

Let them eat oil: State robbery in Angola

by [Paul Jeffrey](#) in the [March 22, 2003](#) issue

On the flight from Johannesburg to Luanda, Angola, the airplane is packed. Half the passengers are oil workers returning for another four- or five-week stint on the wells off the coast. The other half are relief workers, coming to feed, house and cure more than a million Angolans who are starving in the wake of the country's recently concluded civil war. Why, one might ask, is a country that produces almost a million barrels of oil a day depending on the outside world to care for its poorest citizens?

Angola earns about \$7 billion annually from oil exports. But according to the International Monetary Fund's representative in Luanda, Carlos Leite, at least \$1 billion in oil revenues has "gone missing" in each of the last six years. The money was received by the government, says Leite, but never showed up in government accounts. "That's not a leak," he says. "That's a dike that has burst."

While some of the money has been used for weapons, analysts believe that Angolan President José Eduardo dos Santos uses much of it to fund a system of patronage that buys friends, pays off critics and assures dos Santos that there will be no serious challenges to his rule. And some of dos Santos's friends live far from Angola. In a report titled "All the President's Men: The devastating story of oil and banking in Angola's privatised war," the British group Global Witness claims that the profits of state corruption in Angola have ended up in the pockets of French and American politicians.

If there is to be any peace dividend for Angola, the country's petroleum-enriched elite must pay its share of the reconstruction costs. Yet with transparency a rare commodity in Angola, various groups are demanding that oil companies reveal how much the government is receiving in drilling fees, bonuses and other oil-related payments. Oil industry analysts believe Angola can double the volume of its production by 2007, and companies such as British Petroleum, ExxonMobil and ChevronTexaco are paying big bucks to expand their investment in Angola's offshore

wells. But no one knows how much, as companies refuse to be transparent about the deals. ChevronTexaco's chairman David O'Reilly claims transparency is the Angolan government's responsibility.

Half a million people died and some 86,000 were left maimed by land mines during the country's bitter 27-year war. The fighting ended abruptly last April, soon after the Angolan military killed Jonas Savimbi, the Maoist sociopath who founded the UNITA rebels.

Peace freed hundreds of thousands of people from captivity and their emergence—desperate and starving—shocked even the most hardened disaster workers. Combined with 80,000 weary but demobilized UNITA combatants and a quarter million of their dependants, as well as hundreds of thousands of civilians displaced by the government's scorched-earth military end game, roughly a third of Angola's 13 million people were internally displaced at war's end. Almost a million of those have gone home, but many need seeds and food to hold them until the next harvest. Others, unable to return to farms and villages filled with deadly land mines, will need a longer period of accompaniment.

The world has come to Angola's rescue, but groups like the United Nation's World Food Program are having a hard time raising the money they need. Last year's \$296 million UN Consolidated Inter-Agency Appeal for Angola was only 68 percent funded. Two church networks, Caritas Internationalis and Action by Churches Together (ACT), have issued appeals for reconstruction programs, and churches in Angola are involved in assistance as well as peacemaking ministries.

The U.S. bears some of the moral responsibility for Angola's torment, as the U.S. government, along with South Africa's apartheid regime, backed Savimbi for years. When Savimbi wanted to engage in peace talks in the '70s with Angola's leftist rulers, Henry Kissinger told him the U.S. would not tolerate any negotiated solutions. The U.S. government justified its involvement in Angola by claiming it was a response to prior Cuban military intervention, but we now know this was a lie. After a lengthy review of previously secret documents, historian Piero Gleijeses of the Johns Hopkins School of Advanced International Studies revealed that the CIA's intervention in Angola came months before the Cubans got involved, not the other way around.

Yet we cannot help the poor of Angola without demanding more from the country's elite, those who live far removed from the everyday struggles of the poor majority. "The people shouldn't be living in misery when the government is taking in so much money," says Damiao Franklin, the Catholic archbishop of Luanda. "That money needs to be transferred to the people, to create work, to build schools and hospitals, especially for those who remain displaced from the war."

Franklin and other Angolan church leaders back demands by Global Witness to pressure northern oil companies and banks to reveal what they pay Angola. If the oil companies make their payments public knowledge, say the activists, then the small and nascent Angolan civil society will have leverage to demand transparency from its own government.

Payments made by oil companies to governments in most of the world are public knowledge. Yet Angola has included confidentiality clauses in most oil contracts, and the companies know they'll pay a price if they break the contracts by going public. When British Petroleum suggested it might voluntarily do so early last year, dos Santos told the company it would lose its Angolan investments. Angola's current seat on the UN Security Council makes it less likely that Washington and London, who are looking for votes and dependable fuel sources, will pressure Luanda to clean up its house.

So it's up to people in the rest of the world to press the oil companies, and the banks that finance the deals, into revealing what they're paying. In the U.S. that money is included in oil company financial reports required by the Securities and Exchange Commission, but it's lumped collectively under "Rest of World." The SEC has the power, if it were pushed to do so by church leaders and rights activists, to order the companies to break out Angola from the pack.

Economic pressure from Europe and North America helped end the war in Angola. A campaign against conflict diamonds, those diamonds mined in rebel-held areas, helped cut into Savimbi's funding and made him vulnerable to the Angolan military's final campaign. Many churches joined the worldwide diamond boycott. Now it's time to turn the same moral pressure on the oil companies and their banking partners, both in Angola and in other resource-rich countries where wealthy elites skim off the profits and leave their people to starve.

In the United Kingdom, church groups like Christian Aid and the Catholic Agency for Overseas Development have joined with Global Witness to pressure their

government to compel companies to make known what they pay. A similar effort is needed in the United States and Canada. Otherwise, wholesale state robbery will persist unabated in Angola, and we'll continue passing the plate to pay for feeding the victims.