*, unpublished report for MSF-Belgium, January 2000, p 94.
75 Only an estimated 35% of more or less 25 000 employees in the health service in 1990 had received medical education, and only 2% of them were doctors. I Tvedten, *Angola. Struggle for Peace and Reconstruction*, Westview, Boulder, 1997, p 130.
76 *Angola: Município da Gabela tem um médico para 260 mil pessoas*, in *Público*, 3 March 2000.
77 IMF, *Angola*: *Statistical Annex, IMF Staff Country Report No 99/25*, p 19; *SIPRI Yearbook*, 1999, p 316.
78 Munslow, op cit, p 554.
79 EIU, *Country Report Angola*, 3rd quarter 1998, p 16f.
80 As long as there is no agreement reached with IMF to re-schedule Angola's US $12 billion debt, the government continues to rely on expensive short-term debts covered by future oil production.
81 Angolan governments tax revenues on the oil sector varied between 81,9% and 89,2% of total revenues in the period 1993–1996. IMF, *Angola: Statistical Annex, IMF Staff Country Report No. 99/25*, IMF Publication Services, Washington, 1999, p 18.
82 Data refer to the years 1995 to 1997, IMF, op cit, p 4.
83 World Bank, *Africa Regional Database*, wbln0018.worldbank.org/afr/aftbrief.nsf, 18 March 2000.
84 FAO/WFP *call for emergency food aid to assist Angolans facing increased risk of malnutrition*, www.wfp.org/prelease/1999/990616.html, also FEWS Special Report, *Southern Africa Cereal Availability Update (99–2)*, 30 July 1999, www.info.usaid.gov/regions/afr/fewsN, 23 March 2000.

85 As long as there is no agreement reached with IMF to re-schedule Angola's US $12 billion debt, the government continues to rely on expensive short-term debts covered by future oil production.
86 SRPA aid was directly consigned to UNITA.
87 ICRC, *Annual Report on Angola 1994*, www.icrc.org/icrceng.nsf/Index/?Opendocument, 2 February 2000.
88 Brittain, op cit, p 75.
89 Duffield, op cit, p 87.
90 de Waal, op cit, p 145.
91 Brittain, op cit, p 41.
92 Ibid, p 42.
93 For an extensive assessment of UCAH's mission in the period 1993–1995, see T Lanzer, *The UN Department of Humanitarian Affairs in Angola. A Model for the Coordination of Humanitarian Assistance*, Nordiska Afrikainstitutet, Uppsala, 1996.
94 WFP, *Emergency Operation Angola*, op cit, also Bertini, op cit.
95 Maria Flynn, WFP/Information Officer, Luanda, 17 March 2000; Bertini, op cit.
96 UNICEF, *Humanitarian Appeal for Children and Women*, Jan-Dec 2000, op cit.
97 For additional details on the Community Rehabilitation and National Reconciliation Programme see: *Angola Peace Monitor*, vol 2, no 1, 30 September 1995, www.anc.org.za/angola/apmintro.html, 22 March 2000.
98 Sogge, *Angola: Surviving against Rollback and Petrodollars*, op cit, p 105.
99 Sogge, *Challenges…*, op cit, , p 13.
100 *Angola à Beira do Desastre*, in *Público*, 27 April 2000.
101 Duffield, op cit, p 76f.
102 Brittain, op cit, p 78; Humanitarian Source, 6 March 2000.
103 Sogge, *Challenges…*, op cit, p 4.
104 K Hart & J Lewis (eds), *Why Angola matters*, James Currey, London, 1995, p 106f.
105 Sogge, *Angola: Surviving against Rollback and Petrodollars*, op cit, p 105.
106 Ibid, p 106.
107 de Waal, op cit, p 169.
108 Humanitarian Source, 6 March 2000.
109 Sogge, *Angola: Surviving against Rollback and Petrodollars*, op cit, p 105.
110 According to the statistical rankings of the UN Office for the Coordination of Humanitarian Affairs, the US (35,06%) were followed in 1999 by EU-ECHO (12,62%), UK (9,13%), Italy (6,24%), Germany (4,37%), Norway (3,67%), France (3,47%), Switzerland (2,05%), Canada (1,97%), Netherlands (1,28%), Denmark (1,15%). Source: www.reliefweb.int/ocha_ol/index.html, 22 March 2000.
111 USAID/BHR/OFDA, *Angola – Complex Emergency Situation Report#1 (FY2000)*, 8 October 1999 (revised 14 October 99), op cit.; *Angola Peace Monitor*, vol 5, no 12, 3 September 1999, www.anc.org.za/angola/apmintro.html, 22 March 2000.
112 For a detailed analyses of the competitive environment in Central Africa see DA Yates, Central Africa: Oil and the Franco-American Rivalry, in *L'Afrique Politique* 1998, pp 205–226.
113 World Bank, *Africa Regional Database* wbln0018.worldbank.org/afr/aftbrief.nsf
114 The UN appeals encompass mainly the requirements of UN agencies and only partly those of NGOs.
115 UN Office for the Coordination of Humanitarian Affairs, *Financial Tracking Database for Complex Emergencies* www.reliefweb.int/ocha_ol/index.html

116 The original requirements were US $66 665 852 in 1999, but had to be revised due to the rising needs in emergency food supplies due to the renewed outbreak of hostilities.
117 Global Witness, *A Crude Awakening*, www.oneworld.org/globalwitness/, 16 January 2000.
118 de Waal, op cit, p 145.

Inventory of formal diamond mining in Angola

Christian Dietrich[1]

Angola is the world's fourth largest diamond producer by value, but such is the abundance and high quality of its diamond deposits that the country could effectively lead global rough output. However, while the diamond sector produced nearly US $600 million of rough in 1999 (close to 10% of global output), the government only received US $20 million in official revenue. The underdevelopment of Angola's diamond sector is largely the result of massive artisanal production outside of state control, a protracted civil war and government corruption. State administration covers only portions of the diamond fields, creating an environment that encourages informal prospecting and smuggling. Moreover, despite the deployment of the *Forças Armadas Angolanas* (FAA) around government garrisons in the Lundas and large private security forces, bandit attacks and concentrated incursions by *União Nacional para a Independência Total de Angola* (UNITA) forces have hindered mine development and raised break-even production levels.

Foreign consortium partners also fall prey to the extractive nature of the Angolan elite who are often associated with joint venture mining operations through Angolan holding companies. A temporary return to stability after the Lusaka Protocol created a mining rush from 1996 to 1998 by foreign companies mostly listed on alternative stock exchanges in strongmen with Angolan strongmen. Greasing the wheels of patronage through security payments, informal cash settlements, and bribes and gifts paid out to civilian and military associates diminished the attraction of the diamond fields for companies operating at tight margins. As the mining juniors were largely incapable of materialising in Angola, except on their websites, the formal sector has been dominated by major global diamond producers and companies associated with the Angolan government's most prominent individuals.

The formal diamond sector seemingly does not contribute to the notions of an Angolan resource war, since state revenue from the sector is marginal – contrary to UNITA's dependence on illicit mining. However, in analysing formal mine production, certain themes tend to reoccur in Angola's war economy, such as the prominence of the Angolan elite in successful mining operations and the limited availability of company-specific data. The government and most mining companies have consistently resisted any monitoring of the diamond sector in order to further individual or corporate interests, making the accounting of this vast

untapped source of revenue an instrumental step towards transparency. Quantitative analysis also exposes discrepancies in government statistics that, through the nature of their incongruities or lack of explanations, maintain a system of informal practices that intersects with blurred forms of capital accumulation in a resource-fed economy. The reduction of UNITA's stranglehold on Angola's diamond reserves has shifted the plundering of this resource to government entrepreneurs more interested in hand-outs from foreign mining consortiums than the responsible exploitation of this non-renewable resource base.

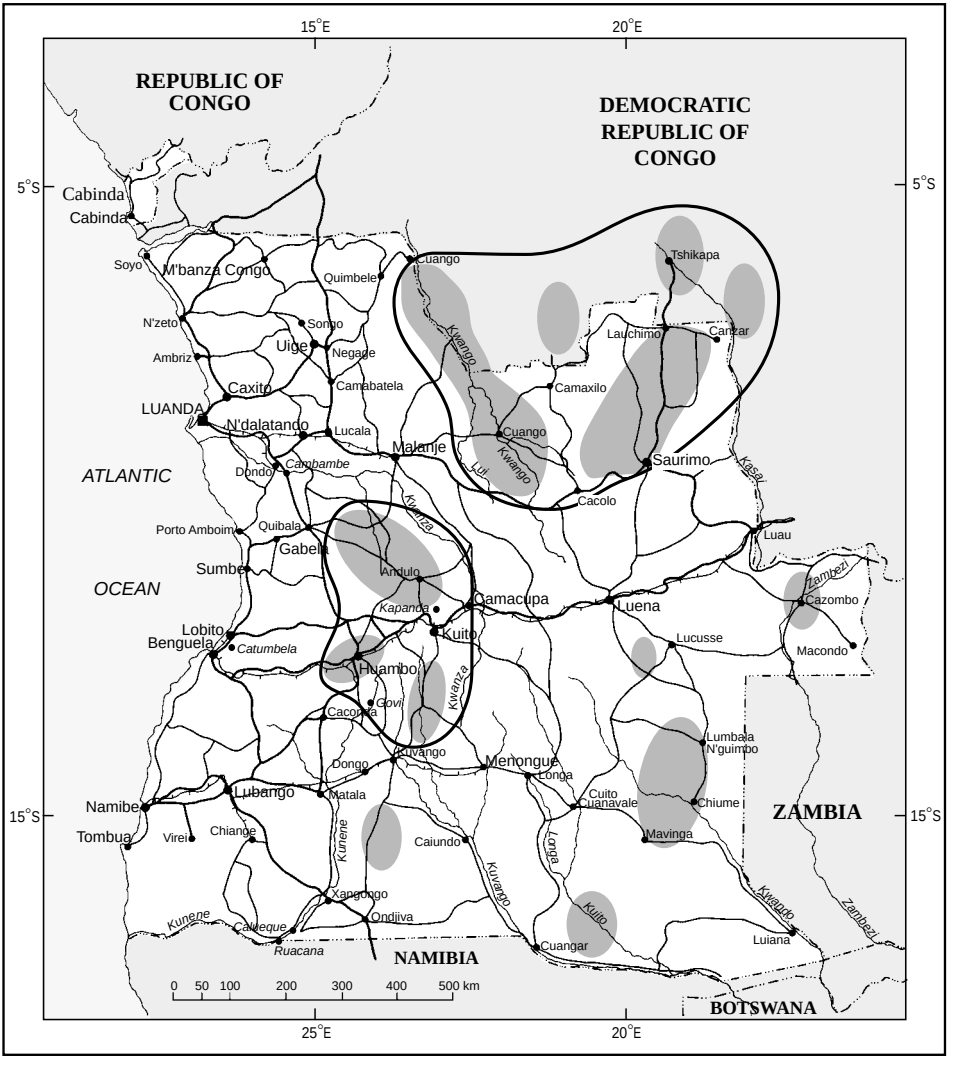
Angola's diamond geology

Diamond reserves are separated into two categories: primary, or kimberlite, and secondary, or alluvial. Kimberlite is volcanic crust that formed many hundreds of million years ago and was thrust to the earth's surface in a cone structure through volcanic activity. Alluvial diamonds are simply those stones that have been washed out of weathered kimberlite pipes and are found in contemporary or ancient river systems. Alluvial deposits generally describe diamonds that have been transported long distances to secondary deposits while elluvials are found above the original kimberlite pipe and colluvials adjacent to the pipe.

Angola falls within the rich Angola-Kasai craton that houses substantial quantities of mineral resources such as diamonds, with oil surrounding the craton in Angola, Congo-Brazzaville, Equatorial Guinea and Gabon. Angola's known diamond fields extend in a large path through the north-east, but are also found in the central, south-eastern and south-western parts of the country (see map). The area of highest diamond concentration is in the Lunda provinces and the Cuango valley, in particular. However, kimberlite pipes are scattered throughout the country, with clusters around Huambo, Andulo, the lower Cuango valley, Saurimo, Lucapa and Mavinga. Moreover, most hydrological features in these areas contain alluvial reserves due to the drainage of rough diamonds from kimberlite sources.

Angola's predominantly north-flowing rivers in the Lundas have widely distributed diamonds from the country's kimberlite pipes to areas as far away as Tshikapa in the southern Democratic Republic of Congo (DRC).[2] Rough found in kimberlite pipes, or next to the pipes, often exhibits well-formed geometric structures, while alluvial diamonds, found in sediment terraces or in rivers (fluvial) are more rounded as sharp corners have been worn off.[3] Water action has also destroyed a higher number of diamonds with internal impurities (inclusions) that have not been strong enough to resist constant weathering. As a result, secondary alluvial deposits produce higher quality gems[4] because the rounded corners allow for greater weight retention in polishing and the lower proportion of heavily included stones increases retail value. Diamonds from the Catoca kimberlite pipe are 35% gem, 15% near gem and 50% industrial,[5] compared with 50% gem, 40% near gem and 10% industrial around Lucapa and Nzaji, and 90%, 7% and

Areas of highest diamond concentration



3%, respectively, in the Cuango valley.[6] Despite the lower quality of kimberlite diamonds, kimberlite pipes enable more profitable mining, but require substantial capital inputs for exploitation.

Angola has more than 600 known kimberlite pipes, of which only a few are known to be diamondiferous and commercially viable. Only one, the 66-hectare Catoca pipe in Lunda Sul is commercially exploited at present and it constitutes about 70% of the country's formal production. Two others – the Camafuca and Camatue pipes – are being sampled for possible future development. Kimberlites offer the greatest untapped diamond resource, but the war has prevented large expenditures of capital on kimberlite development. As a result, companies exploiting secondary alluvial reserves dominate Angola's formal mining sector.

History of diamond mining in Angola

The first Angolan diamond was 'discovered' in 1912 in the Lunda province after similar finds across the border in the Belgian Congo. Diamang (*Companhia de Diamantes de Angola*) was created in 1917 and diamond mining started in earnest in the 1920s. Under the Portuguese, Angolan diamond output peaked in 1971 at 2,4 million carats, ranking the country as the world's fourth largest producer.[7] However, the war for independence and ensuing civil war severely disrupted mining with Angola being reduced to seventh place in world production and diamond output falling to 750 000 carats in 1975 and 350 000 in 1977.[8]

Official diamond production decreased after Angola's independence due to the departure of Diamang's technical staff and security forces. Illicit diamond production increased markedly in the late 1970s, resulting in the *Movimento Popular Libertação de Angola* (MPLA) government dividing the Lunda province into north and south sections in 1978 to restrict population movements.[9] The MPLA also nationalised Diamang, thus transferring the sole rights to Angola's diamonds to the state under the newly established Endiama (*Empresa Nacional de Diamantes de Angola*). Diamang, as an Endiama subsidiary, then contracted De Beers to manage its mines in 1978, but after several lucrative years, Anglo-American Mining and Technical Services terminated its contract in 1985 once UNITA had seriously begun to threaten diamond mines.[10]

Formal diamond mines became the objective of several notable UNITA attacks in the 1980s, with the rebels overrunning operations in the Cuango valley, in which foreigners were taken hostage and marched to Jamba in 1984, and Endiama's Andrada (now Nzaji) sorting centre in 1985. Formal diamond production faltered due to these attacks, falling from US $64 million in 1984 (mostly accumulated before the Cuango hostage crisis)[11] to below US $15 million in 1986.[12] The decline was short-lived, however, as security improved.

The MPLA partially commercialised the diamond sector in the period immediately following the mine attacks. Diamang was dissolved in 1986 and Endiama reorganised the Lunda diamond reserves into blocks similar to the Cabinda oil

enclave. Foreign companies were allowed to seek production-sharing agreements with Endiama and make their own marketing arrangements. Two of the first companies to enter Angola's transformed diamond sector were Roan Selection Trust (RST) and *Sociedade Portuguesa de Emprendimentos* (SPE),[13] with the former establishing large operations in the Cuango valley in October 1986 and the latter mining around Lucapa from July 1987. Angola's three active mines under RST, SPE and Endiama (still mining on its own in Nzaji and Dundo) produced a maximum of 100 000 carats per month in 1987, with annual production reaching 750 000 carats (valued at under US $100 million) during the year, and over one million carats in 1988 (valued at US $180 million).[14]

Endiama concurrently sought higher prices outside of the De Beers' Central Selling Organisation (CSO), coupled with the higher retail values of diamonds at the time. The government initiated a system of tenders in 1987, inviting foreign buyers such as Steinmetz-Evens Diamonds (SED), Arslanian Freres, Industrial Diamond Corporation (IDC) and Lazare Kaplan International.[15] Official government exports for 1989 were 1,32 million carats sold for US $234 million, with most of the production bought by IDC, SED and Arslanian.[16]

Although UNITA attacked the RST Cafunfo mine in August 1989 and forced its temporary closure, Angola's mining sector was already returning to a massive output. Increased investor interest in Angola was largely due to talks of a ceasefire and more liberal legislation allowing foreign companies, among other benefits, the unlimited repatriation of profits. De Beers began talks for a return to Angola, SPE invested US $20 million in prospecting in the newly acquired Lucapa area,[17] and RST finally resumed production in the Cuango.

The aura of peace in 1991 and 1992 led to further development of the formal diamond sector. For example, Odebrecht Mining Services, the subsidiary of the Brazilian construction and engineering firm Odebrecht SA, was contracted by Endiama to mine alluvial reserves at Project Luzamba in the lower Cuango valley. De Beers also finalised its return to Angola by investing US $50 million in infrastructure development in the Cuango, as well as an equal sum into prospecting for kimberlites, to be paid over a period of five years.[18] In recognition of this planned investment, De Beers would buy the Cuango diamonds through the CSO. Diamonds from Lucapa and Andrada were to pass through Steinmetz Evens Diamonds that would market the stones in conjunction with the Antwerp-based Endiama Selling Corporation. During this period, the Cuango valley represented the most lucrative mining area and, in 1992, Endiama exported US $250 million in diamonds of which US $220 million was derived from the Cafunfo and Luzamba mining projects.[19] RST's operations at Cafunfo reportedly peaked at 90 000 carats per month during this period and Odebrecht extracted 550 000 carats in total, netting US $142 million[20] over a period of 18 months. Formal production in the eastern portions of Lunda Norte, however, received several major setbacks at the beginning of the peace arrangement. Strikes and low intensity fighting/ banditry from September 1991, including a heist of 26 000 carats from SPE, halted mining at Nzaji, Lucapa and Dundo.

Massive artisanal mining also characterised the two years of peace. A rush to the Lunda diamond fields by illicit prospectors of various nationalities and including former combatants, was encouraged by legislation in December 1991 that legalised the possession and sale of rough diamonds. Moreover, the government established buying offices through the Endiama Selling Corporation to mop up rough stockpiles held by individuals in the Lundas, also creating an official outlet for illegally mined diamonds. More than US $100 million was smuggled in 1990,[21] compared to an estimated illicit market of approximately US $300 million in 1991 and US $5–600 million in 1992, which threatened to destabilise the global diamond pipeline. The genuine prospecting explosion began during the exceptionally dry season of 1992 and it was during this period that illicit diamond mining became an established pillar of Angola's shadow economy.

At the end of 1992, Savimbi rejected the results of the national elections and returned to war, taking the most lucrative diamond producing areas, including the newly developed Odebrecht facilities at Luzamba. The government ceded most of the diamond fields, but defended the towns of Saurimo, Lucapa and Dundo. Even when the government recaptured Cafunfo in July 1994, UNITA maintained a strong presence in the Cuango valley, centred around Luzamba, as well as the majority of the eastern Lundas – which the rebels maintained until 1997, reaping several billion dollars in diamond profits.

Despite the capture of the majority of Angola's diamond wealth by UNITA, the government continued production in Lucapa, albeit erratically and at reduced levels. Official diamond exports in 1993 are listed at only 200 000 carats valued at US $30–35 million,[22] a considerable decline from US $250 million in 1992 and US $200 million in 1991. The new joint venture between Endiama and SPE, *Sociedade Mineira de Lucapa* (SML), registered the only formal diamond output but even this was far from predictable given the security situation prevailing in 1993. SML produced 75 000 carats from April to August 1992, but only 12 000 carats from January to March 1993.[23] By August 1993, SML again returned to normal output of 20 000 carats during the month, but the mine was "plundered by hundreds of prospectors", a setback aggravated by striking miners in September/October 1993.[24] Production only recovered to 20 000 carats per month in March 1994.[25] Concurrently, *Sociedade Mineira de Catoca* (SMC) was established in December 1993 to exploit the Catoca kimberlite pipe, with mine development slated to begin in early 1994. This was a positive expansion at the time, although production would only commence in 1997.

The Lusaka peace accords signed at the end of 1994 increased investor optimism in the ability of state jurisdiction to extend to the diamond fields. Act 30/91 that previously liberalised the diamond trade was annulled under a new diamond law in 1994. This new legislation stipulated that only Endiama or joint ventures with Endiama could hold diamond mining rights, awarded by the Council of Ministers. However, the law also made room for contractual agreements between Endiama and foreign partners, after approval by the Ministry of Geology and Mines, as well as the Council of Ministers. Endiama's diamond monopoly was

effectively annulled as joint ventures could be foreign-owned in association with an Angolan company, but still in limited partnership with Endiama.[26] The law further made room for legal artisanal diamond production in areas not deemed suitable for commercial mining.[27]

It is not clear if the regulations pertaining to *garimpeiro* activity ever came to fruition although the government initiated the diamond sector stabilisation plan, named Proesda, to restrict access to the diamond fields by illegal diggers and centralise revenue from informal mining. The swell in *garimpeiro* activity in 1995 was likened to the massive illicit prospecting in 1992, with an estimated US $20 million of rough reaching outside markets from Angola per week at the peak of the 1995 dry season.[28] The lack of government control in the Lundas necessitated firm measures to clean-up illicit prospecting in the diamond fields in order to court foreign investment in the diamond sector. Similar mop-up operations had occurred since 1993, although the scale of militarisation during the Proesda mandate expanded considerably, especially under the Cancer II operation initiated in 1996. Cancer II resulted in the expulsion or death of thousands of *garimpeiros*, but failed to formalise artisanal production, particularly in the main zone of government activity from Saurimo to Nzaji. The government operations did, however, reduce unchecked lawlessness and banditry near FAA garrisons in the Lundas, enabling more effective control over proximal mining areas.

The new diamond sector plans also saw the licensing of new foreign rough buyers such as Lazare Kaplan International[29] to bring diamond proceeds from the informal market (comprised of licensed buyers purchasing from unlicensed miners) through the state. While the Endiama Selling Corporation had operated purchasing offices in Luanda with Benny Steinmetz and De Beers, increased activity by foreign buying houses caused a rise in the volume of carats passing through the informal market, with a 94% increase registered from 1995 to 1996, and another 43% increase in 1997 – followed by diminishing increases of 28% in 1998 and 7% in 1999. Unsteady formal sector production at this time increased the prominence of the informal sector as a proportion of official national output.

The diamond sector reforms also saw the licensing of numerous Angolan companies attempting to obtain concessions that could then be marketed to foreigners through production-sharing agreements. Angolan companies did not have the capital to develop diamond deposits and foreign mining consortiums needed local partners, hence facilitating this beneficial financial arrangement for Angola's elite. The number of companies created to exploit this lucrative form of capital accumulation is not known, although one source cites government plans to issue up to 65 mining licenses.[30] A map of concessions in 1997 shows that most of Angola's known diamond reserves have been awarded and lists over 20 companies with holdings, many of which cannot be identified as they have since disappeared. However, from 1996 to 1998, foreign diamond companies and their Angolan partners were confident of their ability to make money from diamond holdings, although the form of this wealth was usually based on rising penny stocks on alternative stock markets rather than profitable mining ventures.

Meanwhile, only a handful of mining companies produced the bulk of Angola's formal production in 1995 and 1996. Of 300 000 carats produced in 1995, SML accounted for approximately 200 000, with the remainder probably derived mostly from Endiama's continuing operations in Nzaji. Some of the most violent clashes during the cease-fire occurred in the Lundas and, as a result, SML's production did not increase in 1996 despite predications to the contrary – SML produced only around 100 000 carats in 1996 and the total formal output was only 230 000 carats. In 1996, the company's concession was actually reduced by over 75%, and smaller blocks hived off to companies associated with the civilian and military elite. Another potentially significant development was the awarding of three diamond concessions to De Beers in March 1996, for which the diamond giant agreed to spend US $75 million on exploration and build a diamond sorting house in Luanda – the concessions, however, could not be adequately prospected due to the presence of UNITA and unruly *garimpeiros*, and the sorting centre remains unfinished in Luanda. Two other major mining consortiums, *Sociedade Desenvolvimento de Mineira* (SDM) and SMC waited in the wings for UNITA's withdrawal. Less visible associations between foreigners and Angolans also increased at this time, such as the operations run by Brian Atwell in Cassanguidi from 1996. Some informal ventures were disrupted by the Cancer II operations[31] with machinery appropriated by FAA officers, although the more legitimate operations continued, and contributed to formal sector production.

Despite the flurry of Endiama activity in licensing holding companies, rough buying agents and foreign mining concerns, the bulk of Angolan diamond production remained under UNITA jurisdiction. Numerous sources cite various estimations of rebel output between US $300 and US $700 million, but UNITA's real diamond production has always been a mystery for some and a closely guarded secret for others. For example, the *Economist Intelligence Unit (EIU)* records De Beers' figures for total Angolan production at US $600 million in 1995, of which Endiama only controlled US $120 million and UNITA US $320 million[32] – but Table 1 shows formal government production at US $167 million suggesting that Endiama accounted for a higher proportion of the country's output. But other sources, including a later *EIU* report, cite UNITA producing close to US $500 million during the same year.[33] Another *EIU* report cites total Angolan production of US $1 billion in 1996, split between UNITA at US $600 million, illegal sources at US $300 million and the government at US $100 million.[34] However, government statistics recorded US $267 million produced by the formal and informal sectors during that year according to Table 1. Basic estimation suggests that UNITA produced about US $600 million annually in diamonds from 1995 to 1997 out of nearly US $1 billion annual production.

The Lusaka Protocol had been pointedly vague in the demarcation of Angola's diamond fields. Savimbi was supposed to join the government of national unity, but it was expected that the transition of UNITA from a military organisation to a political party contesting elections against the MPLA would demand revenue from diamonds. The realistic impasse over territorial control in the Lundas

caused serious friction between the rebels and the government, necessitating numerous talks between the opposing parties, beginning in mid-1995. UNITA was to be awarded the right to join the operations of SDM and America Mineral Fields, as well as mine three other concessions through a licensed company, *Sociedade General Mineiro* (SGM), in exchange for vacating the diamond territory to be exploited. SGM did sign a deal in June 1997 for two exclusive concessions in Mussende, Bie province near Nharea, and in Calai, Cuando Cubango province, but further incorporation was delayed over UNITA's claim to the Luarica concession. The deal, like most power-sharing agreements that were unrealised by the end of 1997, resulted from UNITA's unwillingness to vacate its holdings before legal mining rights could be assured which, in turn, would not be granted before the rebels relinquished the diamond territory. This stalemate, however, was broken when UNITA was outmanoeuvred militarily in the Lundas in 1997 and forced to relinquish control of its primary mining sites. Without a bargaining platform, UNITA could no longer demand official incorporation into mining consortia preparing to exploit reserves previously controlled by the rebels. Thus, the official handover of Cuango town to the government in September 1997, Mavinga in October and Luzamba in January 1998 did not result in UNITA gaining territory in negotiations. While UNITA was represented in the Ministry of Mines, the diamond partitioning deal was rescinded by the government, with UNITA only allowed to buy into established mining consortia with its own money, which it never did.

The promise of increasing government jurisdiction over the Lunda diamond fields and the proposed peace deal had created an Angolan mining rush in the meantime. While Angolan concession holders had been licensed starting in 1994 and 1995, the entry of foreign mining juniors increased by 1996. Companies with adequate in-house private security, or mercenary forces were initially seen to be the most effective competitors, especially as the government was seeking to diminish UNITA's military capacity in the Lundas during the quartering process. However, as the peace deal seemingly moved forward, a more diverse array of junior mining concerns received concessions, with their operations protected by Angolan private security companies. Most of these mining companies, many of which were listed on alternative stock markets, announced shareholding in diamond reserves in joint ventures with local Angolan companies often associated with members of the military or civilian elite. Companies such as DiamondWorks and SouthernEra began producing sizeable quantities of diamonds, while others carried out extensive prospecting operations, at least according to their press releases.

The mining rush relied on investor confidence despite the gradual return to war in mid-1998, prefacing future hardships for mining juniors entering the formal sector. More frequent 'banditry' on the diamond concessions during this time resulted in mining companies beginning to reduce their exposure and financial commitment in the Lundas. Moreover, the resumption of full war necessitated cargo transport by air and higher security payrolls, further escalating costs that were often maximised by FAA officers. A mixture of corrupt business practices by

members of the Luanda elite, as well as UNITA's vicious assault of Petra employees and the attack at DiamondWorks' Yetwene mine in November 1998 symbolised the rapid decline of junior mining optimism. The Yetwene attack heralded the end of the mining rush, as SouthernEra had also suspended operations towards the end of 1998, creating a graveyard of small mining houses.

The normalisation of the diamond fields from 1996 led to the massive reduction in 'cowboys and bandits' according to one foreigner working in the Lundas, and the resultant mining rush by junior capital was also concurrent with the return of larger players. International Trading and Mining began working portions of the previous SML concession by 1997. Operations at Catoca also began during the same year, followed by SDM in the lower Cuango in mid-1998 (when ITM's other mines also came on-line). The return to war in mid-1998 did not significantly affect these large companies operating close to FAA garrisons, with the exception of SDM which has been forced to evacuate staff several times in the last year. The government primarily protects the core mining areas close to Saurimo, Lucapa, Nzaji and Dundo where the main mines are located, with less emphasis given to concessions peripheral to these principal sites, such as Cassanguidi, Yetwene and Luo. At least 7–8 000 carats must be produced monthly from an alluvial concession for a mine to break even, a tall order for even the more prominent junior companies. Informal practices such as kickbacks given to civilian or FAA elite coupled with UNITA attacks, incapacitated smaller mining companies already on the threshold of profitable diamond exploitation. Rent-seeking by the government elite has similarly plagued the larger mining consortia, but their higher diamond production rate and greater military protection have allowed Angola's formal diamond sector to return to massive output despite the war.

Quantifying total Angolan production

Official output is divided between the formal sector, comprising all mining consortia licensed through Endiama, and the informal sector, comprising licensed rough purchasing companies, reduced in 2000 to a single marketing entity monopolised by the government. Both official sectors exhibit a large grey area where semi-legitimate mining and buying ventures are licensed by FAA commanders or politicians who supply foreigners with valid documentation, but which is not issued by the state. Such semi-legal enterprises can be exemplified by South Africans mining near Cassanguidi with FAA generals, or a South African who established a rough purchasing operation in 1997 after paying nearly US $1 million for licenses, a telephone and an office. Neither the miners nor the rough buyer are really part of the formal or informal sectors, respectively, because their licenses presumably do not come from Endiama and the Council of Ministers. Lastly, illicit diamond buyers and artisanal diggers comprise the unofficial sector although licensed buying houses purchase exclusively from the *garimpeiros* who are not licensed (a procedure that the government hopes to change by licensing

artisanal diggers). The informal sector therefore overlaps considerably with the illicit Angolan diamond market, basically defined as diamonds smuggled out of the country, and including UNITA's production. Furthermore, licensed mining companies are widely alleged to have bought from the informal market, although the quantities were probably not substantial. Such a system is neither fully defined nor controlled, with much of Angola's total diamond production leaving the country illegally. The total Angolan production in 1999 in estimated to be within the range of 5 million carats, divided as follows:

- Official exports totalled nearly US $600 million in 1999, comprising 3,45 million carats, divided between 2,1 million from the formal sector and 1,35 million from the informal sector, according to Table 1. Given the numerous references to Angola producing close to or more than US $1 billion per annum during the mid and late 1990s, illicit production smuggled out of the country must be substantial, and can be attributed to UNITA and *garimpeiros*.
- UNITA's production represents an unknown factor, with the rebel group reportedly producing US $150 million in diamonds from the Lundas alone in 1999, according to a partial estimate by De Beers.[35] De Beers does not assess the quantity of rough produced by the rebels in the south-east of Angola where kimberlite and alluvial reserves can be found in substantial quantities, nor does the figure account for UNITA mining in Bié province until late 1999. Moreover, De Beers assumes that UNITA has been forced out of the Cuango valley which is incorrect. UNITA production from all mines could have been close to 1,2 million carats in 1999, earning up to US $300 million, and putting the value of UNITA gems somewhere between the value of Australia's production and the sum of diamonds produced in South America.[36]
- The informal market was entirely comprised of *garimpeiro* and UNITA production in 1999, with 1 357 898 carats valued at US $298 million passing through licensed buyers according to government statistics (Table 1). UNITA diamonds maybe accounted for up to US $50 million of this, meaning that *garimpeiros* produced at least the remaining US $250 million, but probably much more. Given the numerous illicit dealers based in the Lundas and the sale of Angolan diamonds through neighbouring countries, but accounting for organised and secure purchasing methods by licensed buyers, about 40% of artisanal production probably bypassed the informal sector (or at least the official records of the informal sector). Licensed buyers used dubious purchasing methods to compete with illegal dealers but still could not corner the sale of *garimpeiro* production, exemplified by the massive and undefined illicit market for rough passing through Luanda alone. Thus, a further *garimpeiro* production of 600 000 carats, or about US $150 million, is not unlikely, bringing the total artisanal production close to US $400 million from 1,6 million carats.

This chapter will assess formal diamond production and provide a basic framework for an analysis of the informal diamond market in a separate chapter.

Table 1: Total Angolan government diamond production[37]

Carats			
Year	**Formal Market**	**Informal Market**	**Total**
1995	316 942	354 452	671 394
1996	230 054	687 365	917 419
1997	433 323	984 068	1 417 391
1998	1 448 289	1 267 538	2 715 827
1999	2 112 634	1 357 898	3 470 533

US Dollars			
Year	**Formal Market**	**Informal Market**	**Total**
1995	161 473 739	(97 128 221)[a]	161 473 739
1996	267 574 128	(201 013 572)	267 574 128
1997	381 570 419	(266 082 171)	381 570 419
1998	424 905 831	(256 151 805)	424 905 831
1999	279 127 649	298 133 982	577 261 632

[a] The informal market figures are not added to the total US dollars until 1999.

The figures in Table 1 present two major anomolies. First, the informal market should produce higher quality diamonds than the formal market. Second, the formal market's production in 1998 appears to be a complete fabrication.

According to these figures, the informal market was responsible for 11% more carats, but 66% lower value than the formal sector in 1995; 198% more carats, but 33% lower value than the formal sector in 1996; 127% more carats, but 43% lower value in 1997; 14% fewer carats and 65% lower value in 1998; and 56% fewer carats and 7% higher value in 1999 – the one ratio that seems plausible. The informal market usually comprises those stones deemed commercially viable, or parcels predominantly comprising gem quality rough. Artisanal miners mostly collect the higher quality diamonds, while mining consortia mine to the concession's grade, utilising higher technology, and producing a larger proportion of lower quality gems. Therefore, the diamonds produced by the informal sector should be of higher value than diamonds produced by the formal sector, a notion not evident in the government figures.[38]

The volume of diamonds passing through the informal market nearly doubled from 350 000 carats in 1995 to 687 000 carats in 1996, increased by nearly 50% to 984 000 carats in 1997, by about 30% to 1 267 000 carats in 1998, and registered a

negligible increase of less than 10% to 1 357 000 carats in 1999. The informal market thus increased the most *before* UNITA had relinquished significant territory in the Lundas, probably as a result of the licensing of rough buying houses in 1996. When the FAA extended its control over the Lundas in 1997 and 1998, the assumption could be made that 'government friendly' *garimpeiros* operating out of or selling through government towns would have expanded their operations to this newly liberated territory, boosting sales to the informal rough market. Government statistics, however, do not reflect this assumption. Instead, less substantial increases in carat volume passing through the informal market in 1998 and 1999 suggest that the widely cited withdrawal of UNITA from the mining areas did not occur. Carats produced by formal mining ventures increased by 387% from the end of UNITA's control over the lower Cuango valley in 1997 to 1999, while the informal sector increased by only 37% over this period. The formal sector increases were only partially derived from territory previously occupied by UNITA (Luzamba and Chitotolo), raising questions about what happened to the output from other territory supposedly relinquished by the rebels. War typically reduces *garimpeiro* activity, but UNITA's production of over US $600 million in 1997 to only about US $300 million at present, leaves a substantial diamond volume that cannot only be accounted for by the formal market and which should logically have been sold through the informal market, especially with Kabila's diamond reforms in DRC in 1999.

The government figures cite carat production by the formal sector increasing by 230% from 1997 to 1998, and 46% from 1998 to 1999. This first substantial rise in production is supported by the fact that many mining companies such as Catoca and SDM began operations in 1998. However, it is difficult to justify the 46% rise from 1998 to 1999 since increased production by Catoca was offset by mine closures and poor results from Calonda. The author's own estimate of carats produced by the formal diamond sector from 1997 to 1999, based on output recorded by individual mines (see Table 3), differs significantly from those provided by the Angolan government only in 1998: 428 000 carats in 1997 (*5 000 carats below government statistics*); 1 983 000 carats in 1998 (*535 000 carats above government statistics*); and 2 175 000 carats in 1999 (*63 000 carats above government statistics*). The underreporting of the 1998 production by the government therefore shows a 52% decline in revenue to 1999, a major reduction even if Catoca's lower valued diamonds did increase as a proportion of the 1999 production based on the above.

Ironically, Table 1 displays a further peculiarity: the total value of diamonds from 1995 to 1998 does not account for the informal market, while the total value for 1999 includes revenue from the informal market.[39] The reason for this is unknown, but may be related to taxation of the entire diamond sector, with the informal sector presumably being excluded from tax figures. Tax rendered by the entire diamond sector has been relatively low (especially with the exclusion of the informal sector from the total revenue figure until 1999), hence the current justification for the Angola Selling Corporation (Ascorp)/*Sociedade de Commercialização de Diamantes* (Sodiam) monopoly:

Table 2: Tax produced by the formal and informal diamond sectors[40]

Year	Value US Dollars	Proportion of Total Value
1995	3 799 576	2,35%
1996	3 933 259	1,47%
1997	6 822 663	1,79%
1998	9 967 895	2,35%
1999	20 747 789	3,59%[a]

[a] Including the informal sector.

Quantifying formal production

Table 3: Commercial diamond mining, formal sector 1997–2000

Concession	Owner / Operator	1997 Est. Output, Carats	1998 Est. Output, Carats	1999 Est. Output, Carats	2000 Avg. Monthly Output, Carats
Chitotolo	ITM / Lumanhe	90 000	90 000	130 000	12 000
Calonda	ITM / Lumanhe / SML	50 000	90 000	40 000	10 000
Mafutu	ITM / SML	—	130 000	150 000	15 000
Lucapa	ITM[a], SML	170 000	195 000	60 000	5 000
Uari[b]	ITM / Lumanhe	—	—	60 000	(Lucapa)
Camatue	SML / Angola Diamond Corporation	—	—	—	—
Cuango	Ashton, Odebrecht	—	60 000	185 000	10 000
Catoca	Odebrecht, Alrosa Daumonty	50 000	1 200 000	1 500 000	120 000
Yetwene	DiamondWorks	—	19 500	20 000	—
Luo	DiamondWorks	28 600	54 600	30 000	—
Luo	SouthernEra	—	24 000	—	—
Camafuca / Camazambo	SouthernEra	—	—	—	—
Cassanguidi	SAA Distributors; SAA / SouthernEra[c]	40 000	120 000	—	8 000
Total		**428 600**	**1 983 100**	**2 175 000**	

[a] Until 31 March 1999, thereafter SML.
[b] Incorporated into SML's Lucapa concession, September 1999.
[c] SAA Distributors or an affiliated company mined 80 000 carats during 1996 and 1997, which has been loosely divided into 40 000 per annum for the table. In 1998, SAA Distributors and SouthernEra mined the concession together.

The formal diamond sector comprises licensed mining operations approved by the Council of Ministers, Ministry of Mines and Geology and Endiama. The formal mines are based around Saurimo, Lucapa, Nzaji, Dundo and Cuango/Luzamba,[41] and can be split somewhat arbitrarily between three main geographical areas: Lucapa to Cassanguidi (460 000 carats in 1999), Saurimo area (1 530 000 carats in 1999), and Cuango valley (185 000 carats in 1999).[42] The present mining axis from Saurimo to Lucapa in reality comprises isolated pockets of stability around formal mines and government garrisons, with proximal mines even attacked by UNITA at times.

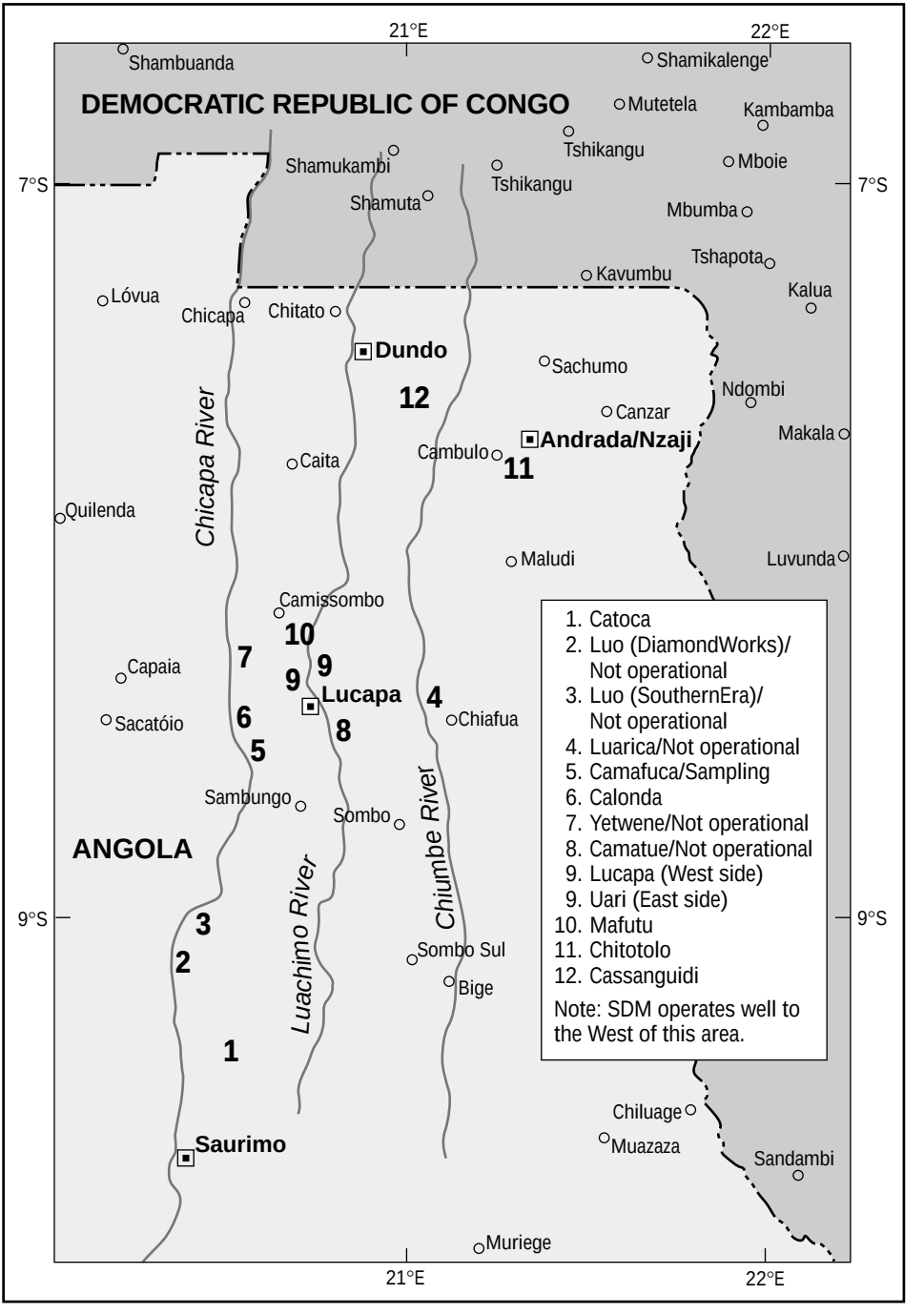
Lucapa, Nzaji and Dundo

The area from Lucapa to Cassanguidi houses most formal mining operations. International Trading and Mining (ITM) operates the Calonda concession along the Chicapa River, about 30 km west of Lucapa, which overlaps with the Camafuca kimberlite prospected by SouthernEra. Directly to the north of Calonda was the DiamondWorks Yetwene concession. South of Lucapa, is the Camatue kimberlite, a concession held by the Angola Diamond Corporation. To the east of Lucapa, DiamondWorks' Luarica concession remains unworked. Directly north of Lucapa town, SML has returned to the Lucapa concession, including the adjacent Uari holding. Further north-east, about 25 km from Lucapa town, ITM is mining the Mafutu concession. Approximately 100 km north-east of Lucapa, near Nzaji, ITM also operates the Chitotolo concession. Between Nzaji and Dundo, SAA Distributors through Global Gems has resumed operations on the Cassanguidi concession after a hiatus in 1999. DiamondWorks was also active in Cassanguidi, but only worked reject pits; Messina Diamonds previously ran this site and reportedly still has a contract for it. It is also alleged that João de Matos, the FAA chief of staff, has a mining interest in Cassanguidi. West of Dundo, an unnamed FAA general is allegedly mining a large area between Lovua and Dundo, and bordering the DRC to the north.

Sociedade Mineria de Lucapa

Sociedade Mineira de Lucapa (SML) is a joint venture created in 1992 between Endiama (51%) and *Sociedade Portuguesa de Emprendimentos* (SPE). Of SPE's remaining 49%, 80% is in turn owned by the Portuguese state investing company *Investimentos e Participações Empresariais SA* (IPE). SML is no more than a holding company with its mining projects contracted to SPE, but with Endiama sharing in the profits. SPE comprises former Diamang employees and was first contracted by Endiama in 1987 to operate a massive concession based around Lucapa. When SML was formed, SPE continued production in Lucapa even during the height of the war, and despite serious setbacks due to gem thefts, striking miners and *garimpeiro* activity, provided the bulk of the formal sector's production.

Formal mining operations in the Lunda's



War and mismanagement, however, had driven SML heavily into debt with SPE registering losses of US $70 million by 1996 due in part to Endiama's unpaid arrears to the company.[43] The purchase of Endiama's debt by IPE resulted in a major financial restructuring of SML in early 1996. SPE signed a new agreement with Endiama in February 1996 valued at $35 million and aimed at boosting production in Lucapa,[44] with SPE receiving greater control over management decisions. The deal apparently also included the reduction of SML's concession from 32 000 to 8 000 sq km due to investment not reaching the negotiated level over the five-year period.[45] This reduction also reportedly resulted from tension between the Portuguese investors and the Angolan government, although SPE initially retained rights to develop the Camatue kimberlite.[46] The confounding developments in 1996 suggest that SPE had initially maintained favourable concessions, but poor mining returns (the company only produced 100 000 carats from three mines in 1996[47]) led to SPE's departure from a direct mining role and the concession was redistributed to other companies. SPE did, however, maintain a financial interest in several of the new concessions.

Calonda and later Uari were awarded to an Angolan company, Lumanhe, consisting of FAA generals who then contracted ITM.[48] ITM was also awarded Lucapa and Mafutu without the generals. Calonda Sul, about 15 km from Camafuca, similarly went to an association of former generals, Antigua Combatants. The company brought in SouthernEra, which also began prospecting the Camafuca pipe that had been rejected by ITM. Yetwene was taken over by DiamondWorks, although it is not known if the concession was first awarded to a domestic company associated with civilian or military elite. The Camatue kimberlite concession that SPE originally maintained was also redistributed by 'tender' and awarded to the Angola Diamond Corporation at a later date.

SPE returned as SML's operator in 1999, taking the Lucapa (April 1999) and Uari (September 1999) concessions over from ITM. The two concessions are mined together at present and produce only about 5 000 carats per month.[49] Such a low production results from SPE not having the manpower or equipment to increase output substantially at present.

International Trading and Mining

International Trading and Mining (ITM) is a mining contractor currently ranked with the *Sociedade Mineira de Catoca* as the largest formal producer by value in Angola.[50] ITM is also the oldest operator having previously worked the Cuango concession now run by SDM, under the name Roan Selection Trust (RST).[51] ITM mining is registered in the Bahamas and formed part of the larger RST group,[52] and was reportedly bought by Chris Hellinger[53] for the name. The previous principal of RST, Andrew Sardanis, left Angola around 1992, approximately the time that ITM was formed, but remained a principal of ITM International.[54] However, it is unknown whether the RST group or ITM International are still connected to ITM Mining (henceforth referred to only as 'ITM'). It is further unknown whether

Hellinger still has financial interests in ITM – he has now left Angola for other opportunities. But his company, TransAfrik,[55] may be linked to ITM through shareholding.[56] Other companies that are allegedly linked to ITM through common principal shareholders are Wade Adams, World Marine and Global Mining Support Group. ITM's current projects are Calonda, Mafutu and Chitotolo; previously, the company also operated the Lucapa and Uari concessions. Although ITM took over portions of the former SPE concession at the end of 1996, production did not begin immediately due to insecurity.[57]

Mafutu North (also referred to as Camafutu or Mafutu), came on line in June 1998 producing 10–12 000 carats per month and increasing to a maximum of 15 000 carats per month in 1999.[58] Mafutu is a 50/50 venture between ITM and SML and enables ITM to profit directly from the diamond extraction. Chitotolo (15% Endiama, 85% split between ITM and Lumanhe) is operated by ITM under contract to Lumanhe, a company owned by former FAA generals. Chitotolo produced 6–7 000 carats per month in 1998, increasing to 13–15 000 in 1999, which is the mine's limit. ITM also operates the Calonda mine (15% SML, 85% split between ITM and Lumanhe) under contract to Lumanhe. Calonda came on line in 1997, producing approximately 50 000 carats during the year,[59] with monthly output initially increasing, but then declining in 1998. As a result, Lumanhe was also awarded Uari due to Calonda's poor performance, with the concession mined by ITM from December 1998 to September 1999. Uari and Calonda then produced about 100 000 carats together during 1999. ITM further mined the Lucapa concession as an operator for SML from 1997 to early 1999, pulling out an average of 14–16 000 carats per month, but with only 30 000 carats produced in 1999 before Lucapa was handed back to SPE in April 1999.

ITM's diamond output was sold through the *Banco Nacional de Angola* (BNA) at 10 annual sales. However, a source close to the company noted a special arrangement with the government. ITM was allegedly requested to put together a parcel each month from the Lucapa concession consisting of 1–2 000 carats, valued at approximately US $20–30 000, with the routine lasting for about one year.[60] The 'special packets' were then sent to the BNA and reportedly forwarded to the president of Gabon, Omar Bongo, as a gift.

Angola Diamond Corporation

Angola Diamond Corporation (ADC) has the lowest profile of any mining company in Angola. The opaque nature of the company results from the fact that it is not known to have mined diamonds in considerable quantities and is allegedly linked to Isabelle dos Santos, daughter of President dos Santos, and former Endiama chief Noé Baltazar. The company is rumoured to have multiple alluvial concessions in Lunda Norte, although this cannot be verified.[61] The one concession to which ADC has been positively linked is a 60% interest in the Camatue kimberlite, with Endiama at 25% and IPE (SPE's major shareholder) at 10%, with the remaining 5% "reserved for Angolan businessmen."[62] SML did not have the

capital to develop the 70 metre deep kimberlite pipe south-west of Lucapa, and the concession was put up for tender instead. De Beers, SouthernEra and ITM reportedly bid for it, but it was awarded to ADC in late 1997. As it is doubtful that ADC has the capital for kimberlite development, this concession will probably be offered to a foreign mining consortium, with ADC retaining significant shares in the profits. Another Angolan company, Terramina, is reportedly associated with the Camatue pipe. This company, in turn, has been linked to Noé Baltazar and is said to control Angola Diamond Corporation.[63] Baltazar is also president-director of the new Angola Selling Corporation. It would seem plausible that these central figures would expand the holdings of Terramina or Angola Diamond Corporation, especially with the proposed reduction in all mining concessions to a maximum of 3 000 sq km. Reforms in the informal market, in which Baltazar seems to be a central Angolan figure, may largely reflect a greater centralisation of profits from joint ventures in formal diamond exploitation.

SAA Distributors / Sphere Mining / Global Mining Ventures / Global Gems

SAA Distributors also keeps a low profile as the company is not publicly listed and is not obliged to disclose information concerning its operations. The company is associated with Sphere Mining, Global Mining Ventures Limited and Global Gems Limited, the latter two being 'off-shore' companies and presumably representing SAA in Angola.[64] Under the direction of Brian Atwell and in association with Piet Cronje,[65] SAA and its Angolan partners apparently entered into diamond agreements in 1994. The company sought concessions in Luo and Cassanguidi, although there is some confusion over the actual commencement of operations. As for Cassanguidi, SAA brought in SouthernEra as a mining subcontractor[66] in 1998, although the actual agreement could have been made much earlier in 1996 (see the section below); SouthernEra also provided financing for the project. There is speculation over which company ultimately profited from the 120 000 carats mined from the concession in 1998.[67] However, the venture with SouthernEra at Cassanguidi was apparently terminated at the end of 1998 and the concession was not mined during 1999. SAA, through Global Gems and Global Mining, however, is currently working the Cassanguidi concession, having started in early 2000, and is reportedly producing close to 8 000 carats per month.

SAA's operations at Luo are slightly more difficult to ascertain. SAA finished its contract at Luo in December 1998, after mining for different periods since 1995 or 1996. During 1996 and 1997, SAA mined approximately 80 000 carats, but the average price for these stones was exceptionally high due to the reported recovery of a fancy pink. SouthernEra joined SAA at Luo in late 1997 with SAA or an affiliated company contracted to mine (DiamondWorks also started mining a Luo concession, which could have been under SAA previously, although DiamondWorks' operations were separate from those of SAA). SouthernEra's Luo

project only produced 24 000 carats in 1998, providing negligible revenue. The mine was also reportedly attacked by UNITA at the end of the year.

Therefore, SAA, through Global Gems, Global Mining Ventures and Sphere Mining, has worked the Luo concession from 1996 to 1997. After this, DiamondWorks began to work in Luo, and SAA joined SouthernEra at another proximal Luo concession in 1998. SAA, through associated companies, has also worked the Cassanguidi concession, having moved in during 1997, and working in conjunction with SouthernEra in 1998. Besides the current mining at Cassanguidi, SAA has been prospecting its Chimbongo concession since December 1998, which includes prospecting the terraces and mining the river. SAA's links with Canadian mining juniors cannot be verified as the company entered into negotiations with Randsburg International Gold Corporation of Vancouver, which subsequently failed,[68] but still retains an unknown number of shares in SouthernEra acquired in 1996.

SouthernEra

SouthernEra paid Sphere Trading Limited and its Angolan affiliates US $2,5 million in shares and cash, for interest in four alluvial concessions in November 1996.[69] However, SouthernEra only recorded substantial production in 1998, reportedly producing 144 300 carats during the year, but suspending operations in 1999. SouthernEra's website lists the company's current concessions as Cassanguidi (30%), Group L (30%), Artisanal (30%), Camafuca (51%), Luo (30%), and Area 1 (Group A) (50%). However, formal production by the company was only derived from Cassanguidi and Luo, and some prospecting at Camafuca. Currently, SouthernEra has no recorded production.

SouthernEra began production at the Cassanguidi concession in late 1997 and produced 120 000 carats from the mine in 1998. Mining was halted, however, over a disagreement with the company's partners at the concession, presumably SAA Distributors, and SouthernEra recorded no output from Cassanguidi in 1999. SouthernEra's Luo concession, next to that of DiamondWorks, commenced production in 1998 and recorded 24 000 carats for the year. However, the company halted production from the concession presumably due to the war, as well as for financial reasons, and recorded no output from Luo in 1999.[70] Although not widely reported, SouthernEra's Luo mine was apparently attacked by UNITA in 1998, which may have led to the mine's closure. After Luo was vacated, SouthernEra's mining equipment and personnel were transferred to Camafuca.[71]

The third concession, and apparently SouthernEra's only current foothold in Angola, is the formidable Camafuca-Casamba (or Camafuca-Camazambo) kimberlite, which lies on the Chicapa River about 30 km west of Lucapa, overlapping ITM's Calonda concession. In April 1997, SouthernEra signed a joint-venture agreement giving the company a 51% interest in the Camafuca kimberlite pipe, obtained through the issuing of US $3 million in SouthernEra shares and US $2 million in cash to SAA Distributors in May.[72] The shareholders in the concession

are listed as SouthernEra (51%), Endiama (20%), SML (15%), *Consorcio Mineiro Camafuca-Camazambo* (Comica) (7%), SAA Distributors (7%).[73] SouthernEra initiated computer modelling in 1997 and later, bulk-sampling of the kimberlite, scheduled to be finished in 1999. According to the company, it only produced 3–4 000 carats from the sampling. The Camafuca kimberlite 'pipe' is the largest in the world, but technically consists of five different overlapping pipes. However, a river runs through the kimberlite making mining a capital-intensive affair. It is unlikely that SouthernEra can generate the necessary capital and is therefore looking to sell its shares or take a junior role in the kimberlite mining. The company recently concluded an agreement whereby Welox Limited of Hong Kong will acquire up to a 32% interest in the mine – about half of SouthernEra's present 65% interest (including SAA and Comica), with the rest held by Endiama (20%) and SML (15%).

A recent development was a suspected UNITA attack at the Camafuca kimberlite site. Sixty armed men overran the mine, killing a Gray Security consultant and abducting seven Angolan workers on 7 August 2000.[74] Infrastructure was not badly damaged with the bandits or rebels only stealing canned food.[75] A bizarre twist to the story is that two South Africans working for or with SouthernEra in 1999 were reportedly under observation by the Angolan police in Lucapa as possible UNITA sympathisers. The suspicions that the two individuals are spying for UNITA may have resulted from an attack on SouthernEra's Luo mine in 1998.

DiamondWorks

Despite the highly publicised corporate friendship between DiamondWorks and Executive Outcomes, the company has been a real loser in Angola and is rumoured to be on its way out of the country. DiamondWorks, through its Angolan subsidiary, Branch Energy, worked the alluvial Yetwene and Luo concessions. According to DiamondWorks' 1998 annual report, paradoxically entitled 'Out of Adversity', the company's Angolan operations produced 28 600 carats in 1997 (average value of US $238 per carat) and 74 600 carats in 1998 (average value of US $173 per carat). The 1998 production was split between Luo (54 500 carats), Yetwene (19 500 carats), and sampling at Luarica (600 carats). As a result, net sales of production in 1997 were US $10,96 million, and US $5,16 million in 1998. In the first quarter of 1999, DiamondWorks produced approximately 8 000 carats only from Luo, 10 000 carats in the second quarter (split about evenly between Luo and the newly reopened Yetwene), and just over 30 000 in the third quarter, with Luo making up a slightly larger percentage of the production; no figures are given for the fourth quarter.[76]

Yetwene was the more profitable of the two mines when it was operational. Production at Yetwene commenced in July 1998, with an average monthly output of about 5 000 carats, but operations were suspended in November 1998 when the mine was overrun by UNITA, with several of the company's employees abducted or killed. DiamondWorks suffered major financial losses due to the ter-

mination of Yetwene's output. Although the mine was reopened in mid-1999, it was closed again at the end of the year.

Operations at the less profitable Luo mine began in July 1997 after Branch Energy had signed an agreement with an Angolan company, Tricorp,[77] which had been awarded the concession by Endiama. Production at Luo averaged about 5 000 carats per month, which remained constant throughout 1999 despite a few profitable periods. The Luo concession also includes the Camatchia and Camagico kimberlite pipes and at one stage plans were made to exploit the Camatchia pipe. Production at Luo was also terminated at the end of 1999.

Saurimo area

To the north-west of the FAA's major airbase at Saurimo in Lunda Sul is the Catoca kimberlite project between the Chicapa and Luachimo rivers. The Luo concessions held by DiamondWorks and SouthernEra were also to the north of Saurimo, about 50 km south of Lucapa.

Sociedade Mineira de Catoca (SMC)

The Catoca kimberlite pipe is the world's fourth largest in terms of surface area with reserves estimated between 2–300 million carats, but possibly more.[78] The Catoca project began in September 1997, and output was probably only 50 000 carats during the last four months of the year as mines take time to reach considerable volume. The mine produced about 100 000 carats per month in 1998, and increased to 120 000 per month in 1999. Presently, Catoca's production is above expectation, although more substantial increases in output will require a second phase of capital injection. Catoca's contribution to total formal sector production in 1999 was about 70% by volume, but approximately 40% by value[79] due to the kimberlite's lower quality diamonds.

The SMC joint venture consists of Endiama (33%), Almaazi Rossi Sahka (Alrosa) (33%), Odebrecht (16%) and Daumonty Financing (18%).[80] In the 1980s, Yakutalmaz, Alrosa's predecessor, conducted feasibility studies of the Catoca kimberlite. The Russian mining parastatal and De Beers both competed for the kimberlite concession in 1991, but SMC was formed in 1992 as a Russo-Angolan joint venture, with Odebrecht contracted for development and mining. Alrosa's entrance into the Angolan diamond sector was largely based upon deals concerning the repayment of Angola's debt to the Soviet Union for weapons procurement during the Cold War. Construction of Catoca was delayed by the Angolan war and only began in earnest in 1994, and was mostly completed by mid-1997.[81] Alrosa, however, was unable to finance the entire operation, putting up US $55 million out of a projected US $90 million. This necessitated the entry of Daumonty in 1997, run by Lev Leviev, to provide the remaining finances – after the participation of De Beers was again rebuffed.

Alrosa is Russia's major diamond producer and is responsible for almost all of the country's rough production, which accounts for nearly 20% of global output. The company's "chief goal [is] to meet the maximum demand of Russian diamond cutting facilities for raw diamonds."[82] Catoca is Alrosa's largest foreign mining project, although the company has also entered into negotiations with Namibia and South Africa, much to the consternation of De Beers.

Lev Leviev is an Israeli/Russian *diamantaire* who joined the Catoca board of directors after his company, Daumonty Financing, invested US $25 million in the Catoca plant and injected more than US $5 million into the company's capital base.[83] He was subsequently awarded a deal, giving him first option to buy the company's production, although the actual percentage moving through Leviev at present is unclear. Leviev is quoted as saying: "nearly all of the Catoka [sic] production would go for his diamond-cutting factories in Israel, China, Russia, Ukraine and India."[84]

Leviev has a diverse array of diamond and real estate holdings through various companies under his control such as Leviev International Diamonds[85], which in turn reportedly owns Ruis Diamonds,[86] as well as Africa-Israel Investments Ltd.[87] Arkaday Gaydemak, the reputed French-Israeli arms dealer, reportedly bought a 15% interest in the latter. This association has led diamond industry insiders to conclude that the new Sodiam/Ascorp diamond monopoly in Angola, in which Leviev is the premier foreign partner, has just as much to do with arms payments and oil interests as it does with diamonds. Leviev is also expanding his participation in the formal sector through Welox Ltd, reportedly associated with his group of companies.[88] Welox recently entered into a deal to buy up to half of SouthernEra's shares in the Camafuca kimberlite pipe.

Cuango valley

Sociedade Desenvolvimento de Mineira (SDM) mines alluvial deposits in the southern, or lower Cuango valley, based around the town of Cafunfo and the airport at Luzamba. The International Defence and Security concession in the northern Cuango valley has remained inaccessible due to UNITA activity.

SDM

Odebrecht Mining Services and Endiama established SDM in June 1995 to mine the lower Cuango valley river basin. Ashton Mining Ltd was later incorporated in October 1996, with the three partners receiving equal shares in SDM. Ashton financed a large portion of SDM's development at a cost of well over US $100 million, and was awarded the right to market the project's output. Ashton sent the diamonds through De Beers' CSO from December 1998 to April 2000 when the marketing agreement was cancelled by the Angolan government. Ashton is a global diamond major, operating the Argyle mine in Western Australia while

Odebrecht also has previous mining experience from earlier operations in Luzamba.

SDM is based in Luzamba and exploits reserves within a radius of 25 km but the concession covers a massive 85 600 sq km spread over the Lunda Norte, Lunda Sul, Bie and Malange provinces, which includes some of Angola's richest alluvial fields. The Cuango's high quality gems fetch in excess of US $250 per carat on average, making SDM one of Angola's most promising alluvial operators. However, results have been poor.

SDM gained access to the concession in January 1998, but only commenced production in August, due to the need to rebuild infrastructure degraded by the rebels, as well as the continued insecurity in the Cuango. Production therefore only stated in the fourth quarter of 1998 with output probably around 60 000 carats, but with 100 000 carats cited by Terraconsult.[89] Output has since fluctuated enormously with production at 12 296 carats in the first quarter of 1999, 9 645 carats in the second, 32 786 carats in the third, 130 673 carats in the fourth, and 35 836 carats in the first quarter of 2000.[90] SDM therefore produced 185 400 carats in 1999, similar to estimates of an average 13–15 000 carats per month given by independent sources mining in the eastern Lundas. Such low production figures seem plausible in light of the UNITA attacks[91] and poor results from river diversions in the earlier portions of 1999. The fluctuations do seem a bit extreme when considering that the mine averaged about 2 000 carats per month during the second quarter of 1999, then 8 000 per month in the third quarter and 32 000 per month in the fourth, falling again to 9 000 in the first quarter of 2000. Heavy rains will reduce a mine's grade, in this case already lower than expected at the beginning of 2000, but such major alterations are uncommon.

Other alluvial mines, such as ITM's Calonda concession, must produce 7–8 000 carats per month to break even. SDM's large security payroll, including 700 Alfa-5 guards, the presence of sizeable FAA units, as well as massive infrastructure development (requiring more flights of diesel, machinery, spare parts, and miscellaneous equipment) at the concession would require a higher minimum production to break even. Thus, SDM should only be registering a marginal profit, an unlikely scenario for one of Angola's premier mining consortia with extensive mining acumen between the participants. One source cites the value of SDM's production at US $60 million in 1999[92] requiring an average value of US $323 per carat. Ashton only sold 86 084 carats in 1999 for US $24,2 million, averaging US $281 per carat,[93] with the remaining 99 000 presumably sold in early 2000. As a result, it is difficult to estimate the profit margin of the SDM project.

As a reference, mining conducted by RST until 1992 in the Cuango valley produced up to 90 000 carats per month with less comprehensive infrastructure developments and more obsolete machinery. Odebrecht also produced approximately 30 000 carats per month in 1991 and 1992. Since alluvial reserves were not exhausted during UNITA's occupation of the lower Cuango (contrary to several reports by the press), SDM's production should be higher than currently reported.

Conclusion

The discourse on the country's 'resource war' has largely neglected Angola's formal diamond production because of the low government revenue from this sector. Ironically, more substantial themes reoccur when analysing basic questions such as who is mining, where and in what quantity that have remained unanswered previously. Quantifying the more visible formal sector highlights the peculiarities of certain companies and individuals involved in diamond mining, helping to define the role of diamonds as an important resource base in Angola's limited economy. An analysis of the formal sector thus exposes the mass of conflicting or absent evidence, suggesting a certain degree of informal practices.

Discrepancies between what Angola is reported to have produced officially and what has actually been produced serve as the basis for other chapters that look at diamond smuggling and the informal diamond economy in the Lundas. Both thrive on the government's unwillingness to impose measures ensuring transparency and accountability on the formal diamond sector. Indeed, while the government may not fund its war through diamond sales, the informal arrangements and lack of reporting in the formal sector exemplify the even murkier informal and illicit diamond markets in Angola.

Diamond reforms instituted at the beginning of 2000 seek to alter the formal and informal diamond sectors drastically. Basically, the six licensed rough buying houses had their licenses revoked with Sodiam, a government monopoly, contracting Ascorp to market Angola's entire production, thus forcing mining companies to sell through the new system. Simultaneously, it was announced that all concessions were to be reduced to a maximum of 3 000 sq km. Companies such as SDM currently send their stones through Ascorp, but significant alterations in concession sizes seem unlikely and may be another method of forcing foreign joint venture partners to undergo the expensive process of renegotiation. The government is long overdue in auditing Endiama and rescinding the previous wholesale licensing of unsuitable Angolan companies during the mining rush between 1995 and 1998. However, it has yet to be seen whether current controls are to be implemented in the interest of the Angolan people or rather to the benefit of a smaller Luanda elite seeking to justify its domination of profitable diamond concessions for sale to foreigners. Given Angola's massive alluvial and kimberlite reserves, diamond mining alone could lead the country's development as witnessed in Botswana. However, the war is only partially to blame for the improper management of the resource and appallingly low official revenues derived from its mining.

Endnotes

1 The author would like to acknowledge the assistance provided by several persons presently or formerly mining in Angola.

