The Corrupting Influence of Chinese Development Aid in Angola

TRANSCRIPT

Discussion

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- Jenai Cox, Regional Deputy Director for Africa, International Republican Institute
- Nate Sibley, Research Fellow
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Thomas J. Duesterberg:

Good afternoon, everyone. My name is Thomas Duesterberg. I'm a senior fellow here at the Hudson Institute. Thank you to you and the audience for joining us and those of you who are watching us online. We're here to talk about the presence of China in Africa, some of the development aid that is being provided to Africa, and some of the consequences of how they structure that aid. It's been much in the news of late. Just in the last few weeks, the foreign minister of China, the new foreign minister of China, made his first trip to a summit in Saharan Africa and stopped in Angola, and was followed a little bit later by the Russian Foreign Minister, and later by US Treasury Secretary, Janet Yellen.

There's a good deal of controversy about the form of aid that's being given to some African nations and some of the controversies that result from that, so we're going to explore some of these, and we have in the case the case study of Angola. So I'm going to introduce our panelists, and we'll get right to it. We're fortunate to have my friend, Rafael Marques de Morais, who was an investigative journalist from Angola, who founded an online web journalism site called Maka Angola. He's been active in tracking down some of the problems that have been occasioned by foreign participation in the Angola economy. He wrote a book on blood diamonds. He's written extensively on Chinese presence in Angola. He's well known here in this country. He's been honored a number of times by the National Association of Black Journalists with an award from them.

He's won the Civil Courage Prize from the Train Foundation. In 2011, Human Rights Watch awarded him a Hellman-Hammett grant for his contribution to freedom of expression in Angola. Some of our friends from the National Endowment from Democracy in 2017 honored him with their democracy award. We're also fortunate to have our friend, Jenai Cox, from the National Republican Institute. She's the regional deputy director for Africa. She's overseeing a number of projects in more than a dozen countries in Sub-Saharan Africa, including one when she first came to IRI as the administrative director of the Consortium for Elections and Political Process Strengthening. She's also been at Freedom House, and we're pleased to have someone of her expertise.

She's written about the politics of Angola and other countries in Sub-Saharan Africa. Finally, my colleague, Nate Sibley. Nate is the director of our kleptocracy initiative. He's been active for a good number of years in tracking down nefarious activity around the world by Kleptocrats. He's a champion of human rights. He's written extensively and appeared extensively in the US national media, trying to draw attention to some of the problems of kleptocracy human rights abuses around the world. We're going to start with Raphael. Raphael, with a little bit of help from me, has published an article on the odious debt in Angola, which refers to some of the ways that the Chinese development assistance has been abused in Angola. So Raphael, the floor is yours.

Rafael Marques:

Thank you, Tom, and good afternoon, everyone. It's quite interesting that, just before this presentation, the news was circulating in Angola about it, because it had already been published in the portal of the Hudson Institute, so there is a great interest from Angolans about the Chinese role in the country. Today, I'm here just to talk about China's role in providing loans to Africa, that has come under increased scrutiny.
Much of the funds earmarked for development projects have either ended up in the bank accounts of corrupt officials or have had nefarious strings attached, and another major problem that we have faced in Angola is that much of the reconstruction projects done, some of them are no longer working or are in need of great repair, like the railways, the housing projects, and others because of the poor quality of construction. And so what we also need, the case of Angola, basically it's a case study, because it shows how billions of dollars were diverted by corrupt Angolan and Chinese officials and business people. That has not been accounted for, and there hasn't been much justice. One prime example is the sanctions slapped by the United States under the Magnitsky?

Nate Sibley:

Global Magnitsky, yeah.

Rafael Marques:

Global Magnitsky Act against the three former Angolan officials, but not of the greediest of the kleptocrats, who was in charge of the whole operation with China, and I'm talking about the former head of the national oil company, Sonangol, Manuel Vicente, who was responsible, the chief negotiator with China and responsible for the oil for reconstruction contracts. He's now sitting in Dubai, where also the daughter of the former president is signing along, and he's not on the sanctions list. To Angolans, that's kind of problematic, because he was the driving force of the relationships with China, and to exclude that man and then pin on the others who had lesser relevant roles, is quite a mystery to many of us. The other, and just recently, we had the visit of the Chinese foreign Minister that provided another loan of $250 million to help Angola improve its internet infrastructure and expand high speed broadband.