2 The poor quality diamonds in Mbuji-Mayi, southern DR Congo are colluvial, meaning that many alluvial reserves to the north of the Angolan border have been transported from Angola's kimberlites.
3 Geographic origins usually cannot be determined from alluvial reserves, although features of specific kimberlite mines may serve as an indicator. Unfortunately, such distinctions are of little use if UNITA is mining in close geographical proximity to government-held territory; specific location cannot be determined in alluvial goods at this point in time. Moreover, one must wonder whether distinctions based upon generalisations would ever enable successful prosecution of suspected dealers in dirty diamonds.
4 This is a simplification because the geometrical structures in kimberlite goods are also beneficial for cutting while the higher proportion of odd shaped alluvial goods are often 'makeables' and are not sawed.
5 C Muller, Angola Kimberlite Mining Seen Operational September, *Reuters News Service*, 24 August 1995.
6 H Ashton, The Diamond Industry's Awakening Giant – Angola, *SMK Securities Investment Research*, 11 June 1997, citing 1983 Diamang figures. Ashton can be reached through BOE Securities in Johannesburg, South Africa.
7 Diamang, owned by Portuguese and Belgian interests, had formed a joint prospecting company, Condiama, which operated from 1970–1975.
8 I Kaplan, *Angola: A Country Study*, The American University, Washington, 1979, p 222.
9 Ibid p 223.
10 UNITA began seeing the government controlled mines as legitimate military targets and overran the Andrada sorting centre in March 1986, taking two hundred foreigners prisoner.
11 Dos Santos Reiterates Intention to Boost Non-Oil Sector, but Improvement in the Security Situation Needed First, *Gas Daily Risk Monitor*, 17 March 1987 from Reuters Business Briefing.
12 Endiama Wins 'Significant Premium' for Diamonds, *Financial Times*, 29 November 1988 from Reuters Business Briefing.
13 Much of SPE's staff was comprised of former Diamang employees who had been involved in Angola's diamond production and marketing before independence. SPE has also been spelled *Sociedade Portuguesa de Empreendimentos*
14 Endiama Wins 'Significant Premium' for Diamonds, op cit.
15 Diamond Export Deal with USA Company, *Business Day*, 10 March 1989, from Reuters Business Briefing.
16 Belgian Companies Buy 90% of Angola's Diamonds, *De Financieel Ekonomische Tijd*, 27 September 1990 from Reuters Business Briefing.
17 SPE was awarded an 84 000 sq km concession surrounding Lucapa in partnership with Endiama in the beginning of 1990. Source: Portuguesa de Empreendimentos (SPE) Invests in Angola, *Diario de Noticias*, 12 January 1990 from Reuters Business Briefing.
18 Diamond Deal with De Beers, *Africa Economic Digest*, 21 January 1991 from Reuters Business Briefing.
19 Angolan Diamond Output Hit by War and Rainy Season, *Reuters News Service*, 9 March 1993.
20 C Muller, De Beers, Brazilians in Talks on Angola's Diamonds, *Reuters News Service*, 11 October 1995.

21 Diamond Losses – Endiama Loses Over $100M in 1990 due to Smuggling, *Africa Economic Digest*, 9 September 1991 from Reuters Business Briefing
22 Economist Intelligence Unit (EIU), *Angola Country Report 2nd quarter 1994*. EIU Ltd, London, www.webspirs4.silverplatter.com, 29 June 2000. However, the EIU Country Report Angola 2nd quarter 1995, cites 295 000 carats worth US $63 million, as taken from World Bank statistics.
23 IPE (Portugal) May Move out of SML, *Expresso*, 22 May 1993 from Reuters Business Briefing. The article cites SML's production in kilos of diamonds that the author believes was mistakenly inserted for carats.
24 Diamonds Stolen at Minas do Lukapa, *Diario de Noticias*, 14 October 1993 from Reuters Business Briefing.
25 N Shaxson, Angola: Diamond Production Seen Up in Angola's Lucapa Area, *Reuters News Service*, 14 March 1994.
26 Angola's Minerals – Miner Attraction, *The Economist*, 1 July 1995 from Reuters Business Briefing.
27 The diggers were to be licensed and allowed to work in 'restricted zones' adjacent to commercial mining activity in 'protected zones'. Licenses were to be granted to those residing in the diamond fields for at least five years, with access by unlicensed diggers prevented. A third tier were 'reserve zones' on the periphery of formal and informal mining and that were to be exploited in the future, with access to the areas also restricted. EIU, *Angola Country Report 3rd quarter 1994*, EIU Ltd, London, www.webspirs4.silverplatter.com, 29 June 2000.
28 Angola's Minerals – Miner Attraction, op cit.
29 By October 1996, LKI after several years' absence from Luanda, signed a five-year agreement to buy rough from Angola with the agreement concluded between Endiama and Sociedade Angolana, described as a "consortium of Angolan investors". Source: Lazare Kaplan Announces a New Diamond Venture in Angola, *New York Business Wire*, 11 October 1996 from Reuters Business Briefing.
30 EIU, *Angola Country Report 1st quarter 1996*, EIU Ltd, London, www.webspirs4.silverplatter.com, 29 June 2000, according to the journal Africa Energy and Mining.
31 According to John Liebenberg, two South Africans, Gert Potgieter and Cicero Combrink, mined in Dundo under a company named Esperanze Group in 1995. Combrink then started Cacom Diamonds but was arrested when entering Angola from Namibia in 1996 during the Cancer 2 operations. Cacom was in partnership with an Angolan company Sicofal with an FAA general as one of its directors. J Liebenberg, Treasure-Seekers Find Only Trouble, *Mail and Guardian*, 20 September 1996, www.sn.apc.org, 26 June 2000.
32 EIU, *Angola Country Report 2nd quarter 1996*, EIU Ltd, London, www.webspirs4.silverplatter.com, 29 June 2000.
33 EIU, *Angola Country Report 4th quarter 1996*, EIU Ltd, London, www.webspirs4.silverplatter.com, 29 June 2000.
34 EIU, *Angola Country Report 1st quarter 1998*, EIU Ltd, London, www.webspirs4.silverplatter.com, 29 June 2000.
35 The International Institute for Strategic Studies cites De Beers figures of "non-conflict" diamonds from Angola accounting for US $468 million in 1999. This is ironically US $109 million *below* government figures from the formal and informal sectors for the same year suggesting a massive discrepancy or the lack of confidence in the Angolan government's diamond sector. International Institute for Strategic Studies,

Diamonds and conflict: strategies for control, *Strategic Comments*, International Institute for Strategic Studies, vol 6 no 4, May 2000.

36 Dividing US $150 million by an average stone price of US $250 in the Lundas gives a total of approximately 600 000 carats mined by the rebels in the Lundas if the De Beers figures are accepted. However, it has yet to be proven that UNITA's mining operations in the northern Cuango valley and scattered portions of the eastern Lundas are as marginal as the diamond industry would like to assume. Savimbi's troops maintain a vast and organised presence in portions of the diamond fields and, while smaller UNITA bands probably do not send much of their production back to central commanders, the presence of the Angolan military extends only a few kilometres from towns, mine concessions and roads, leaving a no-man's-land where guerrilla activity does not prevent diamond mining. Thus, given the reality of the Lundas, an estimate of UNITA's true production in the Lundas could be 900 000 carats alone. Moreover, operations in the central highlands before UNITA lost Andulo/Bailundo as well as alluvial and reported kimberlite mining near Mavinga may have produced substantial quantities especially since UNITA dominates the Cuando Cubango diamond fields. Thus, other mining areas could have bolstered UNITA output by another 300 000 carats, valuing the rebel gem output at closer to US $300 million in 1999 – a high yet not unreasonable figure.

37 Government of Angola statistics supplied to the Antwerp Diamond High Council (HRD). Despite the government's recent attempts to clean the image of the Angolan diamond trade, Angolan statistics have only been recently released through HRD officials, which allows the government to defer criticism.

38 According to the government figures, the informal market accounted for an average carat value of US $274 in 1995, US $292 in 1996, US $270 in 1997, US $202 in 1998 and US $219 in 1999. The formal market apparently produced much higher quality stones at US $509 in 1995, US $1 163 in 1996, US $880 in 1997, and only declining to realistic levels, at US $293 in 1998 and US $132 in 1999. Catoca's increased proportion of total formal production in 1999 according to the author's estimates could have reduced the average carat value, and the 1998 figures can be discarded due to under reporting of formal production by the government. Nor can the figures for 1995 to 1997 be justified, especially the carat value in 1996. A number of exceptional stones were recovered by SAA Distributors in 1996 and 1997, but the maximum value for the company's entire production was still below US $1 000 per carat. Carat values for the informal market are also probably too low and may be deflated by under-reporting by rough purchasing operations.

39 The value of the formal market from 1995 to 1998 is identical to the total value of diamond production, disregarding the value of the informal market; the total value of production is equal to the sum of both the formal and informal markets only in 1999.

40 Government of Angola statistics supplied to the Antwerp Diamond High Council (HRD). The last figure of over US $20 million in revenue from tax is disputed by another set of statistics provide by Antwerp's High Diamond Council which cites revenue in 1999 from taxation as nearly US $22 million.

41 Operations by *garimpeiro* generals or Luanda businessmen mining under semi-formal arrangements with foreigners cannot be quantified due to the low profile of these activities. As they are not major diamond producers (presumably) and do not adhere to even a minimal degree of transparency, they are not included in the formal sector despite the fact that these less visible producers may indeed have some form of state licensing.

42 These figures are only based upon recorded production from formal mines. Mining by UNITA, *garimpieros* or even FAA generals is not recorded.
43 IPE subsequently bought this debt and also made plans to invest in further mine development. Diamond Build-up for SPE, *Africa Energy and Mining*, p 5, 27 March 1996, Indigo Press, Paris.
44 EIU, *Angola Country Report 2nd quarter 1996*, EIU Ltd, London, www.webspirs4.silverplatter.com, 29 June 2000.
45 Diamond Build-up for SPE, op cit.
46 The SPE-Endiama row apparently began in 1993 when SPE proposed to take over SML's operations. Endiama conversely proposed that ITM take over the operations and SPE relinquish its active role. SPE then sought to recover its debts from Endiama listed at US $15 million to SML. Endiama then countered by suspending salaries to Portuguese employees of SML, who then went on strike. IPE (Portugal) May Move out of SML, *Expresso*, 22 May 1993 from Reuters Business Briefing; and EIU, *Angola Country Report 4th quarter 1993*, EIU Ltd, London, www.webspirs4.silverplatter.com, 29 June 2000.
47 SPE produced about 8–10 000 carats per month from three different mine plants in Lucapa, Calonda and Mafutu. Such poor returns only exacerbated poor management.
48 Lumanhe is an Angolan company owned by former FAA generals, with its major stakeholders reportedly including generals Carlos Val, Luis Faceira and João Baião. The generals apparently employ former FAA officers as observers at the mine sites.
49 Uari and Lucapa are essentially counted together in terms of carat production. Uari is a smaller concession to the east of the Luachimo river while the Lucapa concession extends north from Lucapa between a road to Camissombe to the west and the Luachimo to the east.
50 In 1999, the prices of ITM stones were approximately US $200 per carat from Calonda and Lucapa while those from Mafutu fetched US $280–$300 due to the recovery of a high percent of fancy pink stones. Running these estimates through Table 3 (and assuming that Chitotolo production was around US $225 per carat) ITM produced nearly US $110 million while Catoca produced a higher volume with a similar value.
51 RST produced up to 900 000 carats per year from its Cuango operations.
52 As opposed to the original ITM Group of which RST and Meridian Bank Group were reportedly subsidiaries.
53 Hellinger was reportedly the owner of Intraco Services Ltd that maintained the Endiama caterpillar fleet in Andrada in the 1980s when the De Beers company, MATS, was contracted to mine. When the Intraco contract ended in 1985, Endiama was in debt to the company, allegedly leading to the awarding of diamond concessions in the Cuango valley to RST. Andy Smith, the technical director of ITM, reportedly worked as a metallurgist for MATS and then General Manager of the Cuango mine for Hellinger.
54 Sardanis went on to operate several businesses in Zambia, among which was the notorious Meridian bank, which collapsed in a scandal involving prominent Zambian officials in 1995. Sardanis reportedly offered Ben Mwila, the former Zambian Minister of Defence, a controlling interest in ITM International in 1992. The Zambian *Times* notes that Mwila borrowed money from Meridian for this acquisition but then lost many of his companies when Meridian BIAO Bank collapsed. ITM International reportedly managed Chibote Ltd and Meridian BIAO Bank. Ben Mwila loses 30 companies, *Africa News Service* from the *Times* of Zambia, 27 October 1999, www.newsline.dialog.com, 27 January 2000.

55 TransAfrik is one of the largest non-military operators of C-130s in the world, boasting several UN contracts and supplies ITM mines in Angola. The two UN aircraft shot down, presumably by UNITA, at the end of 1998 and beginning of 1999 were reportedly leased from TransAfrik.
56 According to one source close to the company, the main shareholders at present are Renato Herminio (Mozambican), Andy Smith, (South African), Silverio Monteiro (Portuguese) and Sergio Costa (Portuguese or Angolan). Herminio is reportedly the CEO of ITM, also holding management positions in TransAfrik, Cater Trade and Intraco, with shareholding in Global Mining Support Group.
57 For example, production was delayed at Mafutu and Chitotolo after several ITM employees were killed, presumably by UNITA.
58 Another source puts the average monthly production for Mafutu at 12 000 carats in 1999.
59 ITM was reportedly retreating old piles from late 1996 but output from this activity was very low.
60 The special packet would be comprised of the lower quality goods that stuck to the grease of the sorting machines.
61 On April 13, 1998 Alpha Diamond Corporation of Nevada, USA announced that it had acquired approximately 30% of Angola Diamond Corporation's common stock. The press release cites ADC as operating several diamond concessions in Angola and South Africa. On 7 July 1998, Alpha announced that it had rescinded its merger. Alpha Diamond Announces Completion of Merger, *Business Wire*, 13 April 1998, www.newsline.dialog.com 27 January 2000.
62 Portuguese Pique, *Africa Analysis* 19 February 1999, www.africaanalysis.com, 25 May 2000.
63 Curbs on Trade in 'conflict diamonds', *Africa Analysis*, 21 April 2000, www.africa-analysis.com, 25 May 2000. According to this article, Terramina is also reported to have a concession near Nharea in Bie province.
64 The distinction between these companies is impossible to ascertain and the author will use SAA Distributors interchangeably with the other companies since little evidence suggests which company was actually mining.
65 Presumably the man erroneously referred to as Piet 'Hand' in the Fowler report.
66 The exact relationship between Southern and SAA is difficult to ascertain due to present animosity between the two companies, making it unknown whether SAA or Southern controlled the mine site and which company acted as the contractor and which the contractee.
67 In Randsburg International's bid to acquire Sphere, the company cites Sphere's US $24 million in revenues from mining in Angola in 1998, the year that Southern was mining Cassanguidi with SAA Distributors. It also noted that Sphere employs 200 workers, has US $4,6 million in machinery in Angola, and has been diamond mining in Angola since 1992. Randsburg International Gold Corp, *Randsburg to acquire Sphere Mining Development*, press release from Randsburg, 6 March 2000, www.infomine.com/news/releases/welcome.asp?13816, 6 September 2000.
68 Randsburg International's planned acquisition of Sphere fell through by the end of March 2000. Randsburg had previously entered in talks with Gema Dourada for a concession already awarded to Botswana Diamondfields in 1998.
69 SouthernEra Finalizes Agreement for Angola Alluvial Diamonds, *SouthernEra Press Release*, 19 November 1996, www.pathcom.com, 4 November 1999.

70 When SouthernEra vacated Luo, it brought the mining equipment and personnel to Camafuca.
71 When SAA began to work Cassanguidi in 1999, some of the staff at Camafuca reportedly returned to SAA.
72 SouthernEra Finalizes Agreement over Camafuca Pipe, SouthernEra press Release, 22 May 1997, www.pathcom.com, 12 February 2000.
73 Ibid. Since SouthernEra's partners were SAA Distributors and COMICA, Southern Era's share was effectively 65% but with 14% held by SAA and COMICA. It is not certain what role Antigua Combatants plays in the concession since the company basically owns the Calonda Sul concession.
74 IRIN, Integrated Regional Network, *Suspected UNITA insurgents raid diamond mine*, 10 August 2000, www. reliefweb.int/IRIN/sa/countrystories/angola, 11 August 2000.
75 Ibid, according to a spokesman for Gray Security Services.
76 As taken from the DiamondWorks chart of production, www.diamondworks.com, 28 June 1999.
77 Tricorp SARL is reportedly an Angolan law firm. EIU, *Angola Country Report 1st quarter 1997*, EIU Ltd, London, www.webspirs4.silverplatter.com, 29 June 2000.
78 Diamond Visit, *Bizekon Ekspert* (Business and Economic Daily Report), 29 June 1998, from Reuters Business Briefing; Catoka Diamond Mine Said to Yield 50 pct Margins, *Reuters News Service*, 24 June 1998.
79 Roughly calculated by multiplying Catoca's production in 1999 by US $75 per carat, and determining this total as a proportion of Angola's total revenue from the formal sector as cited in government statistics in Table 1.
80 Other figures have given small variations of these percentages.
81 Diamond Visit, op cit.
82 Alrosa to Receive US$ 80-to-85 mln Worth of Diamonds from Angola, *Prime Tass*, 12 October 1998, from Reuters Business Briefing.
83 Leviev Investing $30m in Angola, *IPR Strategic Information Database*, 14 April 1998, from Reuters Business Briefing
84 Catoka Diamond Mine Said to Yield 50 pct Margins, op cit.
85 LID of Ramat Gan, Israel, split in early 1998 and the former manager, Moshe Leviev, formed LLD, presumably Lev Leviev Diamonds, and is also based in Ramat Gan. LLD was expected to market all polished diamonds from Ruis that was a supplier to LID. Diamonds – new company opens from partnership split, *Jewellery News Asia*, 18 February 1998, from Reuters Business Briefing. Leviev is also trying to get into Armenia's fledgling diamond cutting industry after the government approved the sale of Shogakn, Armenia's largest cutting company, to Leviev International Diamonds. Armenia to sell biggest diamond cutting plant to Israeli firm, *Interfax News Agency*, 21 October 1999, from Reuters Business Briefing.
86 Armenia to sell biggest diamond cutting plant to Israeli firm, op cit. Ruis is reportedly owned by an Irish form "which is a member of a group of other firms representing the businessman Lev Levayev". Moscow may gain large jewelry center, *IPR Middle East News*, 5 January 1999, www.newsline.dialog.com, 9 November 1999. Ruis is one of Russia's largest polishing factories.
87 Africa-Israel has expanded into various businesses in Eastern Europe, the true extent of which is not known, but can be witnessed through the company's activities such as hosting the eighth anniversary of Kazakhstan's independence in Tel Aviv

in 1999. See GF Cashman, Grapevine, 2 November 1999, *Jerusalem Post* from www.newsline.dialog.com 9 November 1999.

88 Leviev to buy into Camafuca, Extracts from Mining Week, *Mining Journal*, 15 August 2000, www.mining-journal.com.

89 The *Angola Country Report 4th quarter 1999* notes that SDM produced just over 60 000 carats in the quarter after the mine's opening. The *3rd quarter Report*, however, cites the Terraconsult figures but does not discuss the divergence with the previously cited figures. EIU Ltd, London, www.webspirs4.silverplatter.com, 29 June 2000.

90 Cuango River Project, Angola, www.ashton.net.au, 31 August 2000.

91 UNITA killed four company employees on 6 January 1999 only 7 km from Luzamba and forced the evacuation of mine personnel in October 1999 and again in May 2000. UNITA has maintained a sizeable force in the environs of the Cuango valley despite FAA offensives in late 1999. SDM's Afa-5 security providers and the FAA have been capable of keeping larger rebel forces away from the mine, but smaller rebel groups pose a constant threat to SDM convoys within several kilometres of the main mining operations.

92 S Solomon, De Beers says will force Angola to supply diamonds, *Reuters News Service*, 23 March 2000.

93 Cuango River Project, Angola, op cit.

Power struggles in the diamond fields

Christian Dietrich

Angola's diamond sector altered dramatically in the 1990s with the country's rough diamonds becoming a substantial pillar of the informal economy, accessible to all segments of the population and to all parties to the conflict. State revenue from the formal economy is based around a limited number of personalities linked to the ruling elite, with few benefits trickling down to the lower class. For impoverished Angolan civilians, as well as their Congolese counterparts, illegal diamond mining offers a form of subsistence living, with the possibility of wealth. These *garimpeiro* diggers mainly occupy the Lunda provinces and either operate independently on uncontested alluvial reserves or are organised and often manipulated by various armed bands. Such groups include the *União Nacional para a Independência Total de Angola* (UNITA), the *Forças Armadas Angolanas* (FAA), national police, Katangese, or entrepreneurs in association with local strongmen. Due to the extensive nature of alluvial diamond reserves, strongmen or armed groups profit from militarising the informal diamond economy and, at times, brutalising the nomadic workforce, creating patron-client networks that enable the levying of tolls. UNITA strong-armed and coerced migrant labour in the Lundas to assure profitable mining particularly from 1993. However, the rebels' forced departure from high profile diamond reserves has not led to greater security or stability in the Lundas.

To counter UNITA's military success in 1993, the FAA linked up with foreign capital and mercenaries. The use of unconventional military-commercial syndicates created a degree of ambiguity within which the FAA elite could exploit the very niche previously occupied by mercenaries, and with much more effective results. The continued lack of stability or defined property rights in the Lundas after the Lusaka peace process bolstered demand for private security companies, which were then dominated by key military personalities and their families. Some ranking FAA members also contributed to the lawlessness through their own *garimpeiro* pursuits, often with the assistance of junior officers. Moreover, the expulsion of small-scale illicit diamond diggers from the Lundas created a system of flux and altering allegiances. While many *garimpeiros* remain peripheral to power sources, clean-up operations often forced the illegal labourers to seek protection from those groups threatening the highest degree of violence. The opaque and lucrative source of unconstrained finance revolving around diamond mining has actually become a strategic objective in itself with the FAA manipulating violent behaviour to dominate commerce. Intimidation is used to create

loyalty structures and levy taxes in fragmented and insecure commercial entities. Through the militarising of this commercial base, supposedly formal military pursuits in the Lundas are often replaced by informal business webs linking warring factions in profits, with *garimpeiros* integrated as an essentially captive market for overpriced goods bought with the proceeds of diamond sales.

The growth of this uncertain shadow economy represented an uncontrolled system of finance and diversion of power from the central *Movimento Popular de Libertação de Angola* (MPLA) authorities, and more importantly, President dos Santos' *Futungo* – the presidential palace where all power resides. Financial gains of strongmen in the Lundas created a dangerous autonomy from Luanda's inner patronage system. The principal elite surrounding the president has sought to control such arrangements in the illicit diamond market especially since the push to remove UNITA from its high profile mines in 1997. Central control is superficially meant to sever informal commercial networks that threaten coherent strategy against the rebels. In reality, the present diamond sector reforms represent the latest method of bringing a fundamental component of the informal economy into the Luanda patron-client networks, with the assistance of international *diamantaires*. Rather than dislocate warlords from their systems of levy and self-enrichment, *Futungo* patrons have harnessed the generals' methods of accumulation under the guise of creating transparency and increasing state revenue from Angola's diamond sector. While many influential FAA and civilian leaders reportedly have Angola's best interests at heart, this chapter will analyse cases of unscrupulous self-interest in the diamond fields and the distortion of supposedly transparent diamond sector reforms.

UNITA occupation

UNITA joined the unorganised prospecting explosion in 1991 and 1992, although more on an individual than an organisational basis. The ease with which fortunes could be made in Angola's diamond fields quickly drew thousands of informal diggers from Zaïre and Angola, including self-demobilised combatants from both warring parties. One estimate put the number of *garimpeiros* at 6-10 000 in 1991.[1] This number multiplied drastically and by August 1992, it was estimated that 50 000 *garimpeiros* were mining in Angola, with the number increasing by 500 per day.[2] When UNITA returned to war late in 1992, the rebels quickly overran the country's most lucrative alluvial diamond reserves in the Lundas. The Cuango valley was the main objective, but the rebels also staked undisputed claim to many other rich deposits on the outskirts of Lucapa and Dundo. UNITA expanded control over the country's best mining sites during the rain season and, by the 1993 dry season, the rebels were capable of managing the previously unregulated alluvial production.

Congolese *garimpeiros* were not rigorously brutalised in the early and mid-1990s.[3] UNITA's less sadistic approach at the time appears to have been necessitated by the expansive nature of Angola's profitable, marginal and sub-marginal

diamond reserves. The workforce returning after lucrative prospecting during the 1992 dry season was given the choice between mining under UNITA protection on the best diamond reserves, or working alone at less profitable sites and running the risk of falling prey to anyone, including UNITA. Basically, the rebels needed this artisanal workforce, but did not have the manpower or transportation to extensively terrorise *garimpeiros* mining the less worthwhile diamond deposits, and thus used indirect financial intimidation instead.[4]

A pertinent analogy is a comparison with the diamond fields in the Democratic Republic of Congo (DRC) where mining is conducted primarily in the environs of Mbuji-Mayi and Tshikapa in the south and, to a much lesser extent, around Kisangani in the east. According to Hughues Leclercq, the dense tropical forest and sparse population of Kisangani make it impossible for small groups of miners to work alone, requiring more formal settlements.[5] Local chiefs have exploited the topography to administer a harsh, but fair system. Armed guards protect mining villages and miners must pay a dividend to the chief, but are also allowed to quit the camp when they want to.[6] Near Mbuji-Mayi and Tshikapa, the topographical relief is similar to the Lundas and diamond mining is widespread. Small *garimpeiro* bands gain access to and exploit vast alluvial reserves outside of armed control, according to Leclercq.

UNITA's occupation of the richest Angolan diamond reserves and the ongoing threat of violence allowed the rebels to simulate the topographic restraints of Kisangani's deep forest despite the predominantly open savannah and extensive nature of diamond reserves in the Lundas. This monopoly on artisanal digging allowed UNITA to tax *garimpeiro* production, usually performed at rivers where sediment was washed to isolate rough diamonds, enabling the use of force over a limited terrain.[7] UNITA also recruited *garimpeiro* labour for larger mines run by foreigners. These operations used equipment such as water pumps and earth-moving equipment, increasing rewards for the *garimpeiros* who received a percentage of the production. In this manner, UNITA created profitable 'safe zones' for the nomadic workforce that provided the backbone of the rebels' mining activities. UNITA's jurisdiction resembled loosely administered mafia activity in which artisanal miners shared profits with an armed group that provided protection from both real and potential threats.

While unskilled workers providing support requirements at UNITA's diamond mines were probably treated in a harsh manner like all labourers conscripted by the rebels, it would not have been financially expedient to brutalise the more skilled and experienced *garimpeiros*, many of whom could have returned to Zaïre if risks outweighed profits.[8] It is true that conditions were harsh and exploitative, but within a system that was not anathema to the *garimpeiros* themselves. Undue brutalisation would only have discouraged the labour force from ever returning and was probably not UNITA's preferred method of recruiting semi-skilled diamond diggers. The end of UNITA's diamond domination, however, has resulted in higher militarisation in the diamond fields and has increased the levels of coercion used by armed groups vying to profit from *garimpeiro* labour.

Military entrepreneurial acumen

From militarised commerce to military commercialism

UNITA's tremendous battlefield successes in 1993 required unorthodox methods to counter the rebels. The FAA was incapable of defeating UNITA and contracted Executive Outcomes (EO) in September 1993, resulting in the capture of the strategic Cuango valley town of Cafunfo in July 1994, among other military advances. There is no evidence of EO's direct connection to mining consortia, but a corporate synergy between EO and Sandline International, as well as Sandline's shared directors with DiamondWorks[9] earned EO the reputation of advancing a novel form of international trade in the form of *militarised commercialism*. After EO's contract terminated in December 1995, DiamondWorks, through its Angolan subsidiary Branch Energy, began mining operations in Lunda Norte in 1997, and many EO personnel remained to provide security. While the Katangese had been given freedom over alluvial diamond deposits in exchange for combating UNITA for years, the real or perceived associations between EO and DiamondWorks heralded an instrumental first step towards a symbiosis between military activity and commerce in the diamond fields.

The supposed advantages of a synergy between a contract army and a corporate entity operating on unstable commercial terrain were short-lived in Angola. Branch Energy's diamond mining ventures were plagued with problems from the start. For example, in September 1996, 21 Branch employees were arrested at Luarica because they had gained access to the concession before receiving permission from the government. As relations soured between Branch and Angolan officials, the company was forced to invest in non-related areas through the DiamondWorks flotation, including upgrading customs at Saurimo airport and enhancing telecommunications services.[10] DiamondWorks and its local subsidiary, Branch, eventually suffered significant losses in Angola as mining operations were only profitable for intermittent periods and their Yetwene mine was overrun by UNITA, forcing the company near bankruptcy.[11] The DiamondWorks/ Branch team is now reportedly on its way out of Angola, having recovered little of its investment.

Another example of a security/mining symbiosis was the joint venture between America Mineral Fields (AMF) and International Defence and Security (IDAS) from early 1996.[12] IDAS was awarded a concession bordering Zaïre in 1995, "when UNITA was still playing hardball," according to Leo Tromp, the IDAS chief in Luanda.[13] The concession was split into two adjoining parts with 3 700 sq km for mining and a massive 36 000 sq km for prospecting, extending from Uíge to Luremo. With UNITA controlling most of the concession, including Luremo, the prerequisite for commencing mining operations was expelling *garimpeiros* and rebels from the concession. According to an investment newsletter, AMF claimed to be deploying 1 000 gurkhas to the concession area.[14] A sizeable mercenary force in the northern Cuango valley would also have posed a serious threat to UNITA's supply routes from Zaïre and principal mines near Luzamba in the lower

Cuango valley,[15] but there is no evidence that gurkhas were actually deployed to the area. Despite the company's attempts to raise its penny stocks through favourable press releases, neither AMF nor IDAS ever mined diamonds on the northern Cuango concessions, the size of which may be drastically reduced under the new diamond sector reforms.[16] Furthermore, IDAS is now requesting the FAA to clear its concession (most likely for a price), after which the company will contract an Angolan private security provider.[17]

Ironically, market forces undermined the potential for corporate synergy between mining companies and highly armed private security forces. In its place, a new system of commercialism has developed whereby enterprising officers from national militaries have been able to use the unstable commercial environment to their advantage. The link between *militarised* commercialism and *military* commercialism[18] is causal in Angola, resulting from FAA officers realising that they could benefit financially from dominating precarious commercial terrain. The mounting financial role of FAA officers grew out of the EO contract that had resulted in military success and commissions on arms purchases. As they gained greater autonomy from the political elite, top military officers sought to develop their own methods of melding military activity with entrepreneurial pursuits.

The increased commercial prominence of the FAA elite revolved around monopolising the domestic private security industry, obtaining legal and illicit concessions in the diamond fields and asserting varying levels of control over *garimpeiro* prospectors. This enabled FAA officers to increase their authority over the lucrative informal economy based on diamonds.

Private Security

The decline of a mercenary/mining symbiosis was largely concurrent with the termination of direct hostilities between UNITA and the FAA and the entry of more than 10 foreign mining consortia into Angola in 1996 and 1997. Despite the official peace, the Lundas remained unstable due to UNITA's refusal to relinquish control of its diamond reserves. This was heightened by a military state of flux and unrestrained *garimpeiro* activity that created a substantial market for private security. The international company, Defence Systems Limited (DSL), with nearly 1 000 employees in Angola,[19] cornered the local security sector due to its size, capabilities and international reputation, thus forcing competitors out of the niche market. However, potential domestic opponents could bring other pressures to bear and DSL's license was revoked in December 1997 over technicalities – a move that enabled the government élite to stifle foreign-owned rivals.[20] FAA strongmen and their civilian business associates did not want international mining companies to provide their own security, but instead sought to profit directly from the lucrative trade in 'protection' themselves. Moreover, military downsizing and quartering occurred concurrently with the rise in private security companies so that, as the army withdrew, diamond mines could be protected, especially those under the control of prominent FAA and MPLA personalities.

Angola's two largest private security companies are presently *Tele Service Sociedade de Telecommunicaçoes, Segurança e Servicos* (Teleservices) and Alfa-5. Teleservices has a management agreement with Gray Security Services. Gray also reportedly supplies security personnel to Alfa-5, although the relationship does not seem to be as formal or as publicised. Both Teleservices and Alfa-5 boast civilian managers, but are actually inextricably tied to the FAA's top officers, many of whom own shares in both companies. One of the shareholders of Teleservices is a brigadier from Angolan intelligence, but the company is reportedly owned by generals Luis Faceira (also reportedly a principal player in Lumanhe), João de Matos and França Ndalu. Alfa-5's civilian principals reportedly include Colonel Geura (retired) and Augustinho de Matos, the brother of General João de Matos, as well as generals Faceira and Ndalu.[21] Both companies offer similar services for similar prices, although mining companies often prefer Teleservices. The company was started in 1994 and subsequently secured contracts in the oil fields, as well as in the Lundas with foreign consortia such as International Trading and Mining (ITM) at Calonda and Mafutu, and Southern Era. Alfa-5 was contracted by Endiama in 1996 to guard mines run by the parastatal in Lunda Norte, previously a DSL contract, and presently provides protection services to ITM (Chitotolo) and *Sociedade Desenvolvimento de Mineira* (SDM), among others.[22] A smaller company, Maboji, enjoyed strong links with former EO employees, and is reportedly owned by Interior Minister Fernando da Piedade dos Santos,[23] but allegedly run by a police general and FAA Brigadier Panda. Maboji had several contracts in Luanda and guarded the DiamondWorks' mining operations, but is reportedly terminating its activities in Angola and may face bankruptcy.[24] All diamond mining operations in Angola use one or a mixture of these three companies, making it difficult to reduce security overheads in the absence of competition in the security sector. Top FAA officers involved in both the private security and mining sectors require their foreign partners to contract Teleservices or Alfa-5 to protect mine operations, hence profiting from safeguarding their own diamond holdings.

Security perimeters at satellite camps are established no more than 8–10 km from the principal mining sites with the guards sent out on patrol for one-week periods. Most security personnel move no more than 2–3 km away from remote mining areas, controlling territory viable within a two-year window of mining. The rest of the concession is left for *garimpeiros* which are usually controlled by any number of armed groups, resulting in skirmishes between Teleservices and the FAA as witnessed on ITM's Mafutu concession.

FAA mining forays

Civilian *garimpeiro* activities are augmented by FAA regulars who mine for their superiors, usually for three days followed by three days for themselves. The soldiers are reportedly not paid or given food, necessitating high productivity in the diamond fields. But, there is no small number of FAA troops willing to bribe their way into the Lundas. One example of such a *garimpeiro* officer is Colonel Kabila Bronco

who mines on the ITM Mafutu/Camafuca concession, north of Lucapa. Colonel Bronco controls approximately 2 500 diamond diggers, including at least 300 FAA soldiers.[25] He works the river banks to the north of ITM's operations and advances as ITM moves to new reserves. Although he is illegally mining and degrading the concession (in contravention to ITM's agreement with Endiama), Colonel Bronco is not disturbed by Teleservices.[26] The Colonel's activities are not threatened, because retaliation by the *garimpeiro* officer could prove devastating to the 70-man strong Teleservices protection team. Instead, a mutually beneficial relationship has evolved whereby Colonel Bronco's mining activities are not jeopardised, and Teleservices and ITM, in turn, benefit from the greater advanced warning of UNITA incursions due to the colonel's outer perimeter positioning. Thus, Bronco's numerous active duty or retired military subordinates form a 'citizen force' of sorts that has been incorporated into the protection of the formal mine.[27] This type of integrated formal and informal mining activity has made room for FAA war veterans and active duty officers who do not have registered companies, but instead work through unofficial co-operatives under the oversight of regional FAA commanders.

The FAA commander of Moxico province presented a more formal and less proactive scheme in 1998.[28] He sought to develop several mines with foreign partners, promising proper licensing and the diversion of FAA soldiers, all for a cut of the profit and no financial investment from his end – a plan that never developed as UNITA's position strengthened during the year. Such an arrangement is the likely scenario for several FAA generals mining with South African partners, including a former South African Defence Force general, north of Canzar. It is not known whether formal licenses are held and several of the South Africans are pulling out due to uncertainty in the diamond sector. Even General João de Matos, the FAA Chief of Staff, is reportedly involved in a diamond concession in the Cassanguidi area, with allegations tying numerous civilian elite and international entrepreneurs to diamond reserves in the area. From Dundo to the east, there is no formal or organised FAA presence with battalion commanders usually having less than a full company of soldiers under their command and mining for the better part of the dry season.

FAA generals and ranking officers have also formed more legitimate mining consortia licensed by Endiama. For example, Antigua Combatants is run by former FAA generals and reportedly owns the rights to SouthernEra's Calonda Sul concession. Another company, Lumanhe, was created in 1996, and is reportedly run by retired generals Carlos Val, Luis Faceira and João Baião, the managing director. It holds a joint venture with ITM at Calonda and Chitatolo, which the generals received for their part in the war – when recovery at Calonda was less than expected. Lumanhe was also temporarily awarded the Uari concession and uses former FAA members, and even some former UNITA soldiers, to oversee ITM's operations with observers present during the diamond sorting process. Unlike ITM's Mafutu concession (not in partnership with Lumanhe) where informal arrangements have been reached with Bronco, FAA *garimpeiro* activities are not as extensive at Calonda and Chitatolo that are controlled by generals who also

jointly run Teleservices. Illicit FAA mining still occurs on these two concessions, however, under commandos who oversee the eastern portions of Calonda and unknown territory on the Chitotolo concession. The commandos levy a fee, paid in diamonds, on the *garimpeiro* prospectors, an arrangement that may also boost the protection of the ITM/Lumanhe operations – except when dissatisfied *garimpeiros* attacked the commando outpost on the Chitotolo concession.

Another former general, Celestino Tchizainga, reportedly has two diamond concessions, one that was allegedly mined by Branch Energy and the other by *garimpeiros*. Tchizainga was awarded the concessions by Endiama, possibly through his company WEZA, but did not have the financial resources to mine, hence leasing it to Branch for a portion of the profits. Branch also finds this relationship expedient since Tchizainga provides a type of 'protection' for his partners, especially in facilitating transactions, although military protection is provided by other sources.

Once the generals are exposed to foreign finance through open or tacit alliances with international mining consortia, their desire and ability to make money expand considerably.[29] While the FAA leadership has suppressed competition in the private security industry, it can profit extensively from the infusion of capital at formal mines. The military officers are not well-connected to the global economy, but junior mining firms, which often operate through ambiguous financial institutions such as offshore banks and holding companies, provided certain FAA elites with tentacles into international commerce. FAA officers also position themselves in such a manner that their participation is necessary to reduce bureaucratic delays in the Lundas. One foreign diamond buying company, for example, hired an Angolan brigadier who had no command but used personal clout to facilitate operations in the Lundas, such as securing space on a transport plane when UNITA was close to the purchasing operations.[30] Ranking FAA members have thus extended the sale of 'protection' from private security to personalised services to assist in efficient business operations, such as timely deliveries of equipment to the mines or the validation of work permits, with protection one of the most expensive commodities for sale in the Lundas.

Stabilising the diamond fields

During the prospecting explosion in 1992, a time when Angola was largely at peace, few measures were taken to oust *garimpeiros*, because many of the illegal diggers were government or UNITA troops. However, by 1993, the FAA and police units began flushing illegal diggers out of the few remaining formal mining concessions under government control as war returned to Angola. For example, in July 1993, the government expelled 250 illegal diamond miners of various nationalities. By December, efforts were bolstered and all foreigners without adequate documents faced penalties or extradition. This period no doubt marked the competition between the various elite to establish mafia-type jurisdiction over

towns in the interior, although a broader geographical expansion of an illicit commercial base through extortion was not possible at the height of the war. Profiting directly from diamonds necessitated controlling *garimpeiros*, but even by the end of 1994, "widespread illegal digging by armed groups had been going on inside the government's security perimeters, despite police attempts to stamp it out."[31] However, after the 1994 Lusaka Protocol, efforts to protect existing mining operations and essential diamond reserves intensified, especially in the proximity of Dundo, Lucapa, Nzaji, Saurimo and the newly acquired Cafunfo. Of greatest importance were the *Socidade Mineira de Lucapa* (SML) mining ventures under constant threat from armed bands of *garimpeiros*.

The direct involvement of FAA troops in entrepreneurial activity involving illicit diamonds grew when the government initiated a series of *garimpeiro* mop-up operations in the Lundas. Military deployment and clean-up operations expanded government jurisdiction over the diamond fields from 1994 onwards, enabling the FAA to control larger portions of the informal diamond economy in the environs of garrisoned towns. Unlike the private security industry that involves military elite in profits, the expansion of government control over poorly delineated territory in the diamond fields enabled all enterprising soldiers to profit from coercive endeavours or directly from mining. The Diamond Sector Stabilisation Plan (Proesda) aimed to pacify the Lunda 'Wild East' and bring the diamond fields under Luanda's authority. During this period, rough diamond purchasing agents were licensed to operate in the Lundas to create order in the informal diamond market and bring profits through the state. Furthermore, Endiama's monopoly was reduced and local Angolan companies, run by political or military elite, were awarded diamond concessions. A more proactive Proesda mandate was the wholesale expulsion of illicit diamond miners from the Lundas.

The curtailment of direct military hostilities by the 1995 dry season intensified *garimpeiro* activity, forcing countermeasures to court foreign mining consortia and improve Luanda's influence in the Lundas. By September 1995, FAA reinforcements were sent to Lunda Norte to remove *garimpeiros*. This campaign was also used as an excuse to limit UNITA's mining activities during the cease-fire. Responding to increased policing, UNITA attacked the Endiama headquarters in the Lundas in mid December 1995, killing 24 people.[32] Firm counter measures by the government were only initiated in the beginning of 1996 and quickly escalated by the middle of the year during the Cancer II operations carried out by the FAA and national police. The four-month clean-up manoeuvre resulted in the expulsion of "over 4 000 Malian, Lebanese, Gabonese, and other foreign residents of Angola whose immigration status was deemed irregular" and "their deportations were carried out entirely within the executive branch without any judicial oversight."[33] However, the operations were often used by military and police forces to exercise control over the illicit diamond market in the Lundas, sometimes without expelling illegal immigrants, but instead tolerating or even protecting their businesses for a price. The FAA controlled urban centres and marginal diamond reserves,[34] necessitating a widespread threat of violence to coerce illegal

miners into subscribing to a protection racket, all under the pretext of stabilising the diamond fields.[35] To this end, mobile FAA units and helicopter gunships would target clustered *garimpeiro* 'villages', killing or uprooting the inhabitants.

Formal mine concessions in the Lundas also used extensive private security forces to push illegal diggers away from the primary mining operations. Alfa-5 on SDM's concession, for example, expelled tens of thousands of *garimpeiros*, according to one former employee involved in the operation. Other mining consortia that sought to increase their own levels of security and prevent the degradation of the diamond reserves also initiated such measures. These efforts were not aimed at controlling the illicit diggers, but instead at preventing them from encroaching upon mine operations. However, the licensing of mining concessions and the use of private security by foreign companies assisted the FAA in diminishing UNITA's activities, albeit only within small enclaves, and uprooting *garimpeiros*.

FAA escalated the militarisation of the diamond fields in early 1997, ironically during final negotiations over power-sharing in Luanda. FAA sought to dislodge UNITA from its mines and dislocate the rebels from their labour force. This was possible when 17 000 Rwandan refugees, dispersed with *Interahamwe*, were reported to have entered Angola in May 1997, justifying military operations in Lunda Norte. After significant troop build-up in Malange, Cafunfo, Saurimo and Dundo, the FAA launched its main attacks in May. The advances cut UNITA's supply routes from Zaïre, intercepted UNITA soldiers returning from assisting Mobutu and isolated the rebels' mines, all without provoking much criticism from the United Nations. Although UNITA had joined the government of national unity in April 1997, the rebels had refused to hand-over their premier mines and strategic territory in the Lundas as outlined in the Lusaka Protocol, much of which were finally recaptured from or surrendered by UNITA toward the end of 1997. The rebels did, however, maintain a significant, if reduced, hold on alluvial reserves and regained substantial territory in 1998 and early 1999.

In their struggle to hold diamond territory, and more importantly, control *garimpeiros*, UNITA bands resorted to more violent coercion. UNITA's battlefield losses and distended supply lines in the Lundas further necessitated the targeting of civilians for the provision of basic commodities. Despite the negative financial consequences of escalating violence, it has been in the best interest of peripheral rebel groups to compel migrant labour to use local protection rackets, especially since UNITA units cannot control informal commodity trading from government garrisons. In this case, like that of enterprising FAA officers, violence is more frequently threatened than executed since the *garimpeiro* workforce provides the backbone of diamond extraction.

The diamond fields are not entirely carved up into nodes of violent power emanating from those with guns. Just as coercive influences between competing warlords sometimes overlap, the nodes of power are also absent in some places. The FAA holds certain geographic locations such as towns, airfields, road junctions and formal mining sites. Extended influence is usually only projected through *garimpeiro* officers, such as Kabila Bronco, who oversee limited territory for

financial gain. Similarly, UNITA cannot be omnipresent in the rural areas, maintaining a sporadic influence in commercially contested diamond reserves and access points to the informal economy. Competing financial interests between and within[36] armed factions in the Lundas, further bolstered by undefined squads of bandits, means that certain *garimpeiro* operations are protected and taxed by armed groups.[37] Brutal coercion through FAA search and destroy missions, as well as UNITA's own increasingly sadistic methods, has confined the extensive nature of the Lunda diamond fields, making diamond prospecting without adequate protection a liability at times.[38] Conversely, warring factions need *garimpeiro* labour to profit from diamond reserves, making severe mistreatment a financial liability. A more lenient system thus holds sway in some areas within which *garimpeiros* are free to move between areas controlled by competing warlords. Indeed, the illicit diggers exhibit a degree of predilection for their inhospitable vocation. Arrangements with strongmen may also be suitable to *garimpeiros*, since access to rich diamond reserves in contested areas can be assured.

Informal commercial integration

The diamond fields in the Lundas are subject to intermittent spikes in hostilities between the two sides, but are generally on the periphery of the main theatres of conflict.[39] The most significant battles between the FAA and UNITA are waged over strategic towns such as Malange, Huambo, Andulo and Bailundo. However, the Lundas are heavily destabilised by another type of militarisation, that of armed groups from either of the two parties, or even bandits of unknown disposition or origin, jockeying for control over points of access to lucrative mining areas. Sometimes these groups clash and fight brief and fierce battles and sometimes they settle down on opposite sides of a river to mine diamonds.[40] The military geography of the region is intensely linked to commercial routes, with control implemented over key access points. Controlling *garimpeiros* is sometimes financially less expedient than taxing goods, or levying fees from entrepreneurs buying diamonds. As a result, various armed bands compete for diamond reserves and profits accrued from the sale of overpriced goods to the diamond prospectors.

Ranking FAA and police officers influence fluid turf, taxing what enters and exits. For example, goods arriving by air are subject to 10% tax, payable to whomever controls the airport – usually the national police. The goods are then supplied to individual sellers, usually women, who transport the products to the mines and are further subject to a 10–15% tax if entering UNITA 'territory' or a double tax by FAA and national police in government areas. Besides levying taxes on the transhipment of goods, local FAA chiefs, who are usually the genuine sources of power in the Lundas, may be directly involved in the wholesale of commodities, often with precise knowledge of UNITA's requirements. This substantial trade with the local interior results in a town such as Saurimo reportedly receiving supplies for more than five times the number of the town's inhabitants.[41]

One pertinent example is Luo, approximately 75 km north of Saurimo, where the FAA, national police and Katangese all have their own mining 'zones of influence'. UNITA soldiers occupy positions across the Chicapa River and also mine diamonds. The Katangese, historically the foes of UNITA, run ferries across the river to UNITA and levy the goods being transported. The ferries also take middlemen from UNITA-controlled diggings who pay tax to the Katangese and sell UNITA's rough to buyers under an FAA strongman.

A second example is that of the village Djirobo on the west side of the Chicapa River approximately 10 km from Calonda.[42] Djirobo was controlled by UNITA until 1999, during which time the town's population numbered 500, marginally larger than the FAA-garrisoned town of Calonda. Djirobo's inhabitants were largely supplied by goods arriving from Calonda with marketeers using a ferry to cross the Chicapa to the UNITA side. Calonda, in return, received its supplies from Lucapa, to the east, where between six and ten Antonovs arrived daily at the airport administered by *Sociedade Mineira de Lucapa,* but controlled by the national police. The Antonovs carried equipment for various mining companies operating around Lucapa, as well as commercial goods from Luanda. The goods were distributed by entrepreneurs who paid the appropriate taxes to strongmen, usually ranking members of the armed forces. One alleged marketeer was David Sousa, an Angolan principal of Sol Dourada, who reportedly financed *garimpeiros* and distributed commercial goods to the miners in two or three trucks using a warehouse in Lucapa.[43] Other marketeers redistributed their goods to sellers dealing directly with the *garimpeiros*.

In situations such as these, UNITA bands have found it more practical to buy commodities from entrepreneurs operating through nearby government-garrisoned towns. It is not advantageous for UNITA's regional command to supply disparate bands of soldiers when anything from radios to whisky to tins of sardines can be obtained from a government-held town, connected by road to an airfield. Moreover, local procurement means that stockpiles do not need to be maintained as supplies are rarely interrupted. Selling diamonds to local buying houses enables such procurement with rough prices in the Lundas favouring the seller, averaging US $230 per carat. Prices are only about 15% higher in Luanda with Angola's prices sometimes inflated due to crime syndicates laundering drug money with diamonds.[44] The new government monopoly on diamond purchasing has reportedly reduced rough prices considerably, although prices paid by illicit dealers may still be strong.

Informal diamond networks

Creating an Angolan market

The government legalised the possession of diamonds in December 1991, although mining, purchasing or exporting rough remained illegal. The legislation was theoretically supposed to allow the state bank to mop up diamond stockpiles held by

individuals. However, this legislation was enacted concurrent with a return to stability and freedom of movement after the 1991 cease-fire, creating a condition ideal for diamond prospecting by the Angolan population and foreign nationals. Without measures to prevent illicit mining, the state buying operation created a strong domestic market for illegal diamonds, including those mined by UNITA. Not all rough could be netted in Angola and the number of diamonds exiting the country during the 1992 dry season undermined the De Beers cartel with the Central Selling Organisation forced to buy massive volumes of Angolan rough on the open market.

After UNITA captured the main diamond producing areas in late 1992 and 1993, De Beers not only bought from 'middlemen' who dealt with UNITA, but also maintained buying offices in close proximity to major producing areas, both in Angola and Zaïre. Other companies such as Lazare Kaplan International negotiated to establish buying operations in Angola in 1996, heralding an expansion of foreign interests represented in Angola's informal diamond sector. At this point, it was illegal under Angolan law to buy rough from UNITA, but few people were concerned with the origins of rough on the open diamond market. De Beers and other international buyers saw no reason to differentiate between rebels selling gems or *garimpeiros*, or even middlemen whose clients could be either. After the Lusaka peace process, UNITA's stones were semi-legitimate in the eyes of the international community that sought to bring UNITA into a national government, and buying practices in the Lundas were purposefully lax. By 1999, there were six rough dealers licensed by the government. They were Codiam (initially a joint venture between De Beers and Benny Steinmetz through the Endiama Selling Corporation initiated in 1991) Dian (Arslanian Freres), Lazare Kaplan International, Matos & Jean, Research Development Resources (RDR, with the Belgian firm Omega) and Triotex. These dealers bought diamonds in the main towns in the Lundas and represented the first point where unlicensed *garimpeiros* sold their rough, with the diamonds then entering the 'informal market'. Conversely, *garimpeiro* diamonds sold to unlicensed rough dealers in the Lundas would become part of Angola's 'illicit' trade. The definition thus depended on whether the buyer was licensed or not, with UNITA diamonds following both routes.

Rough in the post-sanctions informal market

When the UN imposed sanctions against UNITA diamonds in July 1998, concurrent with the rebels' loss of premier reserves in the Lundas, licensed rough buyers did not alter their purchasing methods. Dealers maintained an open-door policy, because denying a parcel of suspected UNITA origin meant that another buying house would profit. Admittedly, many purchasing agents maintained specific clients, and reportedly even had agreements with those in charge of informal mining operations. However, favourable deals were never turned down. As the informal market receives rough almost exclusively from illegal sources – such as *garimpeiros*, marketeers and entrepreneurs, FAA (regular and special forces), national police, Katangese or UNITA – determining a parcel's exact source is nearly impossible.

The free movement of diamonds is a fundamental pillar of the diamond industry and official buying houses used middlemen to source rough at the mines. For example, Lazare Kaplan International allegedly used two or three Angolan buyers appointed by the government.[45] Such agents would purchase diamonds from any source to compound interest. Controls at the diamond buying offices appear to have been no more stringent, with diamond sellers not required to furnish licenses or identity documents. According to Jim Barnes of Lazare Kaplan International (LKI), it was almost impossible to ask for identity documents, because most sellers in the Lundas, whether UNITA or not, did not have such papers.[46] When questioned in late 1999 whether LKI would know that it *was not* buying UNITA rough, LKI's response was that the company's employees could not know that they *were* buying UNITA diamonds – a system of comfortable and profitable plausible deniability. In fact, the military geography of the diamond provinces suggests that official rough purchasing houses were knowingly buying stones of undetermined origin.

A government diamond monopoly based around Sodiam (*Sociedade de Commercialização de Diamantes*) and Ascorp (Angola Selling Corporation) was established as the sole licensed diamond buying consortium in Angola in early 2000 to boost state revenue and provide tighter monitoring of potential access points for UNITA diamonds. The monopoly replaced the six former buying houses, leading to the belief that competition would be reduced and state oversight improved. The entry of 'dirty diamonds' into Angola's informal diamond sector in 1998 and 1999 is now assumed to be a closed chapter in the financial overindulgence of foreign purchasing agents. The possible undermining of UN sanctions by licensed rough purchasing agents during this period, however, indicates that the current restructuring will be incomplete if buying practices remain unchanged.

Competition was one of the main forces driving liberal buying practices, but there is little evidence that purchasing methods will change. Commission received by Ascorp's buyers provides a financial incentive to overlook the origin of questionable diamond parcels. Moreover, the reduction in rival buying houses will have little impact upon competition between licensed and illicit dealers sourcing rough in the Lundas. Ascorp was not established to spurn diamonds, but instead to push licensed competitors out of the market so that the Ascorp investors could register higher profits.[47] The government may be similarly averse to clarify proper purchasing methods. The new monopoly was promoted as a means to boost state revenue, logically dependent upon the volume and quality of diamonds passing through the remaining official buying teams. Thus, tightening controls would require cancelling commissions on purchases, a move that would be detrimental to key personalities behind the Sodiam/Ascorp monopoly.

Even discounting competition or profit-driven buying practices, the exact source of alluvial diamonds cannot be verified. UNITA groups mine in close proximity to FAA *garimpeiros* and sell their diamonds through government garrisons to buy commodities. Licensed dealers may not knowingly buy from UNITA, but

any number of enterprising middlemen can profit from this trade. There is no ideological divide in the Lundas with crosscutting relationships enhanced by business activity. This is especially true for the large number of West African diamond traders who have no domestic affiliation, and members of the Chokwe tribe that are not ethnically categorised by association with one political party. While there is no direct evidence of UNITA selling diamonds to licensed dealers and illicit buyers in Angola, the simplicity of this option, the strong market for rough in the Lundas and Luanda, and the rebels' domestic procurement strategy suggest that the use of this option has been substantial.

Legitimising Angola's informal diamond sector will unfortunately not be accomplished short of the comprehensive licensing of *garimpeiros* and controlling access to *all* alluvial reserves. Recently announced government efforts to meet the first criterion appear to be a positive development. An estimated 300 000 *garimpeiros* are to receive individual licenses with photographs and bar coded data to be supported by computerised histories of each digger.[48] This will ideally prevent UNITA diamonds from entering the informal market as licensed buyers will only be allowed to purchase rough from licensed diggers and "In theory, if UNITA attempted to sell a large parcel of diamonds to a registered digger, this would be quickly spotted by a computerised database."[49] The theory is unfortunately impractical as UNITA could send larger quantities of smaller parcels out through *garimpeiros* selling in government towns if licensed buyers did indeed abide by the new regulations. The practicality of the new measures is also unsuitable for the Lundas where computers are uncommon and the use of laminated licenses by diggers who have few possessions is unrealistic. Furthermore, the serious lack of state control and unbridled capitalism in the diamond fields leave the licensing of *garimpeiros* inadequate and open to mismanagement. It has yet to be seen how such certification regimes will be enforced in the chaotic diamond fields and whether local strongmen will not further use the measures to impose levies upon weaker segments of the population. Such levies could be through licensing fraud or the confiscation of diamonds from *garimpeiros* seeking higher prices than those offered by Ascorp. The by-product of removing UNITA rough from the informal market unfortunately depends upon the control of impoverished diamond diggers, and especially those from the DRC, who will benefit little from tightened state control. The genuine method of cleaning Angola's informal diamond market is altering the capitalistic tendencies of strongmen in the diamond fields, an outcome that may appear to be advanced by the new diamond monopoly, but which would depend upon the virtuous intentions of the *Futungo*.

From militarisation to centralisation

The process of centralising informal business networks began in 1996 when the international status of airports in the Lundas was annulled. Commercial goods or mining equipment could no longer arrive in a town such as Saurimo directly from South Africa, instead necessitating a detour through Luanda. The result was

a forced marginalisation of the absolute autonomy of provincial government, police or military chiefs running the airports and customs. This marked the beginning of mounting central control over private business activities in the diamond provinces. By the end of October 1998, all *garimpeiro* generals were to have ended their engagements in diamond prospecting but this initiative failed.[50] Tension surfaced in 1998, because UNITA had been expelled from its principal mines and the government sought to centralise profits from this territory. Mining concessions had been awarded to numerous Angolan companies in 1996, allowing a decentralisation of the diamond economy, augmented by the illicit *garimpeiro* activities of FAA officers. This occurred through the securing of financially strategic zones starting during the Proesda operations, and created strong centrifugal forces from Luanda's inner patronage system. Initial central efforts to influence and profit from the substantial informal diamond economy can be seen through the increased prominence of the diamond purchasing company, RDR, from early 1999. RDR used more buying teams than other licensed rough purchasing houses and was connected to the Belgian-based Omega, allegedly in association with Isabelle dos Santos, the president's daughter, and Noe Baltazar, a former head of Endiama. Concurrently, the Angola Diamond Corporation, also reportedly associated with Ms dos Santos and Noé Baltazar, gained valuable concessions in the Lundas. Thus, reining in distant warlords involved altering the autonomy of their fiefdoms, as well as promoting enterprises associated with key personalities of the *Futungo*.

A power struggle also occurred in the diamond parastatal, Endiama, which previously had its headquarters in Dundo, Lunda Norte. The Dundo property was placed under the administration of the Lunda Norte government in May 1998,[51] after FAA forces had intermittently occupied the company's diamond reserves during the previous years. The diamond parastatal was often a point of contention between the military and political elite, since controlling Endiama improved official access to diamond concessions. Endiama's role in the politics of competition over diamond territory and the rewards of corruption demands further investigation, especially since former heads of the parastatal, such as Noe Baltazar, were dismissed for unexplained reasons, but then resurfaced later in prominent political circles. Endiama's former head, Jose Dias, was dismissed in December 1998 due to mismanagement,[52] an irony in Angola. General Agostinho Dias Gaspar filled the vacancy in May 1999 after previously working as a lawyer under the FAA chief of staff, João de Matos, suggesting that Endiama's authority had become more intertwined with the FAA leadership. However, Endiama will now only prospect and mine, diminishing the parastatal's role, possibly to the advantage of political appointees in the Ministry of Mines and Geology, and the Council of Ministers and Sodiam/Ascorp.

The most radical shift in balance between centrifugal and centripetal forces occurred in early 2000 with the creation of the Luanda-based Sodiam/Ascorp monopoly financed by international entrepreneurs. The noble pretext of preventing UNITA rough from tarnishing Angola's legitimate diamond trade has

enabled central élite to dominate the legal diamond sector and expand control over informal diamond networks. Rather than revamping buying practices by licensed dealers, the monopoly seems to be aimed more at co-opting and incorporating financially rebellious generals, forcing them to obtain the necessary paperwork through partners in the *Futungo*.[53]

Previously, Endiama had the right to market Angolan diamonds through the Endiama Selling Corporation based in Antwerp, in collusion with Benny Steinmetz and Barry Omsky who is an employee of Steinmetz and Sons. However, the recent legislation cancelled Endiama's rights to market rough and transferred them to the newly created 100% Endiama subsidiary, Sodiam. Sodiam, in turn, contracted another recent creation, Ascorp. Ascorp is now the sole rough diamond purchasing agent and is 50% owned by Sodiam, 27% by Lev Leviev and 23% by Sylvain Goldberg of Omega.[54] A new certification system has enhanced export control because parcels of rough diamonds will now be accompanied by two documents. The first is a certificate of origin; the second is an import confirmation report that will be verified by customs in the importing country and sent back to Angola for further confirmation.[55]

Proponents of the new monopoly cite tightened controls as the means to isolate UNITA diamonds. Unfortunately, the integration of UNITA into the informal economy in the Angolan diamond fields suggests that this will be a difficult process. Regulating *garimpeiros* and diamond exports will do little without full transparency, an aspect that the principals of Sodiam and Ascorp do not appear to favour. Pertinent questions regarding the new monopoly remain unanswered, such as which Angolan personalities are involved, who paid what amounts to create the monopoly, how much rough moves through the system per month from which sources, who sells the diamonds in Antwerp and to whom, and how are the profits divided. Finding answers in Angola is a difficult task, and the foreign partners in Ascorp remain similarly reluctant to divulge the intricacies of the diamond monopoly. They may be embarrassed by the levels of corruption in Angola, or by the inherent irony that this opaque business venture is supposed to clarify Angola's informal diamond sector. Preventing 'dirty diamonds' from contaminating the global diamond industry hinges on transparency but Sodiam and Ascorp have been shrouded in secrecy, even with members of the Belgian High Diamond Council uncertain about the structures and practices that will be changed under the new system. Regulating Angola's diamonds is long overdue, but the politics of financial domination forwarded by President dos Santos' inner circle of retainers make the genuine ends of the diamond monopoly impossible to verify.

Conclusion

Informal diamond digging is one of the few ways for Angola's population to earn a livelihood. Prospectors from neighbouring countries also come to the diamond fields, hoping to find a few substantial stones that will improve their living standards

considerably. This illicit yet widespread means of enrichment has also drawn entrepreneurs to the diamond fields who sell overpriced goods to the diggers, creating an entire economy based upon the informal mining and sale of diamonds. Strongmen in the Lundas have sought to profit from this commerce by levying taxes on commodities when the diamonds arrive at airports and are transported on roadways. FAA officers have also extended their influence to profit directly from *garimpeiro* labour. The result is unconstrained rent-seeking by UNITA and the FAA, often using violence against civilians, a system surprisingly tolerated by the *garimpeiro* diggers. While the militarisation of the diamond fields increased since the mid-1990s as the FAA sought to dislodge UNITA from its diamond resource base, fighting is now limited mostly to important commercial junctions where taxes can be levied on the substantial informal economy. Prolonged military hostilities in the Lundas actually distract government and rebel soldiers from pursuing their own diamond prospecting. The Cuango valley represents a substantial strategic objective for UNITA, but the primary importance of the diamond fields in the eastern Lundas lies in access to the vibrant diamond economy.

Central members of the *Futungo* have considerable access to the diamond fields, often in partnership with local FAA officers. However, capital accumulation by FAA generals has also reduced the ability of central patrons to control the business activities of increasingly autonomous strongmen. The new diamond monopoly has improved the position of Luanda's primary patrons and has brought profits from a substantial sector of the informal economy into Luanda's inner circles with the help of foreign finance. Promoting the superficial goals of the Sodiam/Ascorp monopoly would necessitate defending the virtuous intentions of the *Futungo* elite, something that would require a leap of faith. The country's president and his retainers have used an international outcry against dirty diamonds to restructure Angola's diamond economy to suit their needs. A similar example can be cited in the DRC, where the sole marketing rights for the country's diamond production were reportedly awarded to an Israeli company effectively centralising the profits around a predatory ruling party in Kinshasa. Such moves may increase state revenue, but it has yet to be seen whether the nation's population will benefit or whether the domestic diamond industry will be cleaned.

There is a genuine need to prevent UNITA diamonds from exiting Angola through official channels, but the way to achieve this goal is first to reduce the unconstrained entrepreneurial acumen of the FAA and the civilian elite. That prospect still seems a long way off.

Endnotes

1 R Dowden, New Legislation Rocks a Diamond Empire – Citizens Can Now Deal in Diamonds, *Sunday Independent*, 24 November 1991 from Reuters Business Briefing.

2 Prospectors Go for Grand Slam in Diamonds, *Financial Times*, 20 August 1992, from Reuters Business Briefing.

3 For the smaller number of Angolan *garimpeiros* residing permanently in UNITA territory, extreme coercion would have been likely.
4 Evidence of this more mild intimidation can be witnessed through the fact that several specialists, among which is the Brussels-based Hughues Leclercq mention an increasing brutalisation of the *garimpeiro* workforce from 1998 which has hurt UNITA's mining capacity.
5 Through personal communication with Hughues Leclercq, Brussels, April 2000.
6 Ibid.
7 UNITA did not actively manage the mining process although the rebels did try to have the *garimpeiros* work one area at a time to more effectively monitor output. Most control was implemented during the washing process with the *garimpeiros* forced to wash sediment at a certain location, or when *garimpeiros* sold their diamonds to dealers licensed by UNITA.
8 A certain degree of skill is required at stages of diamond production such as during the washing of sediment. Other mining processes such as digging through the over burden to diamondiferous sediment and transporting the gravel to washing sites can be conducted by untrained manual labourers. Thus, certain *garimpeiros* are valued workers and paid accordingly while others can be replaced at will. More extensive alluvial diggings are controlled by UNITA only during the washing process and would probably involve experienced *garimpeiros* who understand the most efficient methods of diamond production, a substantial factor in levies obtained by UNITA, hence diminishing the likelihood of their brutalisation.
9 Several directors of Sandline International, which 'contracted' EO, maintained shares in DiamondWorks.
10 C Gordon, Mercenaries Grab Gems, *Electronic Mail and Guardian*, 9 May 1997, www.mg.co.za, 26 August 1999.
11 FAA soldiers subsequently looted the mine after the UNITA attack.
12 In May 1996 America Mineral Fields entered into a joint-venture with, and eventual take-over of, International Defence and Security (IDAS) which was registered in the Dutch Antilles and held a diamond concession in northern Angola.
13 Interview with Leo Tromp, head of IDAS in Angola, March 2000.
14 J Peleman, Mining for Serious Trouble: Jean-Raymond Boulle and his Corporate Empire Project, in A Musah & J Fayemi, *Mercenaries: An African Security Dilemma*, Pluto Press, London 2000, pp 155–168.
15 The concession formed a strategic position in 1996 and early 1997 because many of UNITA's soldiers were assisting Mobutu against Kabila's rebels. Any militarised concession bordering Zaïre would necessarily pose a threat to UNITA soldiers attempting to return to Angola.
16 When the company began to mobilise its mining equipment in 1998, UNITA went on the offensive, again threatening the suspension of the IDAS contract since no diamonds had been mined for an initial 3 years plus two extensions of 1 year each. The IDAS contract went up for renewal or renegotiation in mid 2000.
17 Interview with Leo Tromp, head of IDAS in Angola, March 2000.
18 See C Dietrich, The Commercialisation of Military Deployment in Africa, *African Security Review*, vol 9, no 1, Institute for Security Studies, Pretoria, 2000.
19 KA O' Brian, Private Military Companies and African Security 1990–98, in Musah & Fayemi, *Mercenaries: An African Security Dilemma*, op cit, pp 43–75.

20 DSL used a domestic company, DSL-Angola that continues to operate under Angolan management. The company has few contracts although its employees were guarding the Endiama building in Luanda in early 2000. Former Interior Minister Santana Andre Pitra 'Petroff' was reportedly the man behind DSL's expulsion from Angola, which occurred after he allegedly requested payment from the company that was refused by DSL's management.

21 The information has been gathered from several sources familiar with the security situation in Angola. The former chief of Sonangol and former Prime Minister, Fernando França Van-Dunem, is also allegedly associated with the establishment of Teleservices, as is Fernando da Piedade dos Santos.

22 SDM's security consists of 6-700 Alfa-5 members, including 15 foreign consultants. Another 1 200 FAA troops guard the mining operation and reportedly receive their food from the mine. One former Alfa-5 employee noted to the author that the mine uses vehicle convoys and maintains a high level of alertness since small UNITA groups attack some part of the SDM concession every day, usually with light weaponry but sometimes using mortars. SDM employees were evacuated toward the end of 1999 and again in early 2000 due to UNITA activity.

23 RW Johnson, Wars that take the shine off the millennium diamonds, *The Times*, 29 November 1999, from www.newsline.dialog.com, 3 December 1999.

24 Maboji reportedly had a contract to provide protection services to RDR as well as the new Ascorp buying operations that is instead being provided by a Belgian company.

25 As little differentiation can be made between FAA soldiers, active duty or retired, and civilian *garimpeiros*, one security consultant noted that Bronco's operations could have been comprised almost entirely of soldiers, making this a considerable force.

26 The sides of river banks are often inaccessible to large machinery.

27 FAA soldiers protect the outer perimeter of ITM's Mafutu concession (usually company strength – 120 soldiers), followed by a citizen force comprised of Colonel Bronco and his subordinates, and finally Teleservices guards the inner perimeter. This entire security apparatus is controlled by the generals who reportedly gave Bronco permission to mine on the concession.

28 Through personal communication with the FAA commander of Moxico province in Mongu, Zambia in 1998 during a liaison between Angolan and Zambian military officers.

29 These links are difficult to substantiate due to the informal nature of many agreements and the desire by foreign companies not to expose their Angolan partners.

30 Security personnel working for the diamond buying company also lived in an FAA general's house in Luanda, which the company had rented.

31 Angola Says it Plans Diamond Smuggling Crackdown, *Reuters News Service*, 18 November 1994.

32 Angola – Govt Policing to Prevent Diamond Smuggling Leads to Rebel Attack on Mines, *Mining Journal*, 18 December 1995 from Reuters Business Briefing.

33 *Angola Country Report on Human Rights Practices for 1996*, US Department of State, released by the Bureau of Democracy, Human Rights and Labor, 20 January 1997, www.iet.com, 26 June 2000.

34 The government awarded concessions to mining companies but the FAA did not have claim to these, except in cases of military mining companies such as Lumanhe and Antigua Combatants.

35 Major UNITA mining territory in the Cuango valley was also affected by the cleanup

operations that were initiated from the government stronghold of Cafunfo in late 1996. However, UNITA's principal mines were well protected from the FAA, although government soldiers were looking more toward establishing their own financial base in 1996 and not to meeting strong resistance from UNITA troops, especially during the official ceasefire.

36 Rivalry between FAA units is highlighted by an example of Angolan commandos seizing illicit diamonds from several regular FAA soldiers, but the same commandos being ambushed by a larger group of FAA regulars and the diamonds taken back.

37 *Garimpeiros* are often armed with handguns, rifles and machine guns but stand little chance against better armed UNITA, FAA or police units, although may be capable of deterring less heavily armed bandits. Bands of *garimpeiros* can also be bandits themselves, intimidating weaker groups of illicit diamond prospectors, or even threatening smaller groups of FAA soldiers.

38 For example, *garimpeiros* working under the influence of an FAA colonel can pay a junior officer a small fee for permission to mine a few kilometres upstream, but if the miners are caught by either UNITA or the FAA, a Congolese would lose his left ear while an Angolan his left hand. According to Hughues Leclercq, *garimpeiros* returning to DR Congo may be intercepted by any number of armed groups and their possessions stolen. When the *garimpeiros* began swallowing their diamonds to prevent theft, FAA, UNITA, or other armed bands solved this dilemma by cutting open their intestines

39 North-west Lunda Norte, and the Cuango valley in particular, is increasingly a primary UNITA strategic objective due to the Luzamba airfield.

40 For example, the FAA and UNITA reportedly had arrangements over the division of diamond spoils after the FAA took Cafunfo in 1994. Moreover, in 1996, UNITA mined portions of the west bank of the Chicapa River while the FAA mined the east bank. A similar situation existed north of Lucapa along the Luaximo River with UNITA mining the east bank and the FAA mining the west bank. UNITA soldiers reportedly also control mining operations in close proximity to the heavily guarded Catoca mine; the UNITA units are not hindered while mining the opposite side of the river, and the rebels in return do not attack Catoca, a simple yet profitable understanding.

41 Agricultural self-sufficiency is often discouraged by those with guns making towns such as Saurimo priorities for international aid organisations. Most inhabitants of government-garrisoned towns rely on imports from Luanda, allowing for the generation of substantial levies by local political appointees or armed forces commanders.

42 Note that three mining sites, SouthernEra's Camafuca, ITM's Calonda and DiamondWorks' Yetwene concessions were in the proximity of Calonda town.

43 As reported by a foreign miner working in Calonda at the time, confidential interview, South Africa, April 2000.

44 Laundering is an expensive process meaning that a twenty percent loss in 'cleaning' money is not seen as an undue expense, hence allowing for the payment of above-market prices for rough.

45 As witnessed by a security guard working for LKI, confidential interview, South Africa, March 2000.

46 Interview with Jim Barnes, LKI, Antwerp, October 1999.

47 Ascorp employees report that the volume of diamonds passing through them has not increased despite the exit of licensed competitors, making one assume that the Ascorp investors would be seeking increased revenue and would attempt to intercept rough before it entered the black market and left Angola through DR Congo, Zambia or Luanda.

48 The Economist Intelligence Unit (EIU), *Angola Country Report 3rd quarter 2000*, EIU Ltd, London, p 26.
49 Ibid.
50 MPLA Says Army Generals Should Stop Mining Diamonds, *BBC Monitoring Service*, 24 October 1998, from Reuters Business Briefing.
51 Angolan Diamond Company, Lunda Norte Authorities to Regulate Trading, *BBC Monitoring Service*, 4 May 1999, from Reuters Business Briefing.
52 EIU, *Angola Country Report 3rd quarter 1999*, EIU Ltd, London, www.webspirs4.silverplatter.com, 29 June 2000.
53 The new monopoly appears doomed from the start as informed sources in Angola and Antwerp cite the precarious nature of the single marketing system. Rough is reportedly diverted from the authorities. One Angolan entrepreneur in Luanda related to the author that rough could be obtained from Sodiam if the purchaser paid a sizeable sum to an individual working in the office of the president.
54 Sylvain Goldberg's Omega was named RDR in Angola. The RDR buying teams have remained as the new Ascorp teams. Strangely, a diamond dealer in Antwerp and a security consultant in Angola both mentioned that Omega had connections to UNITA, although the extent of this allegation is unknown and unconfirmed. It may be derived from allegations of another Goldberg company, Sygma, buying UNITA rough, possibly in Portugal, as forwarded by one Belgian researcher. The real power behind Ascorp appears to be Lev Leviev and his associates. Leviev allegedly bought RDR, giving him the rights to Omega's Angolan subsidiary. Ascorp rough is sold in Antwerp although it is not known how the profits are divided between Ascorp's principals. A portion of Ascorp's diamonds are also reportedly sent to Israel rather than Antwerp.
55 Certificates of origin will now have individual numbering and are produced by a UK-based company. Forgery of these certificates will be much more difficult, unlike the previous system under which certificates of origin were not standardised.

Petroleum prospects and political power

Duncan Clarke[1]

Oil is the lifeblood of the Angolan economy and will remain the country's primary, and most secure, source of income – no matter what the political complexion of government in Luanda in the early 21st century.

At the same time, the role of the international oil industry in Angola, as in other African countries, has come under the spotlight with powerful political lobbies (including non-governmental organisations) calling for the imposition of sanctions, and other conventional remedies to long term and complex matters.

The petroleum industry in Angola has a long history. It has been built through coordination with the Angolan state enabling the major oil companies, as well as the independent and national oil companies (NOCs) to inject foreign investment, technology infusion and skills inflows. Ironically, many of these companies originate in the West whose governments only recently recognised the Angolan state leading to often-paradoxical policies and positions taken in the world of real politik.

The petroleum industry in Angola boomed in the 1990s and shows no sign of slowing down, with rising crude oil production, sizeable and sustained discoveries and new potential for gas ventures. As Africa moves into the 21st century, the significance of this is immense, for the continent as a whole and within the global context. Yet the financial benefits that should be reaped for both the government and its people are only marginally being realised. Why?

There may be many reasons for this state of affairs.

Some lay the blame on the petroleum companies, saying that the funds from the oil have enabled the government to finance one of the longest conflicts of the 20th century. As a solution, these critics advocate sanctions, or similar measures, against Angola through the world oil industry. In some cases, sanctions have also been suggested against the foreign companies, who through their commercial ventures have brought Angola to the forefront of African petroleum. It is not clear how these strategies would improve the management of the Angolan oil industry or reduce poverty by uplifting the real incomes amongst the people.

Poverty in Angola is acute. Its roots lie in 25 years of grinding internal conflict between the government and the *União Nacional para a Independência Total de Angola* (UNITA), inter-state Southern African wars, and consequent regional and urban/rural differentiation resulting in massive social dislocation. Addressing both the roots and the outcomes must be a government priority. Through the

development of its petroleum industry Angola stands a better chance of alleviating poverty than if it were emasculated by one or another short-term policy – however politically benign or morally persuasive.

The international petroleum industry's involvement in Angola has delivered significant economic benefits, primarily to the Angolan government as the official and contractual adjudicator. This is not an unusual practice in Africa or elsewhere in the developing world. If government has 'failed' to meet its own governance responsibilities and development obligations then it has to be held accountable for that. But, there is relatively little the industry can do, apart from deploying corporate social responsibility-styled policies and seeking to influence local counterparts.

The purpose of this chapter is not to focus on such strategies, but rather to look at the present status of the petroleum industry and explore its potential for development in the light of upstream opportunities, investment and competition. This overview is intended to help people make their own judgements about such issues as:

- whether the beneficiaries of petroleum development have been restricted;
- whether the industry is managed according to 'best practice';
- if the oil bonanza has 'fueled' local conflict;
- if foreign governments have ill-advisedly taken positions hostile to Angolan interests (in preference to supporting their own companies in Angolan ventures); and,
- if patronage and/or corruption are at the heart of the contemporary system.

Indeed, before coming to such judgements, it is necessary to examine the relative success of Angola in the petroleum world, the potential and opportunities that might lie ahead and Angola's long-term future. One also needs to be aware of Angola's strategic significance for corporate oil players and the critical issues that govern Angolan petroleum issues inside a global industry that faces competition and complexity on all continents.

The Angolan petroleum industry and its development

Oil is Angola's the key growth driver, accounting for over 90% of total exports during the 1980s and 1990s. In 1999 between 75% to 90% of state revenue was generated by oil. These funds came from signature bonuses (used as a bid round mechanism), equity profit oil shares accruing to Sonangol as an investment partner in different producer blocks, and specific contract deals concluded in negotiations. Taxes and duties, including corporate tax, also brought in revenue.

The petroleum industry's relative share of the gross domestic product (GDP) appears to have declined between 1994 and 2000, with about 47% of GDP in 1999. However one has to take into account the fluctuating nature of this share

which is influenced by crude prices, exploration cycles, contract terms, the changing locus of discoveries and production profiles. However, the basic fact remains that oil is fundamental to Angola now, and will remain so.

A favourable legal and fiscal framework, comparatively low operating costs, and a relatively high discovery rate of reserves have facilitated this development. Recent oil and gas discoveries have enhanced Angola's upstream potential, viz: the exploration, development and production phases of the petroleum value chain.

While the state company *Sociedade Nacional de Combustiveis de Angola* (Sonangol) dominates the Angolan oil industry, the activity of key foreign companies is critical. These include Agip, BPAmoco, Chevron, TotalFinaElf, Exxon and Texaco as well as numerous independents either as operators, partners or equity players. There are even a few national oil companies involved, such as Statoil, Petrobras and Petronas. Such patterns are common in world petroleum and are a standard mechanism for risk sharing.

Although conflict continues between the government and UNITA, stability (as viewed by corporate investors) has probably increased and is expected to encourage more investment in exploration and development. Additionally, there is a major resurgence in exploration and production activities, with the deepwater areas now being hailed as one of the world's major offshore oil producing areas. Although the bulk of oil production still comes from the offshore Cabinda area, it is expected that the deepwater discoveries further south will dramatically alter this pattern in the 21st century.

The oil industry is not labour intensive, mainly because of the large capital requirements of upstream operations, which attracts most foreign investment. About 10 000 Angolans are employed within the industry, of which 1 700 are employed by Sonangol. This is not large but is typical in the oil industry worldwide. The indirect impact of this employment however is far reaching. It would be unrealistic to expect petroleum to single-handedly solve unemployment in Angola.

The use of international contractors is also a common feature of the industry, particularly in highly specialised spheres related to drilling technologies, design and technical inputs. Ideally, more Angolans should be employed, but this issue runs into the imperatives of globalisation and lowest cost operating strategies now applied worldwide.

The downstream sector (refining, marketing and distribution) however is still struggling to recover from the damage caused by the 25-year civil war. The oil refinery at Luanda is old and needs to be upgraded and the operational bottlenecks removed. On the positive side, there are plans afoot to invest significantly in the downstream and in gas.

Sonangol's provision of better official economic and financial data and standard accounts would improve economic management and evaluation within the industry, yet even this cannot detract from the substantial impact of petroleum on the economy.

Growth in the petroleum industry

To fully appreciate the significance of the Angolan oil industry within the global context it is necessary to consider the dimensions of its rapid oil and gas progress, even amidst difficult internal conditions.

The industry has matured and expanded since 1975 when activity was concentrated in the north around Cabinda, the offshore/onshore Congo basin, and the onshore Kwanza basin. Then, there were five operating areas producing 100 000 barrels of oil per day after a peak of 140 000 barrels of oil per day in 1973, with three operators (Gulf-Cabgoc, Texaco and Petrangol). Sonangol was only established in 1976.

By 1993 there were 18 exploration areas and 13 operators (including Sonangol) producing 504 000 barrels of oil per day. The players included Agip, Exxon, Shell, Elf, Chevron (which acquired Cabgoc), Conoco, Total, Texaco, Fina, Ranger Oil and BPX (now BPAmoco). Only four blocks were leased south of Luanda, but the upstream spread had widened by then. The focus on the offshore related primarily to prospectivity as well as the fact that the conflict had very little impact on operations, despite conflict in onshore Cabinda, at and around Soyo (in 1993 and other occasions).

From 1993 to 1999 Angola put down 166 wells. The government awarded the first three ultra-deep blocks (blocks 31–33) amidst intense competition in May 1999, and later in October awarded block 34. This set of moves made the deepwater areas and ultra-deep zones a major investment target for global players. Discoveries in the deepwaters have attracted global interest, and new players – although current production is still dominated by Chevron in Cabinda (a joint venture in which Sonangol has a 41% equity stake, with other partners Elf and Agip).

By mid-2000 the number of companies and partners had increased to 15 operator groups (seven as producers), sizeable acreage has been leased in the deepwaters and the zonal spread had extended further south. The 15 operators produce nearly 800 000 barrels of oil per day, while independents are also active (e.g. Ocean Energy, Occidental, Energy Africa, Seagull, and BHPP).

Angola is expected to put down another 175 wells by 2003 with an anticipated output of 1,4 million barrels of oil per day by the end of 2003. Investment into the upstream totalled US $12,8 billion from 1993 to end 1999, with another US $18,6 billion expected by the end of 2003. An increased percentage of these investments were used for development in the 1990s and this will probably continue until 2005.

Many more developments are in the pipeline. Consideration is being given to building a new refinery at Benguela to process 150 000 barrels of oil per day (perhaps an optimistic venture at this time). Other projects include the Sanha gas/condensate project at Cabinda, a new LNG venture with Texaco south of the Congo river, a gas pipeline to Luanda, and a gas-power plant in Luanda. Meanwhile, the block 17 partners are considering building a gas pipeline to shore at US $2,3 billion while also re-injecting gas into the reservoirs, given the large amounts of associated gas found in the area.

All of these developments make Angola increasingly important in Africa – as a key producer outside the Oil Producing Export Countries (OPEC), as a major exporter of crude, as a potential liquefied natural gas (LNG) player (alongside Nigeria, Algeria and Libya), and as a world-class deepwater player. More importantly, this places Angola in a prominent position on the global stage. This is already reflected in the quality of companies already in place.

Government management of the petroleum industry

Government manages the industry through several institutional mechanisms. These are the Ministry of Petroleum, Sonangol and indirectly, through the influence of the Presidency. The National Bank of Angola (BNA) and the Ministry of Finance monitor tax and payments.

In early 1991 the management of the energy sector was reorganised resulting in the creation of the Ministry of Petroleum, with responsibilities then limited to the petroleum industry. A separate Secretariat of State for Energy and Water was also created to supervise and coordinate all activities in the energy sector and particularly the electric power industry. Luis Filipe has looked after the energy portfolio since early 1999.

Until late January 1999, the Minister of Petroleum was Mr Albina Africano Assis who was then nominated to become Minister of Industry. He was replaced by Mr Botelho Vastoncelos – previously deputy general manager for Sonangol's downstream operations.

The legal framework

The legal framework ensures that petroleum activity is governed by the Petroleum Law (Law 13 of 1978), foreign investment is covered by Law 15 of 1994 and key instruments include the application of a Concession Decree, a Production Sharing Agreement, a Joint Operating Agreement and operating committee rules.

Under the Petroleum Law the state owns all hydrocarbon resources and Sonangol is the sole concessionaire for oil exploration and production in the country. Sonangol's role as concessionaire is to ensure efficient operations in the interests of the state.

The Production Sharing Agreement (PSA) is a legal instrument requiring the contractor to finance all exploration and production operations which, if successful, leads to cost recovery plus a share of profit via a production share. It sets out concession boundaries, accounting needs, and financial/bank guarantees and enables a corporate guarantee for commitments. This PSA is a standard mechanism worldwide and was selected in 1979 after the government considered then existing models. It was adapted to meet local needs, especially for the shallow waters (under 200 metres), and later modified with fiscal incentives applying specifically to the demarcated deepwater zones. The system is fiscally efficient

and ensures that more goes to government if fields are highly profitable and, if not, company returns are protected by 'adequacy'.

Through the Joint Operation Agreement (JOA) Sonangol can also be an associate with foreign companies, participating as a partner in the management of oil operations. The government approves such agreements on a case-by-case basis. Similar legal structures are found around the world.

As an associate, or equity participant, Sonangol's primary obligation is to maximise profit. While there appears to be a conflict of interests with its role as concessionaire, this is resolved in practice by placing the emphasis on efficient operations. Interestingly, this is not unique to Angola or even Africa. Only privatisation, or the establishment of an independent licensing system, preferably both, would wholly remove this ambiguity. Nonetheless, it is expected that Sonangol will assume a more supervisory role in future and privatisation while not yet slated may well emerge in some form or another, as it has elsewhere in the world.

The operating committee rules ensure that Sonangol participates in operating committees, consisting of two representatives of the contractor and two Sonangol members, with Sonangol appointing the voting chairperson. The committee monitors, controls and regulates the technical and financial performance of the contractors.

Ministry roles in the petroleum industry

The Ministry of Petroleum has specific managerial responsibilities within the overall Angolan hydrocarbon industry. These are:

- the designation and opening of blocks for bids;
- approving field development programmes;
- authorising the commercialisation of production;
- regulating field production levels;
- defining policy on the flaring of natural gas, in special cases;
- establishing crude prices for tax purposes; and
- reviewing Sonangol's investment programmes and the accounts of foreign venturers.

The director-general of Sonangol reports directly to the Minister of Petroleum. Sonangol provides detailed information and itemised financial statements on all oil-related activities, enabling the ministry to control and coordinate ongoing operations. In performing these functions, the ministry uses external assistance from Sonangol or foreign advisers.

Sonangol and upstream partners

As Angola's national oil company Sonangol has specific and critical roles to play in the country's petroleum industry. It is 100% owned by the state and serves as the business arm of the government in petroleum related activities.

Sonangol's main function is to oversee the petroleum operations of foreign companies. It makes recommendations to the government in respect to areas that should be open for exploration, conducts the bidding process, and handles negotiations. Sonangol reviews the foreign companies' proposals, and evaluates work programmes, budgets and operations. The production-sharing contract empowers Sonangol to audit and evaluate the past activities of oil companies, who are obliged by law to provide the necessary information.

The main activities of Sonangol are the exploration and production of petroleum; the development of services to support petroleum operations; the commercialisation and distribution of refined petroleum products; the export of crude oil; and the management of hydrocarbons and gas development policy. The company also acts in partnership with qualified foreign companies in order to obtain the required financial and technical resources for exploration, development, and production. Hydrocarbon deposits declared non-commercial are the property of the state, and revert to Sonangol.

Sonangol's global strategy has three key aims:

- The preparation of an appropriate legal and contractual framework to promote inward investment;
- The acquisition of new geophysical and geological data to improve knowledge of the hydrocarbon potential of Angola; and
- The promotion of Angolan hydrocarbon opportunities in order to create a competitive climate amongst the companies in the allocation of new exploration licenses.

Sonangol is presently being restructured into a group of companies linked together in a state holding company. Each company is responsible for defined business interests. It is hoped this will create clearer divisions of activity, improve management performance and increase flexibility to meet the needs of the market.

As a result, Sonangol will be in a position to play an upstream role and it is likely that it will be the key partner in projects with foreign companies. The general manager is Dr Syanga Abilio, formerly vice-president of Sonangol. Dr Abilio is also a member of the executive board of the African Institute of Petroleum, an industry-government-NOC entity that promotes partnership and cooperation in African petroleum.

Sonangol is a lynchpin in the government's apparatus and its former head (Joaquim David) is now Minister of Finance. It acts as a revenue conduit for the state and interfaces with the global industry as a joint-venture partner. In addition Sonangol is a bilateral partner with Namibia's Namcor (the state NOC) in a joint study on the Namibe basin, and is a member of the African Petroleum Producers Association (APPA). As the major player in the country's key industry – for foreign exchange, revenue, and tax receipts – Sonangol is a form of state within a state. It has influence, policy significance, direct contractual status, ability to shape block awards, oil trading capacities (operated from Luanda and London), downstream

investments, and growing economic influence. The company has reach in and throughout the areas under government control, and a status locally that surpasses any other state company (or even private Angolan company).

Key foreign company players and partners

An appraisal of the Angolan petroleum industry also requires an understanding of the key competitors, their positions, general strategies and relationships in ventures and projects. Some are large companies, while others are small – and this is characteristic of the engagement between the worldwide petroleum industry and a country of the size and with the petroleum quality of Angola.

The Angolan offshore is dominated by the so-called super-major and major oil corporations. These are the largest oil companies worldwide with the funds to carry out expensive exploration and development programmes. Chevron is the key producer but with the deepwaters now opened, ExxonMobil and TotalFinaElf – both super-majors, as well as BPAmoco – have become critical players offshore. However, some smaller independent companies are expanding their upstream interests in the country: e.g. Ranger Oil, Energy Africa, Nafta, Ina-Naftaplin, Svenska, Petrogal and Petro-Inett. There are also some national oil companies in place: e.g. Petrobras (Brazil), Petronas (Malaysia), Pedco (now Korean National Oil Corporation) and Statoil (Norway).

There are some large companies noticeably absent from Angola, several Latin American and Asian players for instance, as well as smaller independents with limited capacity who have selected portfolios elsewhere (e.g. Novus Petroleum in Egypt). Many national oil companies are not players outside their national boundaries including many African state companies. Nonetheless the positioning of companies in Angola reflects history, opportunity, competitivity and strategy – amongst a multitude of other considerations.

Agip

Agip is the former Italian state upstream company and part of the ENI Group, now privatised, and a global player. It holds several interests in the Angolan upstream including in the producing zones of Cabinda, and also block 25 for which it is operator with a 40% equity stake. Other interests are in block 14 and 15.

BHP Petroleum

BHP Petroleum, the 'big Australian', has gone global in a highly focused manner, and is the largest upstream player in Australia. While it has targeted the Atlantic margins for some time, including Angola, BHP Petroleum is still a minor player in the Angolan game. It has operatorship of deepwater block 21 with 30% equity.

BPAmoco / Statoil

BPAmoco, a super-major, emerged from a consolidation in 1999, and has now acquired Arco, following which it has become the third largest oil company worldwide. BPAmoco expects that in a few years its Angola operations will be as large as all its North Sea interests put together. BPAmoco holds block 18 where a discovery has been made in deepwater (Platina) on a flow rate of 6 500 barrels of oil per day – signaling perhaps that it is sub-giant in size. In Angola, the BPAmoco/Statoil alliance is aiming for 200 000 barrels of oil per day production by 2005. The two companies hold 16,67% and 13,33% respectively in the Elf-operated offshore block 17 where the Girassol, Dahlia, Lirio and Rosa fields, and other discoveries, have been found with giant reserves. On ExxonMobil's important deepwater block 15, BPAmoco holds 26,67% and Statoil has 13,33%. BPAmoco also obtained a 26,7% operator stake in deepwater block 31 with ExxonMobil (25%) Sonangol (20%), Statoil (13,33%), Marathon (10%), and Elf (5%). BPAmoco has said it plans to invest US $5 billion in Angola in the near term to 2006.

Chevron

Chevron is a major, but smaller than any of the four super-majors (ExxonMobil, Shell, BPAmoco and TotalFinaElf). It has recently been in abortive merger negotiations with Texaco. Chevron is the largest producer in Angola, with the bulk of its production coming from fields in block O in offshore Cabinda (in areas A, B, C). The company acquired its interests via the Gulf Oil takeover in 1984 and it operates under the Cabgoc venture with partners including Agip, Elf and Sonangol. In block 14 offshore Cabinda adjacent to block O, Chevron operates the country's first deepwater oilfield (Kuito), a giant that will produce at peak around 100 000 barrels of oil per day in 2000. TotalFinaElf, Petrogal, Agip and Sonangol are partners (Chevron has 31%). Chevron is planning to increase crude production to 600 000 barrels of oil per day in 2001, while it has plans to invest some US $4 billion in Angola from 1999 to 2004. There is no doubt that this asset is one of Chevron's 'cash cows', and a key element in Angolan crude exports, as well as an important field supply zone for the United States crude market.

Ultra-deep	Deeper than 1 000 m
Deep	Between 200m –1 000 m
Shallow	Less than 200 m

Daewoo / Pedco

These Korean players have small interests in Angola including in block 2. Pedco is the Korean national oil company, recently having altered its name to KNOC. Daewoo is a Chaebol conglomerate with a modest upstream strength.

TotalFinaElf (formerly Elf)

Elf has long had a dominant position in Western African petroleum. It was acquired in 1999 by Total, another former state-owned French player, which had also just taken over Petrofina (Fina). The Elf acquisition allowed Total to secure prime positions in Western Africa and notably Angola's block 17, one of the most prolific offshore finds in the world in recent years. Elf operates block 17 in the offshore, a block which contains the massive Girassol and Dalia discoveries, as well as half a dozen others. These first two discoveries flowed at combined rates of 18 000 and 16 000 barrels of oil per day respectively. In early 1998, Elf drilled a well on the Rosa structure on block 17 that also resulted in an oil discovery. Girassol is due to produce 200 000 barrels of oil per day from an estimated reserve of 725 million barrels of oil by mid 2001. The Dalia field reserves are put at in excess of 1 billion barrels and in block 17 as a whole, reserves could now exceed 3,5 billion barrels. Another six fields (including Rosa, Lirio, Orquidea, Camelia, Cravo and Tulipia) on block 17 will come on stream in due course to make this one of the most important blocks in the world. Elf paid US $300 million in signature bonus for block 32 in deepwater. Elf acquired an operator stake in deepwater block 32 (30%) with Sonangol (20%), ExxonMobil (15%), Marathon (10%), Petrogal (5%) and Prodev (20%). Elf has expressed interest in buying a minority stake of 20–25% in an oil refinery that Sonangol is planning to build in Angola.

Energy Africa

Energy Africa is a majority-owned subsidiary of Engen, South Africa's major downstream company, itself now 100% owned by Petronas (Malaysia), which has an upstream subsidiary (Petronas Carigali) that is also active in Africa, and now Angola. The South African explorer has a 15% share in block 1 with Texaco, a partner also in Namibia's Kudu gas field.

Falcon Oil

A little known player in the industry, with 10% of ExxonMobil's block 33, Falcon is reported by some sources (e.g. Global Witness) to be US-based (if Panamanian registered) and linked with influential Brazilian interests, as well as having some role in military matters.

Naptha

A small player, Naptha has a 5% interest in the deepwater block 33 held by operator ExxonMobil. The company has reported Israeli origins and is 96% owned by Jerusalem Oil, while having several cross-shareholdings including with Houston-based Isramco. Some sources state that the company has been also involved through its principals in presidential security.

ExxonMobil (Esso)

ExxonMobil is a super-major, and was formed after a merger with Mobil in 1999. It has size, technology and deepwater capacities, and is known in the industry as a leader in several respects. Esso has participated in at least six deepwater discoveries offshore Angola and is the largest deepwater acreage holder in the country. Esso is operator of the recently awarded block 24 (50% working interest) and Esso also has interests in blocks 15 (40%), 16 (20%), 17 (35%), the latter with eight major discoveries so far, as well as block 25. In block 15 it is estimated that oil and gas reserves already exceed 2,0 billion barrels of oil equivalent. ExxonMobil has made six major discoveries offshore in this block. Exxon also acquired an operator stake (45%) in deepwater block 33 with Sonangol (20%), Elf (15%), Falcon Oil (10%), Naptha (5%) and Petrogal (5%).

Norsk Hydro

Norsk Hydro is majority-owned by the Norwegian state and operates commercially. It acquired Saga Petroleum (Norway) in 1999 and is now the second largest oil company in Norway. Norsk Hydro and Sonangol have established a strategic alliance in order to coordinate activities in the petroleum industry in Angola. The two companies intend to cooperate around business development onshore and offshore with the goal of making a joint application for new petroleum licenses. The two companies established a non-profit oil company, Sonap, with integrated capabilities in exploration, development and production. Sonap will operate new licenses where the alliance partners have been designated operatorship. The first block to be operated by Sonap is block 34 with Norsk Hydro and Sonangol as equity holders. In late 1999, Sonap was offering to farm out up to 40% non-operator interests in the block. Norsk Hydro is also a partner in exploration activities in block 5, block 9 and block 17 in offshore Angola.

Occidental Petroleum

Occidental is a leading global independent with a long history in Africa (e.g. Gabon, Libya) and it is considered a significant US-based explorer and producer. After taking position in block 4, Oxy and partner Ranger Oil relinquished it in late 1999, when only two small discoveries were made.

Ocean Energy

Ocean has 15% of block 24 (operator Exxon) and recently entered Angola, after considerable success in Equatorial Guinea. Ocean, a fast growing US independent, had previously acquired UMIC's assets worldwide. Ocean declined a 10% interest in deepwater block 33 in early 1999, a block that went to ExxonMobil, at a time of very soft crude prices.

Petrobras / Braspetro

Braspetro is the overseas and international upstream subsidiary of Petrobras, the Brazilian national oil company. It has an interest in the analogous offshore geology of Angola and is a company with globally recognised deepwater exploration and production experience. Braspetro is seeking to augment its interests in the Angolan upstream given geological analogues with the Campos basin offshore Brazil and its deepwater capacities.

Petrogal

A Portuguese based company, Petrogal's main assets are downstream, but through colonial relationships, it has an interest in accessing Angolan crude, especially on an equity basis. The company has selected Western Africa as a target zone for the upstream. Petrogal has acquired important interests in Angola's upstream with assets in block 14 where it holds a 9% stake.

TotalFinaElf (formerly Petrofina / Fina)

Petrofina (or Fina) was acquired by Total and now forms part of the TotalFinaElf group. Petrofina was at one time abandoning its Kwanza acreage in favour of the Congo basin. Fina was producing 25 000 barrels of oil per day in the Congo basin in 1992–3 before the Soyo base was over-run, and has recently brought output back up to 19 000 barrels of oil per day. In 1998 Petrofina was appointed operator of block 19 offshore Angola. Fina has a 30% stake in the block, with partners Ranger (25%), Sonangol (20%), UMIC (now Ocean Energy with 20%) and Naptha (5%). Through blocks 31 and 32, TotalFinaElf has acquired deepwater positions and an operatorship on block 31.

Petronas (Carigali)

Malaysia's national oil company, with wide ranging capacities, Petronas has several targets in Africa (including South Africa, Sudan). Carigali is the unquoted subsidiary of parent company Petronas that has integrated operations in Malaysia. Petronas entered Angola in 1999 with a position (15%) in block 24 in which ExxonMobil is operator.

Prodev International

The Swiss based company with Mideast investment backing took a 20% exposure in the deepwater Elf operated block 32, for which a large signature bonus (over US $ 300 million) was paid. However, it signaled its intention to dilute its commitment only a few months after entry. Prodev's entry and little known experience raised eyebrows in global exploration circles. Other majors would be interested in

the asset (e.g. Texaco). Prodev has been reported by Global Witness to have links to security and armaments purchases. It is also reported that the principals of Prodev are three Syrians and that the block allocation was an offset for government military purchases.

Ranger Oil

Ranger Oil is a Canadian independent with several interests in Africa and elsewhere. Ranger relinquished block 4 with partners (Occidental and Sonangol) in late 1999 after two small discoveries (Kiame and Kiabo) were 100% licensed to Ranger and Sonangol.

Shell

Royal Dutch Shell is a super-major and an acknowledged industry leader with widespread upstream positions in Western Africa and downstream assets throughout the continent. Shell took deepwater block 16 (45%) with ExxonMobil (20%), Texaco (15%), Elf (10%) and Sonangol (10%) but in late 1999 relinquished this acreage following a disappointing exploration experience when nine wells were drilled with only one non-commercial discovery (Bengo). As part of a restructuring and cost-cutting exercise, Shell sold its 50% interest in block 1 in the Congo basin to Texaco. The company sought block 34 in the ultra-deep without success, and it also holds 50% in block 18 (with BPAmoco) with 10% in block 21. Of all the majors, Shell has yet to have any significant success in Angola.

Statoil

Statoil is the national oil company of Norway and has been targeting overseas countries including Nigeria and Angola. Statoil has had an alliance with BPAmoco and holds two deepwater positions: in blocks 15 and 17. Statoil also signaled its interest to have a stake in BPAmoco's block 31.

Texaco

Texaco is a major player with Western African core areas in Nigeria and has a deepwater and technology capacity. In 1998 the government approved the final shareholdings of the consortium working on block 9 operated by Texaco. Texaco is also operator of deepwater block 22 and block 2, and is a shareholder on onshore producing fields near Soyo and offshore on blocks 16 and 20. Texaco now also has 71% of block one in the Congo basin, with Energy Africa and Saga (now part of Norsk Hydro). Texaco's equity production in Angola is now around 85 000 barrels of oil per day and it has also now developed a concept for a major LNG venture in the country given that up to 85% of gas is flared due to the lack

of local and foreign market offtake. Texaco aims to start operations in or after 2004/5. Gas will come from several offshore fields holding up to 4 trillion cubic feet of gas of associated and/or non-associated reserves. A second train would also be considered if there was a market upswing in Europe, Asia and South America. Cost would be US $2,3 billion at the outset.

Competition in Angolan oil and gas

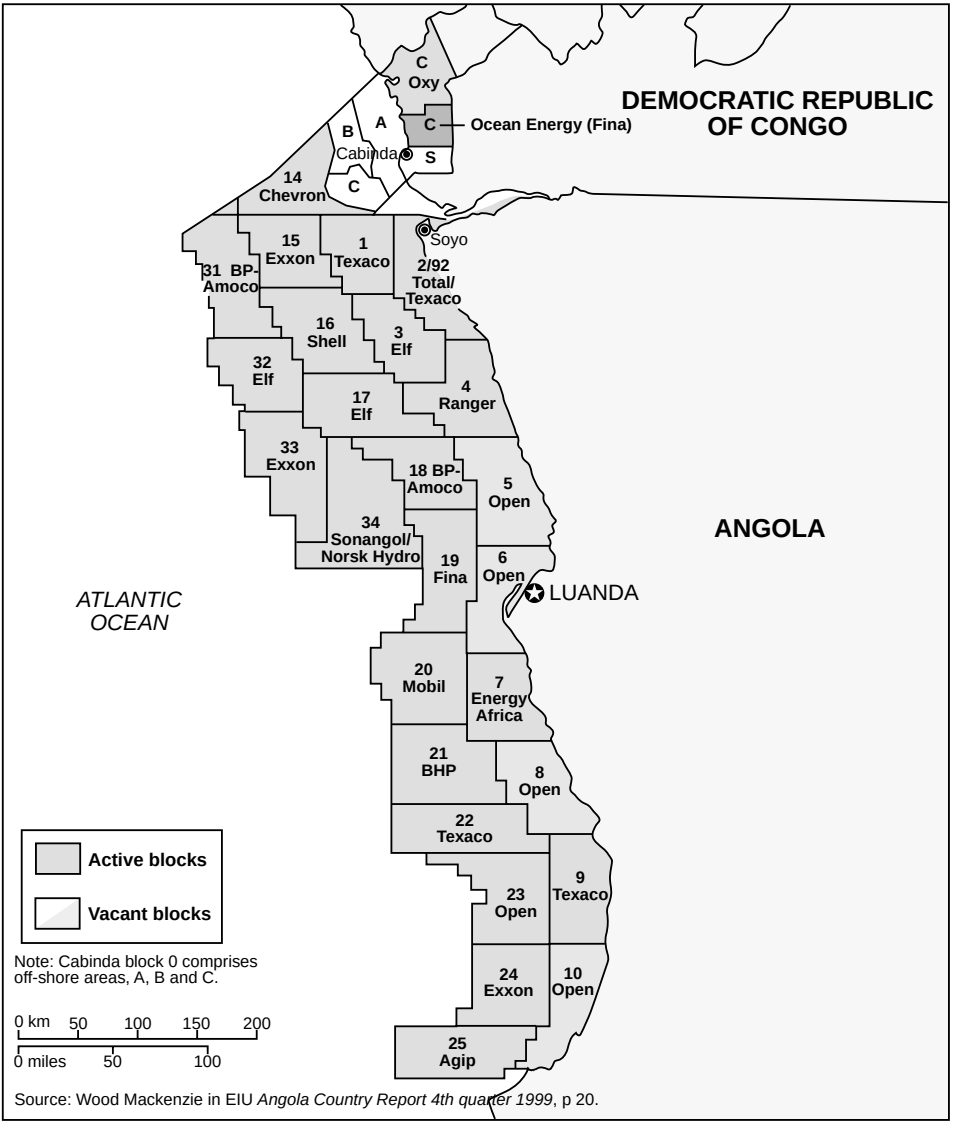
The Angolan petroleum scene is highly competitive especially given the stakes and opportunities in play. Yet the companies operate largely independently of one another (except where there is joint venture and/or equity interest). While it is natural for players from country-of-origin to share some common ground (US, French, British, Norwegian) it would be a mistake to automatically link the commercial interests of a company with those of their respective governments. Chevron operated in Angola for years before the United States government recognised the *Movimento Popular de Libertação de Angola* (MPLA) and French players were active via Elf in Angola from an early period. South African companies do not enjoy any special privileges in block allocations and South African refineries do not draw much of Angolan crude as feedstock intake.

There are many reasons why some companies outperform others and one needs to challenge the assumption that success is mainly the result of special deals or is related to a company's country of origin. There are a host of factors to consider. Some, like Chevron, have the advantage of early entry and hence geological choice in what at one time might have been a frontier basin. Others may have capacities and *savoir-faire* in certain specialised areas, such as deepwater exploration and production, as do ExxonMobil, TotalFinaElf. Some may target a country or zone for significant commitment, which allows for a long-term and sizeable drilling programme that is necessary to reap both technical and commercial success. Indeed the highly competitive nature of Angolan block allocations seems at odds with the perception of special deals while the diversity of foreign companies operating in Angola largely dismisses the consideration of favouritism.

The fact that Angola is not a member of OPEC makes it somewhat more attractive to companies (and perhaps governments of consumer countries) but this is a small part of the overall commercial-policy nexus. Angola's total crude exports do not weigh that heavily in world crude supply although such volumes will rise. Even more important, the excess capacity in Angola is marginal and it is this potential excess production – export capacity that has the power to move crude markets – that can be critical, hence the influence of Saudi Arabia and other Gulf states, Mexico and Venezuela.

While conspiracy theorists make much of the Franco-American competition in African petroleum, this is not at the cutting edge of commercial deals for the most part. Successful deals hinge more on company strategy, contractual terms, portfolio requirements and geo-technical considerations.

Angolan oil licence blocks



Source: Wood Mackenzie in EIU *Angola Country Report 4th quarter 1999*, p 20.

The much discussed US political tilt in recent years towards MPLA-led government and away from UNITA has many roots and perhaps the control of oil interests from Luanda is one of these elements. However, there are also others of a regional strategic nature as well as of a policy and political character related to the aftermath of the Lusaka Protocol.

Strategic significance: acreage, awards and discoveries

A country's petroleum outlook is governed by certain key factors. These include:

- the availability of acreage, in other words its size, type and quality, whether onshore or offshore;
- awards given and the acquisition of properties;
- discoveries made in relation to field size, reserve potential and production profiles; and,
- the commercial and technical oil and gas targets that companies seek, especially given their different philosophies, capacities, technologies and skills.

Acreage

Sonangol opened ultra-deep blocks 31, 32 and 33 for bidding on 1 April 1998 and bidding closed on 29 May 1998. Block 34 had earlier been included in the grouping, but Sonangol decided to operate this block partnered by Norsk Hydro. Sonangol will hold no more than 20% of all deep and ultra deep blocks it does not intend to operate.

At the start of 2000, negotiations and renegotiations were scheduled for blocks 8, 23, 34, 16, 10–13, 26–30, and block 35 (then under study), as well as extensions to the production periods for block 3 and block O (Cabinda). This attests to an active industry and provides a positive short-term outlook for Angola.

Sonangol has been seeking private sector partners for a re-evaluation of four undeveloped discoveries located within unlicensed lower Congo basin blocks 5 and 6. Ultimately it is expected to offer all acreage west of block 31 south to the Namibian border as well as the onshore acreage in the Kwanza basin.

Discoveries

Several major oil discoveries have been made in Angola in recent years and future field developments have grown apace making the country one of the most lucrative prospects in the world. The developments include on-going efforts in Girrasol and Kuito, as well as Dalia, Rosa, Lirio, Benguela, Belize, Landana, Hungo, Kissange, Chocalhlo, Marimba, Dikanza, Platina (now commercial), and development wells for Plutonio and Orquideas.

Massive oil discoveries in the deepwaters and ultra-deep, such as on block 17 with Elf's major discoveries (Girassol, Dalia, other), ExxonMobil's in block 15,

Recent awards and acquisitions

Block	Location / size	Operator / partners	Signature bonus
1	Offshore	Texaco (50%) Mobil (21%) Energy Africa (15%) Saga Petroleum (14%)	Figures not available
7	Offshore	Phillips (40%) Eagle (30%) Petro-Inett (30%)	Figures not available
9	Offshore Kwanza-Sul province, south of Luanda	Texaco (40%) Mobil (35%) Eagle Energy (15%) Norsk Hydro (10%)	Figures not available
18	5 000 sq km offshore	Amoco (50%) Shell (50%)	Figures not available
19	Offshore Kwanza basin	Petrofina (30%) Ranger Oil (25%) Sonangol (20%) Ocean / UMIC (20%) Nafta Israel Petroleum (5%)	Figures not available
21	Offshore	BHPP (30%) Sonangol (20%) BPAmoco (20%) Shell (10%)	US $40 million paid by BHPP
22	Offshore	Texaco	Figures not available
24	Offshore	Esso (50%) Petronas Carigali (15%) Ocean / UMIC (15%) Sonangol (20%)	US $69 million (plus US $10 million for social projects) paid by Esso
25	Offshore	Agip (40%) Sonangol (25%) Esso (35%)	US $85 million paid by Agip
Cabinda Central	Cabinda Central onshore (acreage under *force majeure* for several years due to the civil war)	United Meridian (assumed operatorship) BPAmoco's 30% Sonangol Petrogal Repsol	Figures not available

and Chevron's deepwater Kuito field, have demonstrated the enormous potential of the offshore fields. Other large finds have been made, and more are expected in future. Development of these recent finds, and anticipated others, could increase Angola's total crude production from 766 000 barrels of oil per day in 1999 to around 1,3 million barrels of oil per day or more by 2003, with that figure possibly going even higher.

This will underpin a rise in crude production, expansion in oil exports, increased foreign exchange and growing state revenues. It is this prospect, rather than claims of past mal-allocation of state funds, that provides the real hope for Angola's population, leading to rising standards of living and a reduction in poverty.

If these fruits are to be reaped, it will be largely due to some 25 years of exploration and development undertaken by the foreign players who have demonstrated their long-term belief in Angolan prospectivity, albeit married with enlightened commercial self-interest.

Opportunities and future potential

To speculate on Angola's opportunities and future potential, it is essential to have some broad measure of the hydrocarbon reserve base and the likely trajectory of oil production. This also has implications for government revenues and the local financial constraints that might apply to issues of poverty in Angola.

Angola holds a plethora of upstream and downstream opportunities for the long-term, to 2020. The country has a substantial proven reserve base in oil and gas, an unexploited domestic and overseas gas-LNG market, and unfulfilled local demands which need to be met through petro-allied industrial ventures. Moreover, the inflow of development capital will undoubtedly add to existing oil and gas reserves and production potential.

Oil and gas reserves

Angola had proven oil reserves of 5,4 billion barrels around 1998, but this figure is expected to have increased to around 12 billion barrels as a result of recent discoveries. This is a significant increase over 1996 when proven oil reserves were estimated at only 3,2 billion barrels. There are also vast tracts of still underexplored offshore and deepwater acreage to be tested before Angola reaches maturity. It would not be unrealistic to expect oil reserves to be in the region of 15–20 billion barrels by 2010, given factors like new block openings, wider opening of the onshore and the impact of new technologies.

Angola has estimated natural gas reserves of around 7–8 trillion cubic feet of gas. To date, gas has yet to be defined as an exploration target. There has been no gas reserve audit but this is likely to happen with the contemplation of LNG ventures.

Oil production

At the beginning of 1999, crude oil production was averaging 750 000 barrels of oil per day, and by 2000 was around 775 000 barrels, and rising fast. Angola's production has increased significantly over the years from 550 000 barrels of oil per day in 1994. According to the head of Sonangol, production could reach 1,5 million barrels of oil per day within four or five years, while the Minister of Petroleum has predicted an output of 1,0 million barrels of oil per day by 2001 and 1,3 million by 2003. Independent analysts have claimed that oil production in 2005 will reach 1,38 million barrels of oil per day, with the deep offshore providing around 825 000 barrels per day in 2005.

Several large fields are set to come onstream over the next few years. The Girassol and Dalia fields will produce around 200 000 barrels of oil per day each when they reach peak production, while the Kuito field will produce 100 000 barrels daily. Another five producer fields are located in block 17.

The Chevron-operated Cabinda block dominates production and Cabinda output is currently running at around 475 000 barrels of oil per day. The bulk of Angola's production comes from offshore fields and, of these, the 16 Cabinda offshore fields produce over 50% of the country's total output.

Gas production

Reliable figures for Angolan gas production are difficult to obtain. It is understood that gas production is currently around 750 million cubic feet per day, all associated with oil production. This is expected to increase as oil production volumes rise. Up to 85% of the gas produced in association with oil is flared (despite the fact that this is banned in Angola) while the remainder is used for gas lift and injection to boost oil production from declining fields in Cabinda and in other reservoirs.

So far, the lack of gas based infrastructure has hindered Angola's development and usage of gas in its energy sector. Now Elf is studying a project to build a power station in Angola that would use gas produced from oil fields in block 17. The plan envisages some of the power produced being used in Luanda with the rest being transmitted 2 000 km south to South Africa, although this supply would need to compete with Namibia and even South African gas discoveries. Meanwhile, the Texaco LNG venture could be formed with a consortium of producers, although for now Sonangol seeks 40% and Texaco 30%.

Oil revenues

It is estimated that Angola should increase oil revenues to around US $12 billion by 2005. This compares with US $4 billion in 1999 – admittedly a low price year overall. However, with the May 2000 high crude prices in the upper US $25 per

barrel range, Angola should be reaping a bonanza in revenue terms. And so, if production in 2000 is around 800 000 barrels of oil per day and crude is at an average price of US $25 per barrel, then gross receipts will be of the order of US $7,3 billion for this year.

Critical issues: bonuses, state funding and transparency

The present debate around global petroleum, and especially how it impacts on Angola, has raised some issues that need to be commented on from an industry viewpoint. These comments should be seen within the context of the long-term strategic and economic future of Angola.

Signature bonuses in contracts

The world industry took notice when signature bonus payments of some US $300 million were made for the deepwater blocks 31 to 33 in 1999, then yielding nearly US $1 billion in revenue to the Angolan government. So too did the critics of government and non-governmental organisations. Most noticeable was Global Witness who, in their 1999 report,[2] criticised the state, presidency, National Bank of Angola, and by implication the foreign oil companies. But in many respects some of these observations, notably on signature bonuses, have been ill informed.

In Angolan bidding rounds, companies bid twice – once for the operatorship and again for rights to non-operating equity, and at both times a signature bonus is required. If companies do not bid they do not stand any hope of entry into open blocks.

Although some critics have portrayed signature bonuses as an 'illicit' levy, this bid differentiation technique is standard global practice and has been accepted by the industry, even if the companies (often the critics of the bonuses) would prefer to avoid these upfront bid payments. For instance, a classic form was encountered in the formal Venezuelan third bid round, when numerous blocks were auctioned, and where several billion dollars changed hands in the space of a few days. In Australia for instance, bids are in the form of work programme bids (effectively a capital expenditure commitment). The amounts paid for the blocks in Angola are not expected to place an unreasonable burden on the oil companies, provided the discovery volumes live up to expectations. In terms of current crude prices, the amount of US $300 million a block translates into only 10 million barrels per block, which should be a fraction of the estimated reserve potential. Such sums only reflect world market realities and it would not make sense for the Angolan government to refuse such an opportunity to maximise state revenues. How the government allocates such funding is part of their governance function and cannot be a matter for the companies – whatever the merits of their advice.

Another criticism has been the claim that the payments by-passed the National Bank of Angola. On this front, the companies have no choice but to execute contractual obligations with the state and Sonangol. No company has the authority to prescribe to state authorities what they must do with such funds. The companies in Angola's petroleum industry are mainly foreign and therefore not wholly within Angolan jurisdictional locus. In such spheres therefore, their direct influence must be seen for what it really is – that of a foreign partner or contractor. It would be exceptional to see foreign players in the Gulf of Mexico and North Sea, or elsewhere, dictate to governments in those countries what must be done by the Congress and Chancellor of the Exchequer.

The final criticism is that the funds directly financed the government's war efforts against UNITA. It would be hard to argue that this did not occur – but it is a fact that all government revenues are by nature open to misuse and their allocation is outside the ambit of foreign company direction.

State funding from oil revenues

Angola's foreign debt is reported to be around US $12 billion, much of it owed to the former-USSR (now Russia). Angola is also reported to have contracted loans with oil-backed funds based on the forward sale of Sonangol's crude production interests. The loans operate through third party accounts offshore and repayment is made from funds received from cargoes of delivered crude. Although the details and extent of such arrangements are private, their impact is the creation of a parallel system of finances and budget accounts. In principle this is not the best manner to operate the fiscus, and it must raise questions (in the absence of evidence) about the real destination and beneficiaries of such funds. Clearly, this is one reason for an International Monetary Fund had some time ago requested an audited set of accounts, which were then not forthcoming and at the time affected access to IMF monies.

Transparency in oil deals

Transparecy has become a byword of Organisation for Economic Cooperation and Development (OECD) companies in regard to overseas investments following OECD's adoption of the principles of the US Foreign Corrupt Practices Act, and a new dictum in the world oil industry that deals are done above-board and in a transparent manner. No major oil company or key independent nowadays could survive otherwise in the face of the laws in their countries-of-origin. Such companies must file annual audited accounts under local conventions and these do not provide for cost deductions for illicit transactions.

Several sources, including Global Witness and diverse media, have recently made claims that transparency is lacking in the Angolan oil and gas industries, and that corruption is evident. In denying these charges, the chairperson of

Sonangol Manuel Vicente noted that some contractors who did not get awards had encouraged these allegations. Clearly, there is a range of opinion around this. The argument here is not whether such practices have taken place, but rather to reiterate that the payment of signature bonuses is not part of this issue. Angola is not alone in having such claims levied in regard to petroleum. Similar comments have been made elsewhere in Africa, Latin America, Asia and the Middle East. Companies have to operate in the environments that exist, and these are often imperfect. It does not follow that to operate in such a *milieu* makes a company, by nature, corrupt and lacking in corporate transparency.

While it is natural for views around such claims and issues to differ, Sonangol meanwhile has earned a strong reputation in money markets for meeting financial and debt obligations. Additionally, the strict controls on foreign companies' makes it extremely hard for them to participate directly in corrupt practices. Nonetheless, the Angolan industry would benefit if there were improvements in accounting procedures, fiscal management, fund control and contract terms.

Conflict and petroleum: strategic risk dimensions

Ideally, the absence of conflict provides the best conditions for petroleum development. Yet on the evidence, the Angolan conflict has not significantly thwarted petroleum development. Moreover, it is unlikely to do so, provided the offshore fields are not affected and Cabinda is able to function effectively. Onshore however, there are many landmines that have to be cleared before any thorough exploration activities can be carried out.

UNITA's failure to damage the oil industry reflects its limited strategic and military reach. Its conflict with central government has mostly been in the southern and eastern areas and it has been progressively squeezed into a marginal territorial position. Despite forays against Soyo/Cabinda and installations there, it has never been in a position to threaten the offshore petroleum industry directly. Nor has it had the international leverage to mount pressure on key companies abroad in regard to their Angolan oil interests. This status quo does not look like altering any time soon.

In spite of stiff competition from other Western African countries, Angola continues to attract a large share of regional foreign investment, as well as investment from the top international oil companies. This reflects its high potential, the relatively fair and workable contracts and terms, and the relative safety of its operations, which are located offshore and away from most civil strife. Companies nonetheless run some risks to their operations, personnel and to their long-term presence. Elf for instance no longer operates from its northern base at Soyo, and other operators are required to increase their security. Yet majors and independents have come to know and understand the Angolan 'risk terrain', and have learnt to adapt, as indeed they have in other countries experiencing enduring conflict, for example in Colombia, Algeria and Indonesia.

For many players the dominant risks are 'inside the portfolio' and not at the much discussed, so-called 'country risk' level. Risk, like beauty, is in the eye of the beholder, and one person's political risk is another's commercial treasure. Therefore, the strategic risks are not uncommon to investors in the Angolan petroleum industry. Which is not to say that they would welcome increased conflict. In the event of any change in government, the companies would be concerned about the implications for operations, block access, contract terms and fiscality.

Policy management and Angolan poverty – the future

The questions here are: could Angolan policy be managed better to reduce poverty and could oil/gas revenues in future be sufficient to make a real difference? The short answer to both is yes.

Angola is a resource rich country and not only in hydrocarbons, although these have borne of the burden of supporting Angola's economy over the last 25 years. Now, with rising crude production, gas-LNG venture potential, and other natural resources, Angola should be in a position to act decisively on matters that will raise income levels and address poverty in urban and rural areas.

An end to conflict would bring onshore investments and would enable the government to reach large segments of the population with poverty-reduction programmes. The government cannot expect the foreign oil companies to carry that burden alone through their increasing corporate social responsibility programmes. The state of Angolan poverty is acute – reflected in low and falling real incomes, chronic unemployment, massive deficits in health and education, disparities in access to facilities and infrastructure, and high infant mortality rates. These must be government priorities, as anywhere in the world. Angola now has the petroleum revenue and tax wherewithal to deal systematically with such issues, and the expected rise in real revenues from the oil and gas industry during the 2000 to 2005 period could be applied to such priorities.

Angola's petroleum status is growing and will continue to do so in the future. Foreign companies in oil and gas therefore play a strategic long-term role and without their contribution the levels of poverty would increase. Admittedly the oil wealth created has not resolved Angolan poverty. However such an expectation is unrealistic given the aggravated, enduring and unforgiving conflict.

The view that companies exhibit poor governance in Angola because they operate in a difficult environment (centralised government, on-going conflict, shortcomings in the state management of funds) is simplistic. The corporate executive's primary responsibility is to shareholders, and in more enlightened corporates, to a more diverse set of 'stakeholders' (including communities and employees). Most foreign companies in Angola are aware of such obligations and encourage corporate social responsibility programmes. If poor governance were regarded as a rationale for withdrawal from Angola, then any company following such a path would merely open the door to competitors. And the status quo would remain unaltered.

Nor can one expect the main oil companies in Angola to be directly (or even indirectly) accountable for the way in which the Angolan authorities manage the fiscus, the state budget and the allocation of funds. None of this detracts from genuine criticisms in these areas – but the place to lay such responsibility and any liability is not in the boardroom. To do so in Angola would mean extending the same expectation to operators in Colombia, Nigeria, Indonesia, Congo, Burma, and elsewhere, where similar conflicts prevail. In today's complex and turbulent world there are many 'grey areas' to negotiate. Much comes down to judgement and imperfect choice. Critics have a responsibility to offer workable ways forward in a context that does not compromise the fundamental economic bases of the future for Angola and its peoples.

The petroleum industry contributes in fundamental ways to Angolan economic sustenance – but this falls short of playing a direct role in fuelling on-going conflict. Nor do the companies sanction poor governance, corruption and lack of transparency. To argue that they do stretches credibility and demonstrates ignorance of the global/African upstream corporate players and industry. Almost all companies and senior executives wish an end to Angola's tragedy. It is time that all Angolans, especially those in positions of influence, were themselves of like mind.

Endnotes

1 The understanding of Angolan petroleum is drawn from diverse experience and public/private sources including inter alia: the research oil and gas database of Global Pacific & Partners and the Company's on-going research published in its Reports on Global Upstream Targets & Strategies, National Oil Company Strategies, and Competitor Strategies, which can be viewed on www.petro21.com; various discussions with Angolan/Sonangol representatives; management presentations to the Africa Upstream Conferences (Cape Town, 1994–99); and business meetings over the years with senior management in the oil and gas industry worldwide.

2 Global Witness, *A Crude Awakening – the role of the Oil and Banking Industries in Angola's Civil War and the Plunder of State Assets*, Global Witness, London, 1999.

The real (war) economy of Angola

William Reno

Diamonds feature in many recent analyses of the financial underpinnings of Angola's long-running civil war. Both lawful and illicit exports of diamonds gain attention for their significant roles in bolstering the finances of the *Movimento Popular de Libertação de Angola* (MPLA) regime and their *União Nacional para a Indepêndencia Total de Angola* (UNITA) opponents. Much of this attention focuses on commercial transactions between UNITA and clandestine diamond buyers, who have helped provide UNITA with up to US $700 million in revenues over several years in the mid 1990s.[1] Petroleum sector investments in MPLA held areas, however, supply Angola's government with considerably greater and much more consistent revenues. Furthermore, by 1998 UNITA revenues from diamond sales were thought to have slumped to below US $200 million. In contrast, MPLA revenues from oil that year topped US $3,3 billion.[2] This one-year figure for MPLA oil is only US $400 million below estimates of UNITA's total revenues from diamond sales from 1992 to 1998. The MPLA's conquest of the Cuango Valley mining region in 1999 added US $200 million in diamond sales to official trade figures, less than a typical 'signature bonus' from an oil firm awarded new drilling blocks.[3]

This chapter focuses on the financial and political role that raw material exports from Angola play in that country's civil war. Oil is especially significant and its role goes far beyond the contribution it makes to MPLA finances through export earnings and signature bonuses. Oil plays a critical role in the MPLA regime's war strategy and in the interests of much stronger states that back the MPLA's battle against UNITA. Oil is a key component in the regime's ability to gain access to political and material resources beyond Angola's borders; not just to markets (as with diamonds), but also to diplomatic channels and more politically connected commercial networks that directly advance the MPLA's security strategy.

In particular, the presence of large multinational oil firms in Angola helps create new channels for what can be called the 'private diplomacy' of Angola's MPLA regime. This development sheds new light on the relationship between war/conflict, changes in global commercial and diplomatic norms, and the strategies of bureaucratically weak states like Angola that face threats from insurgents. The foreign investors together with non-African officials have a vested interest in ensuring that Angola's government is as secure and stable as possible. They help Angola's regime gain access to services of other private firms that assist in tasks conventionally associated with states, such as the conduct of warfare and diplo-

macy. This relationship helps the MPLA regime in its efforts to suppress internal challengers, such as UNITA and threats from within its own military.[4] More importantly, these foreign firms provide their MPLA hosts with access to the diverse, and increasingly commercial channels through which wealthy states provide foreign aid, such as export guarantee schemes, loans to foreign investors, and diplomatic support for the investment strategies of individual firms.

The MPLA regime benefits from a similar coalition of outside supporters in its diamond mining industry. Diamond mining is important for its role in attracting corporate military services styled as 'industrial security.' Oil, however, attracts far greater resources from foreign states, both diplomatically and commercially, than does diamond mining. Nonetheless, the two should be considered together since both reflect the increasing importance of formal, non-clandestine commercial transactions in the security strategies of vulnerable regimes and in the foreign policies of officials in more powerful states who are concerned about disorder in very weak states.

This external commercial aspect of the political economy of Angola's civil war illuminates changes in the conduct of foreign policy among powerful states, especially in the United States, and among international financial institutions (IFIs) such as the World Bank and the International Monetary Fund (IMF). About 70% of Angola's 1998 oil production of 760 000 barrels per day was exported to the US. Oil exports from 1993 to 1998 provided about 87% of the MPLA regime's formally recorded revenues (exclusive of loans and aid), which means that US customers provided the MPLA regime with about 60% of its total revenues.[5] Throughout most of the 1990s, Angola was the US's sixth largest supplier of oil. US based firms compete vigorously to maintain or increase this share as Angola's government plans to boost oil production by 20% to 960 000 barrels of oil per day by the end of 2001 and further thereafter.[6] Angola thus emerges at the vanguard of changes in the policies of firms and officials from non-African states, especially the US, toward business, aid, and civil wars in Africa.

This accommodation between firms, international financial institutions and foreign state officials, and Angolan officials reflects a deeper shift in the views of external players – outsiders – about the relationship between efficiency and order in African states, especially those that rely heavily on revenues from resource extraction. Officials, both in creditor agencies and in states that supply aid, acknowledge the important correlation between the competition to control natural resources, massive corruption, and civil wars. Changes in the approach to reform in resource-rich African states has also produced a new style of anti-insurgency strategy. This strategy is similar to that practised by strong states in 19th century Europe where such states wielded considerable influence in regions that Europeans then considered to be stateless. Like their 19th century counterparts, foreign and local politicians use private firms as proxies to respond to threats of disorder in areas where bureaucratic administration is very weak. And, like their 19th century counterparts, foreign officials show a growing tendency to define order as synonymous with the facilitation of markets. This policy shift links

military and commercial pursuits in ways that Angolan officials use to their benefit without engaging in the arduous and politically risky task of building their own capable state institutions.

Foreign investment and war

Scholars and creditor agency researchers observe that governments in countries like Angola that have large resource bases tend to do a poor job of building efficient state institutions. This is because governments that gain most of their revenues from sales of minerals are freed from the immediate pressure of levying taxes among citizens.[7] Easy access to revenues from exports allows rulers to use state revenues to build political networks oiled by patronage, and to enrich themselves, their families, and their associates. In contrast to countries where small-producers grow coffee or cocoa, or even plantation economies that need a lot of workers to harvest sisal, tea or rubber, very few people are needed to gather oil. Best of all, more politically reliable outsiders who have little option but to rely upon positive relations with the incumbent regime can be recruited for this task. Elements of this highly externalised, tight-knit network occasionally become visible, as when the Africa division head of the French oil firm admitted to a system of payoffs to high officials.[8]

In this context of bountiful natural resources, two IMF economists, Mohammed Ayoob and Paul Collier, note that corruption is integral to the political systems, such as in Angola, since these regimes find that they can build loyal political networks and buy compliance through the distribution of patronage to key individuals. The alternative would be to build broader legitimacy on the basis of providing services to large segments of the population. This, however, would be a politically risky strategy, since it would divert resources away from key strongmen who might threaten reformers long before the beneficiaries of services could mobilise to support reformers.[9]

A more immediate concern preoccupies some scholars from international financial institutions whose research focuses on the political economy of patronage systems that are financed with revenues from natural resources. Paul Collier recognises that poor states that are very dependent on natural resource exports are the most vulnerable to civil wars. “It is the feasibility of predation,” he writes, “which determines the risk of conflict….” In contrast, “the policies that follow from the grievance diagnosis are variously ineffective and counter-productive” if one accepts the proposition that predation motivates rebels.[10] Collier regards predation, not the grievance notion of rebels asserting a claim against failures of governance, as applicable to Angola’s war. “Diamonds had made UNITA so rich that nothing that donors could offer would matter, while renewed predation offered massive rewards.”[11] The remedies Collier proposes focus on long-term efforts to wean countries from economic dependence on natural resource exploitation. Though Collier does not consider how to stop on-going wars arising

from predation, a logical step would be to arm one side or another so that it can decisively defeat its foe.

It is not World Bank or IMF policy to pick sides in civil wars. But the work of other (non-IFI) researchers bolsters the argument that civil wars with predatory rebels will end only when one side beats the other. Roy Licklider's survey of 91 internal conflicts that he classifies as 'civil' or internal conflicts reveals that 76% ended when one side won. Of the 24% with negotiated settlements, half collapsed and fighting resumed.[12] For those with pessimistic views about the nature of insurgents like UNITA, armed conflict is not the worst option. Foreign investors can play a major role in the conflict by pumping in revenue to bolster a besieged government, helping it to master the fiscal performance that will attract loans from creditors.

Nor, it is argued, should besieged regimes be too hard pressed to reform. While other IFI researchers such as Joshua Charap and Christian Harm recognise that there is too little spending on public services, they express concern that creditor pressure on such regimes to dismantle or reform patronage-based bureaucracies "could lead to anarchy rather than efficiency, since it destabilises predatory dictatorships and hastens the path towards internal revolt."[13] The implication of this observation is that some within IFI organisations do not see democratisation, or even top-down moves to reform narrow patronage-based political systems as appropriate in places like Angola. The threat of the loss of control – which translates into civil disorder and state collapse – emerges as a more important concern for at least some IMF analysts, than do concerns about the inefficiency or corruption of bureaucracies that rely on revenues from mineral exports. This is a significant departure from policies in the late 1980s and 1990s that imposed uniform conditions attacking inefficiency in exchange for financial support.[14] Concerns about order and the survival of regimes as interlocutors willing to acknowledge the state's international obligations (such as debt) also translate into leverage for hard-pressed regimes *vis-à-vis* outsiders.

Two prominent World Bank analysts also grapple with this contradiction between efficiency and order. They observe that "the kleptocrat chooses too large a public sector and selects the wrong mixture of government services."[15] That is, such rulers will use bureaucracies as vehicles for patronage, and will try to make them as big as possible. But they also warn that promoting bureaucratic efficiency will simply enable these rulers to extract revenues by squeezing lower level officials and exploiting new opportunities for private gain. More ominously, notes Susan Rose-Ackerman, reform can threaten order. "The causation is circular," she observes, "The threat of losing power can induce high officials to become even more corrupt... Reform is risky if it releases opposition forces that undermine the current regime."[16] That is, retrenched bureaucrats, especially those who have been the greatest beneficiaries of patronage, are more likely to search for a new patron or try to continue to profit illicitly on their own, rather than protest in the streets.

More alarmingly, she observes that corrupt rulers who lose control over their clients and their more dubious activities – a possible outcome of reform – may find

themselves mired in a violent, competitive struggle with their former associates to obtain benefits that are associated with state office. Clients seeking new patrons and freelancing strongmen who hope to attract them contribute to the potential for violence and the fragmentation of political authority.[17] This affirms Collier's analysis that readily available natural resources often spawn predatory rebels where state control is already weak. Reducing the size of, or increasing the efficiency of states is still seen as good from the point of view of promoting markets. But it is also increasingly apparent to supporters of neo-liberal market reforms that weakening a state too much can encourage political cliques to become involved in freelance accumulation of wealth, claiming as their own and intensifying exploitation of private economic opportunities that they previously enjoyed as a prerogative of a ruler's patronage. Developments in Liberia, Sierra Leone and the Democratic Republic of Congo show that strongmen can seize control over small, economically valuable pieces of territory and use them as bases from which to compete with one another for control over what remains of these states.

Economies like Angola's that are dependent on exploitation of natural resources appear to be particularly vulnerable to disorder and violent competition among those laying claim to resources.[18] Most African states that currently experience major internal strife, or suffered from such strife in the 1990s, were dependent upon exports of oil or another enclave economy mineral export for revenues. They include Algeria (with 98% of foreign exchange earnings from oil exports), Nigeria (96% from oil), Sierra Leone (96% from titanium ore and diamonds), and DR Congo (78% from copper and cobalt). For Angola, 83% of its export earnings in 1998 came from oil exports. Angola has also suffered from freelance collection of resources. As noted above, UNITA rebels have financed much of their operations from diamond exports.[19]

Despite their negative features, readily available natural resources can also cushion would-be reformers and their backers from the dangers of political instability. This is provided that revenues are sufficient to satisfy a regime's international obligations (such as debt repayment) and repress internal challengers. In this view of reform, democracy, or at least accountability in the form of a responsive civil service, is not on the agenda. Order is paramount. As Rose-Ackerman warns, hastening administrative reform can bring chaos and state collapse, compared to which a more efficient kleptocracy would be preferable. Creditor policies toward Russia appear to follow this advice. Western backers laud President Vladimir Putin as a 'democrat,' not for his promise of more open government, but rather for his capacity to suppress rival political cliques that enriched themselves at the expense of public order. It is far better to have a single mafia than to tear a country apart between competing mafia. Perhaps then, the victorious bandit will get down to the task of protecting his victims so that they may become more productive (and produce more to loot). This expectation mirrors Charles Tilly's classic definition of state formation in early modern Europe as the critical point at which a single group of bandits wins.[20]

The promotion of enclave investment in natural resources seems to offer partial relief from the threat of state collapse, either at the hands of decentralised

kleptocracy or ill-advised reform. Investors at least impose limited standards of market efficiency on corrupt regimes, and enable regimes to fulfil international obligations. More importantly, they can fill in for tasks that corrupt state bureaucracies no longer perform, such as providing security, military intelligence, and infrastructure development. Concerned outsiders also might be anxious to see that one side wins as quickly as possible to minimise the disorder of ongoing conflict. As will be seen below, this use of foreign firms also offers opportunities for Angola's rulers (as in other bureaucratically weak, but mineral rich states) to use this conjunction of strategic, diplomatic and commercial interests to influence the actions of outsiders and shape the balance of forces within Angola.

Outsiders' strategic motives and their preference for order

In principle, multilateral creditors do not articulate strategic interests. Dominant backers such as the US, however, do combine this agenda with economic interests. In Angola, US interests are shaped by the presence of oil and the general fear of state collapse in Africa. Both make US policy makers sensitive to issues concerning stability and order in Angola. Yet soon after the 1993 ambush of 18 American soldiers in Somalia, President Clinton's administration made it clear that it would not sponsor significant direct interventions into African conflicts. Non-intervention became official US policy under the terms of Presidential Decision Directive (PDD) 25 of 1994. Accompanying this policy directive was a decline in US direct financial assistance to African states from US $2,5 billion in 1994 to US $1,7 billion in 1997. US direct state-to-state assistance to Angola has remained paltry, reflecting long-running concerns about corruption, and focusing mainly on relief assistance to victims of war.[21]

US assistance to Angola's government, and the role this plays in MPLA war strategies, is not easily captured in conventional state-to-state measures of diplomacy. Instead, it is found in initiatives such as the Africa Growth and Opportunity Act (enacted in May 2000), and through Commerce Department, Treasury Department and Department of Transportation equity financing schemes, commercial guarantees of the quasi-official Overseas Private Investment Corporation (OPIC) and the Export-Import Bank, and through the influence of the US in institutions such as the World Bank's Multilateral Investment Guarantee Agency (MIGA). These agencies (which are reluctant to share details of 'private' transactions) promote private investment in risky areas through institutional channels that are buffered from critical scrutiny. They play an increasingly prominent role in the strategies of officials outside of Africa who are concerned about administrative breakdown and disorder in Africa, yet face political and fiscal pressures to refrain from intervention. These agencies also figure in strategies of Angolan officials who face domestic threats, and who benefit from BYOI ('Bring Your Own Infrastructure') enclave investment.