The statement by the finance minister of Angola is that this is the first loan that actually would be beneficial, because it does not have strings attached to it, and the strings that have always been attached to the contracts with China is oil. But again, it's not clear if this deal, as in the previous deals, is just for the benefit of Chinese companies and Chinese workers, in a sense that much of the loans provided by China had to be spent by Chinese companies and had to employ mostly Chinese workers, and that's how we ended up, until 2014, with more than 250,000 Chinese workers in the country in a very short period of time. The question is, did Angola have any risk assessment about this loan? That question has not been answered, and again, there is also the fear that this project of broadband might be a Trojan horse. In terms of surveillance, data collection, and industrial espionage, we don't have much.

But Angola remains strategic in that region of Africa, especially because of its vast mineral wealth. Just another point, and that the moment, Angola's debt to China is over $21 billion, so making it the biggest African client. This represents 40% of Angola's entire foreign debt, and the main problem with this is that half of the Angola budget every year now is to pay the debt to China. And so very little is, then, spent on infrastructure, health, education, and other services. As a result, just three years ago, Angola run into fiscal trouble and had to turn to the IMF and its tough love prescription to balance the books. Again, the question is why is the government taking more loans from China, and Angola claims to have, now, budget surplus. I'm not good in economics, but it sounds kind of strange to have such huge debts and extremely poor services, and still have a surplus.
But it's something economists also can take on Angola and study, but what is important here also is just to highlight the history of corruption and state capture. One of the ways deals with China were made in the past was by setting up shell companies in Hong Kong by the former head of Sonangol and Sam Pa, his Chinese accomplice, that was the go between the Chinese government and the Angolan government with official sounding names. For instance, the national oil company, Sonangol, and then a company set up in Hong Kong. Several had the name of Sonangol as well, China Sonangol, Holding China Sonangol International, and so, and so. But these were simple vehicles for channeling public money to their private bank accounts, an estimated $1.5 billion meant for the government as payment for selling oil to China. Again, just to explain, Sonangol would sell oil to China Sonangol, and the head of Sonangol was at the same time the head of China Sonangol, Manuel Vicente. The oil sold to China Sonangol, never made it back to the state coffers, and China Sonangol ended up investing in Angola with Angolan money for national reconstruction. In that sense, we lost twice, and Sam Pa has been in jail in China, and Manuel Vicente is around Dubai with nothing happened to him. The two other members of dos Santos' triumvirate, there were three important people that were essentially dos Santos' henchman, Manuel Vicente, and two other generals, Kopelipa and Dino. The two generals have been indicted for corruption, particularly for deals with China, but they were not directly responsible for managing Sonangol or even the relations with China, and this highlights the dilemma the current president is facing, and the many failures also of the legal system in Angola, which has not been reformed. For instance, the indictment against the two generals, half of the indictment, which is 80 pages, is about how Manuel Vicente is responsible for all the deals with China.

Then, somehow, halfway through, Manuel Vicente's name disappears from the indictment, and these two generals are indicted who were not directly responsible for the relations with China and for signing on the oil contracts. Similarly, the same happened to the United States. They imposed sanctions on the two generals and not on Manuel Vicente. Some financial investigator say the only explanation is that President Lourenço is covering for him. Angola still uncovering the scams and paying the price. Another example is that a $10 billion capital loan from China to Sonangol in 2016 was recorded in the National Bank of Angola ledgers. But to date, we don't know what has been done with that money and where actually that money ended up. As president dos Santos's mandate was coming to an end, he then appointed his daughter, Isabel dos Santos, the fugitive billionaire now, to head the Sonangol.

It was more or less at this time of transition where these $10 billion went unaccounted for, and we've been discussing much about the obscurity of the Chinese loans to Angola, and we have estimated that much as half of the national debt owed to China did not end up in public projects, but in private bank accounts, the phenomenon now described by the IMFF as odious debt. Why should successor governments have to be the burden of servicing this debt that had no benefit to the public? Also, there have been many alerts to the creditors, especially to China about the illegal nature of some of these dealings with Sam Pa and Manuel Vicente, and so that's why one of the main issues at this point is to demand forensic analysis of this debt and to see really what ended up being spent for a public infrastructure in Angola or for the public benefit, and what ended up in private accounts, so what has ended up in private accounts should not be paid by Angolans, but by those who hold those funds. That's what I, in a nutshell, have to tell.