Angolan MPLA authorities have proven adept at seizing new opportunities to benefit from foreign aid through private channels. For example, Angola's state-run oil exploration and production firm Sonangol enables the MPLA government to gain access to new sources of credit. Sonangol has never defaulted on loan payments, and can use unexploited oil reserves as collateral. Nor is it likely to default. "They know very well that if they screw up at all it will affect not only oil sector investment but their ability to get more money," said a London banker.[22] This is in stark contrast to Angola's MPLA government, which defaults regularly on its financial obligations and therefore has little access to private or multilateral sources of credit. Sonangol, on the other hand, has collected US $80 million to US $100 million 'signature bonuses' from companies included in joint venture projects. Firms interested in exploiting potentially lucrative ultra-deep offshore blocks have reportedly paid 'bonuses' as high as US $350 million as they bid against each other for final approval to set up operations.[23] Sonangol also has the ability to borrow against future production. By 1999 the Angolan company had mortgaged expected production to 2005 in return for loans.[24]

Sonangol therefore serves a useful purpose for channelling revenues into off-shore accounts free of immediate patronage pressures within Angola. This confirms some of Rose-Ackerman's conclusions that kleptocrats prefer slimmed down patronage networks when given the opportunity. The benefit of this arrangement for private lenders and oil companies comes in the form of greater certainty that Sonangol will be able to meet its expenses in joint venture arrangements. This is in marked contrast to the difficulties that oil companies face in Nigeria, where statutory requirements that a state-owned firm participate in production complicates production arrangements as Nigerian politicians loot the firm. In addition, the solvent Sonangol is able to carry out on-shore operations that are most likely to become targets of angry citizens. Violent repression of these demands then becomes a matter of a corrupt government's human rights abuses, not the affairs of a politically more vulnerable foreign firm.

Furthermore, Sonangol's creditworthiness makes it an attractive commercial partner for joint ventures for foreign firms. Their joint ventures can then attract direct loans, loan guarantees, equity financing, and insurance below market rates from agencies like OPIC and Export-Import Bank in the US (or among other major economic powers, France's Coface and *Agence Française de Developpement*, the Korea Export Insurance Corporation, or Italy's SACE).

The US Export-Import Bank in 1998 guaranteed a US $86 million loan to Sonangol. The firm was able in turn to leverage this backing to guarantee a US $200 million contract with Halliburton to develop Cabinda's oil well services. This deal was part of a larger Export-Import Bank investment of US $316 million in Angola's hydrocarbon sector. One finds a similar pattern in Algeria, where Halliburton is a recent arrival in conjunction with OPIC services, where the US Government has become diplomatically engaged, and where a government struggles to raise revenue to fight insurgents. Nigeria supplied the US with 650 000 barrels of oil per day in 1999, twice the figure from Angola. US government agen-

cies have increased cooperation with Nigerian authorities to manage disorder in the Niger Delta oil production area. This includes contacts with Military Professional Resources, Inc (MPRI), a US-based security company that has signed contracts with the Nigerian regime to retrain its army. MPRI also explores "opportunities in the private sector for recently retired officers," reminiscent of joint venture security company arrangements in Angola.[25]

Of course Halliburton and other oil sector businesses do not play a direct or indirect military combat role in Angola's war. Their presence, however, helps to generate revenues to finance the MPLA government's war against UNITA, and it has a strategic impact on the course of conflict. In the case of Halliburton, the company has ties that assist the firm to protect its own assets, and by extension help the MPLA government to procure military services and intelligence, even if the firm's directors do not play a direct role in these affairs. Brown and Root, an engineering and logistic firm (which provided services to US military forces in Somalia in 1993) is a subsidiary of Halliburton. More important, the CEO and chairman of Halliburton is a former US Secretary of Defense from 1989 to 1993, Richard Cheney. Halliburton's Export-Import Bank assisted activities are in the Cabinda enclave, an area protected by Airscan, a security firm that employs former US military personnel.[26]

The Cabinda operations of oil companies also help marginalise FLEC *(Frente para a Libertação do Enclave de Cabinda)*, that is fighting for the independence of the Cabinda enclave. In 1999 this territory, which is physically separated from the rest of Angola, produced two-thirds of Angola's oil exports. Private security firms for large companies like Chevron that invest there and Angolan army units keep FLEC at bay and ensure that oil will continue to flow to finance the MPLA's much larger war against UNITA.

Investors in Cabinda get outside support to make business operations there more attractive. OPIC provided US $200 million in political risk insurance to support US firms' offshore oilfield development off the Cabinda enclave. An Export-Import Bank direct loan was granted in 1999 to support the sales of US firms to the Cabinda Gulf Oil Company, another US firm-Angolan joint venture. In 1998, this agency provided US $87 million in loan guarantees to a New York firm to support a US $200 million well completion project in the Cabinda region.[27]

This support for private investment to Angola is significant in terms of the resources it generates for the MPLA government and its allies, especially when compared to the 1997 total of US $444 million of state-to-state and multilateral development assistance to Angola.[28] Commercial assistance also avoids entanglements for officials outside of Africa, and helps both Angolan and foreign officials deal with one another outside of formal diplomatic channels. This use of 'private diplomacy' is much more efficient from a political standpoint, than, for example, Britain's use of private security firms to aid the Sierra Leone government. British policy makers share concerns that motivate US policy in Africa in the wake of the Somalia ambush. In the Sierra Leone case, Britain's High Commissioner Peter Penfold was alleged to have proposed the military services of Sandline

International, a British firm, to the Sierra Leone president to expel insurgents from Sierra Leone's capital. It was conjectured that this assistance was to be paid through promises of concession agreements with Jupiter Mining Company. This direct official involvement, however, caused political damage to what Britain's Foreign Minister termed his 'Ethical Foreign Policy.'[29] In contrast, the use of foreign firms as principal agents of intervention in Angola insulates officials from these political dangers. Likewise, it is probable that British authorities will seek to install mining companies with their own security forces in Sierra Leone as a way to manage that regime's security problems when British forces end their direct military support for the Sierra Leone government that started in May 2000.

In Angola, private enclave investment also provides a quick means to boost the MPLA government's military capability, especially if the beneficiary regime can centralise its control, and limit costs of patronage, by repression if necessary. This investment should translate into an expected 50% increase in oil revenues by the year 2001 to US $3 billion annually, compared to 1999.[30] Armed with this fiscal leverage, Angola's officials were able to begin negotiating an agreement with the IMF in 2000, an important step for gaining access to more official equity finance and loan guarantee schemes to back further private investment in Angola beyond Sonangol's purview.[31] Not surprisingly, the current stumbling block for an agreement lies in creditors' desire to see the financial books of Sonangol against the wishes of the MPLA regime. Creditors, however, appear to be hesitant to alienate the regime. Recent negotiations between IMF and Angolan authorities have resulted in proposals for a limited audit of Sonangol's books. Perhaps creditors prefer a relatively stable client that is able to prevail over rebels (who lack creditworthiness) and that remains in a position to generate large revenues from oil production.

Once foreign investors are installed in the country, the MPLA regime is able to use them more directly as intermediaries to gain access to weapons and military services. As noted above, producers in Cabinda receive security services from Airscan, an American security firm. The auction of deepwater offshore oil blocks expands this relationship. The award of three blocks in 1999 to major oil firms such as Amoco, Elf, Exxon, Marathon, and Statoil procured the financial and technical capabilities necessary to explore for, and extract oil in deep water concessions. As with earlier arrangements, these concessions include joint ventures with Sonangol (which holds 20% equity shares in these three cases).

The inclusion of additional firms such as Prodev, Naphta and Falcon Oil raise suspicions that these joint ventures mix oil production with arms purchases. The inclusion of smaller firms with specialised access to weapons insulates larger firms from direct involvement in the MPLA regime's military affairs. Officials of foreign states are provided with an opportunity to plausibly deny any connection to the military affairs of Angola. The sovereign prerogative of the Angolan government to determine which firms have access to its territory shields large firms from political responsibility for involvement with these smaller partners. In fact, large firms arguably have little choice in this matter, so long as the MPLA regime's status

as the globally recognised government of Angola gives the regime unquestioned legal control over access to the country's mineral resources. MPLA officials are then in a position to have a major say over what terms investors will gain access to Angola's resources, especially if these decisions are designed to build commercial networks in ways that still leave firms with profits and desired market shares.

These networks include firms such as Falcon Oil, a 10% partner in deepwater Block 33. A prominent NGO accuses this firm of involvement in arms deals with the Angolan military.[32] The Angolan businessman Antonio 'Mesquita' Mbakassi is reported to be a part owner of Falcon Oil.[33] This Angolan entrepreneur's other business activities suggest that he has expertise in more than oil exploration and production. He is reportedly associated with Soci Trade Import and Export, a joint venture with Global Explorations, a firm based in Vancouver, Canada. This Canadian firm's main shareholder was Rakesh Saxena, a financier who was also involved in the British attempt to arm the Sierra Leone Government in 1998, discussed above.[34]

The NGO Global Witness asserts "there is a very close relation between Naphta," a 5% equity holder in Block 33, "and a company called Levdan".[35] Levdan is reported to have a stake in Congo-Brazzaville's Marine III oilfield. An industry newsletter cites claims that "the stake was handed to Levdan, and also apparently Naphta's arrival on the scene, was payment for security and military training services provided by Israel to president Pascal Lissouba and his supporters."[36] Lissouba later lost his bid to remain president of Congo-Brazzaville, but Angolan-Congo oil connections did not end. An Angolan official called for closer cooperation between Congo-Brazzaville and Angola so that the former could "benefit from Sonangol's experience in oil production."[37] This sentiment occurs within the context of close MPLA military support for Sassou Nguesso in 1997 that sought to remove the armed forces of UNITA that found refuge in the Republic of the Congo.[38]

The MPLA regime also finds that it can manipulate competition among large oil producers and their home governments to organise individual concession agreements to the MPLA's advantage. At about the same time that US-based Exxon was excluded in favour of French-based Totalfina in the offshore Block 34, the French Finance Minister commented that it is "a good thing" to have "a French oil group nearly on the level of the world's three biggest and, therefore, protected from take-over efforts by an Anglo-Saxon or an American."[39] MPLA authorities then considered assigning portions of the concession that had been earmarked for Exxon to Prodev and Falcon Oil.[40] The Falcon Oil connection opens access to other commercial connections. The head of the firm is Pierre Falcone, an entrepreneur who had earlier received a contract to supply provisions for the Angolan military.[41]

These connections are circumstantial. They do not prove that the Angolan government uses oil concessions to gain access to arms trading networks. Nonetheless, the observer is left wondering why smaller firms are included in very large-scale, technically complicated ventures. Large firms with expertise in

deepwater ventures elsewhere are obvious candidates for partnerships in these Angolan ventures. The MPLA regime may also gain some commercial and diplomatic leverage through encouraging a mix of major firms, from a variety of countries, for inclusion in partnerships. But if one limits analysis to oil exploration and production alone, the inclusion of smaller firms is less easily understood.

The MPLA government's strategy in oilfield investment appears to borrow from commercial policies in the diamond-mining sector. In particular, mining concessions appear to be tied to foreign firms' willingness to play active roles in bolstering government security interests in conflict zones. For example, a North American mining firm's subsidiary, America Mineral Fields Inc, established a joint venture with a Caribbean-based security firm, International Defence and Security (IDAS), to develop a mining concession.[42] The MPLA Government granted the security firm's subsidiary 50% of the diamond rights in 36 000 sq km of UNITA-held territory. The mining company then bought shares in the security firm's local subsidiary.[43] Another Canadian mining company, DiamondWorks, has a concession (Yetwene) in Lunda Norte, in Bié (Soma Kwanza) and in Luo (Camatchia). This firm bought into a South African security company, to protect its mine site.[44]

Unlike oilfield joint ventures, diamond mining does not require partnering smaller firms that are well connected (from the point of view of access to weapons or military skills) with larger, more established firms. The culture of the industry is to tolerate diverse business practices. Diamonds are a highly fungible resource – they are readily accepted in many markets, much like money – and their manner of acquisition is of less concern to buyers and is more difficult to discern, unlike oil acquired through massive offshore drilling operations.

These networks find a commercial expression in arms trader Arkady Gayamek's purchase of 15% of Africa-Israel, a company whose principal partner is a major investor in the Catoca kimberlite diamond mine. This businessman, for example, has reportedly offered to help renegotiate Angola's debts to Russia. Premised on barter payments from sales of diamonds and oil, payments on debts to Russia would equip Angola with a degree of creditworthiness sufficient to purchase military supplies from Russia, and would free it from reliance on expensive and risky arms deals with middlemen.[45] An Israeli businessman associated with Africa-Israel had earlier signed a deal reportedly worth up to US $1 billion annually to import Angola's rough diamonds to Israel.[46] This is the same businessman associated with Levdan holding a 5% stake in oil Block 33, and who was reported to have played a role in military matters in Congo-Brazzaville

The deal should not be seen as a sign that the marketing of all of Angola's rough diamonds should come under the control of one firm. Rather, it is a sign of the MPLA regime's intent to pursue a diversity of business relationships and entice business competitors to come to Angola to contend for control of market shares. Arrangements of this sort also generate interest among Israeli officials in helping Angola with its security problems. While as we see above, officials in stronger states are willing to use firms as proxies, smaller powers such as Israel

are more constrained to rely upon commercial agents to exercise influence. As agents of a smaller power, Israeli officials cannot exercise the same leverage over Angolan authorities to use their preferred security firms or to do business with mining firms of their nationality. Tighter connections between commercial and security services make Israeli firms relatively attractive to Angolan officials in pursuit of their fighting strategy. Seen from Tel Aviv, military and commercial strategies toward places like Angola are especially difficult to separate.

Like oilfield commercial arrangements, joint ventures provide Angolan officials with channels to serve their military and political interests more directly. Foreign mining firm partnerships with security companies may bring access to weapons that the companies have procured on their own account and create opportunities to establish additional local security companies. For example, the former director of Sonangol, later Angola's Finance Minister, emerged at the centre of security ventures, including Teleservices, a firm that reportedly cleared UNITA fighters from a mine site in 1998.[47]

The difference here is that offshore oil production deals do not give Angolan officials as many opportunities to incorporate side-deals for political associates in supply and security operations. The use of foreign security firms also helps limit the MPLA leaderships' need to rely on other Angolans for its security. As IFI researchers have noted, kleptocratic rulers prefer to keep patronage networks as small as possible, provided they can control other people through reliable means. In practical terms, this translates into the MPLA regime's desire to limit freelance mining among strongmen who would otherwise have to be allowed to enrich themselves in return for their support for the regime. From the point of view of outsiders, control over this tendency translates into greater stability and order, values that appeal to anxious foreign officials and to foreign investors alike. The undistracted kleptocrat, therefore, may be in a better position to serve as an interlocutor with outsiders who prefer stability (such as investors and foreign officials) and fulfil its international obligations (to creditors, for example). In addition, deals that involve larger companies provides the overall partnership access to leveraged loans and to indirect political support from non-African state officials.

Furthermore, a precedent for more explicit, if unconsummated, links between major foreign investment and military strategies has appeared in the diamond sector in ways that also address the interests of non-African state officials. Maurice Templesman, an American entrepreneur and head of Lazare Kaplan International, proposed a diamond-brokering consortium with Endiama, Angola's state-owned diamond marketing firm, and *Sociedade Generale Miniero*, the diamond marketing arm of UNITA. Templesman was reported to have touted the proposed deal as a tool for resolving growing conflicts between UNITA and the MPLA government by institutionalising a division of diamond resources in the contested Cuango region.[48] Templesman also reportedly received high-level official consideration in Washington for his plan. (Templesman was a major contributor to the re-election campaign of President Clinton and to the Democratic Party prior to the 1996 presidential elections.)

Former National Security Advisor Anthony Lake reportedly instructed an aide to inform OPIC and Export-Import Bank of Templesman's proposal. Stressing the link between commercial and strategic interests, one of Lake's aides told Angolan President Dos Santos that the deal "will take on greater meaning if the US is involved through mechanisms such as Eximbank or OPIC." A State Department official reported that "Templesman wanted us to tell Ex-Im: This is a foreign policy imperative. We would like you to do it even if it is risky."[49] Ultimately no formal proposal was ever made. Nonetheless, Templesman's explorations appeared to point to his awareness that strategic and commercial considerations could be used to the advantage of all participants.

More mundane links between Angolan officials and foreign businessmen can help reinforce foreign officials' interests in promoting investment in Angola. Sonangol and Ministry of Petroleum officials, for example, have opportunities to coordinate commercial and diplomatic efforts with business partners and lobbyists at venues like the Angola Offshore 2000 conference, organised in May 2000 in Houston, Texas.[50] The lobbying efforts of oil firms on behalf of the MPLA regime helps to focus policy on strengthening commercial links and avoids more direct questions that diplomats would have to face in Washington concerning the regime's corruption and human rights record. The MPLA regime also employs US-based consultants toward this goal. C/R International reportedly promotes investment and trade relations in an arrangement between the lobbyists and General Manuel Helder Vieira Dias, the National Security advisor to President dos Santos.[51]

The revival of 19th century norms in Angola's international relations

The commercialisation of diplomacy and strategic interests in relationships between non-African and African states is occasionally portrayed as a novel feature accompanying the expansion of the global economy.[52] In fact, the use of commercial proxies to fill in for weak state administrations harks back to colonial development strategies. Sierra Leone's colonial authorities, for example, relied upon the private security force of Sierra Leone Selection Trust, a diamond-mining venture, to suppress local illicit mining, some of which occurred in collaboration with local state officials. Foreshadowing contemporary insurgencies, colonial authorities complained that illicit mining attracted "a very large number of the worst and toughest characters in West Africa."[53] Government appeared not to be up to the task of protecting its own officials, heightening the Government's need for the private security company assistance. "Mr. Carter, Assistant Superintendent of Police, raided an area... and was captured by Illicit Miners, and they, the Illicit Miners threatened to cut his throat."[54]

The Angolan MPLA government, however, shows a much greater capacity than most colonial administrations to manipulate the conditions of their own

bureaucratic weakness. Officials are better placed to benefit from the political pressures such as the limits on direct intervention that PDD 25 of 1994 places on US officials and concerns about taxpayer resistance to state-to-state foreign aid in most rich countries. This situation more closely resembles the international relations between European states and authorities in areas that Europeans considered being stateless. During the middle of the 19th century British officials in particular faced domestic pressures familiar to contemporary officials who must weigh up concerns about the expenses of 'peacekeeping' expeditionary forces and the implications of disorder in strategically marginal places. 'Little Englanders' preached the virtues of free trade and protection of 'legitimate trade rights' from the predatory activities of local bandits as the cheapest way to assert British interests.[55] Transnational contacts expanded, but through the medium of commerce. British officials were not removed from this dynamic, but stayed in the background, intervening when trading houses made pleas to officials to mediate local disputes and prop up allied authorities.

The impact of commercial-military alliances on local societies then (as now) was anything but muted. Rulers who allied themselves with European trading houses gained access to more and more advanced weaponry. This shifted the local balance of power, provoking resistance from groups that lost relative power. Rulers intensified their exploitation of local resources to marginalise local opponents, upon whom rulers no longer relied for access to resources, and whose opinions no longer mattered at court.[56] Trade and political control became wedded in these non-bureaucratic societies, as they have in contemporary Angola. Then as now, since groups have not necessarily been confined within recognised territorial or institutional boundaries, conflict from an outsider's perspective often took on an anarchical cast. From this same perspective, commerce simply constituted an orderly, beneficial activity. Foreshadowing the IFI researchers' analyses examined at the beginning of this chapter, this situation was understood from London as "… in these uncivilised parts of the world where the early stages of development do not admit heavy revenues or of indolent administration (due to native uprisings) progress and security can only be attained by administration and commercial work being in the same hands."[57]

The usual outcome was that foreign firms would become enmeshed in local conflicts. Eager to sort out these difficulties, but loathe to do so at the expense of shareholders, firms asserted pressure on officials for direct assistance. For officials, this constituted 'domestic politics,' and support for one's own countrymen as proxies was more easily contemplated than dreaded foreign adventures. Contemporary firms probably have more means to solve their own security problems. This is due somewhat to the consequences of the post Cold War proliferation of private military experts and weapons. But this capability also owes a lot to the willingness of non-African officials to see foreign investment as a solution for disorder. Global recognition of the sovereignty of Angola's MPLA government gives local authorities greater capabilities to organise their own deals with foreign security firms and other business associates to fight wars in conjunction

with investment from larger firms. These changes are reflected in the availability of new channels for indirect assistance from non-African states such as the quasi-official equity finance funds, loan guarantees and underwriting featured above, and the general willingness of officials to promote commerce as a provider of order.

These developments help shed further light on the question of what exactly is the 'real' economy of Angola. In this context of militarised commerce, it is not found among distinctions between 'clandestine' and 'official,' since the rule of law is applied in a very selective fashion. For example it is applied to Sonangol's commercial transactions with foreign firms but not to the MPLA regime as a whole. Even Sonangol's transactions can be regarded as clandestine to the extent that one cares about the fact that they do not appear in official accounts. Instead, conflict centres on authorised versus unauthorised transactions. It does not matter how officials or firms transact business, so much as with whom, and especially, to what consequence in the overall balance of coercive force in the country.

Foreign investors, foreign officials, and agents of creditors can operate according to these distinctions too. They do not care much about diversions of revenues, the inclusion of 'irregular' partners in deals, and the MPLA's use of foreign investment in military strategies, provided these contribute to the stability of the MPLA as a sovereign interlocutor capable of providing relative stability. These arrangements are corrupt not because they are in some way clandestine, as defined in terms of some agency's accounting. They are corrupt because they serve private gain. As expected, foreign firms are most interested in profits for shareholders. Rulers (and outsiders who support them) who rely upon these actors to perform basic tasks conventionally associated with states have little incentive to provide services to people who live there. Ultimately outsiders concur that order, however it is achieved, is more important than addressing the needs of citizens. Their shared aim is control, not legitimacy, a pursuit that is compatible with the MPLA regime's disregard for social services, while catering to the comforts of a tiny elite. Both, however, will justify their actions as preferable to the endless conduct of war.

Endnotes

1 Global Witness, *A Rough Trade: The Role of Companies and Governments in the Angolan Conflict*, Global Witness, London, 1998; United Nations, *Final Report of the Panel of Experts on Violations of Security Council Sanctions Against UNITA, S/2000/203*, UN, New York 10 March 2000. See also Economist Intelligence Unit, *Angola, 2nd quarter 1996*, p 20; *2nd quarter 1997*, p 19; *4th quarter 1997*, pp 18–19.

2 International Monetary Fund, *Angola Statistical Annex*, IMF, Washington, April 2000, p 47.

3 P Alley & A Yearsley, Diamonds Are a War's Best Friend, in *Southern Africa Report*, vol 15, no 1, December 1999, p 10; Surprises in Antwerp, *Africa Energy and Mining*, 15 March 2000, p 1.

4 For example, J Peleman, Mining for Serious Trouble, in A Musah & JK Fayemi, *Mercenaries: An African Security Dilemma*, Pluto Press, London, 2000.
5 International Monetary Fund, *Angola: Statistical Annex*, IMF Staff Country Report, no 99/25, Washington, DC, April 1999, p 2.
6 Economist Intelligence Unit, *Angola, 1st quarter*, 2000, p 7.
7 TL Karl, *The Paradox of Plenty: Oil Booms and Petro-States*, University of California Press, Berkeley, 1997; J Sachs & A Warner, *Natural Resource Abundance and Economic Growth*, Harvard Institute for International Development, Discussion Paper no 517, Cambridge, MA, 1995; DM Shafer, *Winner and Losers: How Sectors Shape the Developmental Prospects of States*, Cornell University Press, Ithaca, 1994.
8 Les Secrets Africains de L'affaire Elf, *Le Monde*, 25 October 1999, p 1.
9 M Ayoob, *The Third World Security Predicament*, Lynne Rienner Publishers, Boulder, 1995.
10 P Collier, *Economic Causes of Civil Conflict and Their Implications for Policy*, World Bank, June 2000, pp 4 [italics in original] & 15.
11 Ibid, p 18.
12 R Licklider, *The Consequences of Negotiated Settlements in Civil Wars, 1945–1993*, American Political Science Review, vol 89, no 3, September 1995, pp 681–90.
13 J Charap & C Harm, *Institutionalized Corruption and the Kleptocratic State*, IMF Working Paper 99/91, Washington DC, July 1999, p 20.
14 World Bank, *Sub-Saharan Africa: From Crisis to Sustainable Growth*, World Bank, Washington DC, 1989.
15 J Collidge & S Rose-Ackerman, *High-Level Rent-Seeking and Corruption in African Regimes*, World Bank Policy Research Working Paper 1780, Washington DC, June 1997, pp 7–8.
16 S Rose-Ackerman, *Corruption and Government: Causes, Consequences, and Reform*, Cambridge University Press, New York, 1999, pp 199–200.
17 Rose-Ackerman, *Corruption and Government*, op cit, pp 114–26.
18 M Berdal & D Malone (eds), *Greed and Grievance*, Lynne Rienner Publishers, Boulder, 2000.
19 International Monetary Fund, *International Monetary Fund Statistics, Yearbook 1998*, IMF, Washington, DC, 1999, Figures for Sierra Leone and Congo are 1995 and 1996, respectively.
20 C Tilly, State War Making and State Making as Organized Crime, in P Evans, T Skocpol & Rueschemeyer, *Bringing the State Back In*, Cambridge University Press, New York, 1985. Also M Olson, Dictatorship, Democracy & Development, *American Political Science Review*, vol 87, no 2, July 1993, pp 393–407.
21 R Copson, *Africa: US Foreign Assistance Issues*, Congressional Research Service internal document IB 95052, Washington DC, 9 July 1999.
22 Luanda Can Finance War Effort, *Africa Economic Digest*, 22 February 1998, p 17.
23 Final Ultra Deep Awards Soon, *Africa Energy and Mining*, 5 May 1999, p 1.
24 J Moran, Angola's Growth in Oil Production Still Has Room to Run, *Platt's Oilgram News*, 21 September 1999, p 1.
25 Niger Delta to Come Under US Protection? *Africa Energy and Mining*, 15 March 2000, p 1.
26 K O'Brien, Freelance Forces: Exploiters of Old or New Age Peacebrokers? *Jane's Intelligence Review*, vol 10, no 8, August 1998, p 42.

27 Global Witness, *A Crude Awakening: The Role of the Oil and Banking Industries in Angola's Civil War and the Plunder of State Assets*, Global Witness, London, 1999, p 17.
28 World Bank, *World Development Report, 1999*, Oxford University Press, New York, 1999, p 230.
29 For details, see House of Commons, Foreign Affairs Committee, *Report and Proceedings of the Committee, House of Commons Foreign Affairs Committee, Second Report, Sierra Leone*, vol 1, Stationary Office, London, February 1999.
30 Economist Intelligence Unit, *Angola*, op cit, p 10.
31 Angola: The IMF and Oil, *Africa Energy and Mining*, 12 April 2000, p 1.
32 Global Witness, *A Crude Awakening*, op cit, p 11.
33 Bearman, *Angola Apparently Shifts*, op cit, p 1.
34 Feeling Unwanted, He's Beset by Trials, Lawsuits, an Extradition Request from Thailand, and a Stock Trading Halt by VSE, *Financial Post*, 17 July 1999.
35 Global Witness, *A Crude Awakening*, op cit, p 12.
36 Israeli Move on Marine III, *Africa Energy and Mining*, 17 September 1997.
37 An Oil and Military Marriage, *Africa Energy and Mining*, 9 February 2000, p 1.
38 R Copson, *Congo-Brazzaville Conflict: Issues and Implications*, Congressional Research Service internal document, 97-1016F, Washington DC, 21 November 1997, p 4.
39 H Avanti, Takeover Shenanigans Blur the Oil Issues, *Petroleum Economist*, 26 August 1999, p 24.
40 J Bearman, Angola Apparently Shifts Toward Totalfina Over Exxon in Contest for Deepwater Block, *Oil Daily*, vol 49, no 230, p 1.
41 Angola: Une affaire 'franco-russe? *La Lettre du Continent*, 30 September 1999, p 1.
42 J Peleman, Mining for Serious Trouble, in Musah & Fayemi, *Mercenaries*, op cit, p 162.
43 R Morais, Friends in High Places, *Forbes*, 10 August 1998, pp 50–54.
44 Email communication with a diamond industry analyst, 11 December 1998.
45 Angola: Gems and Guns, *Africa Confidential*, 28 April 2000, p 8.
46 Israeli Businessman Signs Deal to Import Angola's Rough Diamond Output, *African Mining Monitor*, 21 February, 2000; Diamants: contrat d'exclusivité avec une entreprise israélienne, *Marchés Tropicaux*, 25 February 2000, pp 312–13.
47 Angola: Protection, *Africa Confidential*, 12 June 1998, p 8.
48 Diamond Dealer Turns Peacemaker, *Mail and Guardian*, 15 August 1997.
49 Quoted in S Schmidt, DNC Donor with an Eye on Diamonds, *Washington Post*, 2 August 1997, p 1.
50 Luanda-Texas, *La Lettre du Continent*, 8 June 2000, p 2.
51 The Lobbyists' List, *Africa Confidential*, 12 May 2000, pp 4–6.
52 JF Bayart, B Hibou & S Ellis, *Criminalization of the State in Africa*, Indiana University Press, Bloomington, 1999.
53 Chief Inspector of Mines, *Interim Report on the Alluvial Diamond Mining Scheme*, MD 11/36(V), Ministry of Lands, Mines and Labour, Freetown, June 1956.
54 Letter from Area Superintendent, Mines Department (Sierra Leone) to Chief Inspector of Mines, Kenema, 6 March 1957.
55 R Robinson & J Gallagher, *Africa and the Victorians*, Anchor Books, New York, 1968, pp 1–26.
56 M Lynn, Consuls and Kings: British Policy, The Man on the Spot, and the Seizure of Lagos, *Journal of Imperial and Commonwealth History*, vol 10, no 2, 1982, pp 150–67.
57 Quoted in M Doyle, *Empires*, Cornell University Press, Ithaca, New York, 1986, p 190.

Ethical considerations for multinationals in Angola

H Richard Dietrich

Angola's abundance of high quality oil and diamonds has drawn the world's most powerful foreign corporations to its shores. Yet, this war ravaged country ranks among the most destitute in the world. The presence and role of multinational corporations in Angola therefore presents analysts and responsible business with an ethical dilemma. Multinationals active in the country must, almost by definition, be partially assessed in terms of their contribution to social and economic development.

This chapter departs from the vantage point that the government of Angola is legitimate through the results of the 1992 elections. While Angola is not a true democracy, the president and the *Movimento Popular de Libertação de Angola* (MPLA) do represent a closer approximation to the will of the people than does *União Nacional para a Independência Total de Angola* (UNITA). Furthermore, it was UNITA that abandoned the Lusaka Peace Process. A US State Department report notes that, "… the government generally complied with its obligations under the protocol, although the conduct of the police and, to a lesser extent, military units in former UNITA areas drew widespread criticism." It goes on to detail that, "UNITA failed to comply with several fundamental aspects of the protocol."[1] This is an assessment shared by the UN Security Council which has stated that the primary cause of the crisis in Angola is the failure by the leadership of UNITA to comply with its obligations under the Lusaka Protocol.

Since the Angolan government is internationally recognised and not under any sanctions, firms may legally operate in Angola, but how?

The dilemma facing companies in Angola is common in developing countries facing insurgencies or war. To do business in a state-controlled area, such as in oil or diamond exploration, corporations need good relations with the government of the day. But much of the hard currency which multinationals help the government to obtain goes to arms procurement, the war effort, and can feed corruption. On the other hand, without the ability to buy weaponry and defend itself the government cannot end the war. Internationally UNITA is not regarded as a credible negotiator, lacks popular support, and has a grotesque human rights record. However, the government also exhibits major shortcomings: it is marginally democratic; continues to commit widespread and systematic human rights violations through the military and national police; large amounts of the state's wealth is squandered; and fraud and mismanagement are endemic. The international

community and major multinationals may have come to regard the MPLA as being in the 'right' but Angola's government has fallen short of properly governing the state and its citizens. In its 1998 Angola Country Report on Human Rights, the US Department of State observed that "citizens [of Angola] have no effective means to change their government," and that "corruption and mismanagement are pervasive in the public sector and widespread in the private sector."[2]

It is therefore important to look into the role that corporations play in Angola, how they help and where they may harm, and to what extent they can improve the situation. This will be done with regard to the oil, diamond, and banking sectors.

Corporate ethics

In order to construct an ethical framework, it is important to assess what it means to be a responsible business, within or outside Angola. This discussion will identify obligations that corporations should have above and beyond commerce, since multinationals are vital members of the societies in which they operate. The foreign corporate presence in Angola is especially significant since only a handful of major multinationals drive the economy and safeguard the government from military defeat.

Multinationals are influential drivers of globalisation, having become a source of employment, products, and technology in many countries. Through taxes and fees they add hard currency to local economies, broaden them by creating new industrial presences, and enhance the domestic labour's skill base by introducing new production techniques. They also bring with them a link to their home countries, offering a glimpse of corporate governance often quite different from that of their host and serving as a positive example. Undoubtedly multinationals in Angola provide the industrial means for large and ongoing extractive operations, such as the ability to exploit deepwater petroleum assets and kimberlite diamond reserves, otherwise far beyond the country's reach due to capital and technological constraints.

The field of corporate ethics has evolved to include the overall impact of business on society as a whole. Where companies create an exemplary work environment, free from discrimination, with fair wages, and promote environmental protection, they operate responsibly. But additional considerations may be necessary in determining the wider impact of a company's operations. True social responsibility requires a greater consciousness in providing holistic and beneficial corporate and social engagement.

Formerly, ethical considerations were confined to the conduct of employees, defining their behaviour in accordance with national law. Such issues included the use of company assets, conflicts of interest, fair labour standards, as well as other areas related to the work environment. With increased awareness and significant social pressure, as well as notable cases of corporate misconduct, discourse on business ethics has expanded to cover the overall role of corporations within the societies in which they operate. This heightened attention to the roles

and responsibilities of business continues to grow, driven by a much more powerful and active media that exposes specific corporate practices, a more intense sense of social responsibility amongst the consumer public, an active civil society that includes vocal environmental and human rights communities, and the wide dissemination of information. The result is a raised public awareness and focus on social issues, beyond narrow business considerations.

The trend in corporate responsibility has often appeared to follow a step pattern. Corporations tend to maintain the status quo until an event prompts change. This may even be big enough to induce change in an entire industry. Royal Dutch Shell faced public outrage in 1995 when the Nigerian government executed Ken Saro Wiwa, an Ogoni activist, and the events shook the massive oil industry. The scandal surrounding working conditions in Nike's Asian suppliers led to changes in the garment industry. In both instances NGO's and pressure groups played an important role by either identifying injustices and pushing corporations toward greater accountability, or seeking to publish and increase the public knowledge and sense of outrage. Each event served to jump-start change either in reaction to consumer protest, the anticipation thereof, or pressure from other quarters such as governments or activist groups. Generally, once multinationals are directly and negatively affected by an incident, their reaction is quite vigorous.

But change is not only induced by external pressure. Companies have often progressed from simply 'conducting business within the law' to doing business that reflects the values underlying their business success or social context. Legal requirements are also becoming more stringent and cover a much wider scope, forcing multinationals to operate in increasingly uniform methods throughout the world, based upon regulations and norms of their home countries. Laws also change and today's practices may not be permissible in the future. This is the kind of predicament facing many US companies, which find themselves being forced to clean up environmental contaminants discharged or dumped legally in the past. The result is protracted and damaging legal disputes initiated by the government and affected communities.

The corporation is responsible first and foremost to the law. Some would argue that this is as far as a corporation must go. Milton Friedman argued in the 1960s that within the law "there is one and only one social responsibility of business – to increase its profits."[3] Today this is more a benchmark reflecting subsequent progress than a commonly shared view. No international business leader would publicly profess these views today. In reality the law serves as a minimum code of conduct. A responsible corporation like a responsible individual seeks to follow both the letter and the spirit of the law, but beyond this, the notion of responsibility is difficult to define. Ultimately the corporation's responsibility is a subjective notion that management must articulate based on the company's own set of values and upon those considerations that would best serve its image and profitability in the marketplace.

Notions of corporate responsibility are open to wide interpretation, but are essentially about doing 'more' than what is technically or legally required. In a

country such as Angola the law may be unjust, incomplete, or simply outdated, making compliance easy. Multinationals often argue that the laws of their country of origin or stock market listing bind them, and that the obligation is on those governments and institutions to regulate, restrict or limit their activity. A company may therefore argue that until it is told to stop it has done nothing wrong. However, from an ethical perspective if the laws do not provide justice, then a responsible corporation is obliged to do more. Companies are usually not the villains that detractors may wish to portray. Many corporations recognise the extent of their impact and push to make this positive. The result is a new type of 'social contract'[4] that includes society's expectations and rights regarding corporate operations and the obligations of the corporation toward society.

In many situations it is hard to discern what is clearly right and certainly wrong, although rules and procedures, as well as a properly defined mission, should provide a suitable framework for such decisions. When the effects of an action are uncertain the choice is more difficult. In such a situation an individual or organisation is at risk of doing something wrong inadvertently. A grey area is one in which a corporation may calculate the cost of change or of a specific course of action, and then decide that without clear evidence of wrongdoing, it will continue to operate as it had in the past. Ethical decisions are based on judgement, and it is an individual's as well as a corporation's responsibility to judge the correct course of action and then take it. Such assessments must be the guiding principle of corporate citizenship and corporate responsibility.

The desires and needs of stakeholders are widely accepted as substantial components of corporate ethics. Such recognition demonstrates a move away from the notion that shareholders and stakeholders are one and the same, to a broader concept of a corporation's place in society and a distinction between direct and indirect stakeholders. Direct stakeholders are those with primary business links to the company – investors, employees, trade unions, customers, suppliers, distributors, and partners. Indirect stakeholders are all others who are affected by the company's activities, including governments (local, national, and supranational), local communities, social and environmental groups, and the general public. The delineation between direct and indirect stakeholders assists in framing and quantifying the effects of involvement but is complicated by the internationalisation of trade. According to the World Bank, "[A]s a result of globalisation, stakeholders are becoming more and more geographically dispersed. Many American and British multinational corporations now face the situation where 90% of their shareholders are in the US or UK, but most of their turnover, employees, fixed assets, operations are in other countries."[5] The geographic dispersal of stakeholders, who have diverse needs and expectations, necessarily contributes to the complexity of corporate responsibility. Shareholders seek a high return on financial investment while non-investor stakeholders have more qualitative needs. Such diverse needs force corporations to continually assess their impact on all stakeholders, and devise quantitative measures of performance in serving these groups.

A broader definition of stakeholders relates back to the idea of a social contract, a relationship between each set of stakeholders and the corporation. According to the World Bank:

> "A social contract incorporates a firm's contractual legal obligations but extends beyond them to include additional expectations or responsibilities that are not (currently) mandatory. The contents of a corporation's social contract can evolve more rapidly than its legal charter, reflecting a society's changing social and cultural mores. When governed parties, such as corporations, are slow to comply with new societal values, those norms may be formulated into legally binding mandates."[6]

As the definition implies, a social contract requires an understanding of the community within which a company operates, and an orientation to the future. Companies operating in Angola, for example, need to assess non-financial future developments and the expectations of its people, to then serve as a positive influence within the country. "[F]or many civil society groups, corporate social responsibility signifies conduct that rises above the minimum required by law but still constitutes a corporate duty to act rather than a more optional norm or charitable 'good deed.'"[7]

Corporate social responsibility is not charity, an activity separate from the company's business. In the past corporations measured their good deeds in terms of philanthropy, but contemporary measures involve conducting business in an ethical manner, with charity as an added extra. Instead, social responsibility entails a dual bottom line, profit and positive impact. A firm that strives for such a double return tries to achieve business success and also social good. Social responsibility does not have to be entirely altruistic, for there are opportunities in doing good that positively affect the first bottom line, such as increased employee pride, better relations with local communities, and a more stable, prosperous future. A results-based framework to measure the non-financial bottom line would look for contributions in areas such as social practices, economic, human and community development, as well as environmental sustainability. Human development indicators and tangible improvements in quality of life could be measured to demonstrate results. For example, a firm could possibly point to increased literacy or rising incomes in the areas where it operates as signs of positive impact.

The following sections look successively at corporate social responsibility of oil, banking and diamond sectors.

The oil sector

An overview

Oil is by far the most important industrial sector in Angola, and the only one to expand since the country's independence, accounting for approximately 90% of the country's exports, about 80% of government revenues, and over 40% of

Gross Domestic Product (GDP).[8] The country produces nearly 770 000 barrels of oil per day, and is expected to reach one million barrels per day in the near future and perhaps one-day rival Nigeria's two million barrels per day. Angola's known recoverable reserves are currently estimated at total about four billion barrels, but are expected to rise with new exploration in the deep waters off Angola's coast.[9] Although not a member of the Organisation of Petroleum Exporting Countries (OPEC), Angola is the sixth largest supplier of crude oil to the United States, accounting for seven percent of crude imports. This level is expected to increase to 10% within the next eight years.[10] Within this industry, about 15 foreign companies, including Chevron, TotalFinaElf, Texaco, BPAmoco, ExxonMobil, Occidental, Royal Dutch Shell, have invested about US $8 billion in Angola.

The recent increase in the price of oil is a very positive development for the government. It should allow the state to capture much higher rents for its petroleum reserves. World oil prices have risen sharply in the past year, recovering from a steep recession in the oil markets over the past several years. Prices have gone from around US $12 per barrel in 1998 to the upper US $20s at the beginning of 2000 and held at more than US $30 soon thereafter. Whether or not these prices will hold is questionable, but even a substantial decline would probably still imply prices at around US $20 or higher given the robust world economy. The most important contributor to continued price strength and stability is the new resolve among OPEC members to maintain their production quotas. The higher price environment has also benefited non-OPEC producers and has enabled Angola to see a much greater revenue stream from its oil sector. Increased revenue should in turn continue to provide high levels of income, as prices remain stable, and contribute to companies financing more exploration in Angola.

Multinational oil companies have scrambled to secure a stake in the potentially vast frontier areas in Angola, as discussed elsewhere in this book.[11] Oil related investments are planned to rise at a rate previously unparalleled in Angola due to the discovery of large offshore fields. The tremendous local impact of foreign petroleum corporations requires an analysis of the perceived and pragmatic relationship between oil majors and the Angolan state and citizenry.

Oil majors have been accused of complicity in the wasteful spending and embezzlement of Angola's oil wealth largely because of a lack of perceived action to correct the situation. The British NGO, Global Witness, in its recent report, entitled 'A Crude Awakening'[12], criticises the Angolan government for its handling of oil revenues, and accuses the oil companies in Angola of a lack of transparency. The group contends that the companies and foreign banks contribute to the suffering in Angola by allowing a corrupt system to function. The main contention is that the country's oil revenues are being squandered even before they are realised, through mortgaged deals. Oil is certainly used to buy arms, often as the currency itself, and the government is blamed for giving away the oil through bad deals on arms trades, and of mortgaging future oil for high interest loans.

An offshore economy

The vast majority of Angola's oil operations are offshore and out of the reach of conflict. They do not require the level of security that would be required to protect facilities and personnel on land. Elsewhere, the security arrangements of multinationals in developing countries have drawn strong criticism when government forces violate human rights on behalf of or because of an industry presence, as has been the case in Nigeria with Shell Oil, in Colombia with British Petroleum (now BPAmoco), and in Burma with Unocal. The onshore activity in the Niger Delta has created increasingly complex security issues for Shell and Chevron. Workers have been kidnapped, facilities taken over, and civilians killed by government security forces or by pipeline explosions when seeking to illegally divert oil. In one incident alone close to 1 000 people were burned to death in 1998 as they scooped fuel from a large spill near the town of Jesse.[13] In Angola, the companies' exposure is usually about 10 miles offshore in the deepwater fields, which lie beyond the range of UNITA or *Frente para a Libertação da Enclave de Cabinda* (FLEC). Onshore production accounts for just 15 000 to 25 000 of Angola's 770 000 daily barrels of oil output. Even so, the Cabinda Enclave, where most of the country's oil is produced, is protected by several thousand soldiers and a number of private security companies.

Assessing corporate responsibility in Angola

The world's major oil companies profess to promote exemplary human rights and environmental practices. Certainly the oil majors abide by the law, usually pay higher wages, promote better working conditions, and generally have better environmental standards than local companies. The larger oil companies also appear to apply uniform employment standards, although wages may differ from one country to another, as they face increased scrutiny, and sometimes accusations of exploitative practices.

The large oil multinationals have all made some effort to promote the positive contribution of their business activities to social development, especially in the developing world. BPAmoco for example has taken a leading position on human rights and the environment. The company's chief executive, Sir John Browne, delivered a number of speeches on the subject and the company is committed to cutting back its greenhouse gas emissions of CO^2 ahead of time and further than any amount being considered under the UN Convention on Climate Change's Kyoto Protocol. Shell has taken similar steps in the area of the environment, agreeing to cut CO^2 emissions well below any level possibly mandated. Both BPAmoco and Shell are seeking to demonstrate a high level of corporate commitment to ethical business practices, evident from their corporate publications in print and posted on their websites. BPAmoco states that:

> "Everywhere we work we try to contribute to the development of civil society, establishing clear ethical standards for ourselves and our contractors,

> ensuring that the whole of the local communities benefit from our presence, and bringing some positive energy to the development of the community."[14]

A recent speech by a BPAmoco director cites a new global corporate paradigm in which "it's no longer possible, if it ever was, to operate or to behave differently in one place from another" forcing the company to work toward the "highest standards . . . whatever the market".[15] BPAmoco thus accepted responsibility for creating a positive influence through honesty and transparency. Such progressive ideals have been augmented by charity with BPAmoco recently reaching an agreement with USAID to donate US $7 million in assistance to Angola to be administered through the International Committee for the Red Cross.

Chevron also envisions its positive role in Angola. The company maintains the largest operations in Angola's oil fields, and, through its joint venture partners, is responsible for nearly half of the oil exported from the country. Chevron could thus be a prime target for detractors exposing corporate misconduct in Angolan petroleum sector. The company has promoted a beneficial image of itself through the Chevron website citing involvement in Angola through the company's subsidiary, Cabinda Gulf Oil Company Limited (Cabgoc), as having "a strong bond with that country, one that has grown out of respect for land and trust in its people. 'Partners in the Community' is an often used phrase to describe this time honoured relationship with Angola."[16] Chevron has worked to implement sustainable development and social projects, and proclaims to have otherwise brought about change by serving as an example in its business practices in the diverse fields of ethics, working conditions and environmental consideration.[17] The company's charitable donations in Angola in 1998 amounted to roughly US $1,1 million, expended on schools, hospitals, medical clinics, environmental programmes, youth sports programmes, and community events.[18] Chevron further argues that "… a key element of our developing relationships in Angola is our commitment to local business development … with Angolan companies, creating jobs for Angolans."[19] However, given the size of the industry, oil is not a large employer of local labour. Nigeria's more extensive oil industry employs about 100 000 people, while in Angola the number is only about 10 000.[20]

While Chevron is listed on the US stock exchange and files publicly available financial statements to comply with the US Government's Security and Exchange Commission, gaining information on their foreign affiliates is difficult. For instance Chevron's Angola subsidiary, Cabinda Gulf Oil Company Ltd, is registered in Bermuda. The Security and Exchange Commission filings therefore groups the operations of all overseas production of the parent company, thereby obscuring the particulars of Chevron's Angolan operations.

Chevron takes a position of political neutrality when dealing with foreign governments representing a long-term view in which governments change but corporations remain.[21] BPAmoco advocates a more involved position in which the company cannot remain indifferent to the needs of communities in its areas of operations.[22] BPAmoco sees itself as an "honest broker between a government

and the international community."[23] Exactly what these statements lead to is difficult to discern. Companies such as BPAmoco and Chevron, as well as others in Angola's oil sector, must be obliged to take an active role when necessary, replacing the 'neutral' code of conduct. The role of 'broker' between the Angolan government and international community will yield few results unless multinationals are willing to bring up difficult issues such as human rights, the environment, and corruption.

Since the MPLA is not transparent, the oil companies operating in Angola must demonstrate complete transparency – both in the interests of the Angolan people and for reasons of good corporate business practice. All payments that are made to the government of Angola, including signature bonuses, royalties, taxes, and any other payments to either Sonangol or any government affiliate should be reported. Collective transparency would demonstrate a common commitment to a host of environmental, human rights and social responsibility issues.

There may be legitimate reasons why companies may choose to register themselves or affiliates in tax havens such as Bermuda. However, until such time as foreign corporations provide full details of their operations in a country such as Angola, transparency of the parent company and local affiliates cannot be attained. Another complicating factor is that Angolan citizens do not have ready access to the data available to citizens in developed countries.

Oil companies must consistently recognise that the resources of Angola do not belong to the government, but to the people, something directly stated in the country's constitution. Corporations must be mindful of the conditions in Angola, in part enabled by their presence. These could include war, a lack of transparency, corruption, a dependence on foreign investment, and a narrow economic base. Responsible companies must strive to enable positive conditions and mitigate the harmful results of their presence.

Despite possible shortcomings of corporate citizenship by the oil majors, withdrawing from Angola does not appear a realistic or a beneficial strategy. Without some corporate presence, the country's already slow pace of social development could come to a halt. Given how vital large multinational oil companies are to the economy, and how important the Angolan oil industry is for the various companies, as well as to the world markets, engagement seems the only option. However, successful 'engagement' depends upon the oil majors first engaging in bringing clearer transparency to their own paper trails, partially fulfilled by divulging details concerning corporate structure, local affiliates and payments to the host government. This process would help increase pressure on the multinationals to take a more proactive stance *vis-à-vis* their hosts and prompt them to implement their stated humanitarian ideals in a competitive corporate environment.

Given the right of companies to do business in Angola, the debate is really over what oil companies can do to push for change in transparency, corruption, and even with regard to human rights. The oil majors do praiseworthy things in Angola in the area of charity and maintaining high standards for labour. Undoubtedly they also help enable a corrupt system to exist. Their best way to combat this is to be

as transparent as possible, and to force the same on suppliers and contractors, and press the government where possible for change. Such an approach necessitates cooperation among the oil majors, and something similar to a code of conduct for the industry when doing business under these circumstances. The international community has less pressure to exert on the Angolan government when oil prices rise, making corporate engagement even more important.

The involvement of the oil majors also allows for the financing of arms deals, usually through oil backed loans. The MPLA government is the largest arms purchaser in Southern Africa, spending an estimated US $3,5 billion on weapons imports during 1993 and 1994 alone from countries such as Russia, Brazil, North Korea, Spain, Portugal, Bulgaria, the Czech Republic, Ukraine and Uzbekistan.[24] Such large arms procurement strategies are hindered by poor credit, with Angola's US $12 billion external debt, and a low level of perceived stability.[25] As the MPLA has refused to demonstrate transparency, it has been unable to attain low interest loans from the International Monetary Fund (IMF). Instead, oil revenue gained through taxes, signature bonuses, royalties, and payments to the national oil company, Sonangol, is not open to outside scrutiny and can be diverted to buy arms or lubricate corrupt procurement mechanisms. The government obviously is engaged in a protracted civil war and does need weapons, but the amount of spending and the terms of the deals seem suspect.

Recently, the three deepwater blocks awarded to BPAmoco, Elf, and ExxonMobil, commanded signature bonuses of around US $300 million each,[26] but the payments were used to service interest on loans as well as purchase weapons. The MPLA has also been forced to borrow money at above market rates, and seeks to maintain relationships with companies and individuals with capabilities in many diverse fields, including arms procurement, some of which have purportedly entered the petroleum sector as junior partners. It is difficult to discern the extent of mismanagement and the fraudulent siphoning of precious state revenue but with so much money at stake and such secretive procedures, there is sure to be substantial misallocation.

The banking sector

The banking sector plays a critical role in helping the government remain solvent, carry out its war effort and even to resist pressure from the World Bank and IMF. Banks provide the government with the ability to finance its share of the joint venture and production-sharing agreements in the oil operating blocks, and also provide short-term loans, necessary to finance the war effort. They also serve as a means for wealthy Angolans to park their money securely offshore. Banks active in Angola include Union Bank of Switzerland, Banque Paribas, Nissho Iwai of Japan, ING Barings, Citicorp, and HSBC Equator, as well as others.

Since loans are backed by oil, they are relatively secure for the foreign banks although most are short-term and charged at relatively high interest rates. A

shipment of oil will be sold to either a refiner or a broker, and the payment will be placed directly into an offshore escrow account that is subject to strict international banking laws. Repayments for loans received by the government or Sonangol are paid out of the account, thus guaranteeing that Angola does not default. The government then continues to make deliveries to maintain the required level in escrow.[27] To further ensure repayment, banks back their lending against two offshore oil trusts, Cabinda and Soyo-Palanca, which receive priority shipments, and are again subject to strict oversight. As oil prices rise, fewer deliveries need to be made to service the loans, but as prices fall, more are necessary. As a result, money does not funnel through the proper budgetary channels within the Angolan financial system, allowing the government to resist calls for increased transparency.

Loans can also be directly linked to financing capital expenditure, such as those provided by the US Export Import Bank. The structure of many oil deals, such as the one with Chevron's block in Cabinda, are joint ventures, in which each party shares in the expenses of exploration. Sonangol insists that foreign parties provide financing to cover the parastatal's costs. Since these loans are more secure, the repayment period may be six or more years. Loans that are not tied to a specific project are paid through Sonangol to the government directly. These are more risky and have repayment periods of only a few years. Interest rates reflect added risk and come in at about two percentage points above the London interbank offered rate.[28] The loans are underwritten by syndicates and include a number of banks in order to share risk.

Global Witness points out that since repayment periods are only a few years, future production is likewise mortgaged for the same period. This implies that the near-term debt should not burden the country far into the future, and perhaps with increased oil production and of course the prospect of peace, Angola can hope for future prosperity. An imperative for Angola should be a full agreement with the IMF in order to obtain low interest loans, and to possibly reschedule its debt. This can only be accomplished through an oil diagnostic survey to bring full transparency to Sonangol's financial accounts, addressing the relationship between the Central Bank, the Ministry of Finance and Sonangol, and clarifying the government's budget which does not account for 40% of its expenditures.[29] Of all multinational practices in Angola, increasing transparency in the banking sector is the most pressing since money bypasses the Central Bank or Ministry of Finance, going directly to areas outside of the formal budget.

By just abiding by the laws, foreign banks, especially US financial institutions could find themselves on the wrong side of the law. Measures are being considered by the US Congress to broaden the scope within which money in US banks would be regarded as being 'dirty'. Currently money derived or involved in drug trafficking, kidnapping and bank fraud, are among a short list of activities that face an outright ban from being deposited. Corruption may also be included in the future. The banking sector would not be directly affected in its lending, but could be affected in the deposits it receives. For example, precautionary steps

must be taken to avoid involvement in money laundering such as that of the Bank of New York's unwitting involvement in laundering about US $7 billion from Russia, some of which was from illegal sources and included loans from the IMF. With heightened awareness, bank lending to corrupt governments could also come under heavy scrutiny. With the perception of wrong doing almost as damaging as actual wrongdoing, banks may take a more cautious stance in doing business with Angola.

On a positive note, the Angolan government and the IMF recently reached agreement on an IMF Staff Monitored Programme, which could lead to a full Structural Adjustment Programme within several months. After such a period, Angola would qualify for Emergency Structural Adjustment Funding, making concessionary loans available. Also, with full IMF support, comes the possibility of bilateral and commercial debt rescheduling at the Paris Club.

Certain austerity measures have paved the way for this agreement, including the government's decision to raise oil prices by more than 1 500% on 3 February 2000, thus reducing an enormous fuel subsidy. However, this move has also caused pain to the general public as the cost of living rises. The government has also decided to let the exchange rate float, thereby doing away with a parallel market that allowed for currency speculation. Both measures show the government's intent to work with the Fund, which will assist the international lending organisation to achieve greater international involvement, including foreign aid.

The country was to have received US $1 billion in assistance through the World Bank, but the funds were held back when the peace process disintegrated in 1998 and the government did not demonstrate a clear economic reform package.[30]

The World Bank has 10 active projects in Angola totalling US $278 million administered through the International Development Association. This branch of the bank lends to countries that are eligible on the basis of three factors: the per capita income must not be greater than US $895, the countries must have a lack of readily available credit, and be relatively impoverished. To receive resources they must also meet certain performance criteria.[31] Angola, with a per capita income of only US $340, easily fits the basic criteria, but further Bank activities were suspended after the departure of the Bank's permanent representative in Angola in May 1999, due to the prevailing political and economic conditions. The World Bank has all but said that its operations will not resume until an agreement can be reached between Angola and the IMF, as has recently started in terms of the Staff Monitored Programme. The current funds are devoted primarily to infrastructure projects, with the rest supporting programmes in health, education, community development and economic management.

A resumption of International Development Association credits would be very helpful to Angola since they are specifically designed as part of the World Bank's poverty reduction efforts. The terms of the loans are advantageous, being interest free, except for a 0,75% service charge, and having a maturity period of 35 to 40 years with a 10-year grace period.[32] A resumption of new loans would help a

cash-strapped Angolan government finance social and economic upliftment, and simultaneously defer payment far into the future. This is actually more important than it sounds, as most corporate loans are tied to investment related activities, with very little government spending going to social programmes. Discounting those future repayments back to the present makes these loans virtually free money.

The diamond sector

Overview

Diamonds account for Angola's second largest industrial component. Official and unofficial production ranks the country as the fourth largest diamond producer by value after Botswana, Russia and South Africa. In 1998, both the government-licensed formal and informal markets, loosely distinguished between mining and purchasing operations, accounted for nearly US $425 million while this increased to US $577 million in 1999, according to government figures cited elsewhere in book. However, for the two years combined, the government netted under US $30 million in taxes, according to these same figures. Nevertheless, Angola's long-term prospects appear favourable owing to the country's massive known diamond reserves. The ongoing civil war has severely limited access to the country's diamonds, and caused billions of dollars in loss to UNITA, which mines and sells diamonds to fund rearmament and war. With lasting peace, this industrial sector could again contribute significantly to the country's development, providing currency as well as employment. Through a new programme, the government hopes to increase production from this sector, aiming at about two million carats annually[33], and to boost government revenue as a proportion of diamond output.

Ethical challenges

Rough purchasing licenses were suspended by the Angolan government in January 2000. Six licensed rough buying houses worked in Angola in 1999 but Dian, Codiam, Lazare Kaplan International, RDR, Matos and Jean, and Triotex, were prohibited from operating independently[34], with sales channelled instead through the new Angola Selling Corporation (Ascorp). However, prior to the recent restructuring, these companies had managed buying operations throughout the country with the possibility that some bought rough originating from UNITA. New purchasing regulations have yet to be formalised but it is likely that realities in the Lundas will change little. If the new buying operations are based upon the nuances utilised over the past few years, Ascorp's Angolan and foreign partners could be involved in an ethical breach of possibly circumventing international law against UNITA diamonds. Such ethical challenges could be averted if the government continues to license informal mining activities by the

garimpeiros, but it is unlikely that such measures could be implemented in full due to the uncertain nature of business in the diamond fields.

Diamond mining operations face ethical challenges similar to those of onshore oil operations although the nature of diamond mining is less capital intensive and demands larger amounts of semi-skilled labour. The primary challenges for mining companies pertain to fair labour practices, environmental protection, and security operations. As most mining companies operate far from fiscal authority and are necessarily adverse to divulging profits, or even annual diamond production, it is not surprising that they are also adverse to disclosing statistics on labour conditions and environmental protection.

Individual diamond mining firms have a smaller influence on the Angolan economy and government than the oil majors, but corporate citizenship is not only a concern of giant multinationals. Creating an ethical precedent rests evenly on companies of all sizes. Smaller private mining consortiums, however, face less consumer or stakeholder pressure to alter their business practices. Diamond mining companies do not sell their gems retail, but may soon. Consumers, therefore, cannot express dissatisfaction through boycotts. Unlike the direct targeting of petroleum products, consumers of gem diamonds would have to target the entire industry to push individual producers towards greater ethical practices. However, increasing vertical integration in the diamond industry between producers and retailers should enhance the ability of consumers to dictate corporate reforms. Unfortunately, mining juniors listed on alternative stock exchanges are rarely targeted by concerned consumers and usually only have their activities or listings suspended after egregious behaviour. Ironically, while oil majors promote ethical standards on their websites, some diamond mining juniors have profited from real or perceived associations with mercenary security forces that bolster investor confidence in the companies' ability to protect investments in volatile commercial terrain.

A public relations comparison: De Beers and Antwerp's HRD

De Beers and Antwerp's *Hoge Raad vir Diamante* (HRD) were both targeted by the 1998 Global Witness report 'A Rough Trade'. However, De Beers was capable of rectifying its image, while Antwerp's HRD did too little, too late. The conclusions of the United Nations 'Fowler' Report concerning these two diamond channels are:

> "...the measures taken by De Beers to ensure that it does not purchase UNITA diamonds directly or from third parties, and De Beers' subsequent withdrawal from the diamond market in Angola have made it more difficult for UNITA to sell its diamonds"[35].

> "...the Panel found that the extremely lax controls and regulations governing the Antwerp market facilitate and perhaps even encourage illegal trading activity"[36].

Here is how the two reacted to the accusations and growing popularity of the 'blood diamonds' campaign.

De Beers had in the past bought Angolan diamonds supplied by UNITA. The cartel did this to control prices, effectively regulating the supply side of the market. The company contends that it purchased the stones on the open market without any dealings with UNITA. It also contends that all buying stopped when the embargo was imposed in 1998.[37] Regardless of whether there was direct contact, De Beers is well versed on the situation in Angola, and could have taken an ethical stance prior to the legal mandate. It was only after a threat of damaging publicity and a subsequent change in global strategy, moving to a supplier of preferred choice as opposed to the only supplier that the conglomerate changed, yet did so effectively.

The De Beers announcement on 5 October 1999, that it would stop buying all Angolan diamonds, except those it was contractually obliged to purchase from the SDM joint-venture, reflects a pre-emptive and definitive move against dirty diamonds. De Beers also recently announced that it would issue written guarantees that its diamonds did not originate from African rebels, that its stones are 'rebel free.' This move came after significant criticism from private voluntary organisations such as Global Witness and a growing public awareness about the role diamonds play in funding civil conflicts in Africa.

Antwerp's response to criticism lodged by Global Witness was much later than that of De Beers. The Belgian government, the HRD and the Belgian media never really took a position on the Global Witness report, considering the issue closed. Only the Belgian Foreign Minister Derycke, at the end of his mandate, asked his EU colleagues attending the Landmine Convention in Vienna in April 1999 to pay more attention to the role of arms and diamonds in African conflicts. The HRD took no specific action and denied that UNITA diamonds passed through Antwerp in any sizeable quantities. The basic message was that any connection between war and diamonds was a matter for the African countries at stake and not Antwerp. Antwerp interpreted the De Beers ban on all Angolan diamonds as a move by the diamond monopoly to outmanoeuvre competitors.

However, by the end of 1999 when officials from the Fowler Commission began visiting Antwerp, the HRD reluctantly changed its attitude, realising that the 'dirty diamonds' issue was serious. Belgium's new coalition government, though, had not mentioned the issue of diamonds in any of its policy programmes. It was only in early 2000 when a visit by the Fowler Commission coincided with the publication of the Partnership Africa Canada report 'The Heart of the Matter' that the Belgian government and HRD realised the extent of Antwerp's international isolation. The report highlighted Antwerp's role in buying smuggled diamonds from Sierra Leone. But even then genuine action by the HRD and Belgian officials was slow in coming. It was only on 3 March 2000 that the government issued an official statement on conflict diamonds and new regulations that would be applied. A new interdepartmental task force was created, as well as a joint Angolan-Belgian information exchange programme. A previous

task force on Angola, established in late 1999, apparently hardly convened.

Antwerp's efforts to create a "transparent and watertight infrastructure", designed to confirm the origin of diamonds,[38] came too late to ward off criticism by the UN. The HRD did not act quickly enough in proclaiming its aversion to dirty diamonds and was thus criticised as being part of the problem, unlike De Beers. Eighty percent of the world's rough diamonds pass through Antwerp's Diamond Centre, where origin is hard to verify. The new measures may increase transparency in Belgium's diamond sector.[39] It has yet to be seen whether other diamond trading centres such as Israel and India will follow suit in any concrete manner.

Conclusion

Foreign corporations have an important role in Angola. However, they need to conduct their business responsibly, setting an example of good corporate practice, offering exemplary work environments and general business conduct beyond the requirement by law. In response to the issue of corruption, and the squandering of state's assets, they should use their influence to persuade the government where possible to improve its human rights record and to push for greater transparency. This is, of course, easier said than done.

Those areas within a multinational company's control are certainly their direct responsibility, but pushing a government to change is a difficult task. Yet the Angolan government's deficiencies directly impact upon the companies themselves and implicate them in corruption and the mismanagement of the country's resources. If companies object to something that involves them, they have an obligation to raise the issue with the government, and to find ways to incorporate a solution into their operations.

Corporations find themselves at an interesting inflection point in Angola. With oil prices rising, a deal with the IMF being brokered, scrutiny being brought to bear on diamond smuggling, and the government making substantial gains against UNITA, the prospects may soon turn positive. Even democracy may be given a boost with President dos Santos announcing that presidential and parliamentary elections may take place in 2001. As these developments play out, Angola will need foreign investment more than ever. With these positive developments the government will be less capable of blaming mismanagement on the war. More international attention will also bring increased pressure to bear.

Multinationals, for their part, have a significant role to play in ushering in the changes that have been long overdue. For them good corporate citizenship is not a luxury or an option, but an obligation. The multinationals in Angola need to be committed partners and have a long-term view of a stable, prosperous and just Angola. Should they fail to deliver as corporate citizens, and foreign governments fail to broker peace and prosperity, it will be up to the consumers and the broader civil society to raise awareness and enforce accountability.

Endnotes

1 US State Department *Angola Country Report on Human Rights Practices in 1998*, US Department of State, Washington, 1999, p 1.
2 Ibid.
3 M Friedman, *Capitalism and Freedom*, University of Chicago Press, Chicago, 1962, p 163.
4 T Donaldson, The Social Contract: Norms for a Corporate Conscience, in WM Hoffman & JM Moore (eds), *Business Ethics: Readings and Cases in Corporate Morality*, McGraw-Hill, New York, 1984.
5 J Nelson, *Business as Partners in Development, Creating Wealth for Countries, Companies and Communities*, The Prince of Wales Business Forum, London, 1996, p 41.
6 *World Investment Report, 1999, Foreign Direct Investment and the Challenge of Development*, The World Bank, Washington, 1999, p 348.
7 Ibid, p 349.
8 US Energy Information Administration, *Country Report: Angola*, US Energy Administration, Washington, 1999, www.eia.doe.gov, 8 March 2000.
9 Ibid.
10 US Agency for International Development Website, www.usaid.gov, 2 March 2000.
11 See the chapter by Duncan Clarke, Petroleum prospects and political power.
12 Global Witness, *A Crude Awakening: The Role of the Oil and Banking Industries in Angola's Civil War and the Plunder of State Assets*, Global Witness, London, 1999.
13 Nigeria Survey, Oil Alone Doesn't Make You Happy, *The Economist*, 15 January 2000, p 8.
14 BP-Amoco Website, www.bp-amoco.com, 8 March 2000.
15 D Rice, *Corporate Responsibility In The Market Place; Director, Policy Unit, BP Amoco speaks to the Global Public Affairs Institute*, October 7, 1999, www.bp-amoco.com, 24 February 2000.
16 Chevron Website, *The Fibres of Life, Strong Bonds are made of Strong Threads*, www.chevron.com, 5 February 2000.
17 Telephone interviews with Chevron spokesmen, 9 February 2000.
18 Chevron Annual Report of Contributions, Chevron Website www.chevron.com, 5 February 2000.
19 Chevron Website, New Angolan-Constructed Oil Platforms Unveiled, Mark Puckett, Chevron's managing director for the Southern Africa Business Unit, 30 September 1999, www.chevron.com, 5 February 2000.
20 Global Witness, *A Crude Awakening*, op cit.
21 Telephone interview with Chevron spokesmen, 9 February 2000
22 J Browne, *Corporate Responsibility in an International Context*, Speech to the Council on Foreign Relations, New York, 13 November 1997, www.bp-amoco.com, 22 January 2000.
23 BP-Amoco Website, www.bp-amoco.com, 22 January 2000.
24 Human Rights Watch Website, www.hrw.org, 6 February 2000.
25 IRIN, Integrated Regional Network, UN Office of the Co-ordination of Humanitarian Affairs, *UBS Approves US $575 Angola Oil-Backed Loan*, 21 May 1999.
26 IRIN, Integrated Regional Network, UN Office of the Co-ordination of Humanitarian Affairs, *Angola: Government Mortgages Oil Sales for Military Equipment*, 11 May 1999,

www.reliefweb.int/IRIN/sa/countrystories/angola.
27 Global Witness, *A Crude Awakening*, op cit.
28 Ibid.
29 P Hare, *U.S.-Angola Chamber of Commerce Notes from the Executive Director: The Year in Review*, US-Angola Chamber of Commerce, Washington, February 2000.
30 The World Bank Website, www.worldbank.org, 17 February 2000.
31 *The World Bank Annual Report, 1999*, The World Bank Group, Washington, 2000.
32 Ibid.
33 Government of Angola Website, www.angola.org, 25 January 2000.
34 Angola Peace Monitor, *Diamond Industry Shake-Up*, Action for Southern Africa (ACTSA), no 6, 23 February 2000.
35 *Report of the Panel of Experts established by the Security Council pursuant to resolution 1237, on violations of Security Council Sanctions against UNITA*, S/2000/203, 10 March 2000, p 96.
36 Ibid, p 87.
37 H Blaine, In the Tumult of Africa, Diamonds can be Warfare's Best Friend, *The New York Times*, 6 April 2000
38 Reuters, *Belgium Co-operate on Diamond Trade Curbs*, Brussels, 31 March 2000.
39 Ibid.

"Taking aid from the devil himself"[1]
UNITA's support structures

Jakkie Potgieter

In writing this chapter on UNITA's support structures, their evolution and operations, I am acutely aware of two facts. First, when it comes to Angola there are few solid facts, merely disputed versions of reality. Second, one can only relate to Angola, with some sort of dignity, through first hand experience. This caveat is stated here since the aim of this chapter is to understand the origins and forms that have allowed UNITA to create a sophisticated and workable supply structure that the international community is determined to stop. That this has not taken place seems to imply that the international community is either incompetent or unwilling to strive seriously towards this goal. Rather than assuming this as truth, perhaps it is better to reflect on the possible reasons why the international community has failed. To do this, it is necessary to revisit UNITA's strategy of self-reliance and contrast it with the type of basic support structures and supply lines that UNITA uses today. But this is not enough in itself. It is equally necessary to describe the myopia that prevents the international community from taking efficient action in this regard.

Unita's strategy of self-reliance 1966–1989

Understanding how UNITA's insurgency strategy shaped its development of support structures; how it operated in the past; is still operating today; and how it will keep UNITA in the bush for as long as it takes to achieve its objective; requires some basic reflection on the events that shaped that strategy.

Insurgent groups use different strategies to obtain their political objectives. The three most common insurgent strategies utilised in the developing world during the 1960's and 1970's were either derived from a Marxist-Leninist, Maoist or Cuban model. UNITA's leadership was trained in, and adopted, the Maoist strategy for its insurgency, which ascribes great importance to popular support, organisation, environment and self-reliance. It is an incremental strategy that consists of several phases, each dependent on the successful implementation of the previous phase, namely, the political organisation or terrorism phase, guerrilla warfare phase, and the mobile or conventional warfare phase.

During the political organisation phase, cells are created to build political propaganda groups to win popular support. Guerrilla units/teams are deployed to intimidate and attack selected targets. Insurgents' stress esoteric appeals, and parallel hierarchies begin to provide social services and mutual assistance programmes. The objective of this phase is to mobilise popular support and build the infrastructure for self-reliance. In the guerrilla warfare phase small units of guerrillas operate in rural areas where the terrain is rugged and government control weak. The famous dictum of this phase is "enemy advances – we retreat, enemy entrenches – we harass, enemy exhausted – we attack, enemy retreat – we pursue".[2] As guerrillas succeed in isolating the population from the government, the so-called parallel hierarchies become more and more important and valuable to the insurgents' strategy. The insurgents stress their own ideology to supplant the legitimacy of the government. The objective of this phase is to consolidate the popular support base and the infrastructure for self-reliance and weaken government influence and the security forces. Finally, the mobile-conventional warfare phase of the Maoist strategy is civil war. Guerrilla forces are regularised, and the forces of the government are confronted in mobile conventional war. At this point, the objective is to defeat the government.

Laying the foundations of self reliance: 1966 to 1976

The *União Nacional para a Independência Total de Angola* (UNITA), was established in October 1964[3], and formally constituted on 15 March 1966. UNITA initiated its war dependent on its own devices, a trend that it would develop into an art that remains its mainstay today. On 26 October 1966 UNITA's first trained guerrillas crossed the Angolan border to start a liberation war against Portuguese colonial rule. Savimbi and 'the Chinese 11', as his initial group of trained guerrillas became known, had just returned from training in China, and were starting their war based on promises of support from the Chinese government and important political functionaries in Tanzania and Zambia[4]. Their arsenal consisted of knives, pangas and a single Tokarev pistol – a gift to Jonas Savimbi from Sam Nujoma, the leader of the newly formed South West Africa People's Organisation (SWAPO). Early in 1966, rudimentary support networks had been established by Smart Chata at Muangai, a Chokwe village 250 km from the border of Zambia.

The trained guerrillas split up into two groups (of unknown size), with some going to the forested areas near Cassamba and the rest to Muangai, to start training recruits in the cells prepared by Chata.

Although training started, the promised weapons from China were not delivered because of problems transporting them across Tanzania and Zambia. Co Liang, a Chinese government representative in Dar es Salaam, who was responsible for handling UNITA's affairs, did manage to get some money through to UNITA via Cassamba. Smart Chata was sent to Zaïre to buy weapons and ammunition and he returned with ten 7,62mm FN FAL rifles and some ammunition. Although not an arsenal as such, UNITA decided to press ahead with training.

The theory of Mao's model for guerrilla warfare states that the best source of arms is from the enemy[5] and this is where they turned.

After a few clashes between Portuguese patrols and UNITA's raw recruits, the Portuguese started issuing First World War vintage Mauser rifles[6] to village chiefs to "protect themselves against the bandits"[7]. They issued 15 rifles per village chief. On average five to seven of these weapons per village in the UNITA area (some 67 chiefs) ended up in the hands of the guerrillas.[8] UNITA's first organised military attack took place on 4 December 1966, against Cassamba[9], a small timber outpost. The attack was such a disaster that UNITA would prefer to forget it. The careful teachings of Chairman Mao on conducting the insurgency[10] had been ignored.

Another UNITA group under the command of Samuel 'Mwanangola' Chivala attacked the border town of Teixeira de Sousa (Luau) on 25 December 1966.[11] Again the tactical gains were few and the losses many, and as in the attack on Cassamba the principles and teachings of Mao were not applied. The UNITA command structure discussed the events afterwards, and came to the conclusion that they would have to re-evaluate the way in which they conducted training, military operations and support structure development. It was decided that they would return to the principles of Chairman Mao[12] and it was a path from which UNITA would never again deviate. The philosophy became: "We stand for self-reliance. We hope for foreign aid but cannot be dependent on it; we depend on our own efforts, on the creative power of the whole army and the entire people."[13] The development of UNITA's insurgent strategy would be consolidated after a second visit to China.

The Teixeira de Sousa attack did, however, establish UNITA's reputation and brought much-needed African recognition and support. President Abdel Nasser of Egypt sought an urgent meeting with UNITA, and President Kenneth Kaunda and Prime Minister Mainza Chona of Zambia also promised support. The latter tied its support to three undertakings by UNITA: it would not attack the Benguela railway line (crucial for Zambian copper exports), it would staff its office in Lusaka with Zambians of Angolan extraction and it would refrain from recruiting support from Angolan exiles living in Zambia.

The Zambian authorities issued Savimbi with a Zambian travel document so that he could go abroad to seek support. In Egypt President Nasser gave money to UNITA, and promised arms and ammunition through Zambia, if Kaunda consented. From Egypt Savimbi travelled to China, where he had a planning meeting with Chairman Mao Zedong in Yunnan. The end result of the meeting was a plan to win peasant support for UNITA, and the establishment of a new base area in the hills and thick forests of the headwaters of the Lunge Bunge River. He was also informed that a shipment of weaponry and other supplies would be sent via Tanzania, where President Julius Neyrere agreed to accept them.[14] While Savimbi was in China, the 'Chinese 11' in Angola did what they were trained for – guerrilla warfare – and twice blew up the Benguela railway line. This action did not sit well with Kaunda, and Savimbi was arrested on his arrival in Lusaka. It was

only on the recommendation of President Nasser of Egypt, and the insistence of President Neyrere, that Savimbi was allowed out of Zambia and deported to Egypt. During the 16 months Savimbi spent in Egypt he established UNITA's first external mission in Cairo, and developed his strategy for building UNITA on a Maoist model.

During July 1968 Savimbi left Egypt, returned to Angola and started to build UNITA as a self-sufficient people's army. On arrival he found a rag-tag outfit of about 1 500 guerrillas with 300 rifles amongst[15] them, and no other supplies to wage war against the Portuguese. Savimbi set upon organising an armed wing, officially known as *Forças Armadas de Libertação* or FALA, with Samuel Chiwale as General Commander, and Samuel 'Kafundanga' Chingungi as Chief of staff, responsible for finding supplies. Nzau Puna was appointed Secretary General and Political Commissar for the army.

Equipment and supplies were the highest priority on the list, and UNITA embarked on a self-reliance programme that was to serve them well. Attacks were planned and executed against achievable targets that would yield maximum results in terms of hardware returns. The first of many of these attacks was launched against a convoy of four supply trucks where rifles and ammunition were the main commodity looted and the trucks destroyed. The culture of living off the land and re-supplying from the enemy was being created.

1969 brought another ugly reality to Angola. The *Movimento Popular de Libertação de Angola* (MPLA) guerrillas and UNITA guerrillas in the same areas started to fight each other.[16] The competition between the MPLA and UNITA and effective Portuguese counter-insurgency operations meant that the colonial power was well in control of Angola right up to Angolan independence, despite the 12-year-old liberation war.[17] It was the military *coup d'etat* in Portugal, that led to Angolan independence and not the military successes of any of its liberation movements.

Unlike the other Angolan liberation movements, the UNITA leadership lived in Angola. They concentrated most of their effort on the political mobilisation of the Ovimbundu people and succeeded in winning their hearts and minds. By 1974 UNITA still had a small army but was successful in garnering local support. The Armed Forces coup on 25 April 1974 in Portugal changed all of that. Widening political rifts between the three main liberation movements made the achievement of a tripartite government impossible and by mid-1975 it was obvious that a civil war was imminent. UNITA had good cause to welcome the proposed elections in October 1975, since it was probably the strongest of the political parties.[18] It was, however, out-equipped and out-gunned by both the MPLA and the *Frente Nacional de Libertação de Angola* (FNLA). Recognising the political reality of his situation, Savimbi turned to South Africa for support – a decision that would have profound impact on both his political party and his standing as an African leader. The ensuing civil war resulted in the loss of countless lives, and political disaster for UNITA.

UNITA's parallel hierarchies

According to the Maoist strategy, successful insurgencies are not built on military strength alone. Popular support for the insurgency is the life-blood of the revolution and an indispensable ingredient for its success. Guerrillas, therefore, have to develop structures that can serve the population in the absence of government agencies, in order to show the population that the insurgency serves its best interests. In the language of Maoists insurgents these structures are called 'parallel hierarchies'.[19]

Parallel hierarchies can take two forms: use of existing state administrative infrastructure through subversive individuals, or, the creation of new (sometimes clandestine) structures to take over full responsibility for their functions when the political-military situation is ripe. UNITA's 'parallel hierarchies' were created in the absence of functioning governmental and administrative infrastructure.

Despite the fact that Angola was a Portuguese colony for more than 400 years, the Portuguese had little interest in developing that country or its population. In fact the part of Angola where UNITA started to build their popular support was called the "land at the end of the world" by the colonial power, demonstrating Portugal's lack of interest in those parts of Angola where responsibility crossed the divide between profit and commitment.

From the onset, UNITA recruiters and guerrillas entering Angola were instructed to respect tribal custom and authority and to spend their energy on discrediting the Portuguese system of colonialism. In this way the movement integrated with the population, enabling them to instil their doctrine and political agenda to ensure a viable political and military organisation with a broad popular support. The UNITA doctrine espoused African-socialism, self-reliance, and a respect for tribal cultural heritage. By 1976 food production by villages in UNITA controlled areas of Angola started to develop into collective farms, and food storage facilities for guerrilla forces were established at villages throughout the operational area.

The key to survival: 1975 to 1989

When the Portuguese handed independence 'to the people of Angola' and Commodore Cardoso stole out of Luanda on the 10 November 1975, leaving the Angolans to fight it out, UNITA's political aspirations came to nought. The MPLA installed itself in power in Luanda on the following day. The civil war against the MPLA raged on until March 1976. Earlier, on 12 February 1976, UNITA had declared that it would return to the bush to continue its guerrilla war, this time against a new enemy, the MPLA.

Savimbi set off to his traditional areas of support and started to rebuild his organisation. This time the emphasis was much more on creating a sustainable 'state' within south-eastern Angola, and formalising the 'parallel hierarchies' into functional 'official' structures. Simultaneously with the creation of sustainable

structures for self-reliance, UNITA had to maintain its own security and win outside support. By June 1976 UNITA guerrillas were again engaging the government forces in ambushes, hit-and-run attacks to acquire supplies and sabotaging the Benguela railway line. By the end of 1976 UNITA had raised about US $18 million.[20] This support came mainly from Arab, Iranian and French interests. However, the bulk of UNITA's material support came from and through South Africa.

In an effort to win United States support Savimbi visited New York and Washington DC. In 1979 Savimbi was the guest of the New York based Freedom House. During press briefings in Washington, he lifted the veil on some of UNITA's support structures when he stated that UNITA was mining diamonds in Angola, and selling the diamonds to purchase commodities necessary for its war effort.[21] He also revealed financial and material support from Senegal, Gabon, Sudan, Egypt and Morocco. In November 1980 Ronald Reagan was elected president of the United States, and United States interest in Southern Africa increased. The Reagan administration's policy was that of "constructive engagement" which Chester Crocker, Assistant Secretary of State for African Affairs, summed up as follows: "The Reagan administration has no intention of destabilising South Africa in order to curry favour elsewhere. Neither will we align ourselves with apartheid policies…"[22] This provided enough room for South Africa to step up supply and support to UNITA. Military and material support flowed into UNITA, assisting the movement to establish a self-reliance structure unparalleled on the continent.

By the end of 1981 Savimbi again visited the United States to present UNITA's case and garner American political and material support. In arguing his case Savimbi skirted the issue of South African support by listing his main supporters as China, Morocco, Senegal, France, Togo and Côte d'Ivoire.[23] Although successful in charming his hosts, the visit did not yield any substantial support from the United States government, at least not immediately.

South Africa continued to supply UNITA with most of its military needs, while acting as conduit for trade in natural resources such as diamonds, ivory and timber to the outside world. Although Savimbi claimed that UNITA was paying the South African government for providing this assistance, this was a deliberate misinterpretation to justify UNITA in front of its African supporters and critics alike. South African military intelligence was, by the mid eighties, already supporting UNITA with a budget of R400 million a year (roughly US $200 million).[24] The money for supporting UNITA came out of the South African taxpayers pocket, augmented by profits made by selling ivory, hardwood and the like.

By 1984 diplomatic pressure on South Africa to resolve the 'Namibia issue' was mounting. The United States government, through Chester Crocker, eventually negotiated a schedule for South African withdrawal from Angola, and the independence of Namibia. An initial cease-fire was set for 31 March 1984. A joint military commission to monitor South Africa's withdrawal from Angola was established, and soldiers from both sides joined in patrolling southern Angola.

But, SWAPO and UNITA, the other military forces occupying the same territory, were not represented on the commission, nor were they signatories to the agreement. This led to accusations and counter accusations between South Africa and Angola of cease-fire violations, and non-adherence to the agreement. South Africa accused the Angolan government of failing to exercise control over SWAPO, and the Angolan government in turn accused South Africa of continuing support to UNITA.[25]

The whirlwind of diplomatic activity accompanied by South African and Angolan manoeuvring to serve their respective interests and objectives left UNITA without a solid outside base for support. Adding to this uncertainty was the sudden and real possibility of Namibian independence, which would cut UNITA off from its tested and secure supply routes. It would also expose the UNITA headquarters at Jamba in south-eastern Angola. The relations between UNITA and SWAPO already very bad since 1975, turned into open animosity. While threatening to disrupt the whole process with a major offensive against Luanda if they were not consulted in the process, UNITA launched the first concerted efforts to establish alternative supply lines and support structures to replace the inevitable loss of those through Namibia. Although some support for UNITA, most notably that from France and the United States was channelled through Zaïre, the connections were nowhere near as active as those from Namibia. UNITA started to develop Cazombo[26] as a larger supply base due to its location close to Zaïre and Zambia. This also gave UNITA access to the Indian Ocean via the TanZam railway line, which connected the Zambian Copperbelt with the port of Dar es Salaam.

The negotiation process between South Africa, Angola and the United States on the withdrawal of foreign forces from Angola and the independence of Namibia in terms of United Nations Security Council Resolution 435, were temporarily suspended with the killing of two South African soldiers and the capture of another in Cabinda on 22 May 1985. The soldiers were on a raid to sabotage a Gulf Oil installation – an intention that obviously angered both the United States and the Angolan governments. Negotiations ceased, and several years of careful attempts by the Reagan administration to settle the 'issue of Namibia' and ensure a withdrawal of Cuban troops from Angola, were frozen.

This created a breathing space for UNITA and South African military intelligence to work on creating future support structures for UNITA. Despite the breakdown of negotiations around Namibian independence, the Reagan administration succeeded in getting the Foreign Aid Authorisation Bill passed on 11 June 1985 which again allowed covert support to UNITA.[27] The 'Reagan Doctrine' which followed the passing of the bill, was formulated with Afghanistan, Nicaragua and Angola as key areas of implementation.[28] It took until September 1986, however, for the Reagan administration to obtain approval for covert assistance to UNITA, and until early 1987 for the official launching of the support pipeline through the air base at Kamina in Zaïre. This came just in time for UNITA, which had to engage in a desperate defence against a strong FAPLA/Cuban offensive against

Mavinga and Jamba. What UNITA achieved over the previous 10 years, with ample support from South Africa and other states, was to stand it in good stead during the last years of the Cold War and the years of respite under the umbrella of the United Nations in Angola.

Long-term self reliance

During this period, UNITA succeeded in establishing a sophisticated socio-economic infrastructure that effectively amounted to a state within a state. This socio-economic infrastructure was to serve UNITA well, both in times of success and adversity. According to available information, UNITA established 22 secondary schools in the areas they occupied, almost 700 primary schools, with 7 127 teachers and 224 811 students.[29] Dozens of UNITA students were sent abroad to study at universities in the USA, Britain, Portugal, France and Switzerland amongst others. The main focus of the education programme abroad was medical, engineering and agricultural skills, necessary to ensure UNITA's self-reliance and development of parallel hierarchies to sustain its insurgency. Agricultural education and production was probably the most important focus area for UNITA during the eighties and early nineties. In order to sustain its support base and its army UNITA needed to produce enough food and other natural resources. Large crops of irrigated maize, vegetables and protein were undertaken by centrally managed collective farms. By the middle nineties UNITA was operating 53 of these collective farms, totalling some 25 000 hectares.[30] The collective farms took on the characteristics of 'protected hamlets' where populations were moved out of combat zones, and worked together with local populations on the farms. Food production was distributed to the population and large quantities were distributed to the army. Surplus food was stored in underground storage sites for use during the off season.[31]

Students sent to study medicine abroad started to return to Angola from 1985 onwards and enabled UNITA to develop a basic health service to serve the local population and the army. A total of six hospitals were built in south-central Angola and 189 clinics were established to serve the population with basic medical services. Although these facilities were staffed by approximately 2 500 persons, they were under-qualified, and under-stocked. By the late nineties the medical centres lacked pharmaceuticals, equipment and antibiotics. Although not as successful as the agricultural programme to enhance UNITA's self-reliance, they did provide a stopgap service.

Logistical support bases, enhanced with technical support and other engineering capabilities further strengthened UNITA's self-reliance concept. By the middle nineties UNITA's main logistical facility, established at Luenge, incorporated workshops, equipped with the necessary lathes, tools, compressors and electricity generators to repair and service most of UNITA's main equipment and weaponry. Here, captured weaponry was refurbished or cannibalised for spares, vehicles kept operational and basic agricultural tools such as axes and shovels

manufactured from scrap. Apart from serving as one of the main connection points to the outside world, Luenge also incorporates storage facilities for ammunition, fuel, oil, lubricants, commodities and food. By the late nineties this had been supplemented by about 30 smaller logistical bases throughout Angola, that kept the army fighting and supplied. The main facilities moved with the front-line, and some of these facilities, since the government's 1998 offensive, have been moved to other areas.

The extent of the problem: an example of supply

How is it possible to relate the impressive capacity of UNITA to adapt its strategy of self-reliance to its present supply structures? Although the very sophistication with which UNITA manages to keep these structures open makes them difficult to detect, a few examples should demonstrate the magnitude of the problem, while also serving to reflect the evolution of UNITA's strategy of self-reliance in the post Cold War environment.

Following the signing of the Lusaka Protocol of 1994, UNITA used the respite provided by the United Nations Angola Verification Mission (UNAVEM) III peacekeeping operation to recover from the losses suffered in the period of intense fighting immediately after Savimbi's rejection of the Angolan election results of 1992. By the middle of 1998, despite the scrutiny of the United Nations, UNITA had again succeeded in regenerating its war machine – this time without massive support from either the South Africans or United States. The sophistication of the equipment and the amounts available to UNITA surpassed all previous estimates. UNITA mobile conventional units attacked Cuito and Huambo simultaneously in December 1998 in response to increasing operational pressure from the *Forças Armadas Angolanas* (FAA). Equipped with armoured fighting vehicles, long-range artillery and the latest guided anti-tank missiles, it surprised the Angolan armed forces and the international community alike. Not only had UNITA failed to surrender a significant portion of its existing weaponry over the four years from 1994, but had undertaken a multimillion-dollar re-armament programme in defiance of United Nations sanctions.

This had to be one of Africa's largest ever sanctions circumvention operations, based on a very successful strategy of deception and self-reliance. How was it possible that rearmament of such proportions could have taken place with United Nations scrutiny in place, under the conditions of sanctions and with intelligence agencies of many interested parties focused on the Angolan situation?

UNITA's ability to build a conventional army, capable of challenging the already impressive FAA, came at a time when the arms market was awash with former Soviet bloc weaponry. The end of the Cold War brought a surplus of new stocks of arms and ammunition to international markets since much had become redundant with the peace in Europe. Strapped for cash, emerging weak states in Eastern Europe and the former Soviet Union were only too pleased to obtain

some return for these stocks, now surplus to their own security needs. Rather than destroy and convert their materiel and military industrial complex, they commercialised it. Two other factors also came into play: the wish of most of these newly emerging states to join the North Atlantic Treaty Organisation (NATO), meant that they also had to adopt NATO standard equipment and calibres. Secondly, large criminal networks emerged in the wake of the collapse of the Soviet state. These networks joined the formal and informal economies being created in the new countries and had easy access to accumulated weapons and the means to transport them to client's across the world. This phenomenon was adequately supported by a wide array of unscrupulous European and African traders, corruption and bribery at different governmental levels, shady intermediaries and unregulated transport companies. The plethora of options and diversity of routes which emerged enabled UNITA to source the range of military supplies it wanted and to bring them to its different areas of control, avoiding overreliance on any one source or route. The activities of financial institutions and front companies, used to fund the purchase of equipment and supplies broadly followed the same methods and routes as those involved in the existing supply structures. UNITA is alleged to hold accounts with a range of major European and African based banks, including some in Switzerland, Portugal, the Channel Islands, Côte d'Ivoire, South Africa and Morocco.

The roles fulfilled by regional states in these circumvention operations have been threefold: as suppliers, transit points and service providers. Some states provide official support, or at least complicity in these operations, driven by political allegiances to UNITA, regional strategic alliances and for commercial advantage. In other cases, these activities occur in spite of some governments' best efforts to prevent them.

Zaïre became the main transit point for UNITA commodities after the independence of Namibia. Logistical infrastructure situated close to the Namibian border was re-located to other centres in north-eastern Angola to facilitate the delivery of supplies. In May 1997, Mobutu's corrupt regime was overthrown by an armed rebellion with the direct military support of at least Rwanda, Burundi, Uganda and Angola. UNITA reacted swiftly to the demise of one of its staunchest supporters and moved its *entrepot* to Pointe Noire in the neighbouring Republic of Congo. The President of the Congo, Pascal Lissouba, another long time supporter of UNITA, was shortly afterwards faced with an armed insurrection, under the leadership of the previous president Denis Sassou-Nguesso, who eventually ousted him with the direct assistance of FAA. Angola's 'coercive foreign policy' took no chances when it came to UNITA support structures. This is a recent trend, which is creating animosity in the region and is probably contributing to the current reluctance to move beyond mere talk about support for sanctions against UNITA.

After the demise of the Lissouba regime, UNITA supply structures started to use facilities in Uganda and Rwanda, while the longstanding complicity of government and/or individuals in Burkina Faso, Togo, Côte d'Ivoire, Zambia,

Tanzania, Botswana, Swaziland and South Africa assisted in rejuvenating these associations. There are many examples of this phenomenon, some of which have been discussed in detail in recent studies by NGOs and the international community alike. The extent of UNITA supply lines through Africa is clearly illustrated in the Report of the Panel of Experts on Violations of Security Council Sanctions against UNITA Security Council Document S/2000/203 dated 10 March 2000. The extensive roles played by the former Zaïre[32], Burkina Faso[33], Republic of Congo[34], Rwanda[35], Uganda, Togo[36] and South Africa[37] are dealt with accurately. The one country from which UNITA is clearly receiving major assistance, but which continues to evade detailed attention, including that of the Panel of Experts, is Zambia. To illustrate the point, it is important to refer to a typical supply line 'under cover', the controversial 'Zambian connection'.

UNITA's insurgency against the Portuguese started from Zambia in 1966. The first few years of the relationship were turbulent as discussed earlier, because of UNITA's sabotaging of the Benguela railway line. The relationship however improved over time and, by the late eighties, extensive links and supply structures emerged in Zambia to sell UNITA diamonds and to provide the supplies needed for its insurgency. How close UNITA supply structures operate to the Zambian government is an open question. Firm denial from the Zambian government accompanies every press report relating to this issue. However field research and independent monitoring reports indicate that the coincidences are just too close to be comfortable.

In late January 1999 the Angolan government started to release several names of Zambian high officials and influential businessmen, allegedly connected with UNITA supply structures in Zambia. The independent Zambian newspaper *The Post* wrote on 16 February 1999[38] that the son of the Zambian president, Tito Chiluba, conspired with Zambian Vice–President Christo Tembo, Energy Minister Ben Mwila and former Trade and Industry Minister Enoch Kavindele to sell arms and fuel supplies to UNITA. This was not the first claim of the involvement of some of these officials in UNITA supply operations. In 1997, allegations that senior Zambian officials were involved in supplying UNITA with arms and fuel led to the removal of Mwila from his post as Minister of Defence (and re-appointed to the junior post of Minister of Energy). Mwila's business associate Zambian Air Force general Ronnie Shikapwasya[39] was forced to retire.

Ben Mwila is the uncle of President Chiluba[40], and a relative of General 'Smart' Chata of UNITA.[41] Despite his already busy schedule as Environment Minister, he is also an active businessman who owned 58 companies until October 1999 when he suffered a "slight set-back" and lost 30 companies because of a share holding dispute. Some of the more notable companies in which Mwila owns the majority shares are Chibote Limited, Chibote Meat Corporation, Mazembe Tractor Company, Minestone Zambia, ITM International and Oakvale Limited, registered in the British Virgin Islands.[42] Zambian Independent Monitoring Team official, Alfred Zulu, said that Tembo and Mwila's involvement in supplying UNITA "is with the full knowledge of the government

and the intelligence services".[43] Whatever the evidence and allegations against him, Mwila managed to survive in a ministerial post of some sort until his public attacks on President Chiluba led to his recent dismissal. Whether his evident ambition to become the President of Zambia will be realised is a matter for conjecture.

During early 1999 the relations between Angola and Zambia became extremely tense over the latter's role as a conduit for UNITA, to the extent that the Angolan government planned to plant bombs in Lusaka. The operation literally blew up in their faces when, on 28 February 1999, an explosive device went off on the second floor of the Angolan embassy in Luanda. According to media reports the device detonated while it was being prepared for use. In April 1999, Swaziland helped to mediate a Memorandum of Understanding between the two sides. While this calmed the situation for a while, allegations have persisted that Zambia is still being used to smuggle arms and supplies to UNITA in contravention of sanctions.

The strategic importance of the Zambian connection increased after the Angolan army successfully drove UNITA away from its positions along the Namibian border – which had provided another channel for supplies, such as fuel, food and medicines. The earlier shift in *entrepot* for arms supply from the former Zaïre to Zambia was matched by the sourcing of fuel supplies. The refinery at Ndola in the Copperbelt was cited in numerous reports as providing the bulk of UNITA's fuel, despite denials by the Zambian government. A fire destroyed the refinery in the second half of 1999 and Zambia was suddenly short of fuel. One cannot but wonder if the fuel shortage UNITA suffered during the defence of Bailundo and Andulo at the end of 1999 was connected to the same problem. Perhaps this was another coincidence.

On 17 February 2000, during a debate in Westminster, the UK's Foreign Minister of State for Africa, Peter Hain, named five people, and accused others in high positions in several countries, of aiding UNITA. The Minister stated that: "In some countries, including Zambia, Uganda and Rwanda, people in high positions are busting sanctions. It is imperative that those countries' governments crack down on them immediately... Jan Joubert organises the supply of fuel to UNITA. Until recently, aircraft carrying the fuel flew from Gaberone to Andulo while pretending to fly to Francistown in eastern Botswana. Dennis Coghlan, an Irishman resident in Botswana, owns a warehouse in Gaberone that is used to store fuel and other supplies for UNITA until they can be flown into UNITA-held territory."

These examples demonstrate the importance of UNITA's supply structures and, by addressing this, the international community can help Angola. By understanding the true nature of the operations and structures that are in place some solutions can be found, but not all. There is an equal need to turn our attention to the international community itself and its inability to cope with this situation. What the international community urgently needs is a change in context and focus when analysing the UNITA equation today.

Putting the problem in context

Internationally, the Angolan conflict is still regarded as part of the Cold War, where East met West on the battlefield through proxies, and where apartheid South Africa flexed its military muscle in order to contain the spread of communism and defy black nationalism. Nevertheless, although the origins of the Angolan conflict reflect this analysis to some degree, the analytical frameworks of that era are no longer useful to judge or resolve the situation.

The major difficulty in analysing and understanding the Angolan civil war is that we continue to compare UNITA's insurgency with liberation wars of the past. Many features of this insurgency, as we encounter it today, owe a great deal to past experience, particularly in terms of the military operations and weapons employed. The resultant doctrine has its roots in the long history and development of guerrilla warfare, the fusion of political and military activity into a distinctive insurgency strategy within the rhetoric of the Cold War. But present reality is different. Gone are the ideological walls that divided Angola into proxies of the East or West, the oppression of colonialism that fuelled the liberation war up to 1975 and the ism's that governed responses to Angola's birth as an independent nation. With their passing, other factors have come to light such as greed, ethnic politics and corruption that provide a fertile landscape in which the civil war continues to flourish.

The evolution of UNITA's insurgency against the Angolan government has been driven and influenced by global and local factors that impact directly on how UNITA deploys its strategy and support structures. These factors relate to the post-Cold war environment; the modalities in which the United Nations operates in this environment; the manner in which the insurgency is financed; and the dynamics of the Angolan arms race. The most obvious factor is the demise of the Cold War with its clear-cut ideologies. This dried up the normal assistance, supplies, training, inspiration, and ideological unity, which sustained the insurgency during the Cold War. In a way, all support was easily explained and sourced when looked at from the Cold War perspective. And yet, the end of that turbulent era did not bring a manifestly changed situation where UNITA would now be de-linked from that support structure. A different, less recognisable structure is still empowering UNITA's operations and allowing it to survive and thrive while the source and motives of outside support are more complex.

The revitalisation of the United Nations after the Cold War assisted the insurgency in a perverse way. At the height of the Cold War, the insurgency tended to be a win or lose proposition. But with United Nations activism in settling the internal conflict in Angola, both UNITA and the MPLA exploited the United Nations mediated peace for their own gain. The belligerents used the relative calm of the consecutive peace agreements to re-arm and re-supply so that they could continue the war, when the perceived gains of peace fell below their own political and material expectations.

This period of time is crucial in understanding the development of UNITA's outside support structures. During UNAVEM II UNITA had to develop support structures to replace past direct support from South Africa, covert support from the United States and officially-sanctioned support from other parts of the world. An independent Namibia made Jamba – the so-called 'Capital of Free Angola' – a less viable proposition as UNITA's headquarters and main supply centre. During the UNAVEM II operation, this infrastructure had to be relocated closer to other allies, such as [then] Zaïre. The consolidation of this relocation and the establishment of commercially based support structures continued throughout UNAVEM III. When the United Nations left Angola in 1998, these two critical measures had been concluded and UNITA was ready to commence with mobile war.

The growing economic cost of the insurgency is also an important factor. With the decline of outside patrons as suppliers, UNITA was forced to purchase arms and other supplies that were previously obtained at minimal or no cost. To do this, they developed other funding strategies and mechanisms to convert resources into cash. Nevertheless, it is important to note that some of the infrastructure in place to dispose of UNITA's hardwood, diamonds, and so on, for hard currency, is also used to obtain other commodities such as fuel, medicine and spare parts.

After nearly three decades of dealing with UNITA's insurgency, the government's pressure on UNITA has consistently increased. The government's skilful management of information, its well designed public relations programmes and the physical removal of UNITA supporters from power in neighbouring countries – such as the former Zaïre and the Republic of Congo – has narrowed UNITA's options and constrained its freedom of action to a significant extent. On the other hand, it has turned UNITA into a master of disguise, camouflaging its suppliers and supply structures to the extent that sanctions and international scrutiny have proven incapable of isolating it from outside assistance.

Militarily, however, the Angolan armed forces seem incapable of learning from the past. Fighting an insurgency with conventional forces has never succeeded, yet the Angolan government is bent on providing its generals with the best equipment available and in abundance. Ironically this gives UNITA the incentive to match the Angolan arsenal, generating an internal arms race. The government should instead school its generals in counterinsurgency strategy, provide adequate equipment to this end, and use the millions of dollars with which they buy conventional arms to improve the socio-economic conditions of the population, who lie at the heart of every insurgency.

These factors go some way in explaining the context in which UNITA sustains its supply lines. The international community should not only look at UNITA activity from the point of view of the past or concentrate its analysis within old parameters when it tries to understand external support. In other words, it must change the context in which it looks at the problem. Nevertheless, this is not enough. Another problem with international analysis of this situation has more to do with focus than with context.

Putting the problem in focus

Until recently the international community placed most of its attention and action on weapons and ammunition supplies to UNITA, and rightly so. Without these tools of violence UNITA would not be able to conduct its insurgency. In the last three to five years that focus has broadened to include other commodities such as fuel, spare parts and, more importantly, the resources UNITA uses to acquire war material. But, given the constraints of international politics, which by default favour government, the new, broader focus needs to look at the reality within and outside of Angola, and that take into account both formal and informal structures in place to allow UNITA to continue its operations.

Most of the weaponry and ammunition used by UNITA is suited for guerrilla warfare, which is portable, easy to maintain, and easy to replenish. Although UNITA possesses conventional weapons such as tanks, armoured personnel carriers and artillery most of its forces are equipped and armed for a guerrilla war. This enables one planeload of weapons and ammunition to go a long way in terms of engaging and keeping a much larger and better equipped conventional force occupied beyond what simple numbers and standards normally suggest. An analysis of the dynamics of the arms supply, in this case, should also consider the re-circulation of used arms and captured weapons.

The Cold War battlefields in Africa have been the dumping grounds for literally millions of weapons suitable for use in guerrilla warfare. Existing stocks are circulating from conflict area to conflict area, more often than not under the control of non-state actors rather than governments. Therefore it follows that arms and ammunition invariably end up with those needing them. UNITA has been the recipient of some of these stocks in the past, and will be in the future. Codes of conduct, sanctions, marking and all other measures currently under debate, will have a positive effect on the future control over the flow of small arms and light weapons, but not at present. For most current conflicts, including the civil war in Angola, these will be 30 years too late.

Stocks captured on the battlefield in Angola are rarely considered by the international community as a reason for UNITA's continued survival, but they are an important source of war materiel that is difficult to control from the outside. Therefore, as long as the FAA is allowed uncontrolled arms purchases with its so far unaccounted income from oil, this internal source of arms for UNITA will remain a welcome bonus.

A change of focus would point to a set of more realistic control options. These could include border and airspace control; the building of adequate capacity within the armed forces and police in the region to deal with counter-insurgency operations and illicit trafficking of commodities, the training of custom officials; legislative control and regulation on brokering and shipping activities; and the collection and destruction programmes for surplus and seized weapons. Measures aimed at controlling the flow of existing stocks and reducing the

number of 'ownerless' weapons and ammunition on the continent are critical if UNITA is to be stifled.

As with any other army or guerrilla force, UNITA can not wage war with weapons alone. However basic their force might be (and there is enough evidence to the contrary) UNITA needs a steady supply of other commodities such as fuel, lubricants, spare parts, medical supplies, some foodstuffs, batteries and tyres. Solutions should not just look at arms embargoes but also the placing of controls on the system itself that supplies UNITA with all basic commodities. A shift in focus that allows for this broader system of control is urgently needed but regional realities make this a daunting prospect.

No one country in the region can afford, or has the resources at its disposal, to regulate and control trading commodities. Besides, the whole object of trade is to create jobs, earn foreign currency and make a profit, and the international and regional trend is to allow free trade where possible. Free trade is not, however, unregulated trade. This makes it possible for UNITA to buy what they need for their insurgency on the open market, and sustain themselves for as long as they can 'pay' for these commodities. For example: a dry-cell battery manufacturer in South Africa receives an order for 10 000 batteries from an import agent in Zambia. The batteries are paid for by the importer, and delivered to a warehouse in Lusaka. As far as the manufacturer and the South African and Zambian governments are concerned the transaction is legal. If, six months down the line, 5 000 of these batteries find their way into UNITA's stockpile, it is going to be difficult to relate it back to the manufacturer or the importer, and impossible to control.

The same regional principle is valid for Angola itself. Commodities such as fuel are available inside Angola and are purchased by UNITA from Angolan suppliers, including the Angolan state oil company Sonangol. And, as discussed elsewhere in this book, many of UNITA's resources are converted into cash inside Angola. By focussing on the dynamics, one can see that the key to the solution of the UNITA problem also lies within Angola. The road to that solution can be shortened and straightened through the combined effort of the region, and the international community.

The international community needs to analyse UNITA's support structures if it is to develop viable policy options to constrain its activities. Nevertheless, as long as they do so with the assumption that all states in the region are functional, with competent law enforcement agencies, and with inherently sound policy and law generating institutions, operated by inherently honest government officials, they will not obtain the desired results. By accepting the basic truth that states in the region, most particularly Angola, do not operate under these tenets, the international community will finally strengthen the quality of its analysis and decide on viable policy options for action.

Conclusion

Whatever the view from New York, UNITA is not a simplistic organisation. Since its conception UNITA deliberately developed the infrastructure to ensure its own survival and support: a comprehensive socio-economic structure that feeds, educates, treats and supports a standing Army of 15 000 to 20 000 regular soldiers, probably as many guerrillas, and close to two million people. Likewise, much of the UNITA's insurgency is largely sustainable from inside Angola. The available information tends to indicate that UNITA is able to sustain its army and popular support base in terms of food and other basic services without much outside support.

Although 80% of the solution to the UNITA problem lies within Angola, and among Angolans, the Southern African Development Community (SADC) region will have to assist the Angolan people to end the war. Extra effort on known porous borders, known problem airfields, and control of neighbouring airspace, will minimise seepage of critical commodities through to UNITA. This being said, such an effort is beyond the capacities of the region and would require a substantive effort by the international community.

The FAA has succeeded in pushing UNITA back from the mobile warfare phase they embarked upon in 1998 to the guerrilla warfare phase of their insurgency. The Angolan government should speedily follow-up on the FAA's success to ensure that it establishes government and social services in the liberated areas. If it responds with the usual reprisals against the population, reluctance to commit resources, and fails to consolidate its position in society as a credible government, FAA is going to fight the same battles again in a year's time.

Whatever is done by the Angolan government and the region, must be undertaken speedily because, in a perverse way, pushing UNITA back to its familiarity with guerrilla warfare, not only allows it to operate from a position of strength but will make it even more difficult to counter. Instead of spending billions of dollars on tanks and other conventional equipment, it might be better for the Angolan government to put its military resources into a properly constructed and supported counter insurgency strategy.

Similarly, the international community must take urgent action. Given the challenges UNITA faces in terms of the environment, its lack of infrastructure and a seemingly hostile sub-region, there seems to be an urgent need to reassess the situation by changing the context and the focus in terms of the way solutions are presented.

UNITA has proven to be a master at adapting to changing circumstances. It is important that as control mechanisms over structures and existing operations are put in place, consideration should also be given to preventing the development of alternatives. This cannot occur without a thorough understanding of UNITA's strategy of self-reliance and its more modern evolution.

If these considerations are taken care of, the Angolan government, the region and the international community at large would learn to judge UNITA for what it is and not for what they want it to be. UNITA is an organised and efficient

insurgent movement and must be treated as such. Only then will the Angolan government, the region and the international community be able to restore peace in Angola. The Southern African region owes it to the Angolan population to at least give it a try. And, if we are serious enough about it, to create the circumstances for the Angolan population to also decide on their own political future, free from the current tyrannies of oppression, corruption and civil war.

Endnotes

1 "That people fighting for their independence will take aid from wherever they can find it is clear. To win our independence we should even take aid, as they say, from the devil himself" Agostinho Neto, in a broadcast, August 1969. D Basil, *In the eye of the Storm: Angola's People*, Penguin, 1999, p 290.
2 Mao Zedong, The Present Situation and Our Tasks, *Selected Military Writings*, 2nd ed, 25 December 1947.
3 F Bridgeland, *Jonas Savimbi a Key to Africa*, Macmillan, Braamfontein, 1986, p 66.
4 Savimbi's close friends in both Tanzania (Foreign Minister Oscar Kambona, Planning minister Abdulrahman Babu and then junior minister Benjamin Mkapa) and Zambia (Rupia Banda) will influence the fortunes of UNITA for many years of its existence. Their support was vital for UNITA's survival in the early years.
5 "Replenish our strength with all the arms and most of the personnel captured from the enemy. Our army's main sources of manpower and materiel are at the front." Mao Zedong, The Present Situation and Our Tasks, *Selected Military Writings*, 2nd ed, 25 December 1947, pp 49–50
6 6,5mm Mod 1904 Mauser-Veruegeiro. Some were converted to 7,92mm during the 1930's, and it was not possible to determine if the ones issued to the village chiefs were of the original calibre or converted calibre.
7 Bridgeland, op cit, p 71.
8 Interview with a former South African Liaison Officer to UNITA, Pretoria, 25 April 2000.
9 J Marcum, *The Angolan Revolution, Volume II: Exile politics and Guerrilla Warfare (1962 – 1976)*, MIT Press, Cambridge, 1978, p 212.
10 Mao Zedong, The Present Situation and Our Tasks, op cit.
11 Ibid.
12 Bridgeland, op cit, p 94.
13 Mao Zedong from: We Must Learn to Do Economic Work, 10 January 1945, *Selected Works*,vol III, p 241.
14 Bridgeland, op cit, p 75.
15 Ibid
16 Marcum, op cit, p 429.
17 The MPLA is accredited with the organisation of the first militant action against the Portuguese with an attack by Africans form the Luanda slums on a police patrol, the Sao Paulo prison, the military detention barracks, a police station and the local radio that took place on the 4th of Feb 1961. The attackers were armed with clubs and knives, and the suicidal mission cost them 40 dead. In the ensuing reprisals by the Portuguese 3 000 Angolans are believed to have died. The UPA launched the opening

of the guerrilla war in the rural areas with attacks on the 15th of March 1961. 250 – 400 Portuguese citizens were killed within the first two days of the attacks, and almost 750 within the first three months. By October 1961, an estimated 20 000 Angolans died because of military action by the Portuguese. The majority of these were non-combatants. (Although contemporary claims put the figure of non-combatant casualties on 50 000, it is difficult to establish a true figure.)

18 "Portuguese official here conceded that the MPLA, once thought to be by far the most important of the liberation movements, is not so well supported as they thought. Western diplomats, for the most part, predicted that UNITA would win 35 to 45 percent of the vote, the MPLA 25 to 35 percent, and the FNLA 15 to 25 percent." J Borrell, *The Observer*, 7 December 1974.

19 O'Neill, op cit, pp 12–13.

20 WM James, *A political History of the Civil War in Angola, 1974 – 1990*, Transaction Publishers, New Brunswick, 1992, p 146.

21 C Gershman, Jonas Savimbi's War for a free Angola is not Lost, *New York Times*, 18 December 1979.

22 CA Crocker, South Africa: Strategy for Change, *Foreign Affairs*, Winter 1980/81, pp 323–351.

23 China denied any support to UNITA after Savimbi's allegations. Gong Dafei, Vice-minister for African affairs was quoted by Collin Legum to have said " If Savimbi said we help him, that is for reasons of his own propaganda", *Africa Report*, March – April 1983, p 22.

24 J Breytenbach, *Edens Exiles: One soldiers fight for Paradise*, Queillerie Publishers, Cape Town, 1997, p 247.

25 ANGOP, 15 June 1984.

26 Interview with a former South African Liaison Officer to UNITA, Pretoria, 25 April 2000.

27 Congressional Record – Senate, 10 June 1985, S7816 – S7850, and Congressional Record – House, 10 July 1985, H5418 – H5427.

28 The main gist of the doctrine was to fight 'leftist' governments throughout the world.

29 James, op cit, p 98.

30 Ibid, p 101.

31 Bridgeland, op cit, p 320.

32 Report of the panel of experts on violations of Security Council sanctions against UNITA, Security Council Document S/2000/203 dated 10 March 2000, par 18.

33 Ibid, par 21.

34 Ibid, par 23.

35 Ibid, par 25.

36 Ibid, par 32.

37 Ibid, par 27.

38 Angola names Chiluba's son, *The Post*, No 1168, 16 February 1999.

39 Angola – UNITA's supply routes cut, *Jane's Intelligence Pointer*, 1 May 1998.

40 Chiluba may discipline Zambia's presidential hopeful *Africa News Service*, 18 January 2000.

41 Zambia: Opposition questions Chiluba's knowledge of alleged arms supplies to UNITA, *BBC International Reports (AFI)*, 10 February 1999.

42 Ben Mwila loses 30 Companies, *Times of Zambia*, 27 October 1999.

43 *BBC International Reports* (AFI), 10 February 1999.

UNITA's diamond mining and exporting capacity

Christian Dietrich

Throughout the 1990s, the export of diamonds bankrolled the activities of the *União Nacional para a Independência Total de Angola* (UNITA). This reached a peak from 1993 to 1997 when the rebels occupied Angola's most lucrative diamond fields, allowing them to control nearly 10% of global diamond production by value.

This position was diminished after the rebels lost their principal mines in the Cuango valley and eastern Lundas to the *Forças Armadas Angolanas* (FAA). While UNITA's diamond holdings have been reduced in size, and revenue thus significantly diminished, the rebels mine more diamonds at present than has been generally assumed. UNITA currently profits from a patchwork of alluvial deposits in the Malange, Bie, Kwanza Sul and Lunda provinces, and controls sizeable reserves in Cuando Cubango and Moxico, enabling the rebels to mine in the range of 1,2 million carats valued at US $300 million in 1999.

While the intensity of international commitment to embargo UNITA gems has increased during the last year, little is known about the rebels' diamond mining and smuggling capacity. The United Nations and the British government have attempted to name, shame and prosecute sanction busters. The campaign, although sensational, has been limited because it has not been accompanied by a greater understanding of the intricacies, as well as the broader mechanisms of UNITA diamond sales. States have yet to enact legislation prohibiting business between their citizens and UNITA, while those individuals named by the UN Panel of Experts[1] are expendable actors, leaving the real players unnamed, untarnished and out of court. Instead, analysing how UNITA produces rough and where the rebels interact with *diamantaires* would enable those implementing the embargo to do so more effectively.

This chapter will first consider UNITA's historical exploitation of Angola's diamond reserves. This will then be juxtaposed with UNITA's industrial mining operations in the mid-1990s, as well as the rebels' current mining capacity. Furthermore, an assessment of real and speculative mechanisms for exporting, including the barter and cash trades, will assist in defining what UNITA does with its mine production, and how this has changed over time. Country case studies (elsewhere) will further augment the above by placing UNITA within a regional and continental perspective. Indeed, the 1998 UN embargo of UNITA diamonds and the more recent *Report by the Panel of Experts* do not appear to

have had any appreciable effect on curbing UNITA's diamond export capacity or involvement with both respected *diamantaires* and criminal elements. Rather, this chapter will show that the location of UNITA's diamond mining ventures has instead been affected by Angola's altering military geography, with the rebels' export capacity not influenced by sanctions but by procurement patterns in the region and financial considerations relevant to foreign diamond dealers.

Pre-industrial mining

Contrary to popular belief, UNITA did not start mining diamonds *only* with the termination of Cold War military assistance by South Africa and the United States. While UNITA was forced to increase its revenue from mineral resources significantly after proxy aid declined, the rebel organisation actively utilised non-renewable resources even during the height of foreign military assistance. It was responsible for the sale of ivory from poaching during the 1970s, and the export of hardwoods to Namibia, possibly Zambia and the former Zaïre as well. Both of these resources represented only a fraction of the possible revenue from diamond extraction and UNITA exchanged diamonds for cash or specialised goods (war materiel or other) that was not supplied by Washington or Pretoria.

Unfortunately, evidence of UNITA's diamond revenue in the 1970s and early 1980s does not exist in the public domain. One source does cite an increase in the rebels' mining capacity during the late 1980s, with US $14 million from 45 000 carats exported in 1989, as compared with only US $4 million in 1984.[2] According to this same source, UNITA obtained rough from the local population. It also initiated more spectacular mining operations in the late 1980s through open pit mines and river diversions, and then brought the diamonds back to Jamba by foot.[3] UNITA's increased diamond revenues were largely concurrent with the targeting of formal mines controlled by the government. Two of the most devastating rebel incursions were against mining operations in the Cuango in 1984 and then Andrada (now Nzaji) in 1985. UNITA used these opportunities to disrupt government revenue, as well as to extend its own influence in the Lunda diamond fields, probably digging with machinery stolen from government mines. The export of rough most likely occurred through South Africa, where several diamond dealers were associated with prominent members of the apartheid regime, and the former Zaïre where numerous American and Belgian *diamantaires* worked with Mobutu.

Tenuous peace after the Bicesse Accords in 1991 legitimated UNITA's diamond resource base as far as UNITA was a contender in the national elections scheduled for November 1992. The rebels joined the massive influx of *garimpeiros* to the mining areas during the cessation of military hostilities in 1991 and 1992. The free-for-all included soldiers from both sides as well as Angolan and Congolese diggers chasing after alluvial diamonds. This urgent scramble for riches after years of debilitating war was mostly devoid of technology or oversight. There was

little control over the small mining bands because strongmen with access to the diamond fields chose to mine rather than exercise authority. UNITA's central commanders may have attempted to implement some structure to the *garimpeiro* prospecting bands to increase profits, although this would have been a difficult task without the increased use of violence and militarisation in the Lundas.

Building an industrial capacity after 1992

When Savimbi rejected the results of the national elections and returned to war, UNITA immediately occupied the country's most lucrative diamond fields. The rebels used the diamond reserve mapping carried out by the Portuguese before independence to plan the seizure of the most lucrative 'reserve blocks', isolating the government's diamond holdings to mines close to Lucapa and Andrada (Nzaji). The greatest trophy was the Cuango valley with Odebrecht's new infrastructure upgrades captured intact and ready for use. Through military advances UNITA was also capable of establishing exclusive domination over most of the Lundas. UNITA thus began a process of incorporating diamond mining as its primary industrial and financial base, necessitating proper expertise and bureaucratic oversight.

UNITA first harnessed the *garimpeiro* workforce by reducing the extensive and unregulated nature of alluvial diamond reserves through bully tactics as will be discussed in a separate chapter. This first stage in the militarisation of the Lundas, whereby actual and threatened violence was blended with financial dividend, assured cheap labour, but could not adequately regulate the profitable exploitation of diamond reserves as a whole. UNITA was capable only of levying a fee, paid in diamonds, of approximately 20% on *garimpeiro* diggers, who were controlled and taxed – generally during the process of washing diamondiferous sediment.

To build a solid economic foundation out of alluvial diamond reserves UNITA needed to initiate industrial operations and move away from the unreliable and inefficient levying of tax on *garimpeiro* diggings. To do this, Savimbi cultivated internal expertise, training divers, sorters and evaluators in South Africa. This enhanced capability was further reinforced by the presence of foreign miners operating under UNITA's military protection, who were required to train a constant rotation of UNITA personnel. UNITA technicians would assist in overseeing mine operations and manage labour, but this system did not require soldiers to do the digging, nor were finances risked in buying and maintaining equipment. UNITA controlled the resources and those foreigners who wished to profit from diamonds, whether they were South Africans, Belgians or Congolese, paid any number of fees for a chance to make their millions. Labour at the industrial mines entirely comprised *garimpeiros* who received one in five bags of sediment, with the remaining four bags split between UNITA and the foreign mine operators. Compared with low technological *garimpeiro* diggings, these formal mines

achieved a massive output through the use of earth-moving equipment, water pumps and river diversions.

UNITA would collect its 50% cut at the end of the month, and to avoid cheating the rebels chose the pile of diamonds they wanted. For their remaining 50% cut, foreign diamond miners paid for all mine overheads with the exception of security – which was supplied by UNITA. Despite the levies, profits were very high for foreigners, especially in the Cuango valley. Two of the longest running operations were the Rial mine under Zollmann and the Cuango Mining Consortium under De Decker, the former reportedly UNITA's largest mine in the Cuango. Mining by the consortium occurred in partnership with Rindel, reportedly associated with jewellers in South Africa. UNITA also profited from the sale of diamonds mined by *garimpeiros* through the licensing of foreign rough dealers, with a particularly large buying operation headed by a man known only as 'Manu'. Profits were further derived from the *garimpeiro* workforce through the sale of goods at artificially high retail prices, enabling substantial income through taxation. UNITA also mined alone at a number of reserves, although the capacity of such operations cannot be determined. Similarly, the extent of alluvial mining undertaken by *garimpeiros* indirectly under rebel control cannot be ascertained. Specifics concerning UNITA's diamond output are sparse because Savimbi divided foreign miners so that no one fully knew of other ventures, or the prices paid for concessions.[4]

The occupation of Angola's richest alluvial reserves after 1992 proved to be a catalyst for the development of UNITA's capacity to centralise its profits.[5] Although not all diamonds mined by UNITA have apparently gone back to Savimbi, the vast majority were funnelled through a centralised network dominated by the rebel leader during this period. Luzamba became the headquarters for diamonds when UNITA took the Cuango valley. The rough mined by UNITA or obtained through production 'sharing' agreements with *garimpeiros* or foreigners was brought to this central location, sorted and evaluated, and essentially prepared for sale or export under command of the organisation's ministry of natural resources. Those stones mined at more distant locations were also transferred to Luzamba, sometimes aboard weekly flights starting around 1995.[6] The Luzamba airfield served as a major supply depot as well, making the location a key strategic point.[7]

Savimbi was able to control rebel diamond production in the mid-1990s for several reasons. First, the geographic location of the mines, basically clustered in the finest demarcated reserves in the Lundas and Cuango valley in particular, enabled effective oversight by UNITA's administration. Second, large-scale industrial operations conducted by foreigners facilitated centralisation of the rough, unlike the scattered *garimpeiro* diggings. Lastly, relative peace from late 1994, which coincided with intensified mining operations, was the most important factor enabling direct control over profits. The cessation of overt military hostilities reinforced Savimbi's administrative oversight in many cases and also allowed for a static system of control over labour and centralised sorting and exporting.

Moreover, the international community, in effect, endorsed UNITA's diamond revenue because diamond mining was seen as a legitimate method for UNITA, as an official junior partner in a unified government, to oppose the MPLA politically, which relied upon oil revenue.[8]

Diamond decentralisation

The rebels forfeited their diamond domination in late 1997 when government offensives in the Lundas outmanoeuvred UNITA and isolated the rebels' primary diamond mines. The FAA captured many rebel diamond reserves, but the return to war in mid-1998 saw UNITA's heightened capacity in the Lundas. The rebels "recaptured more than 100 localities – mostly in the north and north-east – which it had previously handed over to central government in line with the Lusaka protocols."[9] Toward the end of 1998, UNITA also launched multiple attacks against mining sites forcing foreign companies to reduce their exposure at newly awarded concessions. UNITA's initial advantage in the heavily contested portions of the Lundas was then lost at some point in 1999, particularly after UNITA forces were repelled from the lower Cuango valley in October. Luzamba still represents a significant strategic value for UNITA command with the rebels devoting an organised force to the area, probably numbering upwards of 2 000 soldiers. Central oversight was also directed from numerous rebel strongholds such as in the Democratic Republic of Congo (Kamina and Alfa 2 among others) or in the Lundas (such as from Cuilo). Outside the main strategic locations, peripheral rebel cell structures extend UNITA's influence.

Tactically, a significant chain of command must be maintained over peripheral units, but when it comes to collecting proceeds from the myriad of small alluvial pickings controlled by various UNITA bands, decentralisation is the most likely scenario. Central military control in peripheral UNITA ranks has been eroded to a certain degree since 1998 – except for the ever-present fear of being reported to Savimbi by a dissatisfied compatriot. Thus, the rebel leader may have initiated a degree of diamond democracy, possibly laying claim only to larger stones mined by lower ranking troopers. A Zambian diamond broker working on the border with Angola in 1998 noted that Savimbi had told his troops to use diamonds for survival. This same source indicated that the rebel leader had ordered a price cap on rough sold by outlying UNITA units to attract foreign buyers, but it was not witnessed that this was actually implemented. In either case, the use of diamonds by peripheral UNITA bands to buy much needed, or desired commodities[10] has been largely out of Savimbi's hands from 1998 to the present. Importantly, some of these rebel 'bands' are actually led by officers looking after their own needs, as well as those of the UNITA organisation, exemplified by a UNITA colonel brokering diamond deals for personal gain in south-western Zambia. UNITA cannot provide supplies to roving guerrilla bands or remote strong points, forcing outer units to look after their own needs. This suggests that

UNITA's rebel structure has been facilitated by a degree of diamond democracy for many years.

Insurgency warfare does not necessarily preclude diamond mining. While static industrial operations may be difficult to defend, small rebel bands roaming in the massive no-man's-land in the Lundas, and portions of Malange, Kwanza Sul, Moxico and Cuando Cubango provinces experience little difficulty in producing diamonds. Controlling *garimpeiro* groups during the process of washing diamond-bearing sediment is the easiest means to profit from extensive alluvial reserves. More substantial revenue can be achieved through the use of gravel pumps to process sediment in any number of rivers or tributaries. Such a procedure requires, at least, diesel, generators and sorting machines, among other substantial equipment, but which can be moved at short notice by human porters. UNITA's internal diamond expertise, as well as its extensive knowledge of the diamond fields enable rough production even if Lunda Norte appears unstable and plagued by banditry. Similarly, peripheral UNITA bands can mine in Malange, Kwanza Sul and Bié provinces while exerting pressure on government forces or supply routes. UNITA bands can potentially mine any locality not controlled by the FAA, leaving a vast proportion of Angola's alluvial reserves open to rebel prospecting. Smaller mining operations consisting of several dozen *garimpeiros* and their UNITA bosses leave few traces and are rarely targeted by organised FAA offensives.

Savimbi's diamonds after Luzamba

While remote UNITA bands, in certain cases, may send a proportion of their rough back to the central authorities, Savimbi maintains core diamond stockpiles through organised mining ventures. Savimbi lost the most lucrative portions of the lower Cuango valley by 1998, and his authority over peripheral alluvial diggings, especially in the north-eastern Lundas, diminished from late 1997, but sufficient control was exercised over other diamond reserves dominated by the rebels.

During UNITA's industrial mining operations in the mid-1990s, the rebels relied most heavily on Luzamba and certain reserves in eastern portions of Lunda Norte, but also maintained a strong presence in other mining centres in north-central and south-eastern Angola. Towards the end of UNITA's occupation of Luzamba, however, production increased in Bié, and Kwanza Sul provinces in 1996/1997, forming an axis of rebel diamond output in north-central and north-eastern Angola. With the loss of Luzamba in January 1998, the axis was altered to incorporate reserves in the Cuando Cubango province as diamond output increased from the south-east in late 1997/1998. Mines in the northern Cuango valley (in Lunda Norte, Malange and Uige provinces) and eastern Lunda Norte also bolstered rebel diamond output from 1998 to the present, with many reserves still under central oversight. Each mining centre and epicentre will be analysed below.

From early 1993 to the end of 1997, UNITA's main mining operations were based in the lower Cuango valley in western Lunda Norte around Luzamba, about 30 km north of Cafunfo. At the time, UNITA's central command probably did not have the resources to develop other mining areas adequately, a move that would have strained central oversight and necessitated the diversion of scarce resources that could be put to better use in the rich Cuango. Since UNITA handed Luzamba over to the government administration in January 1998, the rebels have been incapable of retaking this vital airfield and surrounding diamond reserves despite other military advances in the Lundas. The rebels, however, do continue to hold significant diamond deposits to the north and south of Luzamba in other parts of the Cuango valley, spread through the Lunda Norte, Malange and Uige provinces. UNITA protects these diamond mines with large and well-organised troop contingents, reportedly under the command of General Dembo, UNITA vice president and chief of staff, which have launched several large attacks against the Luzamba-based *Sociedade Desenvolvimento de Mineira*, and prevented access to the America Mineral Fields concession in the northern Cuango valley.

During the occupation of Luzamba, UNITA production was not industrialised to the same degree in the eastern Lundas. However, richer reserves such as Cassanguidi, Chitotolo or Maludi must have been a major focus of the rebels before 1997. FAA offensives in 1997 reduced Savimbi's hold on mines in the eastern Lundas, although UNITA advanced back into scattered portions of the region in late 1998 and early 1999. The current extent of UNITA's mining activities in the eastern Lundas is unknown, but the rebel presence is far from negligible as UNITA bands move unhindered between government garrisons.[11] Although UNITA cannot be omnipresent in these diamond fields, FAA does not control areas outside of garrisoned towns, main roadways and formal mining sites, leaving a patchwork of alternating nodes of power conducive to massive *garimpeiro* activity. While some UNITA bands may have become more integrated into the *garimpeiro* economy, organised military headquarters such as in Cuilo, or smaller towns such as Djirobo (which UNITA lost to FAA in 1999), have enabled effective oversight over certain diamond extraction points by UNITA commanders, with a portion of the diamond output centralised to UNITA leadership.

Throughout the mid-1990s, centralised UNITA units also oversaw mine operations in Bié, Kwanza Sul and Malange provinces at several locations north-east of Nharea, and between Mussende and Malange (town). The extent of these mining activities is not known, but was probably not a primary focus when the Cuango valley dominated UNITA production. These mines grew in importance at the latest in 1997, however, when UNITA was supposed to relinquish its Cuango holdings in accordance with the Lusaka Protocol, simultaneously with FAA attempts to outmanoeuvre the rebels in the Lundas. The mines in Bié and Kwanza Sul thus formed an axis of production with Luzamba in 1997 as UNITA attempted to disperse its risks, and later with reserves bordering Zambia once control over Luzamba was relinquished. The capture of Andulo and Bailundo by

government forces in November 1999 presumably pushed UNITA out of several mines to the north-east of Nharea (or at least forced the suspension of operations). However, it remains unclear whether diamond reserves near Nharea have been fully relinquished as UNITA has advanced back into several areas previously occupied by FAA. Despite the government offensives in central Angola in late 1999, UNITA has countered with attacks closer to Luanda and was recently active in the vicinity of Andulo, suggesting inadequate FAA presence in the area, and enabling the rebels to sustain diamond mining operations in Bié and Kwanza Sul provinces. Conversely, the proximity of the FAA suggests that high levels of investment in these mines would be minimised. UNITA may be able to prospect areas left uncontrolled by the government, but the rebels must rely, to a certain extent, on economies of scale for the protection of mines, supply of diesel and spare parts and for the safe centralisation of diamonds. Disparate UNITA bands can move through the diamond fields at random, scratching at sometimes rich gem deposits, but Savimbi must rely on a more durable and constant form of rough accumulation.

Operations at UNITA's diamond reserves in the south-east Cuando Cubango province and portions of Moxico province must also have intensified in 1997 due to the imminent handover of Luzamba. By 1998, these mines formed a new axis of rebel production with the mines in north-central Angola near Andulo. Epicentres such as Mavinga and Cazombo in the south-east probably represent UNITA's core clustered diamond holdings and reportedly include kimberlite exploitation north of Mavinga. As many hydrological features in the Cuando Cubango and Moxico provinces are diamondiferous, although not to the extent of the highly concentrated alluvial reserves in the Lundas, diamonds can be produced from any number of localities. Industrial input is logically not comparable to the level witnessed in Luzamba during the cease-fire in the mid-1990s, but a large workforce can be more efficient than costly earth-moving equipment, and the FAA's deployment in south-eastern Angola does not represent a substantial threat. Economies of scale can thus be used for supplying the mines and labourers, and rough centralised to a great degree with oversight bolstered in less militarised zones.

UNITA's exploitation of Angolan diamonds is probably further augmented by mining in southern portions of the Democratic Republic of Congo (DRC). Just as Angola's high quality diamonds have drained into southern DR Congo through centuries of kimberlite weathering, the arbitrary border between the two countries means little in practice. The FAA cannot even control northern sections of the Lundas, allowing rebels to move freely to the DRC where Kabila and his regional allies have few means to deny access to UNITA. Savimbi has historically maintained rear bases in the southern DRC and, although Mobutu was replaced, these rear garrisons and weapons depots have become integrated into the Congolese economy over the last three decades. Most of the rear bases, such as Kapanga, Kamina and Alfa-2, are staggered in close proximity to Angola's northern border and remain peripheral to Kinshasa's war effort in the eastern DRC. It is likely that UNITA is mining in the southern portions of the Bandundu

and Kasai Occidental provinces close to the Angolan border. These activities can be loosely identified by diggings along the Cuango and Wamba Rivers; around the Kapanga base; in the vicinity of Tshikapa; and along both the Kasai and Lulua rivers close to the north-eastern Angolan border with DRC. Indeed, it is likely that Kabila's cronies have profited from UNITA's presence, since the rebels sell high quality Angolan gems through towns such as Tshikapa in the Kasai Occidental province, integrating UNITA's mining activities into the DRC's informal diamond market. As the FAA pushes UNITA out of higher profile mining areas in Angola, Savimbi must disperse his risks while maintaining adequate supplies of rough diamonds, thus lending great importance to the uncontrolled yet highly lucrative opportunities in the southern DRC.

Even without direct evidence, it is possible to surmise that Savimbi maintains proper control over those areas close to his military/administrative centres, but has had a diminishing influence over mine production in contested or peripheral parts of the Lundas, Bié, Kwanza Sul and, to a lesser degree, Moxico and Cuando Cubango provinces. Battlefield losses in late 1999 may have reinforced the desire of outlying units with low morale to bolster the tenuous military positions with mobile wealth for foreseeable hardships. Conversely, UNITA's battlefield losses in 1999 will require the replenishment of weapons and materiel even if the rebels have reverted to guerrilla warfare. Without other methods of substantial and centralised forms of financial gain, diamond reserves controlled by Savimbi will continue to be the lifeblood of UNITA. Moreover, Savimbi's rule over UNITA has not been severely diminished as some reports suggest, and the rebel leader continues to control the accumulation of diamonds by commanders in operational zones far from central headquarters. These commanders can wage war while also deferring personnel to mine, with diamond production involving the use of *garimpeiros*, light industrial operations, or even the capital intensive exploitation in some localities. Profit is also extracted from the *garimpeiro* labourers who must buy their commodities at highly inflated prices and will often sell their stones to diamond dealers licensed by UNITA authorities. UNITA's diverse methods of profiting from diamond mining will make it impossible to curtail Savimbi's access to this resource base unless substantial control over all diamond reserves can be achieved.

Diamond sales

UNITA uses diamond sales to fund most of the organisation's pursuits, including foreign representation, travel, commodity procurement and arms purchases. Despite the high cost of mining (where large proportions of profits must repay operating costs), UNITA maintained relatively low overheads during industrial operations in the mid-1990s by externalising the costs of mining to *garimpeiros* and foreign mine operators. Costs may have since risen with the departure of foreign consortiums and the brutality of *garimpeiros*, forcing the rebels to pay higher mine overheads for equipment and labour sustenance. The rebels' declining

mine output does not afford UNITA the luxury of selling diamonds much below market value. Indeed, it appears that the rebels continue to sell to international dealers within Angola as well as to barter or sell diamonds for commodities in neighbouring countries with impunity. Unlike *garimpeiros* who are not connected to the global diamond market and must sell rough at reduced prices to various middlemen, UNITA is actually part of the international diamond trade, representing the largest single source of illicit gems.

It is widely estimated that diamonds sold by UNITA fetched about US $300 million in 1993, US $400 million in 1994, US $600 million in 1995, US $700 million in 1996, and US $600 million in 1997. However these figures are not substantiated and often derived from speculation alone.[12] UNITA's production fell considerably with the loss of principal mining sites in the Lundas and the return to war, but rebel production was estimated around US $250–300 million in 1998. While De Beers cites UNITA's production as no more than US $150 million in 1999, these figures are only based upon rebel output in the eastern Lundas (where De Beers can recognise the diamonds) and minor output in the south-east (where De Beers cannot recognise the diamonds) and underestimates UNITA's diamond harvest.[13] UNITA's diamond mining has been seriously reduced, but may still be about half of the output of earlier industrial operations, putting the figure close to US $300 million in 1999. Importantly, there are no estimates of the rebels' net profit from diamond sales, which must be reduced as a result of production overheads after the departure of foreign mining consortiums.

Before sanctions in 1998, foreign *diamantaires* were eager to gain access to the rebels' steady supply of rough, allowing UNITA to sell diamonds to the highest bidder, whether the purchasing agent operated in southern Zaïre or flew directly to UNITA's diamond headquarters. Substantial quantities of rough moved out of Angola to numerous buying houses licensed by the Mobutu regime, bolstered by UNITA's use of diamond auctions in Angola. These auctions took place in Luzamba, in the Cuango valley, and later, or perhaps at times concurrently, in Andulo in the central highlands. Luzamba was very safe due to its proximity to the Zaïrian border and the auctions drew large numbers of foreigners. UNITA utilised direct sales since 1993, although the main influx of foreign bidders may only have begun as late as 1995 when UNITA began mining more substantial quantities of diamonds and the security situation improved after the Lusaka peace accords.[14] Despite the capture of Cafunfo by FAA forces and mercenaries in July 1994, the bulk of UNITA's Cuango diamond fields remained under rebel control and evidence suggests that aerial deliveries to Luzamba were not curtailed either before or after the Lusaka process. One foreign miner working with UNITA in Luzamba recalled that the deployment of government MiGs to Saurimo did not pose any problems and he was never forced to fly at night before 1998.[15] Tenders at Luzamba lasted until the end of the dry season in 1997 when the FAA pushed UNITA out of its higher profile mines in the Lundas, including those in the lower Cuango valley (technically handed over by the rebels after prolonged negotiations concerning the legalisation of UNITA's mining ventures).

When UNITA lost the Luzamba airfield, the headquarters for diamond auctions moved to Andulo until the FAA captured the rebel stronghold in late 1999. It could be assumed that the new location for diamond sales in the central highlands would have been too dangerous for international *diamantaires*. But, the fact that no flights carrying diamond dealers were reportedly forced down by the Angolan air force testifies to the fact that flying into UNITA airfields, even those deep in Angolan territory, was not an undue risk at this time. Certainly, FAA MiGs did not disrupt UNITA's arms procurement even when it upgraded to a semi-conventional military capacity in 1998.

Satellite phones and Lear jets at the disposal of *diamantaires* meant that UNITA was never too far removed from dealers who were willing to pay top dollar and risk flying directly to rebel auctions. One reported case of cash paid to UNITA in Luzamba by De Decker does not mean that all transactions were based upon the direct payment of cash in Angola. Funds could just as easily have been transferred between European bank accounts before the buyer was allowed to depart with the diamonds. UNITA also continued to sell rough to purchasing agents in southern Zaïre, but it is unknown whether the quantities sold were reduced at the height of auctions in Angola. Furthermore, UNITA appears to have sent parcels directly overseas during the high profile auctions. UNITA's developed system of auctions in Angola did not preclude other means of selling rough, although it is not known exactly why direct sales through neighbouring countries or overseas would have been implemented when *diamantaires* were prepared to fly to Angola. If all sales were indeed paid for in cash in Angola, then the rebels may have been bolstering their foreign liquidity by selling rough overseas to pay for arms procurement or fund UNITA representation abroad. Basically, a diverse array of diamond export routes must have been the most efficient method of disseminating cash to UNITA's regional and global needs.[16]

It would be convenient to assume that, after the UN embargoed UNITA diamonds in July 1998, the rebels faced higher costs to export rough. As international pressure mounted against Savimbi, a logical conclusion is that international diamond dealers sought more devious, and hence more expensive methods of completing transactions with UNITA. Such an assumption is reinforced by the military achievements of the FAA, resulting in greater danger when flying into secure airfields in territory exclusively controlled by the rebels. There may be merit to these postulations, but logic and circumstantial evidence suggest that, while large auctions in Luzamba and Andulo have ceased, as has UNITA's industrial mining capacity, rebel gems are still sold with impunity to *diamantaires* inside Angola, within the region and overseas. Indeed, auctions in Andulo continued for some time after the imposition of sanctions and direct purchasing from the rebels appears no less risky today than it was two years ago. Flying to UNITA is not dangerous and buying rebel rough in other African countries or Europe only risks exposure. Without laws that prohibit dealings with UNITA, coupled with the unlikelihood that the diamond community will shame and bar *diamantaires* who purchase UNITA exports, profits from buying rebel rough far outweigh possible penalties.

In late 1999, one Antwerp diamond dealer remarked that purchasing rough from UNITA required exceptional knowledge of diamonds because the potential buyer would be bidding against any number of other dealers flying directly to the rebels. *Diamantaires* will go to great lengths to secure a steady supply of rough and to meet the demands of a seller, especially one of Savimbi's magnitude. While it may have become too risky for large dealers to venture into Angola, couriers could provide the link.[17] Flying to Savimbi's territory in a plane rented from a neighbouring country is relatively safe and cost-effective, since the danger of discovery by government MiGs is negligible and profits are high.[18] Thus, the most logical system of export for UNITA is to hand over the diamonds in Angola to foreign representatives of large buying houses that had flown in for that purpose.[19] A system of foreign dealers competing for rough theoretically maximise profits. Deals could be settled through cash transactions in Angola, or the foreign *diamantaire* could deposit payment in a UNITA bank account after which point the courier would depart from Angola with the parcel and the rebels could immediately utilise the cash as they saw fit. In this manner, the *diamantaire* has internalised the risk of transporting the diamonds from Angola and the rebels have deposited their cash overseas.

Savimbi may have started to stockpile rough after the 1998 UN sanctions as it was only a matter of time before *some* foreign assets would be scrutinised or frozen.[22] The establishment of a strategic stockpile from 1997 until the end of 1998 also made sense due to the unsteady and often faltering world stock markets that also adversely affected the price of diamonds. Therefore, the period after sanctions may have seen the rise in indirect bartering for weapons and direct bartering for other commodities as UNITA reduced its overseas liquidity. One assumption is that expensive arms procurement was settled through payments from Savimbi's strategic rough stockpiles. The payment would presumably go to an arms broker also proficient in gemmology who would then pay cash to an arms dealer. Such diamonds-for-weapons transfers would no doubt also involve the 'sale' of rough to the arms broker below market value to augment commission. It is unlikely, however, that diamonds are exchanged directly for weapons. Instead, diamonds-for-weapons exchanges probably follow a triangular pattern involving an overseas bank account, an arms dealer and a diamond broker.[23] As a result, the most logical scenario is that UNITA diamonds will turn up where the rebels procure commodities, although arms deliveries (except perhaps for the broker's commission) are most likely paid for in cash unless dealers require payment in an easily laundered commodity.

Some UNITA diamonds may move through Eastern Europe as a result of arms procurement, or be flown directly from Angola to trading centres in Belgium and Israel. Conversely, UNITA diamonds also appear in regional procurement hubs used by the rebels. Suggesting that UNITA sells or sometimes barters stones from its Angolan headquarters does not assume that complex arrangements between diamond sales and commodity imports from the region are marginal. On the contrary, UNITA receives the majority of its supplies from Angola and neighbouring countries.

UNITA sells an unknown quantity of diamonds through official and illicit buyers in the Lundas. The high prices paid by these satellite dealers purchasing from any source suggests that this export route for rebel rough could be substantial, especially given the existence of money-laundering operations based in Luanda that increase rough prices to European standards. Angola's rough market is comprised of purchasing agents licensed by the government (now under a state monopoly) and illegal buyers with the legitimacy of Angola's artisanal production defined by whether the rough passes through the 'informal' sector or the illicit sector, with UNITA[21] stones passing through both. Peripheral UNITA bands have become integrated into Angola's *garimpeiro* economy, but UNITA's central command also sells rough to enable the purchase of commodities, war supplies and weapons from Angolan entrepreneurs and certain FAA members. One example of major domestic procurement was the exposed sale of Sonangol petrol to UNITA by government employees.

Neighbouring countries serve as transaction points between the export of UNITA diamonds and import of materiel. While *diamantaires* transporting rough from the rebels' Angolan bases to outside markets can deposit transaction fees into UNITA's overseas bank accounts, it is easier to deposit/hide funds in Kigali or Lusaka. Cash generated through the sale of rough in these capitals, among other locations in neighbouring countries, can be immediately used or deposited locally rather than relying on transfers from European accounts. To generate liquidity, it makes sense for UNITA to sell diamonds to dealers in countries that provide supplies rather than selling rough at one location and transporting cash to another, which could increase risks. For example, a UNITA general can fly to Windhoek with several million dollars worth of diamonds hidden on his person, sell the diamonds through a prior arrangement and purchase commodities through yet another prior arrangement, either with the help of the diamond buyer or independent of him. Alternatively, UNITA may have become more reliant on banks in neighbouring countries where sizeable foreign reserves are maintained through the sale of rough, used to finance procurement at a later date.[20]

UNITA's present relationship with Rwanda is based upon mutual support, while the rebels maintain an historic friendship with Zambia, and rely on rear bases and procurement networks in the southern DRC despite the fall of Mobutu in 1997. UNITA's costs when negotiating with gem brokers in Kigali and Lusaka are necessarily low due to the rebels' degree of free movement in these cities. Exporting rough to dealers in the southern DRC can also be more efficient than sending the stones to neighbours further away. Buying commodities close to UNITA rear bases allows for the risk of transporting materials to be externalised to the rough dealer. Much evidence supports the fact that UNITA obtains a substantial proportion of its materials from southern DRC where diamonds are sold or traded for supplies and are transported to UNITA bases by human porters. A similar scenario is also played out on the Angolan border with Zambia. As a result, UNITA stones are amassed at a local headquarters in northern Angola and brought to the DRC to pay for the transaction, at which point these diamonds

could move anywhere. Thus, rough could be sold directly in Europe or moved circuitously to cities such as Kinshasa, Brazzaville, Libreville, or Bangui for resale to international *diamantaires*.

Reports of an auction in Libreville in early 2000, attended mostly by Israelis, as well as other reports of UNITA diamonds surfacing in Equatorial Guinea suggest that UNITA may be channelling more diamonds to external countries than could be explained by direct commodity procurement or regional diamond routes. While UNITA laundering to circumvent UN sanctions seems plausible, a more realistic reason could be that it is cheaper or safer for UNITA aircraft to fly stones out of Angola from northern airfields than it would be to fly through potentially hostile Angolan skies to UNITA's central or southern hideouts. Given UNITA's tight financial and fuel reserves, ferrying diamonds to the central stockpile by air would be expensive; while one plane could carry UNITA's total annual production, the rebel leader would not entertain such a risk. It is plausible that rough, mined under UNITA commanders in parts of the Lundas and especially the northern Cuango valley, is centralised to a degree at nearby airfields and sent to a neighbouring country rather than shuttled to Savimbi's strategic reserve located in Angola. UNITA's disparate mining activities and the lack of security in transferring all rough to one geographic location may determine the rebels' export routes to a certain degree. Moreover, Kabila's diamond sector reforms since early 1999 have raised costs for *diamantaires*, making Libreville safer and cheaper for transactions with UNITA.

It is unlikely, however, that stones mined around Mavinga are so openly or commercially dispersed. These stones are probably sent to Savimbi's stockpile for later sale to *diamantaires*. This is supported by reports that there are some UNITA parcels for sale in Lusaka, but of a very limited quantity, which are certainly not offered at auctions.[24] Sizeable numbers of diamonds appear instead to move through prearranged structures in Zambia. Lebanese, Israelis and other foreign nationals purchase rough directly from Savimbi, or wait for the stones to arrive in Zambia aboard UNITA flights. Unlike the cited Libreville auction, rough bought from Savimbi by Lusaka-based *diamantaires* probably does not even reach Zambia's illicit diamond market. It is more likely to be exported for polishing overseas, in exchange for substantial materials supplied to the rebels by business consortiums also consisting of ranking Zambian elite. Thus, Libreville's positioning as a market for resale may differ from Zambia's more hidden use as a base of operations for only a handful of dealers supplying UNITA, who, like the Zambian government, are likely to spurn the idea of high profile auctions drawing attention to their operations.

The Lusaka and Libreville export routes suggest that UNITA's diamond sales can overlap with procurement mechanisms in certain instances (as is the case of Zambia), but the two can also be completely independent (as is the case of sales in Gabon). Diamond dealers purchasing from UNITA conduct business where access to rebel rough is assured and investments are secure making Savimbi's neighbouring allies safe and cost-effective commercial intersections. When UNITA

exports rough directly from Angola, the dealer flies the diamonds to his base of operations for export licensing from a non-embargoed regime or smuggles the stones directly to an overseas trading centre. Alternatively dealers buy UNITA's rough in neighbouring states once the rebels transfer the diamonds from Angola. These regional interfaces between *diamantaires* and UNITA can also serve as procurement centres, such as Kigali or Lusaka, or can be more export-orientated commercial intersections where procurement is marginal such as Libreville. Therefore, diamond exports do not necessarily overlap with UNITA's import mechanisms. Moreover, when rough is exported to certain transhipment points in the procurement route, the convergence between sales and purchases can be disjointed. Diamonds can fund the direct purchase of materiel but can also be sold to generate cash for procurement in the same geographical location, but with the transactions carried out by different foreign individuals at different times. The distinction is slight but does suggest that while there may be a significant geographical overlap between procurement and export routes at certain stages, identifying import mechanisms does not necessarily also expose the legalising of rebel rough.

The purchaser largely defines the process of laundering UNITA diamonds. Legitimising rough is performed by a diverse array of individual networks that use lawful operations to mix legal and illicit diamonds. The camouflaging of illicit activity by single syndicates is thus accomplished through the use of numerous legal buying operations located in one or several countries and including business activities unrelated to diamonds. It would be a mistake to assume that UNITA exclusively relies upon a small group of criminal elements. Certain individuals mentioned by the UN Panel of Experts (Fowler Commission) play a significant role, but the Panel's exposure of key personalities is by no means extensive or complete. Not only have the larger players escaped public exposure, but the myriad of smaller actors remain hidden. The search for a handful of villains therefore may be less productive than cataloguing suspicious diamond transactions in the region and the dealers involved, entailing a less sensational and more detailed approach. If UNITA produces US $300 million in diamonds per annum, the rebels sell approximately US $25 million per month. This sum is not all purchased by a small group of 'sanctions busters', but is instead sold through a larger network of dealers who each process perhaps US $1 million or less per month, a reasonable sum in the diamond industry. As a result, UNITA diamonds are not overflowing into the legitimate market in discernable quantities through rogue dealers. Instead, the diamonds are absorbed by numerous diamantaires buying both legal and illegal goods, making the trade in UNITA diamonds similar in resemblance to any other illegal diamond market.

One would expect that the best locations for laundering rough would be those African diamond producers with stones of similar quality to Angola. However, many countries supplying rough to Belgium have little or no domestic diamond production, such as Mauritius, Rwanda, Uganda, Benin, Togo and Gambia. Other trading centres such as Israel do not even publish rough imports by country of provenance or origin. As a result, washing UNITA rough into legitimate African

diamond producing countries is not necessary. Dealers can acquire export certificates from any number of countries, depending on the most cost-effective base of operations. It would actually be advantageous *not* to use a country with a significant local diamond market because controls are usually tighter and licensing more expensive[25], and controls are not apparently applied to rough arriving in Europe from countries without domestic diamond production. A declaration of origin upon import may only be a formality, especially once the goods have transited through another country such as Switzerland where the parcel's 'provenance', or country of last activity, replaces country of origin. The implementation of stricter import procedures in developed countries will do little to stem the flow of UNITA diamonds because rebel rough could be polished where controls are lax such as in Bangui, Monrovia, Port Louis or Johannesburg. Once distinguishing features had been removed these stones could then be entered into the international market.

Conclusion

Diamond mining has been UNITA's primary financial base from the early 1990s until the present, enabling the rebel movement to rearm, circumvent peace and profit from war. While UNITA's mining capacity has been seriously reduced, sales may have been close to US $800 000 in 1999. Moreover, FAA military successes and UNITA's return to guerrilla warfare have not prevented diamond mining by the rebel central command or by peripheral cell structures. In spite of government offensives having successfully pushed the rebels out of several high profile diamond reserves, UNITA maintains a strong presence in many rich diamond fields with peripheral bands operating close to government garrisons in the Lundas. Since the true extent of UNITA's mining activities is known only to a select few rebel commanders, and has taken on a more secretive nature since the loss of Luzamba and the resumption of war in 1998, the international community has assumed that diamond output is marginal. There must logically be concern about overstating the extent of Savimbi's mining operations, which could easily serve to support UNITA's own propaganda or justify the market for research on conflict diamonds. However, the lack of definitive information on UNITA's current mining capacity and the accepted notion that warfare in Angola is a slow process, suggest that the rebels can potentially mine any area left unguarded by the government, and including portions of southern DRC.

UNITA has been mining and exporting diamonds for longer than most rebel groups have been in existence. Savimbi fully understands the methods of circumventing sanctions and using regional allies to achieve his goals, enabling the rebel leader to alter import and export mechanisms depending on the vagaries of the international community and the military situation in Angola. As a result, the UN sanctions do not appear to have affected UNITA's export capacity and the recent Fowler report is not likely to hurt the trade in rebel rough. Upgrading

controls in diamond trading centres such as Antwerp may not be sufficient. Even if major diamond trading and polishing centres refused to accept rough originating from non-producing countries such as Mauritius, Rwanda or Uganda, UNITA's gems could still be masked behind legitimate production in the Central African Republic, the Democratic Republic of Congo, South Africa and Angola. Hypothetically, enhanced controls could see the polishing of UNITA rough before it is sent to the market. The lack of controls in Africa makes the exposure of laundering operations unlikely, especially with numerous government officials engaged in illicit entrepreneurial activity. Nor can increased European controls wish away the problem of 'dirty' diamonds. The solution lies in a commitment to more complete research and the exposure of networks operating on the boundaries of criminality. Only then will those seeking to marginalise UNITA's resource base be able to target the mechanisms that sustain illicit diamond networks.

Endnotes

1 *Report of the Panel of Experts on violations of the Security Council sanctions against UNITA*, Security Council Document S/2000/203 dated 10 March 2000.
2 S Peterson, Angola: Diamonds Help Finance Continuing Civil War, *Sunday Telegraph*, London, 25 February 1990 from Reuters Business Briefing.
3 Ibid.
4 UNITA members were present during all phases of mining to monitor output and somewhat regulate operations. This was also true for foreign buyers who would work with a UNITA representative present for all deals.
5 General Antonio Dembo, UNITA's Vice-President, was in charge of the movement's diamond output and sales, although the exact period of his jurisdiction is unclear. According to Jakkie Potgieter, it is likely that Dembo rose to the position of chief administrator of UNITA's official diamonds around 1994/1995. It is further unclear whether Dembo still holds this position although he is one of Savimbi's most trusted supporters, acting as UNITA's chief-of-staff. Dembo currently operates in northern Angola and southern DR Congo, in the vicinity of UNITA's military zones 1 and 2, roughly comprised of Lunda Sul, Lunda Norte, Malange, Uige, Cuanza Norte and Zaire provinces.
6 UNITA did not possess much of an aviation capacity in 1993 and 1994, although peace after the Lusaka Protocol as well as large diamond revenues enabled a more effective method of transporting essential supplies, personnel, and diamonds.
7 This location also served as UNITA's military command centre for the entire region.
8 A UNITA member, Marcos Samondo, was appointed as the Angolan Minister of Geology and Mines and retained that position until August 1998. A less outspoken UNITA member, Manuel Bunjo who died of a heart attack in 1999, replaced him. The Ministerial position has not been filled and has instead been deferred to the vice-minister, Antonio Carlos Sumbula. Although the legitimacy of UNITA's diamond mining was an issue never fully addressed by the international community during the Lusaka process, the rebels' mining and exporting of diamonds was clearly illegal under Angolan law.

9 D Venter, Angola: back from the brink?, *Africa Insight*, vol 28, no 3/4, Africa Institute, Pretoria, 1998, p 111.

10 One cannot purchase major goods in the diamond fields but basic provisions such as food, alcohol, tools, spares, petrol, radios and medicine are all available through government-held towns, necessitating UNITA bands to maintain a certain degree of liquidity.

11 UNITA's presence in the Lundas is largely undocumented where smaller rebel bands freely operate in the rural areas. The government has cited increasing FAA advances in the region but recent rebel attacks in the eastern Lundas suggests the widespread presence of core or peripheral UNITA units. The August 10 attack at Southern Era's Camafuca concession, where the rebels murdered a Gray Security Services employee, highlights the limited extension of FAA protection over areas close to garrisoned towns such as Lucapa. Mines near these government strongholds usually do not have more than two hours advance notice of rebel incursions when perimeter security units are attacked or overrun.

12 *A Rough Trade* published by Global Witness, London 1998 estimated that this was US $3,2 billion (a figure that includes UNITA mining in 1992 when the rebel group was a legitimate contender for the elections) while De Beers puts the figure closer to US $2,5 billion (from 1993–1997). These figures are approximations only. UNITA's real financial gain from mining is not known for several reasons. First, UNITA was mining itself at several locations and the cost of mining even where labour is cheap can be very expensive; high prices of diesel and spare parts for machinery easily diminish profits. Second, UNITA levied a tax of 20% on certain *garimpeiro* groups, while a more defined *garimpeiro* work force operating formal mines received between 20 and 25% of the production, making one question whether the stones that the *garimpeiros* then sold in southern Zaïre, were included in the estimates of UNITA's production.

13 A Coxon, *The Diamond Pipeline, the Current and Future Regulatory Frameworks*, paper presented at the Technical Forum on Diamonds, Kimberley, South Africa, 11–12 May 2000. Be Beers correctly cites UNITA's relinquishment of the Luzamba diggings in 1998, but does not account for UNITA's continued occupation of territory in the Sociedade desinvolvimento de Mineira (SDM) operations, meaning that UNITA has not withdrawn from the lower Cuango and maintains a strong presence in the northern Cuango. The reduction of UNITA diamonds by over 50% after the loss of Luzamba, as cited by De Beers, cannot be supported due to the current military geography in the Cuango. Moreover, a 50% decline in production from 1996 and 1997 levels would only reduce UNITA's diamond sales to US $300 million. As there is no evidence that diamond holdings were reduced by power struggles and war in the Lundas were not replaced by production in other areas, such as north-central and south-eastern Angola, the authority of the De Beers figures must be questioned, especially with the company citing its knowledge of UNITA diamonds while also promoting a new, more detached positioning. In fact, the De Beers estimate is invalidated by the company's own admission that "UNITA appears to have concentrated itself in the northeast, working some Lucapa-type mines and others further south with which De Beers is not familiar … The company notes that these southern Angolan mines produce stones that resemble South African and Namibian goods, rather than the usual northern Angolan mixtures. This could explain why the diamond trade fails to see UNITA goods on the market today – they could easily be disguised by mixing and matching them with alluvial production from other countries." De Beers Consolidated Mines

Ltd & De Beers Centenary AG, *Written Testimony before the United States Congress*, House Committee on International Relations, Subcommittee on Africa, Hearings into the Issue of 'Conflict Diamonds', 9 May 2000, p 4, 4f.

14 One example is that of De Decker allegedly bidding on 50 000 carats at an auction in Luzamba. He then returned to Angola in a Gulfstream jet with cash, allegedly lent to him by De Beers, packed in cardboard boxes.

15 It is possible to deduce that while Executive Outcomes played a prominent role in the Angolan airforce's interception powers, wealthy South Africans mining with UNITA were not seriously hindered.

16 A massive parcel went missing in 1998 when the Russian crew and several trusted UNITA members ditched an Illyushin transport in France. It is reported that the culprits were later killed, but the incident may have reinforced Savimbi's method of internalising as many of the sales as possible, especially with other notable UNITA defections. It is also possible that the heist had no appreciable effect on Savimbi's desire to sell diamonds overseas and directly deposit the earnings in bank accounts for future expenditure.

17 A courier can be placed with UNITA to purchase and transport diamonds to a neighbouring country where the stones are given to another courier and the UNITA-based agent returns to Angola with more cash. A courier could also be dispatched directly to Angola once a deal is negotiated with UNITA, with the agent only allowed to depart once the agreed fees are paid into an overseas UNITA bank account.

18 For example, a diamantaire probably nets at least 10% profit on stones bought from Savimbi. On a US $10 million deal, US $1 million profit could be expected, which could easily buy a twin engine King Air, pay for its licensing and hangar fees in southern Africa as well as a full-time pilot.

19 These representatives probably cannot even be traced to the financiers of the purchases in order to minimise dangers of bad publicity.

20 The collapse of the Meridian Bank in Zambia does not exemplify the majority of African banks. While many banks of dubious origin have begun operating in Africa, UNITA can still utilise any number of stable and legitimate banks to deposit foreign currency. These activities may be linked to UNITA's overseas banking facilities in order to facilitate the transfer of cash to Europe, or may be completely independent to isolate the danger of exposure.

21 'UNITA' stones in this case include diamonds mined by *garimpeiros* under UNITA control as well as rough possessed by UNITA members.

22 This is based on the possibly incorrect assumption that UNITA has not invested heavily in a complex and secure paper trail.

23 The easiest scenario for arms procurement would be to have a UNITA representative transfer money to an arms dealer's bank account – perhaps just a down payment. When the arms are delivered, payment is made in full using the same method. To fill the bank account, UNITA could invite a diamantaire's courier to a diamond epicentre such as Mavinga. When the courier inspects the parcel, a price is agreed upon, at which point the courier calls his boss via satellite phone, funds are transferred to UNITA's bank account, a UNITA representative verifies this and calls his counterpart in Angola to confirm. The courier then departs Mavinga in a twin-engine King Air, for example. Comparatively, a barter trade seems much more difficult. However, another angle may identify the advantages of barter to the arms broker and dealer who cannot deposit dirty cash, but can launder diamonds. Payment by UNITA in diamonds allows for the broker and seller to launder the stones through a fictitious mine, for example

in Liberia. Either scenario also depends on the system with which Savimbi is most comfortable; large bank accounts overseas could prove irresistible to potential defectors while a strategic reserve of rough in Angola could be stringently guarded.

24 Through an interview with a diamond dealer/courier in Antwerp, April 2000.

25 This is less than US $1 000 in Zambia, but US $30 000 in Sierra Leone and US $200 000 in the Central African Republic.

The logistics of sanctions busting: the airborne component

Johan Peleman

Over the last decade, a unique package of sanctions has been imposed as a tool to force *União Nacional para a Independência Total de Angola* (UNITA) to the negotiating table. But these sanctions have been poorly implemented and have, ironically, had quite the opposite effect. There have been less opportunities to influence the rebels' position and, even more seriously, an additional incentive has been created for those parties profiting from prolonging the war.

UNITA has always depended on the support of a great number of external sources and sponsors. At times the movement has been nothing more than an army of rebel soldiers fighting the battles of distant powers that supplied it with the strategy, the mercenaries, the weapons and the money to do so. These supply operations have always remained shadowy and far from transparent. The international arms embargo imposed in 1993 and the strengthening of sanctions in subsequent years, has not substantively changed the covert *modus operandi* of UNITA's suppliers, even though the role of the former outside powers was largely taken over by private brokers and supply networks. The constant logistical challenge for the old and new suppliers to UNITA has always been how to transport their commodities into UNITA-held territory without being seen or caught.

On the receiving end of the line, the constraints of the terrain and the nature of large-scale guerrilla warfare have created a dependency on airborne support for practically every aspect of the war effort. Weapons, ammunition, spare parts, fuel, food, beverages, medical supplies, mining equipment or foreign advisors and mercenaries have constantly had to be flown in over great distances. UNITA is also dependent on aviation for rapid domestic troop movements and the overseas travel of its officials. The rebel movement has its own logistical infrastructure, including several large airstrips, control towers and sophisticated communication network to guide incoming planes. Jonas Savimbi is reported to be the owner or shareholder of some airline companies.[1]

Access to port facilities, airports or critical roads and cities along the borders or at the coast, often dictated the course of the war in Angola. Transport and the particular role of aircraft in the networks connecting UNITA territory to the outside world of sponsors and suppliers, needs special attention in order to fully understand UNITA's procurement strategy and its ability to survive as a warring party. Consequently, a better understanding of the logistics of sanctions busting

and the difficulties involved in monitoring would enable sanctions regimes to be more efficiently implemented.

Sanctions were first imposed on UNITA in 1993 after Jonas Savimbi refused to recognise the results of the 1992 elections, but the United Nations were largely ineffective in dealing with UNITA's sanctions-busting, even after UN observers were deployed under the provisions of the Lusaka Protocol.[2] In 1997 the Security Council imposed an additional package of restrictions on UNITA. Apart from the original arms and oil embargo, UNITA representatives were prohibited from travelling abroad and United Nations members states were instructed to close the rebels offices in their countries and freeze UNITA's bank accounts. In June 1998 the Security Council imposed yet another mandatory embargo, prohibiting the purchase of diamonds from UNITA or from UNITA controlled areas. Finally, in May 1999, an independent Panel of Experts was authorised by the United Nations to investigate violations of the different sanctions. The report of this sanctions committee, chaired by Canada's ambassador to the United Nations Robert Fowler, was presented to the Security Council in March 2000. The 'Fowler Report' showed in detail how UNITA had been able to "procure what it needed for its war machine, sell its diamonds and have its representatives travel abroad with little restriction"[3] despite the imposition of an ever more restrictive package of sanctions.

The privatisation of logistics

During the Cold War, South Africa, Portugal and NATO-countries developed strategies to covertly supply and sponsor UNITA, and other guerrilla movements, with which they shared a common objective. Northern and southern supply operations were set up and UNITA's backers used Angola's neighbouring countries as logistical and dispatching centres for the continuous transfer of goods into the war zone. Zaïre, under President Mobutu, and the Cabinda enclave played a crucial role in the efforts of Portugal and the NATO-countries, while South Africa and Rhodesia fed the southern front.

Over the years networks developed, with local station agents overseeing airport facilities and weapons and ammunition warehouses in the region. These agents connected UNITA to weapons suppliers, mercenaries and recruitment bureaus, secret bank accounts and support centres across the globe. Although under tight political supervision, these networks included private operatives and real or dummy corporate businesses were used as fronts, in order not to compromise the sponsoring states.[4]

When the ideological motive to support UNITA had disappeared, the networks were not dismantled, but many former agents who were no longer of use to the networks started their own business relationships with UNITA. They were able to capitalise on their knowledge of the secretive world of clandestine weapons procurement and the logistics of covert war supplies. UNITA's ability to generate enormous amounts of diamonds compensated for the loss of outside support and

enabled Jonas Savimbi to carry the war throughout the 1990s, despite a supervised disarmament effort and a mandatory arms embargo.

As such, UNITA and its allies in the subregion transformed the former supply networks into lucrative business ventures, extracting the resources in the territory under UNITA control through relationships with international commodity traders, diamond dealers and even organised crime groups. The former networks of the Cold War in Africa turned private while other private players joined forces with the local business community or with Lebanese, Belgian, or Portuguese expatriate merchants in the region and started acting as local sales agents, shipping diamonds out and war supplies into the region.

The structure of the smuggling networks

Arms merchants or brokers work hand in glove with shipping agents. When the recipient is a non-state actor or an embargoed warring party, the shipping agent is the arms dealer's most important accomplice. A shipping agent may not be the actual owner of a freighter company, but organises the crew and the planes for the safe delivery of the goods and takes care of the paperwork and the complex procedures required to transport cargo across several borders and finally, to the client.[5] The shipper may have his own network of accomplices, at airports or at border crossings, or he may be part of a larger integrated network including the arms merchant or broker.

Existing evidence of deliveries to UNITA are either identified landings in the UNITA area, often involving the arrest of the pilot and crew, or documented incidents of grounded or crashed aircraft. A list of cargo aircraft detected in the UNITA area, made available to the United Nations in 1997, shows registration markings of airlines from Ukraine, Moldova, Russia and Liberia.[6] However the registration of a plane is only one element of identification and planes registered in one country may be stationed, permanently or for maintenance purposes, in different countries.

Planes are usually chartered for one or more supply flights on behalf of a private client, linked to UNITA by some business interest. They collect consignments of diamonds, transport UNITA officials or deliver weapons or other supplies, such as spare parts or mining equipment to set up an illicit diamond production facility in rebel area. While the supplier's motive may have shifted from an ideological one to a purely commercial one, the mechanics of airborne supply remain basically the same.

The typical profile of the mercenary pilots and their contract crew is that of war veterans specialised in the risky jobs of supplying remote bases and bush strips or flying search and rescue missions behind enemy lines. Flights are often conducted at night with minimal or no radio guidance to avoid interception by enemy radar systems. The high level of expertise required for these operations automatically creates a niche market for pilots, crews, mechanics or loadmasters

with a military background and, preferably, expertise in the region. Companies and pilots involved in the sanctions busting business often have the right expertise to fly humanitarian missions as well. In an advert of a company based in Burundi the description of its operations manager reads:

"Mike's unique operating experience has been especially valuable for operations on behalf of relief organisations and in situations where it is not unknown for the aircraft to come under ground fire …"

Technically, the illegal character of the delivery schemes is not any different from the logistical supply operations these pilots may have carried out in Central America in the 1980s or indeed in the Angolan sub-region during the Cold War. Russian or Ukrainian pilots and crews are also in strong demand to fly Soviet-designed cargo planes, military helicopters or fighter aircraft from surplus stocks in Central and Eastern Europe that find their way to African conflicts. Very often, the planes are 'wet-leased', crew included. In many Central African capitals, Russian or Ukrainian pilots and crews are based permanently in one of the international hotels, either waiting for a new assignment or under contract with a particular group of companies for war supply operations.

Some of the pilots operate their own private cargo plane or business jet and thus make a bigger profit. Most of the pilots or airline owners mentioned in the Fowler Report, one of the first reports to recognise the critical role of cargo transportation companies, would fall into under this category.[7] In July 1999, the US State Department released a report from the Bureau of Intelligence and Research which named commercial carriers Air Alexander International, Busy Bee, Sky Air, Planet Air and United Airlines. All were operating from East-African airfields and transporting military supplies into eastern Congo, where the economies of Rwanda and Uganda overlap with those of eastern Congo and UNITA activity in these areas. Most of the airlines are owned by local businessmen, involved in freighter services for private operations or on behalf of the Ugandan, Rwandan or rebel forces operating in the region.[8] Small planes, not necessarily with a large cargo capacity, may equally be involved in the supply operations. The delivery of communication equipment to UNITA, picking up diamonds or transporting a UNITA-delegation can be done with smaller VIP-jets, civilian helicopters or small planes, provided the pilot can organise the necessary fuel stops at one of the many smaller airports or landing strips in the wider region.

Continuity of smuggling networks

The use of commercial airlines for war supply operations is not new, although there is hardly any scientific literature on the issue.[9] Apart from a few dramatised biographies of American pilots in the wars in Indochina, the information has to be collected from news reports, aviation magazines or customs investigation reports and interviews. Even then, the fragmented findings from a variety of sources in different countries need thorough analysis in order to reconstruct an

actual case file. To gather sufficient evidence to start an official investigation would require the reconstruction of a trail of paperwork from the archives of aviation, airport and customs authorities in the countries used by the transporter for a war supply operation.

A recently unclassified report from the Central Intelligence Agency (CIA) on its operations in Central America in the 1980s includes a section on the role of "pilots, companies, and other individuals working for companies used to support the Contra program".[10] This chapter of the report sheds light on eight privately owned airlines that were used for covert operations to the Contras under supervision of American intelligence. One of the companies in the report is Southern Air Transport, a Miami based company that, in the mid 1980s, was advertising its cargo capacity for "operations in Latin America, the Far East and Africa, including Angola" despite a congressional ban on American support to UNITA.[11]

The main incident that resulted in Contra-gate, was the crash of a privately owned C-123 cargo plane loaded with weapons in October 1986. The company operating the plane used the same address in Miami as Southern Air Transport. The subsequent Iran-Contra investigations and hearings in the American Congress, are probably some of the best sources on how sanctions busters operate. The entire operation to covertly supply the allies of the United States was mainly executed by a network of private corporations, holdings, bank accounts and small shipping and air cargo companies, registered in countries and tax havens all over the world. The pilots had previously operated in the Vietnam war or had been part of US operations in African decolonisation wars, often on the payroll of private companies, such as Southern Air Transport[12] or Santa Lucia Airways.

Santa Lucia Airways was a small cargo airline operating as a subsidiary to Belgium's national carrier Sabena in the 1980s. In 1986 and 1987, Santa Lucia planes were spotted in Zaïre by two independent journalists.[13] Both saw a Santa Lucia plane, used for flights into UNITA controlled areas, operating out of the military base of Kamina. One year later the evidence was part of a parliamentary investigation in Belgium, that started a few weeks after Santa Lucia cancelled the rent for a maintenance and storage hangar at a cargo airport in Belgium.[14] Santa Lucia was leasing the planes from a Texas based company that is still in business today. Documents from the Zambian government gazette show that the company was licensed to provide aeroplanes to Aero Zambia Ltd.[15] The Angolan authorities' strong allegations regarding the involvement of Zambian officials and Zambian based planes in early 1999 centred around the activities of some of these planes.[16] This case illustrates the continuity in UNITA's supply networks over a period of almost two decades.

Throughout the 1980s, however, overland supplies may have become more important than aerial supply. From the end of the 1970s the South African-controlled area of Namibia played a vital role in UNITA's logistical effort, particularly in securing the southern supply line which ferried large-scale and regular shipments of weaponry, ammunition, medicine and food. Bases south of Jamba or at

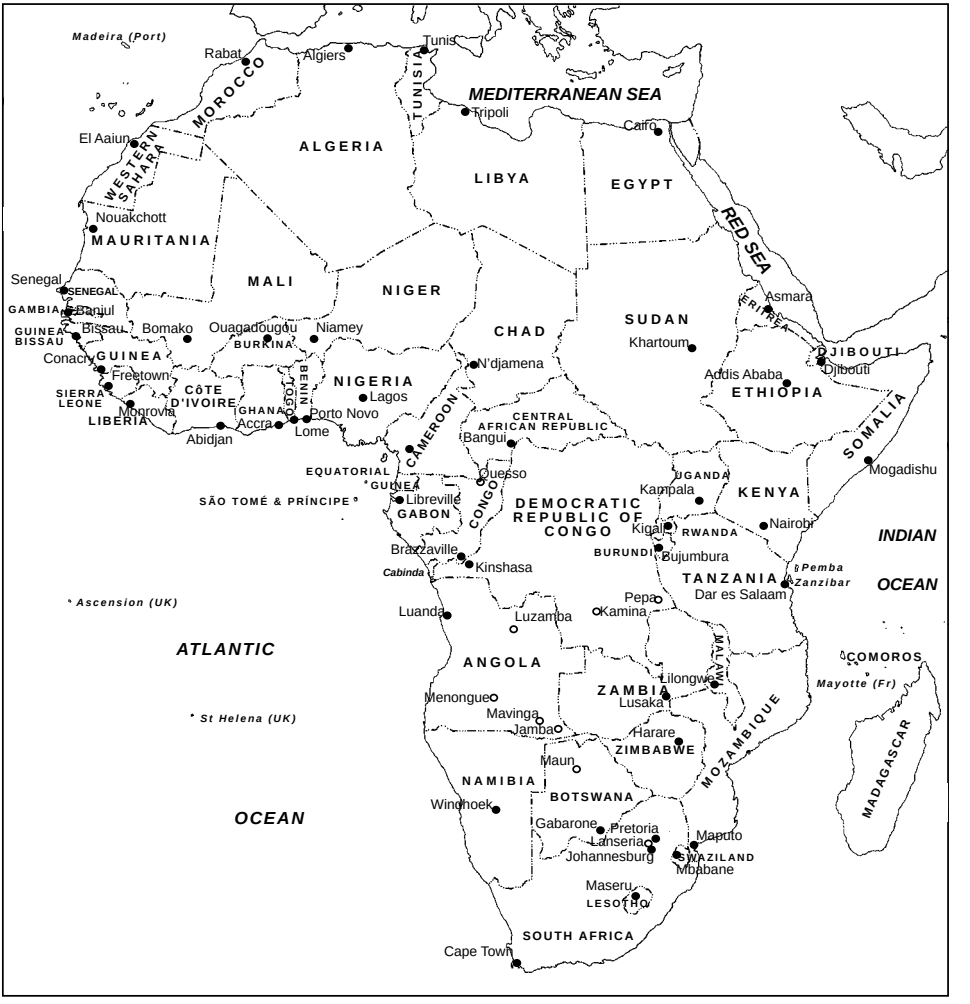
Mavinga were supplied by air as well as overland by a large fleet of supply trucks under UNITA command. By the end of the 1980s up to 300 UNITA trucks carried South African deliveries through northern Namibia to Angola's southern provinces or into the central plateau and to UNITA's eastern outposts. By the end of the 1980s the conflict centred around these supply routes north of Jamba but Namibian independence in March 1990 caused a significant problem for UNITA. William Minter describes how Namibian independence meant the end of the overland supplies and increased dependence on airborne CIA-supplies from Zaïre.[17] After a brief fallout between Savimbi and Mobutu in 1989 the resumption of flights was immediately evident when the first plane departing from the former Belgian base of Kamina crashed on its way to Jamba. The Hercules from a Florida based company was reported to be carrying guerrillas and weapons on behalf of the CIA[18]

In this context it is worth mentioning that the 1996 Kumleben Commission of Inquiry into ivory and rhinoceros horn smuggling in Southern Africa collected valuable information on smuggling across Namibian-Angolan-Zaïre routes. It highlighted the involvement of the South African military,[19] a host of private players and front companies. It might be of interest to compare the routes and techniques exposed by this commission to the findings of the Fowler Commission. An in-depth study of the private individuals and company structures that were part of the whole ivory and rhino horn trafficking business in the 1970s and 1980s might possibly shed more light on current diamond or weapons trafficking in Southern Africa. The airports or border crossings mentioned in the ivory-report seem to coincide with airports and transhipment points mentioned in contemporary reports on possible UNITA-supply routes. Given the limited means and infrastructure available for the implementation of sanctions in Africa, the participation of anti-poaching and protected species teams to monitor weapons movements or sanction busting might be warranted. In general, continuity is an important feature of organised smuggling networks. An in-depth analysis of cigarette smuggling in southern Italy and the Mediterranean shows that the same families have been involved in the illegal trafficking operations from the 1940s until the present.[20]

Private operations today

In January 1996, an Antonov 32 crashed shortly after take off at Kinshasa's in-town airport of N'Djili and slammed through a crowded open market at the end of the runway, killing over 300 people. The Russian cargo plane was flying for a little known company, African Air, but had been chartered from Scibe Airlift, an airline owned by Bemba Saolana, a wealthy businessman in the then Zaïre under Mobutu and serving in the Democratic Republic of Congo's (DR Congo) central government since 1999.[21] Scibe's sales agent was Scibe CMMJ, a company that kept offices at the airport of Ostend in Belgium.[22]

Africa


Madeira (Port)
Rabat
Algiers
Tunis
MOROCCO
TUNISIA
MEDITERRANEAN SEA
Tripoli
Cairo
El Aaiun
WESTERN SAHARA
ALGERIA
LIBYA
EGYPT
RED SEA
Nouakchott
MAURITANIA
Senegal
SENEGAL
GAMBIA
Banjul
GUINEA BISSAU
Bissau
Bomako
Ouagadougou
Niamey
MALI
NIGER
CHAD
SUDAN
Asmara
ERITREA
Khartoum
Conacry
GUINEA
BURKINA
Freetown
SIERRA LEONE
Monrovia
LIBERIA
CÔTE D'IVOIRE
GHANA
TOGO
BENIN
Accra
Lome
Porto Novo
Lagos
NIGERIA
N'djamena
Addis Ababa
DJIBOUTI
Djibouti
ETHIOPIA
SOMALIA
Abidjan
CAMEROON
CENTRAL AFRICAN REPUBLIC
Bangui
EQUATORIAL GUINEA
Mogadishu
UGANDA
Kampala
KENYA
SÃO TOMÉ & PRÍNCIPE
Libreville
GABON
CONGO
Quesso
DEMOCRATIC REPUBLIC OF CONGO
Kigali
RWANDA
Nairobi
INDIAN OCEAN
Brazzaville
Cabinda
Kinshasa
BURUNDI
Bujumbura
TANZANIA
Pemba
Zanzibar
Dar es Salaam
Ascension (UK)
Pepa
Kamina
Luanda
Luzamba
ATLANTIC
ANGOLA
MALAWI
Lilongwe
COMOROS
Mayotte (Fr)
ZAMBIA
Lusaka
Menongue
Mavinga
Jamba
Harare
ZIMBABWE
MOZAMBIQUE
MADAGASCAR
St Helena (UK)
Maun
NAMIBIA
BOTSWANA
Windhoek
OCEAN
Gabarone
Pretoria
Lanseria
Johannesburg
Maputo
SWAZILAND
Mbabane
Maseru
LESOTHO
SOUTH AFRICA
Cape Town

Together with an elite group of Mobutu's closest security advisors, Bemba Saolana and one of Mobutu's sons controlled several small airline companies, that formed the vital lifeline that enabled UNITA's to re-emerge as a highly capable rebel movement in the mid 1990s. The head of Mobutu's presidential guard, the head of the national intelligence service and the head of the civil guard were all overseeing supplies of food, construction materials, mining equipment or weaponry to UNITA. They were doing this in collaboration with a handful of Lebanese, Portuguese and other arms brokers and diamond dealers that guaranteed the players access to the international grey and black markets. Scibe Airlift, Air Excellence, ATO, Guila Air and Service Air[23] were reported to be operating from the capital of the former Zaïre and were all part of the lucrative triangular deals – involving speculation with black market currency, dollars, fuel, weaponry and cash – that kept both UNITA and the ailing Mobutu regime running while being isolated by the international community. Scibe, according to several sources in Kinshasa had one of its planes grounded when it refused a customs check after arriving at N'Djili in Kinshasa from Belgium in early 1997. Even at the time when Mobutu's position was threatened by a rebellion in eastern Zaïre and the chief of staff of the army was complaining about the poor state of the army's military equipment, Mobutu's closest relatives and confidants were still fully focused on their lucrative trade alliance with UNITA.[24]

After Mobutu's demise many smuggling airline companies lost the protection of their powerful masters in Kinshasa and shifted their operations to other countries and airports of convenience. A number of companies based in Zaïre, now the DR Congo, turned their attention to the military build-up in the neighbouring Congo-Brazzaville. In September 1997 a mixed Russian-Angolan crew of an Antonov 32, flying for Jonas Savimbi and operated reportedly by Air Continental Express, was captured by the Cobra-militias in Ouesso, in the north of Congo. The plane was trying to deliver diesel to the forces of president Lissouba, one of Savimbi's last allies at the time,[25] and had previously been flying from Kinshasa.

ATO, one of the companies that had been operating under the protection of Mobutu's close security advisor Honore N'Gbanda, was identified as one of UNITA's most reliable suppliers.[26] In January 1998, the Angolan Air Force intercepted a Liberian registered DC-4 with registration number EL-WLS, and forced it to land at Cuando Cubango. The sanctions-busting plane was loaded with mining equipment and had been chartered by Johnny Pareira, a South African national of Interstate Airways. Interstate's own DC-4 had been grounded since March 1997 in Maun, Botswana[27] and Pareira had chartered another plane from a company in Brazzaville. The company, Air Cargo Express, is a wholly owned subsidiary of ATO, UNITA's main supplier.[28]

Until at least 1997, another company, Trans Air Cargo, was flying almost exclusively between Zaïre (later DR Congo) based airports and the Cuango valley in Angola. Trans Air Cargo, operated by one of the UNITA-suppliers identified by the Fowler commission, was also operating through a sales agent in Belgium. According to the owner, cargo was flown to UNITA on behalf of David Zollman, an

Antwerp based diamond dealer with interests in Angola, DR Congo and Namibia and the owner of a mining company in Lubumbashi.[29] In 1998 the airline owner moved a number of planes to airports in South Africa (Lanseria and Rand Airport). The remaining network consists of a UNITA representative and a diamond dealer of Dutch origin in Antwerp, a cargo agent in Ostend and a web of subsidiary and associated companies in DR Congo, Lebanon and Belgium.[30] An airline within this network, close to Mobutu's late son Kongolo, was also used to ship a plane stuffed with forged dinar bills to Bahrain in the Persian Gulf, via a Belgian airport. A Congolese national, formerly involved in a similar case in Zaïre, was extradited from Belgium to Switzerland in January 2000 in relation to this case.[31]

Many of the smaller airlines operating from airports in the wider subregion of Angola, including DR Congo, Uganda, Rwanda, Burundi and Zambia, Malawi, Namibia and Lesotho, have working alliances with European based shipping agents and charter companies. Many are operating old Boeings but former Soviet military cargo planes are increasingly being chartered directly from the Antonov design bureau or from the Russian and Ukranian air forces through the services of Russian or Ukrainian owned commercial airlines. The relationship between the charterers, who operate the plane, the shipping agent who organises the delivery for his clients and the company that actually owns the plane, is often very complex. This makes it difficult to see which of the contracting parties is actually responsible for the illegal aspects of the transactions. The Antonov that crashed in Kinshasa in January 1996 was operated by African Air. The company had rented the plane and crew from Scibe, the company of Bemba Saolana. Scibe's Belgium based sales agent had leased the plane to the company in Zaïre. The Belgian company in turn had contracted with Moscow Airways.[32]

The local operators may thus be only at the final end of a globally organised network. The companies often work through loose corporate alliances, but increasingly the arms suppliers, aviation brokers and financiers develop more integrated organisations, with one main centre overseeing a host of corporate representations and companies in different countries. Small individual airline owners simply do not have the capacity to organise these integrated operations on their own.

Unless the airline owners themselves have access to the network structures to organise such an integrated operation on behalf of UNITA, commodity traders and mining houses seem to be the only regional operators capable of organising discrete international transactions. Such transactions require access to international financial institutions, good infrastructure, the organisation to guide military cargo through the loopholes of export and transit procedures, the logistical capacity to deliver and, in the case of UNITA, access to the diamond markets or polishing centres in India, Israel, South Africa, Belgium, the UK, Russia or the United States. Apart from multinational companies, only international criminal organisations or indeed, states would be capable of such an effort.[33]

The Air Cess family of companies is one of the more integrated and globalised networks currently active in Africa. The group is also one of the most creative in circumventing and undermining existing regulations or avoiding inspection.

Victor Bout, a former KGB-officer controls Air Cess and its associated companies. A host of subsidiaries, sales agents, planes, associated companies and representatives in Russia, Bulgaria, Moldova, Ukraine, Belarus, Belgium, France, the United Kingdom, Central African Republic, Equatorial Guinea, Sudan, Rwanda, Uganda, Liberia, Swaziland, South Africa and the DR Congo can be activated depending on the client or the nature of the operation. The network of companies is supervised from a business address in the United Arab Emirates.[34]

The group is not only active in aviation. It is known to have its private bank in Switzerland and has diamond mining interests in the Central African Republic and possibly also in West Africa. The owners are Russians and Belgians, but in each of the countries mentioned partnerships exist, including operating alliances or joint ventures with local investors and partners that are usually well-connected to domestic political or business communities. The group operates throughout Africa, Europe, Central Asia and the Middle East and can organise cargo for regional African deliveries or for intercontinental operations, including the brokering of weapon systems from Eastern Europe for use in the Great Lakes region and Angola.[35] Different branches of the group may supply different warring parties at the same time. The group's planes, although under different company names, have been identified in the UNITA area as well as flying cargo for the Angolan and the DR Congo governments.[36] The leasing of a significant number of cargo planes to the Rwandan Ministry of Defence since September 1998 has also been confirmed by aviation sources operating in the Great Lakes region. Russian crew and pilots were based permanently at the Meridien Hotel near Kigali, where an entire wing was hired to accommodate them. After serious delays in payment by the Rwandan Ministry of Defence, another airline presented its services, hiring the same crew.[37]

One plane of the group made an illegal landing in South Africa in April 1997[38] and other planes have been grounded after inspections at South African airports.[39] The activities of the group even led to the introduction of tighter control measures at these airports but the Air Cess planes, operating through a joint venture company called AirPas in South Africa, simply moved to other less monitored airports of convenience elsewhere on the continent.[40]

In Swaziland, the Air Cess group used different company names and fraudulent documentation to register more than 40 planes. Many of the planes, although registered in Swaziland, operated from South African or other airports in the region. When the Swazi authorities received repeated allegations that their aviation register was being used by gunrunning aircraft, they found that irregularities had occurred in their files but had no idea of the whereabouts of most of the planes listed on their official register. Official notice was given to airports in the region, where the planes were thought to be based, requesting them to ground these planes. But months after the Swazi aviation authorities had withdrawn the flight authorisation of Air Cess, the company's planes were still flying with Swazi registration numbers, delivering cargo in Central Africa.[41] The group subsequently moved its planes to the registers in Equatorial Guinea and the Central

African Republic. In the latter country, the local partner is a former prime minister with extensive interests in the republic's diamond mines.[42]

Apart from Victor Bout and his local subsidiary company, a group of Eastern Europeans, all operating in alliance with South Africa based companies, became the subject of a combined effort by aviation and law enforcement authorities to clamp down on their smuggling activities. Subsequently, the number of airports used for international flights in South Africa was reduced from over 20 to 10, of which eight could still be used for international cargo transport.[43]

Tricks of the trade

A compendium of tricks and ruses can be compiled from interviews with pilots or aviation inspectors at the African airports used for smuggling operations. One of the oldest tricks in the book is to stage an emergency landing in UNITA area, in order to divert a plane from its scheduled course. In early 1981, an American pilot who had landed a small aircraft in Cuando Cubango, clearly a UNITA-area, while scheduled to fly from Abidjan in Côte d'Ivoire to Cape Town, was arrested in Angola and charged with espionage. The pilot was flying for a Florida based company, Globe Aero Ltd. In April 1979 and April 1980 two other pilots with Globe Aero were arrested in Angola and charged with similar charges. All three pilots claimed they had made emergency landings, and all officially had been on their way to South Africa.[44] Emergency landings give sanctions busters an alibi, both upon arrest by Angolan authorities or upon arrival at the airport where they issued their flight documents and airway bill.

Another common technique is the issuing of a flight schedule for a destination other than a UNITA controlled area. A plane departing from South Africa would then choose a flight route consistent with the stated destination, but divert the plane as soon as it is out of reach of the South African radar and navigation controllers. Poor or even totally lacking radar capacity in many sub-Saharan African countries and a lack of actual feedback from aviation authorities at the scheduled airport of arrival minimises the risk for the trafficker. In some countries constant power shortages only allow radar surveillance during a few hours a day. In Sudan (Khartoum), a very capable and new Italian radar system only functions three to four hours a day due to power shortages.[45]

A plane, which arrives very late at its scheduled destination, may have been involved in an illicit landing. Only a thorough inspection of the plane's cargo before departure and upon final landing, including coordinated information sharing by both the inspecting agents in the country of departure and the country of final destination would provide the necessary evidence that an operation had possibly been illicit. Such coordinated, cross-checking procedures are rarely the case. Moreover, when an aircraft delivers the cargo at a legitimate destination, where another plane picks it up for further delivery into an embargoed zone, it becomes nearly impossible for the authorities that originally authorised the ship-

ment to reconstruct the entire journey of the cargo. In early 1998, representatives from Angola, Malawi, Namibia, South Africa, Zambia and Zimbabwe met in Harare for an Inter-State Defence and Security Committee meeting, to consider matters relating to cross border criminal activities. Specific attention was given to UNITA-supply networks operating from the region and a regional information exchange network was set up,[46] leading to the identification of a number of suspicious flight movements to or from, among others, UNITA's headquarters in Jamba. It remains unclear if any of the identified planes and companies were actually charged or banned from the region but good information exchange between national aviation authorities and traffic controllers is clearly needed.

The use of fraudulently obtained or fictitious documents, flight plans, pro-forma invoices or end user certificates is another technique. Describing the cargo as 'agricultural equipment' when in fact it includes tank engines rather than engines for agricultural vehicles is commonly used, with pilots generally secure in the knowledge that a clearing agent or a customs official may not be equipped to notice the difference.[47]

Another way to avoid detection would include a departure for a domestic flight. In some countries, including South Africa, domestic flights do not require authorised flight plans. While smugglers may try to skirt customs inspections or law enforcement officers, the bribery of airport inspectors, especially for 'frequent flyers', is more often a matter of routine for the professional sanctions buster. The organiser of frequent operations involving empty departures from a maintenance base to a transhipment point where weapons and ammunition are loaded on board, may have a dispatching unit and customs agents working in alliance with his network to take care of deliveries. An informant explaining the mechanics of his operation, told a police agency in Western Europe about two loadmasters based at an airport in Bulgaria, who worked on a full-time basis for his trafficking network. At times, three to four flights a day of small Antonov planes would leave from the dispatching point in Bulgaria to deliver large consignments or weaponry to a conflict area in Central Africa. The weapons arrived by rail at the dispatching airport from different countries in Eastern Europe and were picked up by planes stationed at Western European airports.[48]

Regulating the industry

UNITA-suppliers not only operate from airports in the region but have to coordinate their delivery schemes with arms brokers and shipping agents sending in cargo from Europe or elsewhere. More sophisticated tricks of the trade are intrinsically linked to the weaknesses of international security measures with respect to the civil aviation industry and the nature of the contemporary cargo market.

The International Aviation Transport Association (IATA) is the oldest and most pro-active of the international bodies regulating air transport. Together with the International Civil Aviation Organisation (ICAO), the aviation wing of the United

Nations, IATA dominates the rule making in the world of civil aviation. Basically, the guidelines and rules agreed upon at the 1944 Chicago Conference for International Civil Aviation are monitored by both these organisations that develop and publish international standards and urge the member states (ICAO) and member airlines (IATA) to implement them. But these organisations have no real power to enforce their rules on the national aviation authorities. Such authorities remain responsible for their national airports or the airlines registered within their territory.

A third organisation developing safety and security measures is the European Civil Aviation Conference or ECAC, a regional but largely autonomous body of ICAO. ECAC, regional in responsibility and with a more limited number of member states than ICAO can respond more quickly to emerging security threats and develop updated standards and recommendations for its members. However, like the other two bodies, ECAC cannot enforce its policies and the decision for implementation remains with the individual governments.

A final regulatory organisation is ACI, the Geneva based Airport Council International. Over 1 200 airport administrations are members of the organisation that also offers practical support to developing countries of interest to European civil air operators.

Most of the security and safety measures developed by these bodies are designed to reconcile the aviation industry's economic and commercial interests with security and safety concerns. Apart from airworthiness and safety checks for planes, the threat of terrorism and air piracy has traditionally been the main security concern. Surveillance and control measures at airports are designed to minimise this particular threat with minimal interference, delays or costs for the transport industry or the travellers. With regards to drug smuggling a similar philosophy is followed and most security measures focus on passenger aircraft or passenger and baggage screening, both visibly and covertly by customs or airport inspectors.[49]

Checking cargo airports in order to counter smuggling is a much less developed area of regulation. The international average of containers inspected at airports is five percent but many airports are below this norm. The ever growing number of flight movements at international airports and the demands of just-in-time deliveries and interconnecting arrangements with road, rail or sea transport in a highly competitive market, weigh heavily on the security aspects. Globalisation is also fundamentally altering the air transport industry. Cross border mergers, marketing alliances, code sharing, leasing arrangements, the use of tax havens and registers of convenience are turning aviation into an increasingly complex industry. Regulating and monitoring the internationally organised cargo industry is increasingly difficult for national aviation and customs authorities.

The market processes aggravate the difficulties already experienced in monitoring and tracing uncontrolled arms flows and the enforcement of embargoes. It is almost impossible to control the sophisticated networks of corporate/individual suppliers and brokers, the transport operations organised through alliances

of African and non-African airlines, the shipping agents with chartering, leasing and sub-leasing arrangements and subcontracted crew and pilots. The use of subcontractors, circuitous routes, including fictitious documents, corrupt and negligent customs agents and officials and an array of transhipment points further complicate the matter.

Apart from the obvious plane diversions and falsification of cargo documents, trafficking networks increasingly abuse and exploit the loopholes in national and international regulations to conceal the true nature of their business and the identity of the decision-makers behind the scenes. The use of fake plane or company registrations is probably the most immediate matter of concern. Conversations with pilots, loadmasters and aviation inspectors show how easy it is to evade existing controls in countries that lack regulatory resources. A cargo plane was named as landing at an airport with one registration number and then taking off with a different one. Another airline was said to have changed its corporate structure and name overnight when its name became linked to illicit activities. An operator used an old licence that had been cancelled by aviation authorities to fly several 'ghost planes' to hot spots in Africa. Another corporate owner used the logo and colours of a licensed company to fly non-licensed planes. Finally, at airports across Central Africa, several aircraft are operating without any visible registration marking. In early 2000 a newspaper in Kampala reported that Polonia Airlines, a non-registered company, had been operating illegally from the military occupied zone of the old airport of Entebbe.[50] According to the reports an Eastern European crime syndicate, in cooperation with local officials and a mechanic of the Uganda People's Defence Force's air force, removed the original markings of cargo planes, repainted them and printed fake registration numbers onto them. The planes were then used for operations in the rebel areas in eastern DR Congo, where no aviation authority exists to monitor or register planes. The planes were allegedly stolen from the former Soviet republics. Certificates of airworthiness and insurance documents for the planes were thought to be forged. After an ownership dispute between an Ugandan based company that wanted to lease an aircraft, one of the planes was flown to Kigali in Rwanda where the Rwandan army started using it for flights into DR Congo. One of the planes supplied by the East Europeans linked with the syndicate crashed in DR Congo in April 2000, after take-off from the airport of Pepa, near the Zambian border, with 57 Rwandan officers on board.[51]

Vulnerability of the networks' logistics component

The role that air transport and airports play in the uncontrolled flows of military and related equipment across international borders is a neglected area of rule making and analysis. It is self-evident though that the secure transport of military or related equipment, both for legitimate parties and for illegal traffickers constitutes one of the essential aspect of an international arms transaction. The Fowler Report[52] has clearly underlined the critical role of transport in sanctions busting.

After the 1994 genocide in Rwanda, a United Nations Commission of Inquiry was established to probe the continuous flows of weaponry to the region. It was able to shed light on some of the mechanisms used to circumvent the weapons embargo imposed on the former Rwandan Armed Forces and the *Interahamwe* militias. The reconstruction of the logistics of one operation, based on available information about the exact dates and places of the departure and the delivery of the weapons, produced the key paper trail needed to expose the individuals and identify the companies and the bank accounts used.[52] Many of the Fowler Commission's findings suggest that the same individuals and companies are still in business, feeding the Angolan war as they had been feeding other conflicts.

Following the weapons means following their movements across international borders via transhipment points, from the arms producing company or the location where they are stockpiled, to the delivery point or at least the point where the aircraft disappears from the radar screens. Although sea or road transport is an important aspect in the procurement chain, the focus on aerial shipment and delivery has many advantages.

The complexity of the matter notwithstanding, transport is the Achilles heel of UNITA's procurement strategy. Loading and unloading of cargo, clearance at borders, registration of the plane, insurance of the cargo, landing rights at international airports, overflight rights and the paperwork required to transport military equipment across international borders, all constitute physical or documented evidence that can be used to reconstruct suspect transactions. However, in the case of air supply routes to UNITA, the planes, pilots and shipping companies involved in the transport of goods to or from the area, often operate on the fringes of the law and make a mockery of existing international rules regulating the cargo industry.

Nevertheless, research shows that the entire trafficking business is controlled by a relatively small group of key airline owners and experienced pilots. The old-boys networks of apartheid, the old intelligence operatives of NATO-countries, the expatriate community in DR Congo that were part of Mobutu's UNITA-network and a number of UNITA-friendly countries and governments are well known. Whatever the shortcomings of the Fowler Report, the Sanctions Committee has clearly raised the stakes and created enough awareness to seriously alter the international community's attitude with regards to arms embargoes or sanctions regimes in general.

Belgium, South Africa, Lebanon, Israel, France and Portugal all have nationals that are traditionally part of UNITA's procurement channels. There should also be concern about the logistics component of a discrete military presence of US and British special force units which are used to oversee training in some allied countries in the region. They may be used for covert transport purposes as well. Wealthy commodity traders and especially diamond dealers in the DR Congo or the wider region all have their special arrangements with air cargo companies, given the size of the territory and poor road conditions in the region. Uganda and Rwanda have become UNITA's newest allies and both these countries have been

hosting meetings of UNITA-officials in recent years. Their territories are being used as regional hubs for departures into UNITA-area while Zambian airports have clearly been used for transhipment and refuelling purposes by the traffickers. Airports in Egypt and Bulgaria are used for loading and fuelling purposes. The capitals of Western Europe, including the Channel Islands, are known to be used for offices, airport maintenance facilities and banking infrastructure while most weapons cargoes originate in Eastern Europe. Repeated allegations from different sources that arms flow through all these countries to UNITA needs further investigation by national authorities who are ultimately responsible for the enforcement of international embargoes.

Some results are evident from the practical and individual approach of some airport and national aviation authorities in different countries but few of the trafficking airlines or crews have effectively been charged or brought to court. South Africa's decision to reduce the number of airports used for international departures or landings in the country and increased safety and security checks at some airports will certainly bear results. Swaziland has also taken the issue of aircraft registration and safety very seriously and Zambian authorities have initiated investigations into the Ukrainian plane that was grounded at Lusaka airport in August 1999. Belgian authorities also investigated the use of certain Belgian airports for trafficking purposes, but the outcome of most of the investigations remains unclear. Nor has there been any information sharing between these countries on the activities of airlines that may be using more than one territory, and nowhere have the findings of these investigations been made public. The Angolan government has not been very forthcoming with public information on UNITA-procurement networks either, apart from a published report addressed to United Nations Security Council and fragmented allegations serving their war propaganda.

Conclusion

Grand schemes for conflict resolution, that purport to address the multiple and complex 'root causes' of the armed conflict, have clearly failed in the case of Angola. Choking the supply of military hardware to the belligerents seems to be an imminently practical and logical means to address the symptoms, in the absence of a more comprehensive 'miracle cure'. However, successes in this realm have been few, and the resilience of the smuggling networks remarkable. The conventional wisdom on arms management points to comprehensive approaches to the challenge, such as 'strengthening sub-regional (security) organisations', but these are long-term projects that offer little solace to the Angolan people. The notion of targeting the airborne component of the illicit war logistics chain, however, is action-oriented and can produce real successes in a relatively short space of time, with fairly limited resources.

A more robust regulatory regime at the airports and ports where arms cargoes to UNITA are known to originate or pass through, requires customs, port police

and aviation officials, better laws and sufficient resources to make detailed routine checks of cargo manifests against actual cargo, as well as flight plans against flight directions, times and registration numbers of carriers. Law enforcers should routinely inspect physical cargoes and question members of crew, cross-checking information and documentation with that submitted by crew and operators to their home-country authorities.

Immediate Measures

Practical measures that are quite simple and focussed could be adopted by states to reduce the flow of illicit airborne war material to UNITA. The continuity and involvement of the same individuals in arms trafficking and transport to and across the region could be addressed much more easily if airport authorities and inspectors on the ground had shared lists available of the identified individuals, companies and planes. This would not reduce the need for sufficient manpower at international airports, but it would increase the effectiveness of inspections and certainly create a deterrent for the illicit traffickers.

After a decade of failures, the United Nations has all but abandoned Angola. The new United Nations Office in Angola (UNOA) is focussed only on humanitarian issues and 'capacity building' in human rights. However, the United Nations has some 6 000 international police officers currently deployed on seven United Nations missions – with over 3 000 in Kosovo alone. The creation of something like an International Aviation Police Task Force for Angola would provide the United Nations with the opportunity to return to the cause in a dignified and meaningful way. The mandate of such a force would be quite simple. Firstly, to compile and distribute a list of arms traffickers to customs and aviation authorities in those countries of Africa and Europe that are known or suspected to be points of origin or transit bases. Secondly, to train and assist local authorities in more vigilant procedures. And finally, to monitor and report on the efforts and effectiveness of enforcement actions by national authorities.

Given the lack of resources in many African countries, the United Nations should establish an international fund specifically to support the training and equipping of customs officers, air traffic inspectors and port police. In the longer term such a fund could help national authorities develop better satellite and computer technologies to monitor the movement of such cargoes in less developed states.

Amended laws and regulations

With relatively little legislative effort, all states could adopt a more coherent version of the United States law on arms brokers and arms transporters. First, all *bona fide* operators and agents dealing in arms would be registered, with all convicted traffickers removed from the register. Secondly, each proposed arms transaction and delivery requested by those on the register could then be considered

on its merits using internationally agreed criteria, before it was given a specific detailed licence. Other governments affected by the proposed deal could be consulted. One major advantage of the United States law covers the arms brokering and arms transport activities of *all* citizens at home and abroad, regardless of their shifting residences or company registrations. If such a law was accompanied by severe criminal sanctions and introduced in as many states as possible, this would immediately act as a strong deterrent to any arms brokers and arms transporters, including those who migrate from country to country to escape proper regulation.[53]

In order to enable customs, police and aviation officials to properly investigate breaches of the sanctions against UNITA, the international aviation bodies should help improve standards for the submission and recording of information on all customs, air traffic and accompanying commercial documentation for easy cross-checking. In particular, states should all require transport agents, charterers and operators to submit accurate and detailed information describing the cargo in detail, its ownership, who is sending and receiving it, details of the vessel or carrier and its owners and operators, as well as the names and background details of all sub-contracting parties involved in the purchase, storage and delivery, including the sub-leasing of international over-flight permissions. Any transport agent or operator seeking to ship an arms cargo should also be required to provide customs officials, air-traffic controllers and port police with advanced warning of the exact date and time of departure, transit and arrival of authorised arms cargoes. The regulating officials could then be required to properly verify in writing to the sending state the safe and proper arrival of an incoming or outgoing weapons shipment, so as to help guard against diversion by arms transporters and their subcontractors.

Overall, the sanctions instrument as a political and economic tool can only be viable under conditions of efficient monitoring and implementation. Sanctions that are not being fully enforced may create an even more counterproductive situation and prolong wars, when quasi-criminal sanctions-busting networks develop to connect the warring parties to the global grey and black markets. In Angola, the disastrous consequences of such developments on the dynamics of war are clearly visible. Unless the key traffickers, suppliers and shipping agents can be identified and stopped, the criminalisation of the war economy and the continuity of the trafficking networks will not only prolong the war, but also cast a shadow over the opportunities for the post-conflict reconstruction efforts in Angola and the subregion.

Endnotes

1 Company names are Air Cargo Express and Vansco Air Freight. According to the *Report of the Panel of Experts established by the Security Council pursuant to resolution 1237, on violations of Security Council Sanctions against UNITA* (cited as *The*

Fowler Report), S/2000/203, 10 March 2000, par 143 (Vansco Air Freight); and Congo rebels hold UNITA mercenaries, *Electronic Mail & Guardian*, 11 September 1997 (Air Continental Express).

2 The United States Congress barred further covert United States aid to Angolan parties, the FNLA of Holden Roberto and UNITA, in 1976 under the Clark amendment that was only repealed a decade later, after continuous lobbying campaigns in Washington.

3 *The Fowler Report*.

4 J Stockwell, *In Search of Enemies: A CIA Story*, Futura Publications, London 1979; A Humbaraci & N Muchnik, *Portugal's African Wars: Angola, Guinea Bissau, Mozambique*, The Third Press, New York, 1974; W Minter, *Apartheid's Contras: An Inquiry into the Roots of War in Angola and Mozambique*, Witwatersrand University Press, Johannesburg, 1994; R Faligot & P Krop, *La Piscine*: *Les services secrets français 1944–1984*, Seuil, Paris, 1985.

5 B Wood & J Peleman, *The Arms Fixers: Controlling the Brokers and Shipping Agents*, International Peace Research Institute, Oslo, 1999.

6 The list was also published in A Vines, *Angola Explicada : Ascensâo e Queda de Processo de Paz de Lusaka*, Human Rights Watch, New York 1999, p 207. (The English version of the book, *Angola Unravels*, does not include the list.)

7 The report mentions Dominique Lemaire (Air Espace, Air Mwazi and Trans Air Cargo), Johannes Pareira (Interstate Airways) and Manuel Roque, but many more small scale operators are actively involved.

8 A report published by the Congolese research group *Observatoire gouvernance-transparence* mentions a business network in eastern DR Congo, called the Victoria Group, that would be active in smuggling operations across regional borders. The report mentions Salim Saleh, brother of Ugandan president Museveni, as one of the main strongmen of this network. The report also mentions a number of the Lebanese diamond dealers mentioned in the Fowler Report, showing an overlapping of the war economy in eastern DR Congo and the UNITA-networks, although this is not specifically mentioned. Airlines mentioned in the Report are Planet'Air, Air Navette, Sky Airlines, CAGL, Air Boyoma and Sun Air Service. *Observatoire Gouvernance Transparance, Guerre en Rdc: ses enjeux économiques, intérêts et acteurs*, Kinshasa, 16 April 2000.

9 Exceptions would be the work of F Lert, *Les Ailes de la CIA – Histoire and Collections*, Paris 1998, p 518 or some sections in J Bloch & P Fitzerald, *British Intelligence and Covert Action*, Brandon, Dinglem Co, Kerry, 1983.

10 Office of Inspector General, Investigations Staff, *Report of Investigation: Allegations of connections between CIA and the Contras in Cocaine trafficking to the United States*, vol II, The Contra Story, 29 January 1998.

11 The Contras' Proxy War, *Newsweek*, 20 October 1986.

12 LE Walsh, Independent Counsel, *Final Report of the Independent Counsel for Iran/Contra Matters, Part V, Investigations and Cases: the Flow of Funds and the Private Operatives*, US Court of Appeals for the District of Colombia Circuit, Washington DC, 4 August 1993, also Lert, 1998, op cit. Southern Air Transport filed for bankruptcy in 1999.

13 J Brooke, CIA is said to aid rebels in Angola via Zaïre base, *International Herald Tribune* (New York Times Service), 2 February 1987; VS blijven UNITA bevoorraden via basis van Kamina, *De Standaard*, 28 July 1987.

14 *Enquête parlementaire sur les livraisons d'armes et de munitions faites par la Belgique*

aux pays impliqués dans un conflit armé ou frappés d'embargo sur les armes, Rapport, fait au nom de la Commission d'Enquête par MM. Vanvelthoven et Neven, Chambre des Représentants de Belgique, Session Ordinaire 1988–1989, 28 February 1989.

15 *Notices of Application for Air Services Permits to Aero Zambia Ltd and Aviation Consultants*, 9 January 1998. The permit was extended until 31 December 1998, the author could not establish whether the licence was prolonged in 1999.

16 Letter to Robert R Fowler, Chairman of the Security Council Committee established pursuant to Resolution 864 (1993) from Ambassador Afonso Van Dunen 'Mbinda' regarding Zambian violations of UN Sanctions against UNITA, New York, 9 March 1999; Aero Zambia Linked to UNITA Arms, *The Post*, Lusaka, 28 January 1999; Security of Zambia placed at risk by Aero Zambia, *The Post*, Lusaka, 5 February 1999.

17 Minter, *Apartheid's Contras*, op cit, 1994, pp 188–191.

18 Tepper Aviation flight of 27 November 1989. *Aviation Safety Network*, aviation-safety. net/database/1989/891127-1.htm

19 *Kumleben Commission of Inquiry into the alleged smuggling of and illegal trade in Ivory and Rhinoceros Horn in South Africa*, Report of the Chairman, Justice M E Kumleben, Judge of Appeal, January 1996.

20 D Gambetta, *The Sicilian Mafia: the Business of Private Protection*, Harvard University Press, Cambridge, 1993, pp 228–230.

21 Le Crash d'un Avian cargo sur un marche au Zaïre fait pres de 250 morts, *Le Monde*, 10 January 1996.

22 Interview with former employee of the company in Ostend, Scibe CMMJ was declared bankrupt in 1998, the Congo based airline still exists today.

23 J Rupert, Zaïre reportedly selling arms to Angolan ex-rebels, *The Washington Post*, 21 March 1997.

24 Rupert, op cit; D Bryson, *Zairians running guns to Angolans*, Associated Press, 28 March 1997.

25 Congo rebels hold UNITA mercenaries, *Electronic Mail & Guardian*, 11 September 1997, interview with Mr Obia, Ambassador of Congo (Brazzaville) in Brussels on, January 1999.

26 Human Rights Watch researcher Alex Vines identified several UNITA-flights with ATO's planes: 1994 weapons flight from Pretoria to UNITA, a March 1995 weapons flight from the airport of N'Djili to UNITA and a VIP-flight of UNITA officials to Burkina Faso and Côte d'Ivoire in early 1995; A Vines, *Angola Unravels: The Rise and Fall of the Lusaka Peace Process*, Human Rights Watch, New York, September 1999.

27 Documentation on Pereira's plane obtained from the Civil Aviation Department in Swaziland. At the time the plane was grounded in Botswana it was flying for Aviation Technical Services and registered in Swaziland.

28 ATO and Cargo Express are still registered companies in DR Congo and Congo Brazzaville. The author tried in vain to contact their main office in Kinshasa, on several occasions in 1999 and 2000. Source: *JP Airline Fleet Manual 1999–2000*.

29 *The Fowler Report*, par 20, 26 & 165. Also interview with Dominique Lemaire and Valérie Hirsch, Un Belge d'Afrique du Sud nie soutenir les rebelles angolais, *Le Soir*, 15 March 2000.

30 Company documents obtained from the Belgian register of companies on Espace Aviation, Triple A Diamonds and Barlak Development; additional interviews with law enforcement officers in Belgium.

31 JP Tuquoi, Finances: l'affaire des faux dinars de Bahreïn, *Le Monde*, 22 June 1999; Belgique : Nozy Mwamba Munanga a été extradé en Suisse et incarcéré, *Le Monde*, 8 January 2000
32 Rupert, op cit; Telephone conversation with former employee of Scibe CCMJ in Belgium, March 2000.
33 The role of a number of private military companies in conflict zones and the background of their personnel is very similar to the role of these integrated networks.
34 P Hain, *House of Commons Hansard Debates*, 18 January 2000; Founding documents of NV Trans Aviation Network Group, Trade register of Ostend, enacted 17 March 1995; Documents of the registration of AirCess Swaziland; Certificate of plane registration of Air Cess GE SA in Equatorial Guinea; Document of TIT Insurance Company in Moscow for Air Cess planes; Interviews with police and Aviation Authorities in Zambia, South Africa, Belgium, United Arab Emirates and Swaziland; interview with former employee of Air Cess.
35 Victor Bout, *La Lettre du Continent*, no 346, 10 February 2000.
36 The author is in possession of documents showing an April 23, 1998 flight of AirCess from Luanda to Kinshasa, and of lists of registration numbers of planes detected in UNITA-area 1997, 1998 and 1999, showing several planes belonging to the Air Cess group and associated companies.
37 Interview with a former employee of the TAN-Group, January 2000.
38 South African Department of Transport, *Reply 960*, Written Parliamentary Questions, National Assembly, 1 September 1997.
39 Interviews with aviation inspector at Lanseria airport, May 1999. See also: Wood & Peleman, Chapter 5, op cit; Vines, *Angola Unravels*, op cit.
40 *Authorities ban international flights from Pietersburg airport*, Cargo Info, Freight and Trading Weekly, 15 May 1998; *Fraud investigations at Pietersburg airport*, Cargo Info, Freight and Trading Weekly, 24 April 1998. Victor Bout registered his company AirPas in South Africa under the name Victor Boot. In other countries he uses the name Victor S Butt.
41 List of planes obtained from the Aviation Authorities of Swaziland, August 1999; Interview and correspondence with director of civil aviation, Mbabane, Swaziland, also Ex-minister Admits Registering 'War' Planes, *The Swazi Observer*, 11 January 1999; SD Being Used for Arms Smuggling to Angola?, *The Swazi Observer*, 21 May 1999.
42 *La Lettre du Continent*, no 334, 29 July 1999.
43 Cargo airports reduced to eight, *Freight and Trading Weekly*, 16 May 1997.
44 *Covert Action Information Bulletin*, no 13, July-August 1981.
45 The example was obtained during an interview with a navigation inspector in Johannesburg, South Africa, February 2000.
46 Communiqué from the Ad-Hoc Inter-State Defence and Security Committee Meeting, Harare, Zimbabwe, 15 January 1998.
47 The example of agricultural equipment was taken from a case under investigation in 1999 in Belgium, Britain, the Netherlands and Germany. The case includes a (sea) shipment of 90 containers on their way to Eritrea, without the necessary clearance. The cargo was described as agricultural equipment but included engines for T-54 tanks and spare parts for heavy artillery.
48 Interview with Special Investigations officer, December 1999 – the investigation, at the time of writing, was still going on.

49 P Wilkinson & BW Jenkins, The Role of International Aviation Organisations in Enhancing Security: Aviation Terrorism and Security, in *Terrorism and Political Violence*, Volume 10 (Special Issue), Frank Cass, Autumn 1998, no 3, pp 83–100.

50 E Allio, Mystery Planes Repainted at Entebbe Airport, *New Vision*, 2 April 2000; S Ilungole, Mystery Planes held at Entebbe, *New Vision*, 17 April 2000.

51 E Allio & G Matsiko, Rwanda Plane linked to Entebbe jet racket, *New Vision*, 26 April 2000.

52 *United Nations Commission of Inquiry established pursuant to Resolution 1013 (1995) of the United Nations Security Council, Third Report, 1 November 1996*. The commission had been established by the Security Council as a direct consequence of reports of human rights organisations, Human Rights Watch and Amnesty International, that exposed the ease with which private gunrunners had been fuelling the crisis in Rwanda during and after the genocide.

53 See Wood & Peleman, op cit, Chaper 11, for a fuller list of recommendations to control arms brokers and transport agents.

Porous borders and diamonds

Christian Dietrich

The myriad of impoverished diamond diggers toiling in Angola's informal mines are worlds apart from the sophisticated commerce of *diamantaires* in Antwerp, Mumbai, Tel Aviv and New York. Yet the diggers and a number of unscrupulous dealers are essential components within the smuggling continuum that sees Angola's illegal diamonds following diverse and irregular routes from mine to polishing centre.

Angolan gems are sometimes sold to licensed and illegal buyers in the Lunda diamond fields and sometimes the stones move across the country's borders before entering the illicit trade. The key to understanding this trade is a common search for profit. Just as a *garimpeiro*, or artisanal miner will not hawk his few diamonds on the streets of Antwerp, a Belgian *diamantaire* will not find it financially expedient to buy from individual diggers at Angola's informal mines. Diamond sales points or catchments provide an intersection where transactions occur and where middlemen facilitate the smuggling pipeline. Small-scale miners can only justify a certain expenditure when selling their diamonds, while first-level middlemen may have sufficient capital to amass large quantities of rough that they resell directly to Antwerp, or package in less significant parcels for resale to larger dealers within a specific financial radius. At each level within the diamond pyramid, with its apex in a place such as Antwerp, buyers mix and re-divide ever larger quantities of uncut stones as diamonds continue to move up in the hierarchy and are finally concentrated in the hands of a finite group of individuals.

Diamond smuggling routes in Angola are as diverse as the numerous informal diggings in the Lundas. *Garimpeiro* diggers working alone or under the control of armed patrons exploit Angola's artisanal diamond mining yet are almost never licensed to do so. The diamonds are then sold to a multitude of buyers, both licensed and illicit. Rough purchased by licensed buyers becomes legitimate Angolan production in the 'informal' sector (although mined illegally). Conversely, stones sold to unlicensed dealers operating in the diamond fields or in Luanda forms Angola's illicit diamond trade. *Garimpeiro* diggers, including *Forças Armadas Angolanas* (FAA) officers, selling rough outside Angola comprise an additional component of illicit production circumventing state administration. Lastly, diamonds mined by the *União Nacional para a Independência Total de Angola* (UNITA) forms another tier of illegal Angolan production and is the focus of this chapter.

UNITA's diamond export capacity depends upon interaction with foreign dealers as discussed in the previous chapter. Central rough stocks held by Savimbi

can be sold to *diamantaires* whose couriers are sent directly to the rebels' Angolan airfields. UNITA can also transport its diamonds to procurement centres in the region (including Angola itself) where the rough is sold to buy or exchange for weapons or commodities. Moreover, small UNITA groups in the diamond fields mine for sustenance, selling rough to dealers operating in the vicinity of government towns or across Angola's borders. While gem sales by these peripheral rebel groups largely mimic the activities of *garimpeiros*, UNITA's organisational export capacity relies upon a more defined smuggling pipeline connecting Savimbi directly to international *diamantaires*. Unlike small bands of *garimpeiro* diggers that do not have access to the international diamond market, UNITA represents one of the world's largest diamond smuggling operations, attracting legitimate *diamantaires* and criminal elements alike. The link between the product and the buyer often occurs in Angola's regional neighbours, with the location depending upon both the mechanisms of UNITA's materiel imports and financial considerations affecting diamond purchasing agents.

This chapter will use country case studies to augment the analysis presented in the previous chapter by placing diamond smuggling within a regional and continental perspective. The laundering of UNITA diamonds in Central and Southern Africa is rarely supported by conclusive evidence. Using the statistics from Belgium's rough imports massive discrepancies are evident between domestic African production and diamond sales in the world's premier rough trading centre, Antwerp. However, as other diamond trading and polishing centres do not publicly release rough import statistics categorised by country of origin, Belgium's figures must be assessed in relation to political and military events in Angola's regional neighbours.

Country case studies

Table 1 displays Belgian rough diamond imports labelled as originating in Africa. Other countries hosting polishing and trading centres such as India and Israel absorb unknown quantities of African diamonds that cannot be assessed, since these import statistics are not categorised by country of origin. Switzerland is another major transit route where controls are often lax in the vicinity of 'free ports' with gems relabelled by country of provenance, or last activity.

Relying on the Belgian figures is also flawed because the origin of rough is often falsely declared. Belgium does not tax rough imports from Africa, encouraging sellers to declare the origins of their goods fraudulently to avoid import duties.[2] Smugglers operating in one African country may also declare their goods as originating in another not to raise suspicions regarding their operations. Conversely, dealers may launder UNITA rough into the legal diamond trade by obtaining legitimate diamond export documents from Angola's neighbours. Ironically, many of Belgium's rough imports are derived from African nations

Table 1: Belgian rough imports from Africa in 1999, ranked by carat value[1]

Country	Carats	US Dollars	US $/Carat
Senegal	49,79	63 360	1 272,54
South Africa	412 384,30	184 872 784	448,30
Guinea-Bissau	3 252,26	1 265 000	388,96
Tanzania	6 879,12	2 500 868	363,54
Lesotho	42 596,55	14 713 632	345,42
The Gambia	206 155,80	59 187 366	287,10
Republic of Guinea	553 564,10	126 530 949	228,58
Angola	2 539 375,00	548 238 581	215,90
Republic of Congo	71 871,80	14 639 641	203,69
Cameroon	30 556,44	6 141 735	201,00
Benin	1,77	349	197,18
Rwanda	2 500,83	439 347	175,68
Zambia	56,59	9 903	175,00
Sierra Leone	183 409,20	31 541 343	171,97
Liberia	1 752 901,00	298 913 372	170,52
Uganda	11 024,46	1 813 500	164,50
Namibia	359 367,80	48 312 756	134,44
Central African Republic	1 221 737,00	155 615 531	127,37
Côte d'Ivoire	509 109,50	52 384 987	102,90
Botswana	9,28	927	99,89
Mali	47 691,85	4 736 950	99,32
Togo	208 590,60	16 071 169	77,05
Ghana	614 599,20	34 544 347	56,21
Democratic Republic of Congo	23 403 869,00	758 751 974	32,42
Zimbabwe	59 565,61	1 529 732	25,68
Mauritius	242 554,30	5 622 799	23,18
Tunisia	383,18	637	1,66

with no domestic diamond production. While absolute conclusions cannot be drawn from Table 1 alone, the Belgian figures do raise suspicions and may serve as a guideline for smuggling activity in certain cases.

Angolan route

Belgium listed rough imports from Angola at 1 005 000 carats in 1997, 1 595 000 in 1998 and 2 539 000 in 1999.[3] The 1999 imports are valued at US $548 million[4] while Angolan government figures value exports from the formal and informal markets at only US $577 million (see the chapter on formal diamond mining), suggesting that Antwerp would have imported Angola's official production almost in its entirety. However, diamonds mined by the *Sociedade de Desenvolvimento Mineira* (SDM) and Catoca kimberlite projects accounted for nearly 1 700 000 carats in 1999, may not initially have passed through Antwerp. SDM's production was reportedly sent to De Beers under a licensing agreement that was terminated in 2000, while Catoca's production was supposed to be sent to Israel and Russia.[5] Accordingly, only about 500 000 carats from the formal sector may have been sold in Antwerp, which, added to the total production from the informal sector of 1 357 000 carats by the informal sector in 1999, might have come to less than 1 900 000 carats reaching Belgium. If correct, this could have left a surplus of over 600 000 carats, worth nearly US $140 million that may not be accounted for by Belgium's import figures. Even if the SDM production first passed through Antwerp, the surplus would still be about 500 000 carats. Since it is unlikely that rough dealers will fraudulently declare their goods as of Angolan origin in Belgium, the discrepancies listed above suggest the possibility of a large smuggling pipeline from Angola to Belgium. This assumption is further highlighted by Belgium's 59% increase in rough imports from Angola from 1998 to 1999, when Angola's legal diamond trade only increased by 16% over the same period, divided between 9% in the formal sector and 7% in the informal sector as discussed elsewhere.

The Belgian figures however only provide a brief glimpse of the enormity of diamond smuggling in Angola. Aside from UNITA's massive smuggling operations, smaller rebel bands and *garimpeiros* sell their goods across Angola's borders where the diamonds are incorporated into the domestic production of neighbouring states. Informal production in the Lundas also moves through government-controlled towns where licensed and illicit diamond buyers pay high prices for rough. As it is easier for buyers to access the Lundas on direct flights from Luanda than overland from the Democratic Republic of Congo (DRC), and *garimpeiros* sell a significant proportion of their diamonds for commodities, diamond smuggling through Luanda must not be underestimated. Illicit buyers in Luanda, as well as civilian or FAA elite involved in mining activities, then illegally export their diamonds to other countries. Syndicates operating in Luanda may send their stones directly to Antwerp, but may also utilise lower profile routes in the region or directly to other European countries or the Middle East.

These routes depend upon safe and expedient connections to the global diamond trade, such as through 'linkmen' operating front companies and laundering diamonds into Southern Africa, or through substantial contacts in major polishing centres worldwide. Money laundering operations in Luanda must be highly sophisticated while smaller crooks illegally mining diamonds or buying from *garimpeiros* will rely on less developed mechanisms. These smaller entrepreneurs cannot access outside diamond markets from Angola and instead send parcels out of the country with family members or business associates who have secured prior arrangements with diamond dealers.

Western routes

UNITA's primary allies in West Africa are Côte d'Ivoire, Burkina Faso and Togo, but the rebels' West African diamond export routes are shrouded in secrecy. The Fowler report cites several exchanges of diamonds between Savimbi and West African leaders, or between UNITA delegations and international diamond dealers. The Panel of Experts named Ouagadougou as "a particularly safe haven for transactions between UNITA and diamond dealers based in Antwerp."[6] According to the report, UNITA members were provided with protection by President Compaore's office.[7] Savimbi has a long-standing friendship and ties with President Compaore and the report mentions several payments to the president by Savimbi presumably in diamonds.[8] As for Togo, the Panel records UNITA General Bandua giving a parcel of diamonds to President Eyadema in Savimbi's presence.[9] Côte d'Ivoire is not mentioned in the report as a conduit for UNITA diamonds, but ranking UNITA members received passports from the country and Savimbi's children have been schooled in both Côte d'Ivoire and Togo. Diplomatic assistance to UNITA was the result of personal friendships between Savimbi and several West African presidents and also resulted in the constant use of these countries as transit points for the supply of material to UNITA.

Circumstantial evidence therefore suggests that UNITA uses diamonds to service friendships and generate cash to pay for weapons, or to secure commodity procurement routes through, or originating from West Africa. Diamonds probably also transit through these countries when UNITA members head for Europe. Rough imports to Belgium from Côte d'Ivoire cannot be solely attributed to UNITA gems as the country hosts its own domestic production and has a formidable trade in illicit Liberian and Sierra Leonean rough. According to Table 1, Belgium imported 509 109,5 carats from Côte d'Ivoire in 1999, worth US $52 384 987. While this is a substantial amount, it only comes US $102 per carat, less than half of the value of Angolan goods, although the volume increased by nearly 54% from 1998.[10] Belgium also imported 208 590,6 carats from Togo in 1999, worth US $16 071 169, at US $77 per carat, again a much lower value than Angolan rough, but a massive increase from 10 000 carats worth US $1,1 million in 1998.[11] Burkina Faso is not even listed as a source of rough imports to Belgium. This

seriously incomplete picture provides little evidence of UNITA diamonds moving through West Africa despite the region's role as a strong support base for the rebels, making it difficult to substantiate further inferences.

Central routes

Central Africa is the centre of UNITA's 'diamonds-for-goods' exchange. The region also provides many bases through which smugglers can operate. Logically, commodities are obtained from Angola's closer neighbours because of the lower costs of transportation to UNITA headquarters. Differentiating between UNITA rough and that smuggled from other diamond producing countries in the region again makes Belgium's import records of little value in identifying UNITA rough. Without substantial empirical evidence, it is necessary to draw conclusions from themes and events in the region, namely the instability in the DRC and the Republic of Congo, and the support lent to UNITA by Rwanda and Uganda.

Democratic Republic of Congo (DRC)

The DRC plays an unknown role in the export of UNITA and other illicit rough from Angola. The DRC is the fifth largest world producer of diamonds by value at over US $600 million per year and the fourth largest by volume at 14 million carats.[12] The country's gems are spread over a massive area, but are primarily located in the south around Mbuji-Mayi where lower quality diamonds predominate, and Tshikapa where a higher proportion of gem quality alluvial diamonds have been washed north from Angola. Smaller diamond reserves are present near Kisangani in the east and Gbadolite in the north, both under rebel control. There is little order in the DRC's diamond sector and artisanal mining accounts for most of the official production by volume and value, with at least half of the diamond production smuggled out of the country. The complexities of the DRC's own diamond smuggling predicament thus demands more thorough research before a guideline of UNITA gem movements can be assembled. In fact, UNITA's diamond mining and trading in the southern DRC has integrated the Angolan rebels into the Congolese smuggling networks with UNITA accounting for a portion of the DRC's informal diamond output. Angola's northern neighbour has played a prominent role in UNITA's diamond export pipeline, but this historical role, while somewhat unaffected by Kabila's occupation of Kinshasa in 1997, has been reduced by more recent diamond sector reforms to combat smuggling and extend state administration.

Savimbi relied extensively on Kinshasa as a primary export route for his diamonds during the Cold War. This position was strengthened once UNITA took control of mines bordering the former Zaïre. This diamond export route also coincided with UNITA's main channel for the import of weapons and goods, reinforced by the existence of UNITA rear bases in southern Zaïre. Many of the

large rough dealers associated with Mobutu also dealt with Savimbi's diamonds during UNITA's industrial mining operations, creating a diamond synergy between the rebel leader and the Congolese dictator. Numerous diamond buying houses operating in southern Zaïre also dealt with large quantities of illicit Angolan diamonds from non-UNITA sources. Southern Zaïre served as a primary catchment area for Angolan rough during the 1992 prospecting explosion, a prominence that was maintained until the late 1990s, especially with *garimpeiros* returning from Angola to sell their gems. The former Zaïre was a relatively safe location for purchasing UNITA's diamonds due to the proximity of the rebels occupying large portions of the Lundas.

When Kabila replaced Mobutu in May 1997, UNITA lost a considerable supply route for the import of weapons. It could be surmised that the diamond flow from UNITA to the new DRC would also have ceased. However, after an initial hiatus, a new order illicit entrepreneurs in Kinshasa sought profits from UNITA's diamonds. Many of the old smuggling networks remained in place and, while it may have been more difficult for UNITA to obtain arms from Kinshasa, the import of commodities and export of diamonds were largely unaffected. Advantageous access to Angola's illicit diamond market by *diamantaires* based in the DRC, however, altered drastically after 1998 when official exports declined and smuggling became less visible.

The diamond and gold buying agency, *Service d'achat des substances minerals precieuses*, was established in September 1998 to act as the state's purchasing agent for diamonds and gold. Diamond dealers were supposed to buy through the agency's offices in the mining towns and Kinshasa in an effort to reduce smuggling and bring revenue to the central government. This initiative was never fully implemented and was suspended in October, but indicated Kabila's future designs for the diamond sector.

In January 1999 the Ministry of Mines cancelled all diamond purchasing permits. All foreigners were ordered to vacate the mining areas, including Mbuji-Mayi and Tshikapa, moving formal diamond trading to Kinshasa for tighter control. Only Congolese were allowed to reapply for purchasing permits with diamond sales routed through the central bourse and paid for in Congolese francs. With foreign currency transactions for diamonds annulled in January, foreigners were ordered to deposit foreign exchange in banks for which they received an equivalent sum in devaluing Congolese francs. Diamond purchasing could only occur through the central bourse in Kinshasa, which levied a membership fee of US $3 million, and was run by Israeli Rami Golan who had been expelled from Mobutu's Zaïre in 1994 for alleged embezzlements from the central bank's directorate of precious minerals.[13] It was hoped that this central bourse would bring order to the diamond trade that accounted for most of the Kabila government's foreign exchange earnings, with the money ostensibly billed to finance the war effort. Diamond sales, however, declined by over one-third in 1999, with the largest drop registered at the beginning of the year due to apprehension of and aversion to the new government regulations. Diamond diggers and traders again

moved their trade into the DRC's well-established illicit diamond economy. The decline in government revenue has continued during the first half of 2000, again leading Kabila to restructure the country's diamond market by awarding a monopoly to IDI Diamonds of Israel.[14]

Dealers not wishing to participate in the expensive reorganisation of the diamond trade simply departed, especially when Zimbabwean troops attempted to corner the diamond market in Mbuji-Mayi with the help of Kabila's cronies.[15] As a result, the movement of UNITA rough to the DRC may have been restricted once numerous buying houses were forced to close operations in towns such as Tshikapa close to Lunda Norte. This change would have increased the movement of UNITA diamonds to other laundering points such as Zambia and Rwanda as purchasing agents relocated. It was even reported by one Antwerp-based *diamantaire* that Congolese stones had begun moving to Angola's strong local market in the Lundas. On the contrary, a Luanda-based buyer maintained that UNITA diamonds move unhindered into border towns where commodities are procured, referencing a town referred to locally as 'Bacho'. This specific operation occured in early 2000, with a partnership between a powerful Luanda businessman and a direct relative of President Kabila who sought to purchase the rebel diamonds crossing from Lunda Norte to DRC's Kasai Occidental province. While similar examples of UNITA selling gems to procure commodities in the southern DRC probably abound, the departure or low profile of buying operations in towns such as Tshikapa suggests that there is a limit to the volume of rough that UNITA can profitably sell. However, UNITA maintains rear bases in the southern DRC that are integrated into the informal economy, making gem sales possible through *diamantaires* associated with the Kinshasa regime.

DRC's official diamond exports were reportedly estimated at about US $375 million in 1999 by the *Comptoire national d'expertise*, but nearly US $450 million by an official from the Department of Mines and Geology.[16] Conversely, Belgium's rough imports were US $758 million, leaving a discrepancy of at least US $300. It further seems odd that, while DRC's official output declined from 1998 to 1999, Belgium's listed rough imports from the country increased by more than US $140 million from the 1998 figure of US $613 million. Such evidence is far from conclusive and simply suggests illicit diamond trading. However, when these discrepancies are seen together with the trade in Kisangani, influenced by Rwanda and Uganda in 1999, the reported sale of rough by rebels in the northern DRC to the Central African Republic, and the diamond prospecting/purchasing by the Zimbabwe Defence Force in Mbuji-Mayi, a larger picture emerges of the massive hidden diamond trade.

Republic of Congo

Between the fall of Mobutu in May and the defeat of Lissouba in October 1997, UNITA utilised the Republic of Congo extensively for commodity and arms imports. Brazzaville and Pointe Noire were staging points for UNITA's arms procurement,

although the ousting of Lissouba (with the assistance of the FAA) curtailed such activities. Unfortunately, little is known about diamond smuggling routes. It is likely that the Republic of Congo was marginalised in terms of diamond smuggling in late 1997 with the militia battles between Lissouba and Sassou-Nguesso. Turmoil in Brazzaville and Sassou-Nguesso's cool relationship with Israelis and Belgians in 1998 and 1999 largely curtailed diamond laundering by international purchasing operations. In short, diamond smugglers dealing with UNITA no longer found Congo-Brazzaville a secure or economical base for operations and thus moved to other countries. Smuggling from Kinshasa to Brazzaville still occurs, but evidence of Brazzaville's reduced role as a transit point for diamonds is seen in Belgian's import statistics. Despite the fact that Congo-Brazzaville does not mine diamonds, the country was listed as supplying 7 572 000 carats valued at US $612 560 000 to Belgium in 1996; and 3 786 000 carats valued at US $456 410 000 in 1997.[17] Political turmoil impacted on this smuggling route and, during the first half of 1998, "Congo Brazzaville vanished from Antwerp's list of chief suppliers for the first time."[18] By 1999, Belgium only imported 72 000 carats valued at US $15 000 000, or US $203 per carat, according to Table 1. The current reduced trade suggests that, while Angolan rough, listed at US $215 per carat in the Belgian statistics, may still move through Brazzaville, this route is not particularly significant.[19]

Rwanda / Uganda

Rwanda and Uganda are involved with UNITA diamonds in as much as they are involved in the DRC. The Angolan government is militarily supporting Kabila whom both Rwanda and Uganda are attempting to overthrow. UNITA has secured major transport routes for the procurement of arms and commodities from these two armies, which support a series of rebel factions opposing Kabila in the eastern and northern DRC. As a result, UNITA uses its rough to buy goods and, to a lesser extent, favours in Kampala and Kigali. As mentioned earlier, UNITA's alliance with Rwanda, initiated during Kigali's deployment of troops to topple Kabila in 1998, revolves around mutually beneficial strategies, making the friendship less one-sided than is the case with Savimbi's West African allies. UNITA members have, at least in Kigali, a fairly free reign where they broker diamond, commodity and arms deals. Relations between UNITA and Kampala appear to have cooled somewhat, although this would not preclude diamonds from travelling through Uganda.

Evidence suggests that individuals within the Ugandan and Rwandan armies dealt with diamonds in Kisangani when they controlled the city in 1999. This activity may have entailed diamond purchasing by individual officers but most likely only revolved around the collection of licensing or protection fees from diamond dealers. The extent of these activities is not fully known and may have represented institutionalised entrepreneurialism or simple moonlighting by officers.[20] In any event, Kampala and Kigali were more interested in the DRC's gold deposits than in the fluctuating informal and illicit diamond trade.

At least one diamond company with previous experience in buying from UNITA reportedly moved into the Kisangani rough market in 1998, but it is not known whether this provides a link between the war diamonds of Angola and the DRC. Circumstantial evidence also suggests that one Belgian buying company formerly operating in Angola's informal diamond market maintains contacts or couriers in Kigali, augmented by an agent in Bangui presumably to buy from Jean-Pierre Bemba in Gbadolite. Most diamond traders have kept a low profile in Kisangani, Kigali and Kampala, however, preferring not to expose their deals with Congolese rebels. It is further not known how the diamond market works in Kisangani with the *Rassemblement congolais pour la démocratie* (RCD) rebels reportedly issuing only a single license for the town.[21] The diamond market in Kisangani gives little indication of UNITA diamonds passing through Kigali and Kampala, as it would not be cost-effective for Savimbi's gems first to move through the eastern DRC. The Kisangani trade, however, provides a backdrop for assumptions concerning the sale of UNITA rough in Rwanda and Uganda that have no domestic diamond production.

In 1998, Belgian diamond imports from Uganda were 11 303 carats, valued at US $1,44 million, or US $127 per carat, with 8 500 carats to the value of US $1,1 million imported in December alone.[22] Belgium only began importing from Rwanda in December 1998, receiving 166 carats, valued at US $16 606, or US $100 per carat (suspiciously well-rounded figures).[23] According to Table 1, Belgian imports from Uganda in 1999 were 11 024,46 carats, valued at US $1 813 500, or US $164 per carat; and 2 500,83 carats, for the value of US $439 347, or US $175 per carat from Rwanda. The high value per carat of imports from Uganda and Rwanda suggests a considerable contamination of Angolan rough, most likely from UNITA, since DRC rough diamonds are of much lower carat value. The low quantity of rough arriving in Belgium from Rwanda and Uganda suggests that the high quality rough is diverted to a diamond centre such as Israel. Since it is safe to assume that UNITA diamonds *are* sold to dealers in Kigali, and Kampala to a lesser extent, and that the Kisangani diamond trade alone is estimated at approximately US $35 million annually,[24] compared to the meagre US $2,25 million imported into Belgium from Rwanda and Uganda in 1999, gems transiting these two countries from Kisangani and UNITA must be arriving in another trading or cutting centre, or are declared as DRC diamonds upon entering Belgium.

Central African Republic (CAR)

CAR plays an unknown role in the laundering of UNITA rough. Circumstantial evidence suggests that UNITA diamonds do, in fact, move into Bangui's output, but it is practically impossible to ascertain the quantity. The country's own smuggling problem makes empirical evidence of UNITA gems non-existent. CAR opened a rough diamond bourse in early 1998, but closed it only a few months later due to political uncertainty. While the bourse was reopened in mid-1999,

the level of trading through it was minor, and it was again closed shortly thereafter. Indeed, the government cites official export figures of just over 400 000 carats in 1998, but also claims that a similar quantity is smuggled out of the country. The bourse handled only 2 500 carats in 1998, valued at US $136 000, "but most trading takes place outside the exchange between individual buyers and sellers" due to high government taxes.[25]

Considerable differences in CAR's estimated production make the country's own output difficult to quantify. For example, a table reproduced by Partnership Africa Canada estimates that 400 000 carats were produced in 1997 and 330 000 carats in 1998[26] while Terraconsult estimates production at 550 000 carats for 1998[27]; the former probably does not account for smuggling, while the latter most likely does. If CAR officially exports about 450 000 carats per annum, worth US $84 million,[28] and Belgium imported 1 221 737 carats to the value of US $155 615 531 from CAR in 1999 (see Table 1), a gap of over 700 000 carats is evident.[29] This sizeable discrepancy could represent the false declaration of rough arriving in Belgium, or could represent the illicit diamond market in Bangui, possibly bolstered by diamonds arriving from the DRC's illicit trade, or from rebel leader Jean-Pierre Bemba's mines in Gbadolite. [30] The gap could also suggest considerable laundering of UNITA diamonds, or any other illicit Angolan rough by international traders using Bangui.

There is no formal control over the CAR diamond industry, making illicit transactions possible. It has been alleged by *Africa Analysis* that "Angolan diamonds are traded at the regular official gem auctions [in CAR], subject to no control on their origin and with the full knowledge of the Central African Republic authorities … [The auctions] are open to diamonds from any source and regularly attract shipments from not only Angola but also Niger and Congo-K[insasha]. Sellers of Angolan stones often arrive on flights from Brazzaville and Libreville."[31] Such Angolan stones, however, could have been mined by UNITA or *garimpeiros* and exported illegally from anywhere in Angola, but most probably north through the DRC or directly from Luanda. With CAR's relatively high quality stones, often valued higher than US $150 per carat, rough smuggled from Angola can easily be mixed into the trade, especially with CAR's massive informal market of alluvial diggers, operating alone or in the employ of mining houses, and selling their diamonds in Bangui.

CAR's formal diamond market is tightly controlled with only a handful of licensed buying or mining houses. Control, however, is not synonymous with transparency. It is essentially a closed market where a license for rough dealing costs US $200 000 and competition is excluded. Without contacts parcels close to 1 000 carats are rare according to 'Dominique', a diamond dealer and honorary CAR official. Indeed, there are many powerful figures keen on maintaining secrecy in the Bangui trade. President Patasse is allegedly involved in diamond deals, as noted by a Central African diplomat in Pretoria as well as a foreign diamond dealer working in CAR. Illegal activity by licensed companies contaminates the entire rough market. Charles Massi, a former Minister of Mines and Energy, was

dismissed in December 1997 and is "facing charges for allegedly assisting a diamond-dealing firm to evade tax." His successor, Joseph Agbo, was also dismissed over allegations that he "obstructed justice in a current case between the state and the Diamond Purchasing Office."[32] Smuggling and tax evasion by licensed companies became so rife that several local companies were brought to court in mid-1998, for example Sadior, Sodiam, La Couronne and Sacadior.[33] Pablo Dorado, the Spanish consul general was a director of La Couronne, and Vassos Anagnostellis, the Greek consul, was a director of Sodiam.[34] In the light of these illicit activities and the high level fingers in the diamond pie, anything is possible in the CAR diamond market, especially in terms of laundering Savimbi's or Bemba's rough.

Equatorial Guinea, Gabon and Cameroon

These three countries are grouped together because of the paucity of information on diamond smuggling. Gabon was supposed to have been mentioned in the Fowler report, but this section was deleted immediately prior to release. Evidence suggests that UNITA rough may be sold in Gabon. A diamond dealer previously involved with UNITA and then active in West Africa, cited a large auction of UNITA stones in Libreville in April 2000, attended mostly by Israelis. It has also been reported that President Bongo received rough from the Angolan government (see the chapter on the formal diamond sector). Equatorial Guinea and Cameroon play unknown roles in the laundering of UNITA diamonds. While Equatorial Guinea and Gabon are not listed in Table 1, Cameroon does feature at a meagre US $6 million with the diamonds valued at an average US $201 per carat, similar in value to diamonds originating in Angola and CAR. Due to the proximity of these countries to Angola, including UNITA-held territory, it is likely that they feature quite prominently in the laundering of illicit Angolan rough. Diamonds may be smuggled out of Angola along the country's border with DRC or through Luanda, with rough of various illicit Angolan origins again intersecting in neighbouring countries.

Southern routes

Several Southern African routes appear to have been used quite extensively for diamond smuggling while others only play a minor role. UNITA's regional commodity procurement has prompted much speculation over the movement of diamonds. Individual networks established to profit from dealing with UNITA have played a substantial role in buying rebel rough. Purchasing UNITA diamonds in Southern Africa is also facilitated by higher degrees of financial security in more stable states. Draconian diamond legislation in the region may make laundering rebel rough more difficult, but substantial informal diamond markets also enhance the infusion of illicit rough into local production.

Zambia

There is no direct evidence of large quantities of UNITA gems passing through Zambia. However, the country's historical alliance with UNITA and its substantial role in UNITA commodity procurement suggest the reverse movement of diamonds through Lusaka. UNITA members have a fairly free reign in Zambia, the country's diamond regulations are lax, and it is a safer business environment for *diamantaires* than many of its northern neighbours. Zambia forms an important juncture between Angola's south and eastern diamond producing areas and the DRC's southern informal diamond market, giving Zambian traders access to multiple sources of illicit diamonds.

Trading in UNITA rough hardly takes place along Zambia's shared border with Angola, but rather follows a more organised system whereby rebel diamonds barely intersect with Zambia's lower level illicit diamond trade. Parcels of over 100 carats are generally only found in the more organised upper tiers of the country's illicit diamond smuggling pipeline with the most substantial quantities presumably being sold through organised syndicates comprising Israelis, Lebanese or dealers of other nationalities. Planes will either take *diamantaires* to UNITA bases, or bring rough to Lusaka for sale. Therefore, Zambia most likely plays a dominant role in the transit or laundering of UNITA rough due to the country's proximity to UNITA bases and allegations that prominent Zambian officials are involved in the sale of materiel to the rebels. Zambia's increased role could have resulted from the closure of transhipment routes through Kinshasa and Brazzaville in 1997, the UN embargo of UNITA diamond sales in 1998, and increased output from mining operations in the Cuando Cunbango and Moxico province after the rebels lost Luzamba.

Unfortunately, these conclusions are not supported by Belgian import statistics, since only "only 14 593 carats worth [US] $23 500 were exported from Zambia to Belgium in 1998"[35] and an absurdly low 56,59 carats valued at US $9 903 in 1999 (see Table 1). Zambia hosts a moderate lower level illicit diamond market (see smuggling case study) comprising small quantities of lower quality diamonds with the larger smuggling operations much more carefully hidden. UNITA rough does not circulate in Lusaka, but is concentrated, instead, among a few individuals purchasing directly from the rebels, making Zambia appear insignificant in the laundering of rebel rough. Zambia may serve as one of UNITA's principal junctures with diamond buyers necessitating more complete research, especially given the country's insignificant role according to the Fowler report, and allegations that a Zambian intelligence chief travels to Antwerp and Tel Aviv up to three times per month.

Zimbabwe

Zimbabwe is not a major point of laundering UNITA diamonds. Unlike Rwanda and Uganda, Zimbabwe is supporting Kabila militarily, with the Zimbabwe Defence Force (ZDF), prominent politicians and Zimbabwean or expatriate entrepreneurs

associated with both, playing a prominent role in diamond mining and rough purchasing ventures in Mbuji-Mayi. ZDF soldiers operate Osleg in a joint venture with Comiex, a company owned by Kabila's military heads. Osleg was established to buy rough in Mbuji-Mayi in order to ease the financial burden of ZDF deployment to the DRC although there have been allegations that the Zimbabweans are not succeeding in their diamond venture. Despite such rumours, ZDF members are likely to make unreported rough purchases, although the extent is merely speculation. According to Table 1, Belgian rough diamond imports from Zimbabwe in 1999 suggest the domination of lower quality Congolese stones. These imports are listed at 59 565,51 carats, valued at a meagre US $1 529 732, or US $25 per carat, marginally lower than DRC's average carat value of US $32. It is possible that higher quality stones are smuggled to Europe or sold elsewhere. Due to the geographic proximity of Mbuji-Mayi to Tshikapa, UNITA diamonds may have ended up in the strong informal market in Mbuji-Mayi. In all probability, the ZDF's foray into the diamond business has not incorporated much UNITA rough, but the Belgian import statistics do not reveal the true extent of diamond dealing conducted by Zimbabwean officers, the political elite and well-known entrepreneurs.

Zimbabwe may also serve as a transit point for illegal diamonds. For example, in May 1999, several Europeans and South Africans were arrested for smuggling diamonds to the Zimbabwe side of the Victoria Falls after allegedly landing in Livingstone, Zambia with illegal diamonds.[36] It is quite easy to smuggle substantial parcels into tourist areas, because the smuggler can easily blend in with large groups of foreigners who are usually not hassled by police. Furthermore, Zimbabwe's border posts do nothing to discourage smugglers. Presumably, any rough from Zambia that is not flown out directly to an overseas cutting centre is taken by road to South Africa, through Botswana, Namibia or Zimbabwe.

Botswana

Despite the naming of a Botswana-based supplier to UNITA by Peter Hain and the Fowler report, it is doubtful that rough buyers utilise Botswana to any great degree. The country's diamond regulations are draconian compared with other countries in the region and make such activity an unnecessary risk. Botswana is one of the world's major diamond producers, but unlike the DRC, Botswana's diamond output is centralised under De Beers and does not incorporate artisanal mining. Citing tight regulations does not deny the existence of an illicit diamond market in Botswana, but rather relegates the country to a minor role in the export of UNITA rough.

Namibia

Namibia is not a safe place to launder stones into the legal market due to its small and highly regulated domestic diamond industry. However, while Namibia may be an unsafe country for laundering smuggled rough, UNITA has relied quite

extensively on commodity procurement from its southern neighbour, especially from towns in the Caprivi strip such as Katima Mulilo. Former South African Defence Force roads into southern Angola remain in use despite some attempts by the Namibian government to close the border. The town of Mucusso is four kilometres into Angola from the border with Namibia and has been a centre for trade involving diamonds. Three other UNITA-held towns involved in diamond transactions were Cuangar, Calai and Lucusse, all of which were overrun by the FAA in late 1999.[37] There is no doubt that UNITA smuggled its rough into Namibia to purchase commodities, with traders also selling materiel in UNITA towns along the border in exchange for diamonds. However, with FAA offensives along the Caprivi strip, including the capture of Jamba and heightened security measures, UNITA's commodity procurement through southern routes has been seriously curtailed, reducing the flow of diamonds. Belgian rough diamond imports from Namibia in 1999 do not reveal much (359 367,8 carats, valued at US $48 312 756, worth US $134 per carat) because several companies, such as the Namibia Minerals Corporation, are independent from De Beers and conduct their own marketing arrangements.

South Africa

An unknown quantity of UNITA and other illicit Angolan rough passes through South Africa. Historical alliances between the apartheid government and UNITA created many long-term business associations based upon the supply of commodities and exchange of rough diamonds. Many of the same networks and individuals still exist, leaving the trade in UNITA diamonds subject only to speculation. Furthermore, numerous South Africans own diamond mines and are experienced in gem identification and dealing. Diamond laws in South Africa may be draconian at face value, but their implementation is relatively lax. South Africa's massive diamond industry is dominated by De Beers, but several other major producers, as well as a myriad of smaller mine operators and single diggers make it impossible to estimate the number of UNITA gems moving through the country. High prices paid at the diamond markets in the Free State suggest, however, that a significant number of illicit diamonds are sold in South Africa, many of which have been stolen from South African mines.

South Africa's genuine diamond production is impossible to quantify, because De Beers withholds its production figures and the government does not release statistics for smaller mines (which may not even be officially collected). Terraconsult estimated the total South African production at 10 649 000 carats valued at US $1 058 035 000 in 1998. Of this production, approximately US $964 million was derived from the De Beers mines (as well as the Benguela concession) and US $94 million from other producers.[38]

The figures reappeared in 1999 in the Antwerp High Diamond Council (HRD) publication *Facets Magazine* under a section entitled 'Rough Diamond Supply 1998' with a few alterations in the figures, but citing approximately US $900 000

produced by De Beers mines and marketed through the Central Selling Organisation, and US $55 million marketed through Antwerp from Trans Hex, Southern Era, Rex and 'various'.[39] The 'various' production, presumably comprising all other diamond producers in South Africa, totals 50 000 carats at US $8 750 000 (a calculation error in *Facets Magazine* puts the figure at US $3 500 000). The 'various' production is completely erroneous, large mining operations on farms in the Free State could not conceivably only produce 50 000 carats annually, not to mention the numerous smaller digging operations.

These 50 000 carats valued at US $8 750 000, plus 251 000 carats valued at $51 720 000 from mining companies were reportedly marketed in Antwerp in 1998, according to *Facets Magazine*. However, other HRD figures show 574 000 carats of rough to the value of US $155 million imported from South Africa in 1998, nearly US $100 million more than the previously mentioned estimates.[40] The carat value of the 1998 imports is thus US $270, but Belgium's rough import figures for 1999 in Table 1 cite 412 000 carats worth US $184 million, with a value per carat of US $448, thus showing a massive increase in value. Given the large domestic production not cited in *Facets Magazine*, inconsistencies in HRD publications and fluctuating carat values, South Africa's domestic production and rough exports to Antwerp remain questionable. Furthermore, given the large quantities of rough bought by Israelis at South Africa's diamond markets in Wolmaransstad and Schweizer-Reneke, among others, few if any conclusions can be made with regard to the laundering of UNITA diamonds, except that it probably occurs to a considerable extent. De Beers' estimated South African diamond production in 1999 at US $776 million under the category of "non-conflict"[41] might therefore be suspect.

Lesotho

The high number of aircraft registered in Maseru and associated with smuggling operations suggests that the country plays a larger role in the laundering of diamonds than assumed. Indeed, Lesotho produces diamonds domestically and has an informal diamond market from which many stones are smuggled to South Africa for sale in the nearby Free State. Ironically, Lesotho has not been mentioned in any reports involving the smuggling of UNITA diamonds. Possibly, the country warrants more attention than this. For example, the South African military intervention in Lesotho in 1998 discovered caches of weapons destined for unknown recipients. De Beers' figures list Lesotho's output in 1999 at only US $3 million,[42] but Belgium imported 42 596,55 carats, valued at US $14 713 632, or US $345 per carat in 1999. The high price of diamonds – closer to that of South Africa – imported into Belgium from Lesotho suggests that the rough is mined elsewhere. The elevated value could also indicate a contamination of Angolan rough. This conclusion is supported by an allegation that one of the diamond smugglers named in the Fowler report also operates partially out of Lesotho through a Swiss company.

Mozambique

Mozambique is not thought to play a substantial role in the transit of UNITA diamonds. Despite the country's Lucophone heritage and substantial links between Mozambican residents and Angolan citizens, a far easier method of legalising UNITA rough would be through South Africa or Portugal. Some diamonds are mined in northern Mozambique and several dealers hawk rough in the country, but the exact origin and quantity of these stones have not been verified.

Mauritius

Mauritius presumably does not play a role in the smuggling of UNITA rough at present. However, Mauritius boasts one of Africa's few domestic diamond cutting industries and has served as a substantial transit point for low quality rough diamonds in 1999. Belgium imported 242 000 carats from Mauritius in 1999 according to Table 1, valued at US $23 per carat, a 44% increase in volume from 1998.[43] The diamonds thus approximated the value of rough mined in the DRC, leading to suspicions that this was the actual origin. It can only be speculated that the diamonds were taken to Mauritius by traders operating in the DRC when Kabila reformed the diamond sector in early 1999. Furthermore, the volume of rough passing through Mauritius may have been substantially higher due to a significant diamond trade between Port Louis and Mumbai, but figures are not available.[44] While the domestic cutting industry only exported 23 686 carats of polished diamonds to Belgium in 1999, valued at US $20,6 million,[45] it is probable that such minor polishing centres could play a more substantial role in the laundering of conflict diamonds in future.

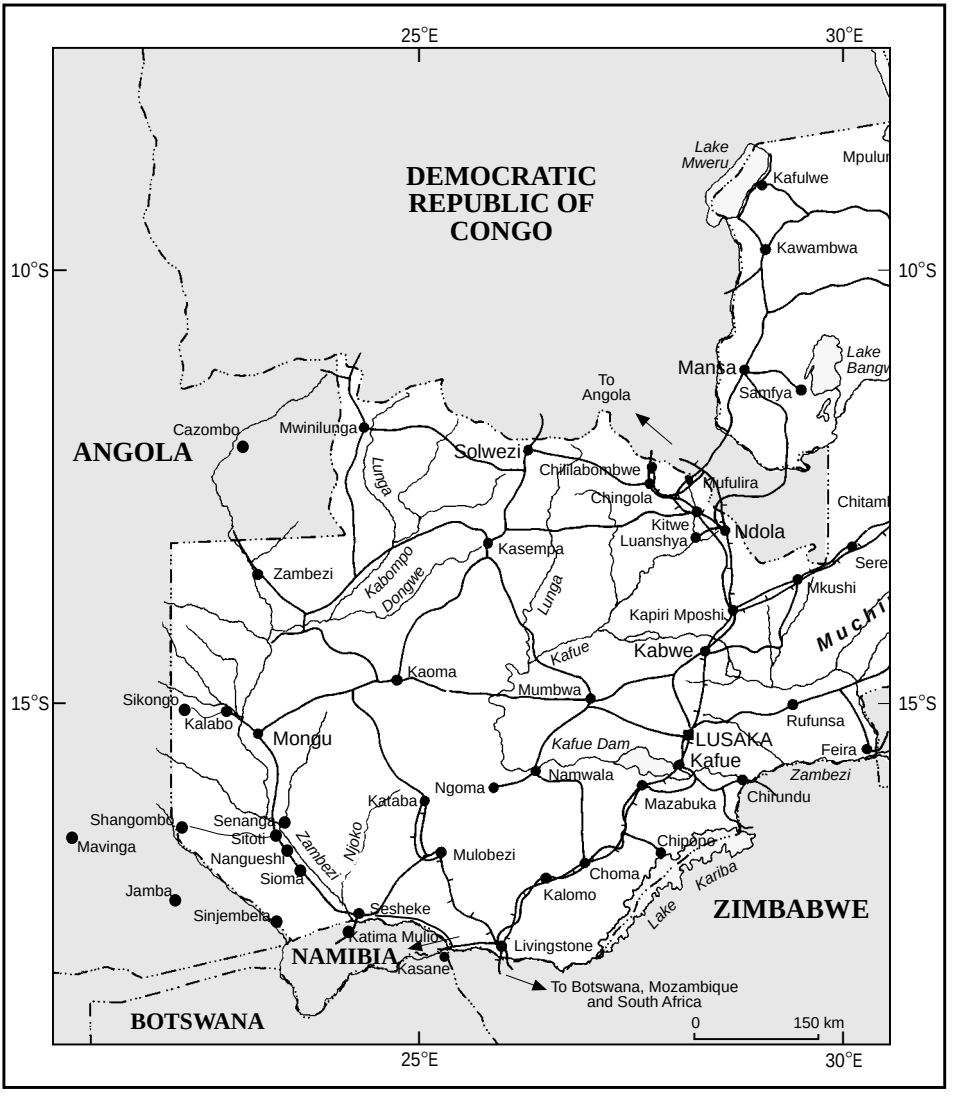
Smuggling case studies

Zambia

Of Angola's direct neighbours, it is the easiest to run a diamond smuggling operation in Zambia. The country is relatively developed, but corruption is endemic. It is close to major tourist attractions in Namibia and Zimbabwe, but is also nearby UNITA's diamond mining operations and smuggling routes in the southern DRC.[46] Diamonds are not mined in any recognisable quantity in Zambia, but the government issues diamond buying licenses. Furthermore, Zambia's Losi people share a common ethnic identity with UNITA supporters. The two main focal points for dealing in UNITA diamonds (besides Lusaka) are the Western Province and the Copperbelt. The former is across from Mavinga while the latter is closer to UNITA's operations in the Lundas. This section will look at the Western Province in detail.

The easiest method of smuggling is to start a legitimate corporation in Lusaka with a Zambian partner who then receives a gemstone-buying license (not exclud-

Detail of western Zambia



ing diamonds) from the Mines Development Department. The license is in the name of the Zambian director, but is transferable to other directors of the company. This entire process of legalising business activities takes no more than a few days and costs less than US $1 000. As no diamonds are mined in Zambia, the trade in diamonds is poorly regulated. Under Zambian law, a diamond can only be bought *by* a registered dealer *from* a registered dealer. In practice, licenses are not required and are useful only in dealing with government officials such as the police.[47] Procedures to export diamonds from Zambia are equally simple. The Geological Survey must value the parcel and a clearance certificate must be obtained from the Mines Development Department, with a copy sent to customs. Tariffs on diamond exports are low, but the process of returning to Lusaka and adhering to various bureaucratic delays make it easier for registered dealers to smuggle.

There are two basic types of smuggling operations in Zambia: the unorganised, consisting of small parcels with a few quality stones; and the organised consisting of large parcels with fewer industrial stones. Without a large investment in Zambian 'friends', the foreign dealer will struggle to locate larger parcels and may not even cover costs. The unorganised trade consists of Angolan *garimpeiros* or small UNITA bands hawking their diamonds at Zambia's informal markets, usually within fifty kilometres of Angola.[48] The organised trade consists of the supply of goods to UNITA by Zambian businesspersons and officials, in exchange for substantial parcels which are brought back directly to Lusaka. Another less visible tier of this second system consists of UNITA parcels being sold directly to international buyers in Lusaka, possibly on the second floor of the Intercontinental Hotel, as alleged by one Antwerp-based dealer. It is likely that this 'third trade' is augmented by rough arriving in Lusaka from the 'organised' trade controlled by powerful Zambian entrepreneurs, and also serves as the logical Zambian endpoint for the unorganised trade. Therefore, the method of smuggling depends on the smuggler. The third type demands a large capital base and substantial contacts, and is largely inaccessible to smaller smuggling operators. The second is primarily dominated by Zambians and cannot be initiated without their involvement, subsequently translated into an immediate overhead cost. The first type is the easiest as it takes relatively little capital, and expensive friendships do not need to be serviced.[49] However, the first tier of unorganised smuggling is sporadic and few decent stones remain in circulation at the various rough catchments for long. Within the span of a few profitable transactions, diamonds move up the smuggling chain and are eventually mixed with larger parcels.

Mongu is as good a point as any to purchase UNITA diamonds. Two dealers operating on the main road through the town centre usually have decent parcels of rough (mostly under 20 carats, with stones not exceeding 2 carats each). The proprietor of DH Supplies is a well-known diamond broker who can organise buying trips to Angola through Sikongo, with all the necessary paperwork supplied by Mongu's Customs office; the proprietor's associates can also supply heroin and ivory. Across the street at a general store, Mr K receives a steady supply of stones from a cousin living in Shangombo and formerly also from an East African UN

employee working in Angola. Unfortunately, diamonds in Mongu do not last long because Lusaka-based buyers also compete for these sources. It is better business practice to arrange a trip into Angola to deal directly with UNITA with the assistance of one of Mongu's brokers,[50] or at least visit villages along the border.

Because transport to Sikongo is irregular and there is deep sand around Sinjembela near Namibia, the Western Province town of Shangombo is the most accessible border post with Angola. The road to Shangombo is ironically in very good condition, having been recently covered with compacted gravel. While Shangombo is just a rundown military outpost, the condition of the road can be explained by the substantial trade with a UNITA village across the border, suggesting a countermovement of diamonds to Zambia through this route.[51] Shangombo is quite inhospitable for the unconnected diamond dealer attempting to purchase from the first tier of trading. An unspecified quantity of rough passes through the Shangombo border, but this is destined for the second tier of smuggling, involving Zambian entrepreneurs and various strongmen. Smaller foreign traders pose a threat to this lucrative business of exchanging commodities or weapons for diamonds, because exposure could severely hinder such transactions. Therefore, the police in Shangombo actively discourage foreign smugglers, citing the fact that the town is unsafe and that diamonds are not mined there.[52]

A few smugglers from Botswana related that the Shangombo police helped them once they had paid the required bribe, but locating independent contacts was strictly forbidden. The only other patron for small diamond dealers was the former official in charge of the border station in Shangombo. Mr L would house smugglers in the courtyard of the border station, supplying chicken and local beer for a steep price. The border house is also a convenient office for business with UNITA soldiers who come across to Zambia in response to a letter sent by Mr L to a UNITA colonel.[53] Any attempt to recruit someone else to deliver the letter is rejected by the border station patron, who must also be present when diamond deals are conducted in the courtyard of the border station.

Foreigners who do not participate in the informal network of patrons in Shangombo are forced to leave the town, since competition or exposure would hurt the business conducted by or through officials based in the outpost. Unless substantial contacts are made with entrepreneurs in Mongu and permission is obtained from the provincial police headquarters (which is anyway impossible), the 'independent' smuggler is excluded in Shangombo. The outpost is not a first-tier diamond catchment area due to the police presence and the lack of an informal commodity market in the town. This means that there is nothing for *garimpeiros* or individual UNITA members to purchase without prior and substantial arrangement.

Diamonds can be located without a police presence about 40 km east of Shangombo in Nakutoma. Many Angolans prefer this town because of its unregulated nature and the absence of prying government officials. It is also a staging point for smugglers to organise barter exchanges of livestock for diamonds, and serves as a source of weapons from Angola for Zambian markets. This town was

used by a Botswana buying team, although there was space for other traders at the time. Most southern towns towards Namibia's Caprivi Strip have neither informal markets nor diamonds. However, prospects in Sioma always seemed promising, despite the fact that the trade appears sporadic and unsubstantial. Katima Mulilo in Namibia seems to be quite a significant catchment area for diamonds smuggled out of Angola, since the town has a large grocery store and a diverse informal market. There is no possibility that the residents of Katima and surrounding subsistence farmers can justify the quantity of goods available, suggesting sales to Angolans. Moreover, it is widely rumoured that there is a Portuguese man who buys in Katima, as well as in the most southern Zambia-Angola border station at Sinjembela.

Senanga is only about 30 km to the north of Nangueshi. It is the largest diamond catchment area for stones moving north from Shangombo due to the town's large informal commodity market.[54] Senanga is also connected by motorised canoes to areas further north such as Sikongo. Thus, Senanga is likely to be one of the primary trading sites for the first tier of smuggling, serving as a focal point for rough brought by *garimpeiros*, small UNITA bands, or traders from villages closer to the Angola border. *Garimpeiros* and Zambian traders make the first or second barter or cash deal in a locality such as Senanga. If the trade progresses in value and quantity, by the third exchange, the diamonds will be in the hands of a Caprivi or Lusaka-based dealer.

South Africa

Diamond dealers carry significant amounts of cash with them and no country in the region is safer than South Africa. There have been cases of foreigners caught while attempting to buy illicit diamonds in South Africa, but the police are mostly concerned with rough stolen from South African mines.[55] Bringing diamonds in by car is a simple process, since tourists are almost never searched, and concealing diamonds in the contents of a vehicle makes the discovery of illicit gems highly unlikely. Smuggling diamonds straight from UNITA territory into the country by air is facilitated by the lack of aviation and customs controls in South Africa and the region.

Until recently, South Africa had about 30 designated airfields for international flights. Controls were lax and smuggling operations proliferated in the absence of state oversight. Revoking the international status of all but a handful of airports, however, has done little to curtail illicit activity or tighten control over the country's airspace or airfields, encouraging smugglers instead to reroute their paperwork through fictitious circuits. If the smuggler possesses a well-maintained aircraft, flying into UNITA-controlled areas is not dangerous. A smuggling operation will only be exposed if the aircraft develops a problem and is forced to land, making the illicit activity only as good as the plane. The last issue the diamond smuggler needs to worry about is contravening airspace laws and customs.

Primary radar is utilised only in a triangle of South Africa's most common aviation routes with the radar placed at Johannesburg, Bloemfontein, Cape Town,

Port Elizabeth and Durban, notably not covering the country's borders. Primary radar is essentially a signal that bounces off the plane's fuselage, sending back a report of the plane's location to the controller and is used only in congested airspace such as the Terminal Control Areas (TCAs).[56] Primary radar covers a range of 60 nautical miles, making it easy to avoid by low-flying planes outside of the operational radius. Secondary radar enhances the capabilities of primary radar by sending out an interrogation that is picked up by the plane's transponder, sending back the aircraft's specific call sign, or 'squawk code', assigned by the controller. When the interrogation from secondary surveillance radar is not met by a transponder (which can be turned off), the aircraft does not originate a response. Without primary or secondary radar, a control tower must mathematically separate planes based on position reports given by individual aircraft. Such position reports can be withheld or falsified. For example, a plane could be 50 nautical miles at 180 degrees from Windhoek and call the tower to report that the aircraft is instead 50 nautical miles out at 090 degrees, without proof that this is not the case. A pilot could report to the controller that he is heading 032 degrees to position A and simply continue thereafter without talking to anybody. It must be remembered that controllers assist aircraft by maintaining sequencing and separation from the primary airport and are not employed to act as border police or customs officials. Furthermore, radar in Africa's less congested airspace serves only as a type of lighthouse, warning aircraft of crowded areas. Radar is meant to regulate the safety TCAs and not to identify rogue smugglers flying at low altitude. Since monitoring airspace in Africa is incomplete even for scheduled airlines, lax regulations and a lack of dialogue between air traffic controllers in neighbouring countries will do nothing to curb illicit activity. The only way to catch illicit flights is with military primary radar that has a range of 250 nautical miles. Unfortunately, this is not often utilised due to prohibitive operational expenses.

Smugglers using aircraft can manipulate any multitude of routes to gain access to and from Angola without being detected. Smugglers have two basic options: operate completely illegally, or file a flight plan.

The first option is to generate no paperwork and refrain from filing a flight plan. From a controlled airport such as Wonderboom (Pretoria) to an uncontrolled airport, a flight plan is not necessary. Upon departing the uncontrolled airfield, the plane flies at low altitude and crosses the border into Botswana. The primary radar at Gaborone will not pick up the flight and the plane can head north towards Angola. Refuelling can take place at Maun,[57] giving authorities false information with respect to origin and destination, or at any private farm with adequate facilities, a more likely scenario if aviation laws are being completely transgressed. The plane can then continue past the Caprivi Strip, which is monitored by Botswana air traffic control, and into Angola where the even greater lack of facilities necessitates broadcasting on frequency 126,9 (traffic information by aircraft). After buying diamonds in Angola, the plane can easily evade all radar in Botswana and return to South Africa without ever encountering customs, borders or police. This method is risky, only in the sense that any

mechanical failures in flight that force an emergency landing would alert authorities of transgression.

The more likely scenario is to file a flight plan to Botswana where the plane can refuel in Maun, go through customs and say it is heading to a game park, private airstrip or even to Katima Mulilo. As there is no radar at Maun or Katima, the actual course set by the plane cannot be verified. The plane then proceeds across the Caprivi and into Angola. On return, the flight will again pass through Maun saying it originated locally, receive the appropriate documentation and return to South Africa. Once in South Africa, the plane can divert to any farm before landing at Lanseria (near Johannesburg), at which point the diamonds have already been discarded. This diversion is illegal, of course, but there are few methods to determine if a plane has actually diverted from its flight plan without adequate radar coverage. One simple diversion while maintaining a correct flight plan is to underestimate the plane's cruising speed to allow time for a quick landing. Moreover, the customs at Lanseria have not shown themselves to be capable of combating diamond smuggling.

Diamonds can be sold in South Africa through three main channels: selling to licensed dealers who are willing to buy illicitly; laundering rough into legal diamond mine output; or entering the stones directly through the South African Diamond Board.

While there are controls over diamond purchases and every transaction is supposed to be recorded, this is not a definitive control. It seems that those in the business view prosecution as the result of making enemies. Legally, every transaction must occur in an official purchasing office that has been inspected by the Diamond and Gold Branch of the South African Police Service. However, one former mine employee noted the varying nature of such standards. It can be expected that most deals are legal, but entering illegal Angolan diamonds into such a formalised system is simple for syndicates operating both legal and illicit operations. Selling rough to unlicensed buyers is also a simple matter if substantial prior arrangements have been made. The large number of diamond smuggling syndicates makes this an easy process, although possibly more dangerous since legal transgressions should be minimised.

Mining operations are rarely examined by government officials, making individual rough output unknown to the Diamond Board. Rough smuggled into the country can be given to a business associate who mines in the Free State and the diamonds can be declared as legitimate South African production. Larger smuggling operations could use multiple mining operations for more effective laundering. Once the Angolan rough is mixed with South African production and sold at any of the domestic diamond markets, the diamonds have entered the legal trade. It has been reported that in some cases 'miners' merely process topsoil to give the illusion of digging for diamonds without damaging their equipment, while receiving illicit rough that is laundered into the local diamond trade. Another method would be to obtain a license to re-treat former mine dumps and launder UNITA rough through this system. In any case, a business association

between a miner and a rough buyer working with UNITA allows for the least risky option for laundering illegal diamonds.

Diamonds arriving in South Africa are also easy to launder through the offices of the Diamond Board. The simplest and most successful method is to abide by South African paperwork. When arriving at Johannesburg International in a private plane from country X, diamonds must be declared to customs which issue a 'detention' slip and an invoice. The customs agents are only concerned with documenting the name of the importer, the number of carats, total weight, value and the country from which the diamonds have been exported. A diamond courier service then delivers the rough to the Diamond Board. If a courier service is not used, the rough is detained at customs until the importer returns with the necessary paperwork from the Diamond Board.

The above scenario requires an export permit. However, should an official export permit not be obtained from country X, fraudulent permits are easy enough to forge. It is passable as long as it looks good and "didn't come from your underpants", according to a manager of a Johannesburg-based diamond courier service. Signing an affidavit with the police is a mistake, since it draws unnecessary attention to an importer's activities. The Diamond Board is similarly unconcerned with 'non-Angolan' stones. If diamonds are brought in from country X but arrive without an export permit, a source at the Diamond Board said that this is not a problem as long as the stones are 'not Angolan'. Obviously, Angola is an official bad word, but parcels without export permits are accepted, even if the stones are indeed Angolan but said to originate in another country such as the DRC. The diamonds are then valued at the Diamond Board and must be offered for sale to the South African diamond industry before export overseas, for which a temporary dealer's permit is issued. The Diamond Board charges US $50 for valuation and 'services' and the dealer must buy a temporary selling permit for US $100. The stones can only be sold through Diamond Board offices, for which daily rates are charged for viewing rooms.

Conclusion

Selling rough diamonds across Angola's borders is only advantageous for unlicensed diggers from the informal and illicit markets, including UNITA bands, if Angolan dealers do not operate close to the diggings. Artisanal diggers seek sources of cash or entrepreneurs willing to barter goods for diamonds, and will not travel more than necessary to do so. Villages along Angola's borders with Zambia and the Democratic Republic of Congo serve as one point for this exchange. Local chiefs barter goods for diamonds at favourable prices and resell the mixed diamonds to entrepreneurs who amass even larger parcels for resale to local trading centres, Kinshasa or Antwerp. Foreign diamond dealers recognised that rough prices increased with distance from Angola and operated rudimentary purchasing stations along the Angola/DRC border[58] before Kabila's diamond sector reforms.

The notion of diamond catchment sites across Angola's borders is not entirely applicable to UNITA's central diamond stocks. Peripheral UNITA groups are not connected to the international diamond trade, and while UNITA may occasionally use its stockpiles to barter for goods, the majority of UNITA's diamond production is sold to international dealers competing for the rebel rough, and paying standard prices. Savimbi's diamonds are not heavily discounted, requiring proper structures for exporting the gems. While these export routes involve the direct sale of diamonds to couriers at rebel bases in Angola, a wider regional export network is also used. UNITA's export mechanisms seem to mimic import routes used for commodity or arms procurement as both utilise safe but not always UNITA-friendly African states as the point of transaction. However, UNITA does not appear to be laundering its diamonds into the domestic output of neighbouring diamond producers. Rather, *diamantaires*, or their representatives, operating in Central and Southern Africa, perform the legitimising of Savimbi's diamonds. Moreover, the laundering of rebel rough can be performed in countries with no domestic diamond production, such as in Rwanda or Zambia, although legalising embargoed goods can also be facilitated through domestic diamond markets in countries such as the Central African Republic or South Africa. The use of Angola's neighbours by *diamantaires* depends more upon favourable access to the rebels and security of investments, rather than concerns of importing rough to Belgium or other trading centres.

After UNITA captured the Cuango valley in late 1992, as well as major portions of the eastern Lunda diamond fields in 1993, the rebels' output of rough increased massively. A primary point of sale was Mobutu's Zaïre where a multitude of buyers competed for UNITA's gem quality stones. Larger *diamantaires* also began buying directly from Luzamba at auctions, a process that began in earnest around 1995. When Kabila captured Kinshasa in early 1997, *diamantaires* appeared to have vacated the DRC temporarily, preferring to use Congo-Brazzaville as a point of gaining access to UNITA. However, the fall of Lissouba in late 1997, and the political and military turmoil in Brazzaville, drastically reduced the number of international diamond agents willing to do business in the country. The DRC again rose in prominence during 1998, but Kabila's diamond sector reforms at the beginning of 1999 drove many dealers out of the country as the price of conducting diamond deals in the country rose considerably. Zambia began playing a larger role as an import route for UNITA after the fall of Mobutu, with the sale of diamonds through Lusaka-based diamond dealers increasing from 1998. This largely mirrored the rebels' growing exploitation of diamond reserves in Cuando Cubango and Moxico provinces. The increased role played by Zambia in the diamond smuggling pipeline was concurrent with the transit of gems through Rwanda and Uganda. With Kigali tactically allied to Savimbi, diamond dealers gained another favourable access point to the rebels at the time of Kabila's domestic diamond reforms. Direct evidence does not implicate Rwanda as a major transit point for UNITA diamonds, but Kigali and Lusaka probably handle the largest magnitude of UNITA rough at present. *Diamantaires*

have also gained access to UNITA diamonds through South Africa for nearly two decades, a trade that has continued despite the end of apartheid and supposedly greater control over South Africa's airports.

As UNITA relies on the highly mobile operations of diamond dealers working through a variety of neighbouring states, the closure of one route will not largely impact Savimbi's sale of diamonds. Indeed, massive diamond smuggling operations in Africa suggest that the isolation of UNITA's embargoed diamonds will be impossible, especially since rough can be polished on the continent where controls are often lax. Combating UNITA's diamond exports must rely on a holistic review of diamond mining and buying operations in Africa and not on sophomoric controls in overseas trading centres that assume a degree of order in the African diamond trade.

Endnotes

1 Statistics supplied by M Van Bockstael, High Diamond Council, Antwerp, April 2000.

2 This excuse has been used by Antwerp's High Diamond Council to suggest that Belgium's diamond industry has not consumed large numbers of dirty diamonds as the massive import figures for Liberia would suggest. Unfortunately, such an admission suggests that import procedures for diamonds entering Belgium are lax. If Russian rough is easily misrepresented as originating from Africa, one must wonder why a smuggler operating out of Zambia, for example, would not declare Central African Republic as the origin of the rough so as not to alert authorities to transgressions.

3 Antwerp High Diamond Council Statistics, *1998 Annual Report*, Antwerp, 1999, p 11.

4 Belgium's import figures are also listed at a higher US $588 million, citing official Antwerp High Diamond Council statistics. Economist Intelligence Unit, *Country Report Angola June 2000*. Economist Intelligence Unit Ltd, London, www.webspirs4.silverplatter.com, 29 June 2000.

5 While it is possible that some of Catoca's production was sold in Antwerp, this would seem an unlikely scenario since Lev Leviev, who markets Catoca's production, runs polishing factories in Israel and Russia, among others, but apparently not in Antwerp. Leviev reportedly sells what he cannot polish from Catoca's production, but the location of these sales is not known, or which country the rough first passes through. The lowest quality stones may pass through India's polishing factories, famous for their intake of marginal goods. One shipment of Catoca's output was made public when an Israeli resident in Luanda was arrested upon arrival at Windhoek's International Airport in October 1998 as she transferred to a South African bound flight. She possessed 122 321 carats of uncut diamonds and was reportedly her fifth trip as a courier for Catoca. She was reportedly delivering the diamonds to Israel, via Johannesburg, to Heart Diamonds, part of Lev Leviev Diamonds with proper Endiama paperwork.

6 *Report of the Panel of Experts on violations of the Security Council sanctions against UNITA*, Security Council Document S/2000/203 dated 10 March 2000, par 83.

7 Ibid, par 83.

8 Ibid, par 103.

9 Ibid, par 102.
10 Surprises in Antwerp, *Africa Energy and Mining*, 15 March 2000, Indigo Press.
11 Ibid.
12 Business Africa, *Economist Intelligence Unit*, February 1st-15th 1999, p 3.
13 F Misser, Congo stops foreigners dealing in diamonds, *Business Day*, Johannesburg, 22 January 1999.
14 Kabila awarded a monopoly on DR Congo's entire diamond production to the Israeli company IDI Diamonds, on 31 July 2000, hence again restructuring the country's diamond market. IDI, initially referred to as IDA Diamonds by the press, was awarded an 18 month contract to market DRC's diamonds with other companies, such as the Congo America Corporation, reportedly owned by Lazare Kaplan International, kicked out. Source: Kabila's Congo cancels diamond trade licenses, *Reuters News Service*, 19 August 2000; Israeli diamond dealer wins major DR Congo contract, *BBC Monitoring Service*, 19 August 2000.
15 Diamonds offered by members of the DR Congo embassy in Pretoria could be bought in Mbuji-Mayi at the end of 1999. One specific sale was comprised of 10 000 carats of unknown quality and involved flying from Lanseria, South Africa to Mbuji-Mayi without diversion through Kinshasa.
16 Surprises in Antwerp, op cit. The value of DR Congo exports estimated by the Comptoir National d'Expertise is cited as less than half the value of Belgian imports listed as originating from DR Congo, hence computed by the author to be approximately US $375 million, confirmed by other sources. S Lwanyi, DRC Perspective, paper presented at the *Technical Forum on Diamonds*, Kimberley, South Africa, 11–12 May 2000.
17 Antwerp High Diamond Council Statistics, *1997 Annual Report*, Antwerp, 1998, p 32.
18 Angolan and Congolese Boom, *Africa Energy and Mining*, 23 September 1998, Indigo Press, p 6.
19 The lack of illicit diamond movement through Brazzaville is further confirmed by a French dealer who noted that the Congo no longer plays as important a role in diamond smuggling.
20 See C Dietrich, The Commercialism of Military Deployment in Africa, *African Security Review*, vol 9 no 1, Institute for Security Studies, Pretoria, 2000.
21 As reported by a radio station controlled by the *Rassemblement congolais pour la démocratie*, reported by the Ugandan newspaper *New Vision* on 20 July 2000, and BBC Monitoring Africa.
22 F Misser, How Unita beats UN gems embargo, *African Business*, May 1999, pp 35–36.
23 Ibid.
24 A Coxon, The Diamond Pipeline, the Current and Future Regulatory Frameworks, paper presented at the *Technical Forum on Diamonds*, Kimberley, South Africa, 11–12 May 2000.
25 *Central African Republic Diamond Bourse Resumes*, Reuters News Service, 12 June 1999.
26 *1998 Annual Report*, United States Geological Survey, Mineral Industry Survey – Gemstones', p EE17. As cited in *The Heart of the Matter: Sierra Leone, Diamonds and Human Security*, Partnership Africa-Canada, 2000, p 16.
27 Terraconsult bvba, www.terraconsult.be/overview.html, 12 May 1999.
28 Central African Republic Diamond Bourse Reopens, op cit.
29 Belgium imported 800 000 carats from CAR in 1998, and 579 000 carats in 1997, still representing a considerable gap between the country's estimated production and

Belgian import statistics. Antwerp High Diamond Council Statistics, *1998 Annual Report*, Antwerp, 1999, p 11.

30 De Beers cites the only 'conflict diamonds' in DR Congo as originating from Kisingani, failing to mention diamond sales by the rebel leader Jean Pierre Bemba who mines in northern DR Congo. Coxon, The Diamond Pipeline, op cit.

31 Free-for-all at gem auctions, *Africa Analysis*, 3 September 1999, www.africaanalysis.com, 9 September 1999.

32 Two crack down on gem smuggling, *Africa Analysis*, 12 June 1998, p 12.

33 Ibid.

34 Consuls prosecuted for non-payment of fines in Centrafrican, *AFP Europe*, 15 November 1997, www. Dialog.com, 2 February 2000.

35 Misser, How Units beats UN gem embargo, op cit, pp 25–36.

36 Ten foreigners arrested with illegal diamonds in Zimbabwe, *Associated Press Worldstream*, 6 May 1999, www.newsline.dialogue.com, 24 November 1999.

37 Hunt for Savimbi intensifies as UNITA military capacity crumbles, Africa News Service, as taken from *Angola Peace Monitor*, 1 December 1999, www.library.northernlight.com, 10 December 1999.

38 Terraconsult bvba, www.terraconsult.be/overview.html, 12 May 1999.

39 L Rombouts, Antwerp, The World's Most Important Marketplace for Diamond Producers, *Antwerp Facets Magazine*, no 31 April 1999, pp 6–12.

40 Antwerp High Diamond Council Statistics, *1998 Annual Report*, Antwerp, 1999, p 11.

41 *Diamonds and Conflict*, Strategic Comments, International Institute for Stategic Studies, vol 6, May 2000.

42 Ibid.

43 Uncut Diamonds Mauritius re-exports to Antwerp, *Indian Ocean Newsletter*, 19 February 2000, no 892.

44 Ibid.

45 Ibid.

46 The only genuine impediment to crossing the border to Angola is nature: rivers (among which is the formidable Zambezi) and sand. Departing Zambia to SADC countries with diamonds is even simpler; known diamond dealers leaving through the better controlled border post in Katima Mulilo to Namibia are never inspected. Diamond dealers exiting at other border posts such as to Victoria Falls can blend in with tourists.

47 It is only necessary for the dealer to write his name and address on the receipt so that there is proof of purchase. When asked how the buyer would know if the information provided by the seller were accurate, an official at the Mines Development Department said that such a technicality was not the problem of the buyer. So, when buying a diamond, any falsification on the part of the seller is not the concern of the buyer, and apparently not the concern of the Mines Development Department. It is not known whether such procedures are similar for the purchase of commercially mined gems in Zambia. Furthermore, proper records of all deals should be maintained by the diamond dealer for tax purposes, but it is not known how vital these records are.

48 This unorganised trade often begins in a wide pattern with the stones going to any number of villages or small merchants in exchange for small commodities. Within one or two deals, the stones move to the larger buying operations and are centralised away from smaller illicit buyers. Thus, the stones either must be obtained at the

border in exchange for some goods or cash, or bought in the larger villages from the secondary dealers before they are bought by wealthy Zambians looking to resell the rough in Lusaka or export overseas.

49 The second tier can be relatively inexpensive if radios and clothes, or even a 4x4, are being delivered to UNITA. However, weapons such as rifles diverted from the Zambian Defence Force can be much more expensive and the trade is probably tightly controlled by wealthy businessmen.

50 It is also proper business practice to accompany any Zambian sent to barter on your behalf, so as not to lose your merchandise like a Russian buying team in 1998.

51 This assumption was reconfirmed by a maize trader who regularly transported his goods by lorry from Mongu to Shangombo, a town that bought more maize than people it could feed He would sell the maize to a Zambian family in Shangombo who had contacts on the Angola side.

52 This is where a registered company for import-export, entertainment and alcohol, as well as gemstones license, not excluding diamonds, is necessary, although the fact that the town is 'unsafe' due to UNITA rebels is a difficult deterrent to overcome regardless.

53 Note however that any attempt to actually travel across the border is heavily resisted by the border officials who profit only as arbitrators between the dealer and UNITA.

54 Senanga is connected by tarmac road to Mongu, making Senanga the last town where Zambian goods are available for sale, with towns south of the Sitoti ferry connected instead to Namibia.

55 The Diamond and Gold Branch has at most one hundred and fifty employees that must be split between diamonds, gold, platinum and other precious metals such as aluminium. Each detective works with no more than ten informants who receive 7% of the street value of a seizure, hence bolstering the Branch's information gathering capacity. This section of the police, by the admission of its employees, is geared principally toward combating diamond thefts at South African mines, which includes preventing the rough from exiting the country. International flight arrivals are only monitored if prior information is supplied. Thus, while the laws on bringing diamonds out of South Africa are more effective, entering the republic with an illegal parcel is a surprisingly simple process. According to one former member of the South African Police, it is about ninety percent possible to sell to an illegal buyer without getting caught. This ratio is also valid if you wish to sell stones without a license in any one of the rough markets such as Wolmaransstad. With adequate contacts in the diamond industry, chances of being caught are even further reduced.

56 The primary radar at Johannesburg International will not even locate a low flying plane over northern Pretoria, less than 50 nautical miles in distance.

57 One of five designated airports for international arrivals/departures including Francistown, Gaborone, Kasane and Selebwi-Phikwe.

58 One method of obtaining rough used by a Belgian dealer operating in Southern DR Congo was to accept diamonds for overnight storage in his safe, for which several thousand dollars was given to a *garimpeiro* or UNITA member. When the miner came to fetch his goods the next day, the Belgian would ask for his money back which the miner would have spent 'on the town'. Thus, the miner would have no option but to sell his rough to the Belgian.

Beyond the stalemate?

Jakkie Cilliers

The region and the international community are faced with stark choices in respect of the Angolan conflict. They can allow the war to run its course, with the risk of even higher levels of human suffering and physical destruction, including the regionalisation of the war. Or they can try again to seek a negotiated settlement, which, if achieved, may be inherently unstable. One thing is clear: any settlement will require a major development initiative if an end to the war is to be more than an interregnum in the ongoing conflict. As illustrated in various chapters in this book the challenges of recreating a country out of what remains of the Angolan state are immense. The economy is a disaster, industry scarcely functions, inflation is high, scarcities are rife, the infrastructure has been virtually destroyed, wages are at starvation levels and governance, to the extent that it exists, is restricted to Luanda and (some) provincial capitals. Given past trends, it will in any case be the donor community and not the Angolan government that continues to offset the worst effects of the war, deprivation and hunger through the provision of humanitarian assistance. The absence of peace therefore carries its own international cost if one takes into account that Angola received US $436 million in Overseas Development Assistance in 1997.

Angola has tried to achieve a settlement through an elite pact on at least three occasions. With the exception of the 1992 elections, the broader populace has had little role in determining a more peaceful future despite their central role as enablers and victims. Until very recently political participation only took place when mobilised and organised by the state to serve its own specific purposes. Except for church-linked organisations such as *Caritas Angola* and the Angolan Council of Evangelical Churches, the state has only recently allowed the establishment of non-governmental organisations and the *União Nacional para a Independência Total de Angola* (UNITA) effectively bars any such activity in areas under its control.

Angolan churches started to speak out on human rights issues in 1989 and soon thereafter launched the Angola Civic Association. In recent years large thanksgiving services have been hosted and in 1997 the Angolan bishops even published a pastoral letter condemning “extravagant arms purchases.”[1] With the resumption of the war the following year the churches and smaller civil society groupings became bolder. A march for peace organised by the *Comite Intereclesial para a Paz em Angola* (Coiepa) in June 2000 in Luanda turned into the largest such event since elections in 1992, attracting several thousand people. The congress for peace held at Luanda’s Catholic University the following month brought

together more than 20 churches, a number of politicians and NGOs and raised the issue of negotiations between the government and UNITA. The congress called for a national dialogue that would involve not only the main protagonists, but also the churches and civil society.

Even amongst the more than a one hundred political parties in Luanda talks have started in an attempt to establish a united opposition following indications that the government wishes to call an election. But without participation by UNITA, new national elections will amount to little more than a MPLA referendum.

There is now a growing public articulation of the awareness that the MPLA, and UNITA, have been profiting from this war, in connivance with powerful foreign commercial interests and without concern for the 'people' in whose name it is fought. Unaccustomed to dealing with dissent from this quarter the governments' response has been harsh, drawing considerable criticism from influential foreign actors. Individual journalists have been harassed, and even arrested and charged, for publishing stories and making broadcasts that are unflattering of the ruling elite.[2] Far removed from the public domain, UNITA is less troubled by such pressures and able to control dissent forcibly.

One thing is clear: any future peace process must be more than secretive discussions between the two major, armed opponents if Angolans are to overcome the legacy of successive generations of conflict. But without significant assistance civil society in Angola will remain weak and only able to express its outrage at the present situation.

The Angolan security dilemma

It is clear that UNITA recently suffered a series of military setbacks, that the government has destroyed a large portion of its conventional weaponry and that the Angolan army, *Forças Armadas Angolanas* (FAA), has succeeded in driving UNITA from large areas traditionally under the rebels' control. With a continued exodus of people from UNITA controlled areas, the movement's recruitment and labour pool must also be decreasing. It also appears as if UNITA's diamond revenue base is under pressure. The report of the Panel of Experts on Violations of Security Council Sanctions against UNITA, tabled in March 2000 (the Fowler Report) has spawned a number of initiatives both inside and outside Angola that may affect the rebels' income from the illegal diamond trade.

But when judging the remaining military capacity of UNITA one must bear in mind the rebels' strategy of establishing a liberated zone within Angola, providing political education to the peasant population and seeking self-sufficiency. Previous chapters have discussed the extent to which the rebels' guerrilla army, the *Forças Armadas de Libertação de Angola* (FALA) relies on foraging and obtains a substantial amount of supplies, including war materiel, within Angola either seizing them from FAA or through the informal economy. Their capacity to 'live off the land' was built up over decades. Many members of FALA have spent

their life on the move, taking their families with them and setting up self-sufficient villages as they go. The extent to which FALA also relies on banditry to ensure supplies has been demonstrated over the years. A recent example is an attack on a World Food Programme convoy of four trucks carrying 50 tons of maize, beans, salt and cooking oil near Cubal during April 2000.

It is not surprising therefore that the military situation in mid-2000 indicates a resurgence of UNITA military activity and that the movement has expanded its military operations in the south-east and reactivated its activities around Luanda, in a replay of previous years. In the process UNITA has extended the supply lines of FAA making them vulnerable to guerrilla attack and harassment.

The extent to which the pendulum of military balance has swung between UNITA and the government over the years, does not reflect the changing strengths of the opposing forces, but rather their relative weakness in a country more noted for its absence of administration and control than the reverse. The changing fortunes of FAA and FALA reflect the reality of vast open spaces that challenge the logistics of both armies, through which FAA advance, bound by roads and logistics, and FALA trek, often across country. Driven by logistics, fighting tends to be periodic, diffuse, seasonal and often restricted to those areas where it will not interfere with diamond production.

The military situation in Angola appears to be that of a *stalemate* with no victory in sight for either of the protagonists, despite the steady attrition of UNITA's capacities. By the middle of 2000, the Angolan protagonists remain trapped in their own security dilemma from which even an international engagement the size of the third United Nations Angola Verification Mission (UNAVEM III) was unable to extract them.

During successive phases of Angola's modern history the MPLA and UNITA have sought to undermine the various peace agreements when events turn to their disadvantage. Both organisations have used negotiations as a vehicle for political/military trade-offs and UNITA has been particularly adept at delaying tactics.

Fighting actually intensified during the last stages of the negotiations of the Bicesse Peace Accords when UNITA laid siege to Luena and continued even after the cease-fire came into effect on 15 May 1991. During the subsequent implementation of the Bicesse Accord, the MPLA and UNITA followed different strategies to ensure that they maintained a war-fighting capacity despite international supervision. UNITA used the demobilisation camps as regrouping and recuperation structures for its guerrillas, who were much more used to living off the land than the MPLA's military wing, then still known as the *Forçes Armadas Populares de Libertação de Angola* (FAPLA).[3] The MPLA established a separate 40 000 strong paramilitary 'riot police' almost entirely composed of former FAPLA members and cared little about maintaining its military as a cohesive force. The subsequent military reverses suffered by the government could largely be attributed to the effective disintegration of FAPLA during the cantonment and demobilisation process.

During the first months of the 'war of the cities' that followed, which saw UNITA gain control of two thirds of Angola by early 1993, talks in Abidjan and

Addis Ababa came close to an agreement. They failed when UNITA sought to have its military success reflected in the draft protocol and when the Security Council refused to countenance the deployment of a symbolic peacekeeping force to monitor the disengagement that would follow a ceasefire.[4]

When the military balance tilted sharply the other way the gains made by the government forced UNITA to concede to the Lusaka Protocol. Despite the fact that the two organisations initialled the Protocol on 31 October 1994, fighting continued with FAA eventually capturing Huambo in what UNITA saw as a violation of the spirit of the agreement. Only immense diplomatic and other pressure forced the government to sign the Lusaka Protocol on 20 November 1994 – against the advice of persons such as FAA Chief of Staff General João de Matos who considered UNITA too strong to guarantee lasting peace.[5]

The implementation of the Protocol soon fell victim to the same manipulation and undermining that characterised the 1991/2 period. UNITA effectively used the time granted by the peace process and the delays in the deployment of peacekeepers to re-equip, rearm and recover from the setbacks that it had suffered. The government also continued with its military preparations. Neither disarmed nor demobilised, eroding confidence in the peace process. In the absence of military pressure it was only sustained international pressure and eventually sanctions that inched UNITA forward to comply with the Protocol as incidents of fighting continued. UNITA even shot down a UN helicopter in March 1995.

Little progress was made in handing-over towns to the government and despite yet another agreement in January 1998 to complete implementation of the remaining elements of the Lusaka Protocol, the schedule continued to fall behind. Eventually UNITA would pretend to demilitarise and the international community would pretend to believe it, while missing each successive deadline for the return of territories to state administration. Having completed its military build-up, the government lost patience at the end of 1998, requested the termination of UNAVEM III's successor mission, the UN Observer Mission in Angola (MONUA), and war resumed.

That UNITA and the MPLA sought to undermine the peace process should come as no surprise. The August 2000 Report of the Panel on United Nations Peacekeeping (the Brahimi report) is quite explicit.

> "… local parties sign peace accords for a variety of reasons, not all of them favourable to peace. 'Spoilers' – groups (including signatories) who renege on their commitments or otherwise seek to undermine a peace accord by violence – challenging peace implementation … The United Nations must be prepared to deal effectively with spoilers … would-be spoilers have the greatest incentive to defect from peace accords when they have an independent source of income that pays soldiers, buys guns, enriches faction leaders and may even have the motive for war."[6]

Since the Angolan belligerents have little common cause or ground upon which to build a stable peace, distrust the international community, and have the means

through oil and diamonds to prosecute the war, both sides have a strong incentive to seek resolution through a military defeat of the other. Elements within the government and UNITA may believe that ending the war would be in their own best interests, but without a credible external or joint institution to guarantee observance once fighting ceases, the incentive to retain a residual war-fighting capacity is strong.

This security dilemma is the single most powerful explanation for the failure of the previously negotiated peace settlements. The government now refuses to negotiate before UNITA agrees to a cease-fire and lay down its arms. UNITA, fearing the government's bad faith, refuses to give up its weapons until it is assured that its interests will be recognised and accommodated in the final peace settlement. Both seek the destruction of the other as the war spreads into the region with the Angolan government seeking to isolate UNITA from its support structures. This was particularly evident when the government changed in the Democratic Republic of Congo (DR Congo), and the neighbouring Republic of Congo (Brazzaville)[7], the rise in tension between Angola and Zambia[8] and FAA hot pursuit operations and cross border banditry into Namibia.[9]

Ironically, the only apparent factor in favour of a settlement under the present leadership of the government and UNITA is the rough military symmetry between the two opponents and the inability of the one to defeat the other. Although FAA is a large, relatively well equipped conventional military force, it has failed to adopt a doctrine and tactics able to roll back the UNITA guerrilla threat. While UNITA has attempted to engage FAA conventionally and sought to hold strategic areas, it has not managed to sustain these efforts. The existence of two largely coherent protagonists that enable negotiation, agreement and eventually, some control of territory, is one of the cruel advantages still left to Angolans. Compared to an organisation such as the Revolutionary United Front and the government forces in Sierra Leone, the Angolan armed forces and UNITA represent relatively coherent forces, fighting an organised campaign. This speaks volumes for the extent of support, intimidation and patronage available to both.

But control over FAA appears to be a tentative affair. Already its actions in northern Namibia and along the border with Zambia where troops have ventured ostensibly in search of UNITA, indicates an organisation that suffers from severe command, control, discipline and morale problems. Actions of out-right banditry are common as FAA exploits and intimidates the local population, irrespective of nationality. One can only speculate about what happens in those areas inside Angola traditionally sympathetic to UNITA and now occupied by government forces. The reports of what happened when FAA captured Huambo prior to the signature of the Lusaka Protocol may provide some indication, but make grim reading.

UNITA does not have the obligations of governance and has little incentive to act responsibly. Hidden as it is from reportage in the Angolan hinterland it can get away with terrorism and intimidation much more easily than Luanda. To those that have contact with the organisation, UNITA often appears to be a feudal organisation and while the death or removal of Savimbi may seem to offer a route to

peace, the effect of such a development on UNITA may not be conducive to a settlement. Without the dominating personality of Savimbi UNITA may fracture and disintegrate, compounding rather than enabling a lasting peace agreement.

Both forces are therefore *brittle*, and there is a danger of their splintering and disintegrating over time given the inability of the Angolan government to extend even nominal control over much of the state territory. This, together with the regionalisation of the war motivates for continued international action towards peace in Angola.

The Angolan war is spreading and could, over time, further destabilise northern Namibia[10] and Zambia as fighting in southern and western Angola creates yet another exodus of refugees into neighbouring Namibia, Zambia and the DR Congo.[11] Without an end to the war in Angola, long term stability in the neighbouring DR Congo and in Congo-Brazzaville will be difficult to achieve while state collapse in Angola appears to be gathering speed. Despite its status as an important oil exporting country, Angola may soon resemble an enclave, off-shore state divorced from the rest of the region, providing room for considerable onshore instability.

The following sections comment on some of the more important aspects that would impact on the progress towards a settlement in the Angolan war, starting with control over the diamond fields.

Controlling the Angolan diamond fields

The recent Fowler Report documented UNITA sanctions violations in an approach generally described as "name and shame".[12] The report accused Burkina Faso and Togo[13] of helping the rebel movement in exchange for diamonds, Bulgaria for violations of the arms embargo, and Belgium for having lax procedures at its Antwerp diamond market that facilitated the trade in UNITA diamonds. The recommendations included: prohibiting the sale or delivery of arms and military equipment to UNITA; prohibiting the provision of petroleum products to UNITA; prohibiting the purchase of diamonds mined in UNITA-controlled areas; the seizing of UNITA's financial assets; the closing of UNITA representation offices abroad; and restricted travel for senior UNITA officials and adult members of their families.

Subsequently the UN Security Council passed resolution 1295 under Chapter VII of the UN Charter which requested the Secretary-General to establish a monitoring mechanism of up to five experts to further investigate violations of the arms and fuel embargo on UNITA, and the ban on rebel diamond sales.[14] The Security Council resolution encouraged States to: monitor arms exports, including by private arms brokers; to impose penalties for possession of diamonds imported in contravention of the sanctions regime; and work with financial institutions to identify UNITA-owned funds and assets and freeze them. Other provisions of the resolution emphasise suspending or cancelling the passports and travel documents of UNITA officials and their families; strengthening

air traffic control systems to detect illegal flights, and measures to prevent sanctions violations by individuals or professional associations.

The resolution also called on the Southern African Development Community (SADC) to do more in monitoring sanctions on UNITA. It encouraged the creation of a database on fuel supplies, better information exchange on possible illegal diversions, and to strengthen air traffic control systems to detect illegal flights. It called on the Angolan government to tighten its internal fuel distribution system to prevent smuggling to UNITA. The new team is to provide a report on improving the sanctions regime against UNITA during October 2000. A decision is to be taken the following month on 'appropriate action' against those violating sanctions, and the consideration of 'additional measures' against UNITA.

In all campaigns, military commanders seek to control or occupy the key strategic terrain that will ensure success. In traditional times this was often the 'high ground' that forced the opponent to fight uphill and expose his forces to missiles launched from above. In modern conventional war, communications and command and control systems are considered to be of vital importance when seeking to disrupt the combat capabilities of your opponent. For UNITA the high ground, the strategic terrain, is the Lundas, that once dominated will impair Savimbi's war-fighting ability significantly. *Without access to diamonds, UNITA will not be able to continue its military campaign*, having exhausted most of the ivory and hard wood resources that originally bolstered its war chest and having lost its external patrons, including the United States, South Africa and the former Zaïre.

The areas of highest diamond concentration in Angola occur in two provinces namely Lunda Norte and Lunda Sul, the Cuango valley in particular, although kimberlite pipes are scattered throughout the country. Ironically these areas are not generally subject to military battles for domination. Instead there is evidence of cohabitation and sometimes collaboration between the protagonists as informal commercial networks ensure loose agreements over fluid turf.

During the implementation of the Lusaka Protocol the Lundas were the site of considerable military competition, but recently the Angolan government appears to be more concerned with ensuring that its formal diamond production escapes the 'conflict diamond' tag, than in denying rough diamonds to the rebels. Concessions will be reviewed in a process that seeks to benefit Angolans rather than foreigners and a monopoly diamond marketing system has been established through the Angola Selling Corporation (Ascorp).[15] The most ambitious part of the scheme is to register the 100 000 to 300 000 *garimpeiros* and make them a formal part of the system. To this end bar-coded licences, introduced in June 2000 near the town of Nzaji, are to be instituted across the country. For that Luanda has launched a *guichet unico* with policing powers to clean up the informal trade. The stated intention is to introduce a chain of warranties or guarantees (on security printed-paper) stretching from the miner to the diamond polishing centres in a city such as Antwerp, to the retail customer. Under the new licensing system only registered diggers, buyers, runners and other specially authorised persons will be

allowed to own rough diamonds which will be very different to the present situation that allows the possession of rough by all Angolans.[16]

While the suspicion lingers that these reforms may only be another method through which key individuals, not all of them Angolan, can profit, the more important concern is that it will not end UNITA smuggling. Previous chapters have indicated the extensive unreliability of Angolan diamond statistics. Within a much tighter monopoly, without complete transparency and external oversight, the government and/or key individuals will be able to manipulate figures at will, while the allocation of licences will become yet another powerful source of patronage through which diamond prices can be dictated. Given the ease with which diamonds can be concealed and smuggled out of the Lundas to neighbouring DR Congo or indeed any other country in the region, the incentives and opportunities for a continuation of the illegal trade are obvious.[17] The danger is that without sustained external vigilance, the reforms could see the greater prominence of Angolan mining companies tied to the Luanda elite exploiting the diamond reserves through joint ventures with foreigners, who finance mine development, without an effective end to UNITA diamond smuggling. Already reports from Angola indicate that the Ascorp monopoly is encouraging previous Angolan buyers to rather sell rough elsewhere and the export of diamonds from countries like Congo-Brazzaville and Rwanda probably set to increase in the near future as a result.

The key to any revised system must be the denial of diamonds to UNITA, a fact well known to the international community and the Angolan government. That, in turn, depends on the establishment of competitive and alternative selling mechanisms inside Angola, government control of the Lundas, a working and less corrupt police force and the vigorous pursuit of a global diamond export and import regime covering *all* diamond producing and importing countries. As a first step any international initiative will have to place a ban on diamond exports from known Angolan rough export countries including Congo-Brazzaville, the DR Congo, Rwanda, Central African Republic and Liberia, placing these countries under similar constraints presently the case with Angola and Sierra Leone.

But, pressurising UNITA's diamond income will be difficult and only partially successful. Additional measures will be required if sufficient pressure is to be applied and maintained to ensure successful negotiations.

Pressure on UNITA logistics

Any endeavour to control UNITA's support structures will require considerable investment in *regional policing* and related capacity and the political and material will of the international community to translate pious statements into action. It will also require *extensive reforms and controls inside Angola itself*.

No one country in the region can afford, or has the resources, to regulate and control trading commodities while the extent of the regional informal or 'second' economy renders border control extremely difficult.

Aircraft flights into Angola can, for example, originate from countries in the region or from further afield, sometimes directly from the Ukraine, Russia and Moldavia. During December 1997 alone the United Nations reported 186 illegal flights into Angola, mostly from South Africa, although the number fell to about 40 flights during January-February 1998.[18] Arms embargoes are of little consequence to arms brokers in any case since the cargo is never brought into a country where arms control laws apply. Therefore an Antonov 124-cargo plane, leased from a firm in Ukraine, could pick up arms in Bulgaria and deliver them directly to UNITA while the broker controls the whole matter from a third country such as South Africa.

Disparate and inadequate national systems for controlling arms brokers and shipping agents are compounded and encouraged by the relative absence of international agreements and treaties. It is instructive to note that not a single individual has been prosecuted during the past decade for violating UN arms embargoes in Africa. Dealers can locate themselves outside those countries with tough controls and relocate their companies from one country to the next as the need arises, evident by the frustration expressed by the former British Foreign Minister for Africa, Peter Hain, in seeking to constrain the activities of someone like Victor Bout.

Since border and airspace control is often more a function of chance and the exchange of money than policing, the only realistic option is for the international community to undertake certain tasks itself or provide the assistance to build national and regional policing, investigative and intelligence capacities. Few states in the region posses competent law enforcement agencies. None of those bordering Angola can claim effective control of cross-border movement and most are themselves in an acute crisis of governance. Yet larger supplies by air, road or sea have, at some point, to cross into Angola and it is at this point that they are most vulnerable to interdiction. Some measures, such as control of Angolan airspace and control of flights to UNITA territory, could be done relatively easily and cheaply by any single permanent member of the Security Council or coalition of medium powers. The same goes for the interception of internal radio and satellite communication in or emanating from Angola. Practical measures such as these would be direct and have an immediate impact when compared to the slow progress being made in seeking to tighten up controls on arms brokers and shipping agents internationally.

To reduce the flow of material to UNITA by ground will, however, require significant capacity building within the constituent police, intelligence and military forces, apart from the demands faced by customs and excise, migration control and the like. Regional bodies such as the Southern African branch of Interpol and the Southern African Regional Police Chiefs Cooperation Organisation, based in Harare could also be of assistance, but face similar constraints.

In all of these, the missing components remains the international commitment and political will to take meaningful action against UNITA and a commitment to a larger constituency than itself from the *Futungo* in Luanda.

Regionally neither the members of the Organisation of African Unity (OAU) nor the Southern African Development Community (SADC) have been able to pursue a common approach to the war in Angola, divided between overt converts to the MPLA, doubters and profiteering politicians. Key individuals in a number of neighbouring countries, the DR Congo and Zambia in particular, have been deeply involved in supporting UNITA and are aware of the extent to which Agostinho Neto originally owed the MPLA's position in Luanda to Soviet and Cuban military intervention rather than any claim to domestic support.

Apart from rhetorical statements condemning Savimbi as a war criminal, the now defunct Frontline States and SADC have been more noted for their absence in any coherent role *vis-à-vis* the conflict in Angola. Even its most modest attempt, the Ad Hoc Committee on Cross Border Crime that was established under the auspices of the SADC Inter State Defence and Security Committee and sought to end support of UNITA in 1997, ended ignominiously.[19] After a process lasting four years the region has also not been able to agree on the structures or modalities that would form the basis for the primary conflict prevention and mediation structure, the SADC Organ on Politics, Defence and Security. Perhaps more than any other single issue these disagreements reflect the lack of a common regionalism and approach to conflict resolution within a highly fractured, divided and weak region.

The same principle applies inside Angola itself. Commodities such as fuel are purchased by UNITA from Angolan suppliers, including the Angolan state oil company *Sociedade Nacional de Combustiveis de Angola* (Sonangol), smuggled in from Zambia or the DR Congo or appropriated in the Luanda harbour. Like most major insurgencies UNITA obtains most of its arms, ammunition and war materiel from its enemy. And, as discussed elsewhere in this book, many of UNITA's resources are converted into cash inside Angola. The appropriate response to such challenges lies squarely within the domain of governance and the establishment of an accountable, efficient and transparent system of administration within the country. Until such time as the goverment does not seek on-shore popular legitimacy based on a commitment to serve the interests of the populace as opposed to an off-shore legality based on oil and its ability to lever international influence through mulitnationals scrambling for profit, there is little hope for Angola.

Targeting the elites

Beyond those measures that seek to reduce UNITA's war-fighting capability, *an approach that also seeks to expose the grey area between war fighting and criminality may place massive pressure on the elites on both sides of the war.*

Within the last decade, the suffering wrought by indiscriminate economic sanctions in an increasingly interdependent world has weakened support for general trade embargoes and the withholding of development assistance. The images of suffering in Iraq and the extent to which limited trade sanctions against countries such as Sudan were undermined demonstrate the weakness of an indiscriminate approach that punishes the broader populace rather than the elites that sustain and profit from the conflict. Every sanctions regime is undermined or weakened by countries that disagree and by companies and individuals seeking immediate profit in a high-risk environment with extensive global opportunities to launder money. In a world where both international trade and finances have gained a life beyond national control, the ability of the international community of nations to apply effective and comprehensive economic sanctions has also declined.

Through targeted financial sanctions external powers can attempt to sever the link between the protagonists and the profits from the war so that the business of war becomes increasingly unprofitable and personally dangerous. By revealing the extent to which individuals have profited from instability, such sanctions can bring considerable pressure to bear and deter others that may wish to similarly contravene international norms of civil conduct. The notion of targeted financial sanctions, including measures such as freezing the foreign assets of designated individuals and companies and/or blocking financial dealings, have probably been best developed by the United States. Such sanctions have been used to deal with 'specially designated narcotics traffickers', and internationally against Iraq, to ensure that no weapons of mass destruction were developed as from 1991.[20]

While the logic of targeted financial sanctions is apparent, they are not easy to enforce within a global financial and trading system that largely operates outside of state control. This has been demonstrated by the limited effects of the massive efforts directed at leaders such as Saddam Hussein and previously Slobodan Milosevic.

While an effective effort to interdict and block the assets of leaders such as Savimbi (and the MPLA elite) may appear to require a substantial international commitment and adequate resources, there are innovative ways in which these could be addressed more cheaply. One such approach would be to offer bounties or rewards to organisations or individuals that locate UNITA assets (and diverted income from Angolan oil), smuggling routes and front companies, numbered accounts and hidden assets. As yet untested, this could be a cheap and cost-effective means of pressuring supplies and assets at marginal cost. As always, the resolve and ability to act once evidence of impropriety has been identified will be the biggest challenge, and the tendency to focus on the rebels alone.

There are many similar options, but in all these endeavours the role of the United States, Angola's largest bilateral donor and trading partner, will inevitably be crucial. Since Angola's independence in 1975 the role of the United States has been a key one – at first through massive direct support to the FNLA and UNITA and its role in the UN Security Council – and more recently under the Clinton and Bush administrations, by commercial engagement of Angola. As in the past, it will be the super-

power with its oil interests, its voting power in the International Monetary Fund (IMF), World Bank and its role in the United Nations Security Council that will determine the success of either regional or international initiatives. Given the United States' capabilities and resources to combat money laundering and to monitor targeted financial sanctions it would also be the key determinant behind any successful effort to break the linkage between resource plunder and the war in Angola. Such an approach assumes, of course, that all US agencies share a common purpse in their approach to the war, a commitment not always evident to the outsider.

Because UNITA has flouted an internationally recognised election and continues to prosecute its war the international community has the option of establishing an International Criminal Tribunal for Angola. Such a decision would place additional pressure on Savimbi, but would start a process that would be irreversible. Effectively it would rule out negotiations and a peace settlement with the UNITA leadership, while possibly not seeking to criminalise its followers. Such a decision would have to be taken with great care and only as a last resort given the nature of the civil war. It would also have to done in conjunction with measures that propel Angola towards accountable and democratic governance.

In recent history the United Nations Security Council established an ad hoc International Criminal Tribunal for the former Yugoslavia in 1993 and for Rwanda the following year. More recently the Security Council has voted in favour of setting up a special international court to try Sierra Leonean rebels accused of war crimes. The proposed establishment of an International Criminal Court following the Rome Statute of July 1998 offers additional opportunities for progress although these are limited in terms of its catalogue of offences.[21]

These limitations will also apply to the recently approved International Convention against Transnational Organised Crime once it is adopted and implemented by the UN General Assembly. The Convention, which amongst others criminalises participation in organised criminal groups, money laundering, and corruption, will greatly enhance international co-operation in combating transnational organised crime. However, attempts to use it to address the crimes that have led to the *de facto* partial criminalisation of the Angolan state will be fraught with obstacles and are unlikely to succeed. The Convention was not designed to combat the corrupt practises of individuals within a political elite. Its effective use against individuals within UNITA or the MPLA also presupposes a functioning Angolan state that has the political will to combat criminal groups and corruption, and which has a reasonably effective criminal justice system in place. None of these requirements are likely to be met in Angola for some time.

Finances and oil

In recent years multinational corporations have become powerful international actors in their own right, often seeking to manipulate politics and the rules of trade for their own interests. While multinationals claim corporate responsibility,

the reverse is often true where profits are attractive. The best counter to the approach that 'the role of business is to do business' is provided by the evidence of former Elf Aquitaine executive Andre Tarallo in July 2000, who testified that the French oil company systematically diverted funds to bankroll African leaders, including President dos Santos. A second recent example is the involvement of 14 Swiss banks (most prominently three banks within the Credit Suisse group) and a number of banks in the United Kingdom, Liechtenstein and Luxembourg in laundering US $660 million stolen by the former Nigerian President Sanni Abacha. In most cases the banks dealt directly with Abacha's sons, Ibrahim and Mohammed while knowledge of the nature of the Nigerian regime and its leadership was readily available within the public domain.[22]

Oil and politics have long been mixed. In 1975, when the MPLA declared itself the government in Luanda and therefore of Angola, it gained access to US $116 million deposited in the *Banco de Angola* from oil income. The following year the US government shut down Gulf Oil's Cabinda operation to prevent the MPLA from receiving the US $90 million that would automatically be deposited in the bank on 31 December 1976 and the US $30 million that would follow on 15 January. The funds were placed in a special interest-bearing account. Only once it became clear to the US administration that it would not be able to resume covert assistance to UNITA and the FNLA, and that Mobutu Seso Seko could not be induced to seize control over Cabinda, was Gulf Oil allowed to resume oil production. The money was released in March and oil production resumed in May 1977.[23]

Any attempt to argue that the exploitation of oil (or diamonds, for that matter) by large corporations in Angola is therefore somehow 'neutral' or apolitical, does not stand up to scrutiny. *Doing business within the oil and diamond industry in Angola makes multinationals part of the war economy and as such they should play their part in seeking to establish peace.*

For the Angolan government oil is central to its diplomacy, providing access to finance, influence and political weight out of proportion to the size or relative importance of the country. Yet, despite the massive stream of income that is earned through oil, the government share of national oil production is set to decline in the next few years, keeping the country under pressure from its large debt burden (estimated at US $9,8 bn in mid 2000 of which US $4,4 bn is in arrears). Much of this is the result of successive bouts of arms purchases and the ongoing requirement to invest in the petroleum sector. In fact, closer examination would appear to support the view that the Angolan government has little discretionary financial resources, and that it is desperate for access to international finance. The international financial institutions can therefore exercise considerable leverage, particularly if the larger multinational oil companies active in Angola could be forced to collaborate in this endeavour.

Angolan oil production is set to rise from 780 000 barrels of oil per day in 2000 to as much as 1,4 million barrels of oil per day in 2004, but the share of the state oil company Sonangol will only increase by 7%. This is largely due to the fact that it has no share in new output such as that from the big TotalFinaElf operated

Block 17 which will start producing its first oil in 2001. In the absence of access to other forms of credit, Sonangol had little choice but to conclude oil-backed loans which puts up its declining share of the growing future oil production as collateral against new loans. This eventually forced the government to pursue an agreement with the IMF that would allow a resumption of soft loans and export credit agency cover but against stringent and restrictive financial, fiscal and government policy targets.[24] This latest Staff Monitored Programme with the IMF could lead to a full structural adjustment programme that seeks to establish access to international finance for development projects and the rescheduling of the country's foreign debt. Until now the government has not allowed the IMF access to records of oil sales and shipments but the new agreement could shed light on practices whereby oil revenue has been by-passing the national bank.[25]

To conduct the Staff Monitored Programme, the IMF, the World Bank, and the government of Angola have hired a major accounting firm to monitor oil revenues from July to December 2000. Their effort will be supervised by the World Bank but will not examine past allegations of the secret use of oil revenues rendering the exercise of limited value. The Programme is intended to determine how much oil revenue is deposited into the central bank and will compare revenues generated from oil exports, through the government's various production sharing agreements and joint ventures (including signature bonus payments) with the amount of funds deposited in the central bank. Once the Programme is completed, the government is expected to assume this responsibility with little guarantee of improved future intentions. These measures are backed up by an agreement with the IMF that commits Angola to trim inflation, keep a check on government expenditure, reduce defence expenditure and increase social expenditure in 2000.

Structural Adjustment Programs have proven of little value elsewhere as a substitute for comprehensive state-building or as an alternative to peace-keeping and Angola is unlikely to prove the exception Given the immense pressure on the Angolan fiscus, only partly relieved by the recent increases in the price of petroleum, the international community has considerable leverage in seeking to exchange access to international loan finance for transparency and accountability in the use of oil income as well as in the interests of a peace agreement. The use of oil revenues may, for example, follow the recent example of Chad where its share of the revenues (estimated at US $80 million annually) will be deposited in overseas accounts and doled out annually for specially approved purposes.[26] A committee of foreigners and Chadians from government and private groups will oversee the spending.[27] But more importantly, a *coordinated* approach between the international financial institutions and the large multinational oil companies could lever considerable pressure on the Angolan government should the international community gather the will for such action.

Conclusion

An end to the war must be the first priority for Angolans, the region and the international community. Without stability and eventually peace, there will be no development in Angola, no improvement in the desperate conditions confronting its people and no regional stability.

International, coordinated intelligence cooperation, prosecution and pressure, together with regional action to cut off the logistic lines that feed Savimbi's army and an effective military campaign are the instruments that will induce UNITA towards negotiations. The most important component of such action is the re-establishment of effective and fair government control over the Angolan diamond producing areas and an end to UNITA diamond smuggling through a global effort.

Appropriate and coordinated donor policies, conditional engagement by the international financial institutions, ethical business practices by multinational companies that seek to invest in Angola, particularly in the oil industry, are the instruments through which the international community can pressurise the Angolan government towards seeking reconciliation with the rebels.

None of these are possible without the support and engagement of the international community, the United States in particular.

Finally, peace will not gain hold in this troubled country without a process of national reconciliation, the establishment of administration across Angola, and steady progress towards democratic and accountable government in the interests of the Angolan people as a whole. Donor countries can make an important contribution to peacebuilding, as they did in other authoritarian societies such as apartheid South Africa, by seeking to empower grass roots, civil rights, activist and human rights organisations. Supporting a diverse and free Angolan press, paying for the legal costs of activists detained by the government, seeking to expose UNITA's covert supply links and its human rights practices are all measures that are imperative if the international community is to push Angola towards a durable settlement.

Times have changed since the high-water mark of UNAVEM III, at the time the largest peacekeeping mission in the world. The United Nations is reverting to its traditional peacekeeping and peacebuilding tasks, including assistance with demobilisation and reconciliation, seeking to devolve the responsibility for complex emergencies to Third World countries and sub-regional organisations without the accompanying resources. Without a change of approach by the international community, there is little prospect for a successful peace mission of appropriate size and resources to provide an external security guarantee for a peace agreement in Angola. The Brahimi report is blunt: "… the key conditions for the success of future complex operations are political support, rapid deployment and a robust force posture and a sound peace-building strategy."[28] Earlier the report noted that "… force alone cannot create peace; it can only create space in which peace can be built."[29] Such a scenario implies a commitment to peace by the

MPLA and UNITA that would be in distinct contrast to their actions prior to and during UNAVEM II, III and MONUA. Most troop contributing countries are overstretched and those from the developed world are heavily committed in places like Bosnia and Kosovo.

Some measures, such as the deployment of mobile radar stations and control of the Angolan air space, have been mentioned earlier in this chapter. Others, such as the conditional engagement of the Angolan government by the international financial institutions, exist but must be sharpened. Even building the capacity of regional police agencies and strengthening border control systems will not approximate the costs of a mission of the size of UNAVEM III. The provision and sharing of intelligence is a common denominator, running like a golden thread through virtually all suggestions, but this is anathema to countries that are more used to serving their national agendas than regional peace. All require an international will to resolve the Angolan conflict through simultaneous and sustained pressure on UNITA and the Angolan government.

Endnotes

1 A Vines, Angola: History and human cost of the conflict, paper presented at *Time for Renewed International Commitments to Peace in Angola: lessons learnt and the way forward*, Ruvomu Carlton, Maputo, 19–20 June 2000, p 18.

2 During early August 2000 the Government published a draft new press law that would severely limit reportage in Angola. Among the most worrying, is an article that guarantees presidential immunity to criticism. Anyone who "publishes, divulges or reproduces news or facts for the national or foreign press which attack the honour or reputation of the President" will be imprisoned for two to eight years. UN Office for the Coordination of Humanitarian Affairs, *Angola: IRIN Focus on press freedom fears*, 11 September 2000.

3 UNITA consistently had a much higher percentage of its forces in the cantonment areas, some 94% of its estimated strength of 37 330 in February 1992 compared to 50% of the estimated 114 600 FAPLA troops. Demobilisation was, in any case, largely a nominal affair and provided no real alternative to battle hardened soldiers, for whom guerrilla warfare had become a way of life. Demobilised soldiers were a set of civilian clothes, 110 000 kwanzas (roughly £58 at the time). UNITA was the only home that most FALA members had ever known and a set of civilian clothes and a nominal amount of money offered little alternative security. For much of the year the unconfirmed reports also circulated about UNITA's 'hidden army' of some 20 000 combatants – an accusation that remains unproven but probably exaggerated given the estimated size of FALA. Not used to the deprivations of living in the field, suffering food shortages and non-payment of salaries as well as poor morale, government soldiers deserted the camps in large numbers. M Anstee, *Orphan of the Cold War – the inside story of the collapse of the Angolan peace process*, 1992–3, St Martin's, New York, 1996, pp 19–20 & 38.

4 The view of UN Special Representative Margaret Anstee. Ibid, pp 486–487.

5 Human Rights Watch, *Angola Unravels: the rise and fall of the Lusaka peace process*, New York, 1999, p 17.

6 United Nations, *Report on the Panel on United Nations Peacekeeping*, New York, August 2000, par 22 & 23.

7 Laurent Kabila replaced Mobutu Seso Seko in the then Zaïre and Pascal Lissouba by Dennis Sassou-Nguesso in the Republic of the Congo.

8 Along the eastern border with Zambia, fighting between UNITA and the FAA has recently spilled over into Zambian territory and tension mounted between the two countries following a series of cross-border incursions as FAA executed hot pursuit operations. Zambian reluctance to take action against UNITA activities in north-western Zambia had renewed accusations that senior political figures in Zambia were covertly supporting the rebels. Tensions in the region have further mounted after Zambian defence minister, Chitalu Sampa, warned that his country would launch cross border raids into Angola in pursuit of the perpetrators.

9 FAA was first deployed in northern Namibia during December 1999. Under local pressure for action Namibia's northern regional council (all members of the SWAPO ruling party) ordered the withdrawal of FAA from Kavango in a bid to end attacks on villagers by the Angolan soldiers during August 2000. According to the acting governor, Johannes Thiguru, people wearing FAA uniforms were looting homes, killing villagers and conducting illegal business activities in the region. Source: UN Office for the Coordination of Humanitarian Affairs, *Kavango wants Angolan troops out*, IRIN, 24 August 2000.

10 According to IRIN News Briefs dated 4 September 2000, alleged evidence of collaboration between Angolan UNITA rebels and Namibia's separatist Caprivi Liberation Army (CLA) was uncovered by the Angolan army (FAA). It was claimed that CLA and UNITA had been active in the Mukwe area of Namibia's Kavango region from bases inside Angola.

11 Intense fighting in southern Angola since December 1999, when the Namibian government invited the Angolan armed forces to use its northern bases for operations against UNITA, has resulted in tens of thousands of people fleeing their homes and villages. More than 22 000 Angolans have already fled into Namibia, 186 000 into Zambia and 102 000 into the DR Congo, itself wracked by war. Source: UN Office for the Coordination of Humanitarian Affairs, *Southern Africa: IRIN News Briefs*, 4 September 2000.

12 A Security Council embargo on arms and oil transfers to UNITA has been in place since 1993, while both the government and UNITA agreed to halt new arms acquisitions as part of the Bicesse Accords – an undertaking that both openly flaunted. UNITA purchased large amounts of weaponry from foreign sources, 'sanctions-busting' through neighbouring countries, especially South Africa, Congo, Zambia, the former Zaire, and also Togo and Burkina Faso. Source: Human Rights Watch, *Africa Overview*, www.hrw.org/press/2000/06/ango-0623-bacj.htm#N_10_, 27 June 2000. Although not illegal, throughout the Lusaka process the government continued to purchase arms from a range of countries including Belarus, Brazil, Bulgaria, China, Israel, Ukraine and South Africa. During October 1997 the UN had imposed an additional package of restrictions on UNITA, blocking foreign travel by their officials and closing their offices abroad. In June 1998 the UN targeted UNITA diamond money and froze UNITA bank accounts.

13 At the end of August 2000 Togo announced a decision to ban all Angolan diamond transactions that are not accompanied by a certificate of origin issued by the MPLA government. Source: Togo bans Angolan diamond sales, *BBC Monitoring International Reports*, 4 September 2000, as provided by Reuters Business Briefing.

14 Juan Larrain (Chile), Lena Sundh (Sweden), Christine Gordon (United Kingdom), James Manzou (Zimbabwe), Ismail Seck (Senegal)

15 According to Africa Confidential many individuals previously closely associated with RDR, the largest buying office before the changes, are now involved in Ascorp, including Isabel dos Santos, daughter of the president. In the neighbouring DR Congo diamond traders refused to sell their stones to IDI Diamonds, the Israeli company given a monopoly over exports by President Laurent Kabila in early August 2000. Existing diamond export licences were revoked on 19 August. Source: Diamonds l – masters of war, *Africa Confidential*, London, 4 August 2000; Reuters, Congo diamond traders reject Israel's IDI monopoly, 5 September 2000, as provided by *Reuters Business Briefing*.

16 Monopoly rights to buy diamonds now belong to Ascorp in which Sodiam holds a 51% stake alongside Belgium dealers and an Israeli-Russian, Lev Leviev. Diamonds ll – tracking Angola's stones, *Africa Confidential*, London, 4 August 2000.

17 Sierra Leone, under an international diamond embargo, sees virtually its entire production smuggled out and sold as diamonds from Liberia and Burkina Faso. UNITA diamonds are apparently regularly sold in the Gabonese capital Libreville and Ernesto Savimbi, son of Jonas, is heavily engaged in the diamond trade along with the wife of Burkina Faso leader President Campoare. Source: Gabon to investigate alleged Angolan diamond sales, *Reuters news service*, 1 August 2000; Diamonds l – masters of war, *Africa Confidential*, London, 4 August 2000; Campoare hosts RUF big shots, *The Progress*, Freetown, Middle East Intelligence Wire, 4 August 2000.

18 B Wood & J Peleman, *The Arms Fixers – controlling the brokers and shipping agents*, BASIC, NISAT and PRIO, Oslo, 1999, pp 62–3.

19 The committee of Ministers of Angola, the DR Congo, Malawi, Namibia, South Africa and Zimbabwe (chair) sought to come up with regional mechanisms to deal with illegal supplies to UNITA. The first meeting of the committee occurred in Harare during November 1997 during which it set up a Task Force of officials from the departments of police, army, air force, civil aviation, customs, immigration and state security. The terms of reference of the Task Force was to monitor suspicious aircraft trafficking including airports, airstrips and border posts. It also had to investigate all alleged violations of Angolan airspace, including all allegations of UNITA activities in the subregion, companies and individuals providing logistical support to UNITA, drug trafficking and weapons smuggling and to ensure that member countries did not violate United Nations sanctions against UNITA. After a number of meetings the Task Force agreed that member countries would set up a National Information Centre (NIC) to co-ordinate national operations of the Task Force and a Regional Information Centre in Harare to co-ordinate the various NIC's. The Task Force soon lost momentum and held its last meeting in June 1998. See J Cilliers, *Building security in Southern Africa: an update on the evolving architecture*, ISS Monograph no 43, November 1999, Pretoria.

20 See SM Porteous, Targeted Financial Sanctions, in M Berdal & DM Malone (eds), *Greed and Grievance, Economic Agendas in Civil Wars*, Lynne Rienner, Boulder, 2000, pp 173–203

21 At the time of writing, August 2000, the work of the Preparatory Commission to produce draft texts on rule of procedure and evidence, and elements of crimes had been completed. The next most important hurdle is the agreement between the Court and United Nations, against continued US pressure to seek a mechanism to protect their

citizens from possible investigation and prosecution. The court's jurisdiction only applies to crimes specified in the Statute, broadly divided into genocide, crimes against humanity and war crimes (the same types of crime covered by the Tribunals for the former Yugoslavia and Rwanda). After considerable debate the jurisdiction of the court generally includes war crimes committed during an internal or civil war and has therefore not been limited to inter-state conflict. Attacks on humanitarian assistance or peacekeeping missions are specifically listed as war crimes, but the Statute excluded drug trading, terrorism and arms trading in the catalogue of offences. The single most obvious problem is that international criminal law will still rely on national criminal justice systems, and has its legal authority limited in most respects to those countries that have ratified it.

22 Abacha was only the latest in a long string of corrupt dictators, including the late Philippines president Ferdinand Marcos, Haiti's Jean-Claude 'Baby Doc' Duvalier and Zaïre's Mobuto Seso Seko who have emerged as important Swiss bank customers over the years. See W Hall, Swiss banking investigation – Swiss fear tough line may scare away bank customers, *Financial Times*, 5 September 2000, as provided by Reuters Business Briefing; P Capella, British banks the source of dictator's corrupt £84m, *Guardian*, 5 September 2000, as provided by Reuters Business Briefing.

23 G Wright, *The Destruction of a Nation: United States' Policy Toward Angola since 1945*, Pluto, Chicago, 1997, pp 72 & 76

24 W Maclean, Angola suffers debt crunch despite oil boom, *Reuters*, London, 27 June 2000.

25 Because the government budget is not unified or transparent on payments for arms, there are substantial discrepancies between government estimates of defence spending and independent estimates. In some cases, these payments have bypassed the Ministry of Finance and Central Bank and were made directly through Sonangol, or through the Presidency. According to Global Witness, "…in early 1998, the Angolan government reached a deal with the Swiss oil trader Glencore to mortgage virtually the last barrel of the government's own oil production in exchange for up-front payments of some US $900 million. The deal was routed through Sonangol and the Presidency rather than the Ministry of Finance and Central Bank. Its terms guaranteed Glencore some 75 000 barrels per day of the government's allocation. The remainder was tied up in pre-financing deals with Britain's Lloyds Bank, BP-Amoco, Chevron, and Elf-Aquitaine."

26 This enabled the World Bank to approve US $139 million seed money and arrange an additional US $ 300 million of commercial financing for the US $3,7 billion project for a controversial 670-mile oil pipeline.

27 Interestingly, two of the three companies involved in the project, Exxon Mobil and Chevron are major investors in Angola. Source: World Bank Approves Loans for Development of Oil Project in Africa, *Wall Street Journal*, 7 June 2000; J Burgess, World Bank to Fund Disputed Pipeline, *Washington Post*, 7 June 2000

28 United Nations, *Report on the Panel According to the Report of the Panel of Experts established by the Security Council pursuant to resolution 1237, on violations of Security Council Sanctions against UNITA*, S/2000/203, 10 March 2000, par 4.

29 Ibid, par 3.

The contributors

Jakkie Cilliers is the executive director of the Institute for Security Studies, a regional research institute based in Pretoria, South Africa. He has written extensively on security issues in Africa including private security, regional security architecture and peacekeeping and is the author and co-author of several books. E-mail: jkc@iss.co.za

Duncan Clarke is chairman of Global Pacific & Partners, an independent Management Advisory Group, focused on worldwide oil and gas, and based in Johannesburg, with 20 years experience in global petroleum strategy and issues. The Group publishes research on Africa, Asia, Latin America, MidEast, competitors and National Oil Companies. E-mail: dgclarke@global.co.za

Richard Cornwell read history at university, specialising on Africa. Subsequently he worked as a military historian, but for the past twenty years he has concentrated on African current affairs, as a researcher, writer, media commentator and university lecturer. He and Jakkie Potgieter worked together to establish the Africa Security Analysis Programme at the ISS in 1997. Current research focus includes an in-depth study of the future of the state in Africa. E-mail: rjc@iss.co.za

Hannelie de Beer is a senior researcher at the African Security Analysis Programme at the Institute for Security Studies. As a member of the South African National Defence Force, she monitored and interpreted developments in various African countries, especially Angola. Since leaving the SANDF in 1997, she has participated in various conferences, briefings and seminars on Angola. E-mail: Hdb@iss.co.za

Christian Dietrich completed research for this book while working on contract for the Institute for Security Studies. Previously he wrote a thesis on Executive Outcomes in 1997 while completing a BA degree at Princeton University, and was trained in gemmology in Johannesburg. E-mail: dietrich@diamondstudies.com

Richard Dietrich lives in Washington DC and works as a consultant in international development. He has worked on projects for the US Agency for International Development, as well as the Inter-American Development Bank, and with consulting firms in Washington. He recieved his MBA from Yale University and attended Wesleyan University for his undergraduate studies. E-mail: dietrichhr@aol.com

Virginia Gamba is a deputy director of the Institute for Security Studies in South Africa and head of the Arms Management Programme. Past postings include project director at the United Nations Institute for Disarmament Research in Geneva and programme officer for arms control, disarmament and demobilisation at the John D and Catherine T MacArthur Foundation of Chicago. E-mail: virginia@iss.co.za

Philippe Le Billon is a research associate with the School of Geography (University of Oxford) and with the Overseas Development Institute (London). His research concerns the political economy of armed conflicts, with a focus on the role of natural resources and the private sector. He holds a PhD (St Antony's College, Oxford) and MBA (Paris). He worked with IDRC, French Foreign Affairs, the UN, and a number of NGOs in Cambodia, former Yugoslavia, and Angola. E-mail: LeBillon@odi.org.uk

Assis Malaquias is an assistant professor of government at St. Lawrence University in Canton, NY, USA. His areas of specialisation include International Politics, International Political Economy, African Politics, and Conflict Studies. He has written extensively about the Angolan conflict. E-mail: amalaquias@stlaw.edu

Andrea E Ostheimer joined the Institute for Security Studies as project officer based in Maputo, Mozambique. Prior to that she was the Werner-Kaltefleiter Research Fellow at the Institute of Security Studies, Christian-Albrechts-University, Kiel/Germany. She is currently completing her PhD dissertation on Sovereignty, (Neo-) Patrimonialism and the Impact of Non-State Actors in Africa. She has published a number of articles and a monograph on aspects related to Portuguese speaking Africa. E-mail: aeosth@iss.co.za

Johan Peleman is a researcher on illicit trafficking and war economies in Africa. He worked as a consultant to the United Nations Sanctions Commission for Angola (the Fowler Commission) and is co-author of 'The Arms Fixers', a book on arms brokering and shipping that was published in Oslo in 1999. He is also director of the International Peace Information Service in Antwerp, Belgium. E-mail: johan.peleman@skynet.be

Jakkie Potgieter is the head of the situation room and the Senior Field Researcher for the Africa Security Analysis Programme at the Institute for Security Studies. He is responsible for ongoing research of the conflicts in Central and Southern Africa for the past six years and has completed various publications, field reports and studies on the region. Current research focus includes an in-depth study of the military capabilities and support structures of insurgent groups on the African continent. E-mail: jp@iss.co.za

William Reno is an associate professor of political science at Northwestern University in Chicago. He is the author of 'Corruption and State Politics in Sierra Leone' (Cambridge, 1995) and 'Warlord Politics and African States' (Lynne Rienner, 1998). His current project compares commercial aspects of warfare and factional politics in Africa and Central Asia. E-mail: reno@northwestern.edu

Glossary of terms

ACI	Airport Council International
ADC	Angola Diamond Corporation
AMF	America Mineral Fields
ANC	African National Congress
APC	Armoured personnel carriers
APPA	African Petroleum Producers Association
Ascorp	Angola Selling Corporation
BLS	Barrels of oil
BNA	National Bank of Angola
BOPD	Barrels of oil per day
BWD	Botswana Diamondfields
CADCO	Central African Diamond Company
CAMCO	Central African Mining Company
CAR	Central African Republic
CNE	Comptoir National d'Expertise
COMICA	Consorcio Mineiro Camafuca-Camazambo
CSO	Central Selling Organisation
DHA	United Nations Department for Humanitarian Affairs
DRC	Democratic Republic of Congo
DSL	Defence Systems Limited
ECA	United Nations Economic Commission for Africa
ECAC	European Civil Aviation Conference
EIU	Economist Intelligence Unit
ENDIAMA	Empresa Nacional de Diamantes de Angola
EO	Executive Outcomes
EPA	Exercito Popular de Angola
EU	European Union
FAA	Forças Armadas Angolanas
FALA	Forças Armadas de Libertação
FAO	Food and Agricultural Organisation of the United Nations
FAPA	Força Aerea Popular de Angola
FAPLA	Forçes Armadas Populares de Libertação de Angola
FESA	Fundacao Eduardo dos Santos
FLEC	Frente para a Libertação do Enclave de Cabinda
FNLA	Frente Nacional de Libertação de Angola
GDP	Gross domestic product
GNP	Gross national product
HDR	Human Development Report
HRD	Hoge Raad vir Diamante
IATA	International Aviation Transport Association
ICAO	International Civil Aviation Organisation

ICRC	International Committee of the Red Cross
IDAS	International Defence and Security
IDP	Internally displaced person
IFI	International Financial Institutions
IMF	International Monetary Fund
ITM	International Trading and Mining
JMPLA	Juventude do Movimento Popular de Libertação de Angola
JOA	Joint Operating Agreement
LIC	Low Intensity Conflict
LKI	Lazare Kaplan International
LNG	Liquified natural gas
MAG	Mines Advisory Group
MGM	Menschen gegen Minen
MIGA	Multilateral Investment Guarantee Agency
MINARS	Ministério de Assistência e Reinserção Social
MONUA	United Nations Observer Mission in Angola
MPLA	Movimento Popular de Libertação de Angola
MPRI	Military Professional Resources, Inc
MRL	Multiple rocket launchers
MSF	Médecins Sans Frontiers
NAMCO	Namibian Minerals Corporation
NATO	North Atlantic Treaty Organisation
NGO	Non-governmental organisation
NOC	National oil company
OAU	Organisation for African Unity
OCHA	Renamed Humanitarian Assistance Coordinating Unit
ODA	Official development assistance
ODM	Ocean Diamond Mining
OECD	Organisation for Economic Cooperation and Development
OLS	Operation Lifeline Sudan
OMA	Organização da Mulher Angolana
ONUCA	UN Observer Group in Central America
ONUSAL	UN Observer Mission in el Salvador
OPA	Organizacao dos Pioneiros Angolanos
OPEC	Oil Producing Export Countries
OPIC	Overseas Private Investment Corporation
PROESDA	Diamond Sector Stabilisation Plan
PSA	Production Sharing Agreement
RENAMO	Resistência Nacional Moçambicana
RST	Roan Selection Trust
SADC	Southern African Development Community
SADF	South African Defence Force
SDM	Sociedade Desenvolimento Mineira
SEAS	State Secretariat for Social Affairs

SEAS	Secretariado do Estado de Assuntos Sociais
SED	Steinmetz-Evens Diamonds
SFC	Supplementary feeding centre
SGM	Sociedade Generale Mineiro
SMC	Sociedade Mineira de Catoca
SML	Sociedade Mineira de Lucapa
Sodiam	Sociedade de Commercialização de Diamantes
Sonangol	Sociedade Nacional de Combustiveis de Angola
SPE	Sociedade Portuguesa de Empreedimentos
SPLA	Sudan People's Liberation Army
SRPA	Special Relief Programme for Angola
SWAPO	South West Africa People's Organisation
UCAH	Humanitarian Assistance Coordinating Unit
UK	United Kingdom
UN	United Nations
UNAVEM	United Nations Angola Verification Mission
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNITA	União Nacional para a Independência Total de Angola
UNOA	United Nations Office in Angola
UNTA	União Nacional dos Trabalhadores Angolanos
USAID	US Agency for International Development
UTA-E	Unidade Tecnica de Assistência de Emergência
WPF	World Food Programme
ZDF	Zimbabwe Defence Force