Thomas J. Duesterberg:
Well, it's quite a story, but unfortunately it's probably not something that is limited to the experience of Angola, but one can legitimately ask the question, "What are other nations doing?" For instance, in just this most recent instance where the Chinese foreign minister graciously offered to build a 5G system in Angola, using probably Huawei as the contractor, did the United States or any of the other western nations try to do anything to offer an alternative? So Jeai, you've been working this sort of thing for 20 years. What should the United States and its allies be doing to try to counteract some of these nefarious practices?

Jenai Cox:

Yeah. Thank you, Tom. Appreciate that. Yes, I think the US definitely could be doing a lot more than it has done in its past and recent history. I think, starting right where you kind of led us, I think for example, I think the US could certainly better leverage the build back better world initiative, otherwise known as the B3W framework. It has diverse development finance tools to provide viable, I think, alternative solutions for some of the needs plaguing Angola that are prime investment targets by the Chinese government, such as IT, cybersecurity, and building the 5G network. For example, so far it's been noted that under the B3W, the US has recently signed a contract to develop a $2 billion solar project in four southern Angola provinces, but the framework itself is broader than that.

I think targeting additional resources and support in certain key areas, such as telecommunications, would be something that I think the US should think about and reprioritize, especially as it comes to Angola. I think, in addition to the B3W initiative, there are a couple of other areas where I think the US could be doing more with Angola. One, Angola is an important security partner for the region. We regularly rely on Angola to engage, especially with recent clashes in security and peace operations in the Great Lakes region. I think, capitalizing on that partnership, we need to show that we're also interested in other areas of investment and engagement in Angola. I think the US should certainly prioritize increasing high-level engagement. Although there have been some visits, it's not as regular or as frequent as it needs to be.

I mean, the US Secretary of Treasury is visiting South Africa this week. They're not making a stop in Angola. I think that's something that the US should certainly do and shouldn't miss opportunities for further engagement. US development assistance, although often comes with strings attached, as does the Chinese assistance as well, although many partners don't like to take us money, because the strings require them to improve on areas of govern, governance, transparency, or even human rights. I do think, though, regular engagement should emphasize the partnership that could come between Angola and the US, thereby directly counteracting more of a transactional nature linked with. I think, Chinese investment. So continuing to build that, as we've seen in many other places, the US is a partner. It's a partnership to work on advancing many common-agreed points, not just outliers.

I think, lastly, I'd like to add, I think we all know that democracies perform better economically, and I think it's critical that the US increase its development assistance, prioritize support to strengthen governance, accountability, and transparency. Without these measured steps to kind of decrease state resource, cut corruption, and set up strong institutions, the long-term needs of Angolan citizens will not be met. The US has a current plan to invest up to $200 million in governance, centered around energy and other social infrastructure and service programs, but it's missing investments on core democracy and governance work, really working on maybe
fiscal transparency, budgeting processes, local center or local centered governance programming, things that are really in the public interest. I think those are areas for further refinement and things that the US can be doing.

Thomas J. Duesterberg:

Okay. I think in the general discussion, we'll return to some of these factors, but let's let Nate, who's had quite a bit of experience tracking kleptocracy. Sometimes it's very hard to track down exactly what's happening, as Raphael explained here in Angola, but do you see a broader pattern here that this is emblematic of?

Nate Sibley:

Yeah, sure. Thank you for inviting me to join today, Tom. Congrats to you both on an excellent paper. I do recommend it to the audience, and anyone, please do read it. It sets out what's happened in Angola very succinctly and clearly, because it is a complicated situation, and it sheds light on something, which I do say is not unique to Angola though. There are poster child countries for some of the problems that can arise from Chinese infrastructure investment. I think Sri Lanka is the one we usually think of. Angola is kind of right up there, for the reasons that you were talking about. It's a particular honor to speak alongside you, Rafael, as well. I know you've been through so much in your various trivial to try and make Angola a safe and more open place, and I've followed your work for many years. I'm actually going to take a slightly different tack first, and begin talking about China.

Firstly, because I'm not an Angola country expert. I defer to all questions on that to Rafael, but also because I think it's sometimes unfair that we focus in on corruption in Angola in these cases, when actually in all these cases, China is the kind of senior partner. And so we have to look at a system in China, I think, first to understand what has happened when it has moved out into the world with these vast sums of money to try and make the world, as it says, a better place through infrastructure investment. They are very aggressively and very openly promoting what they see as an alternative economic development model to that offered by traditional sort of western concession lenders, like the IMF, that grow their own experience, beginning with the sort of economic reforms from the late 1970s. One aspect of which was local officials and high ranking officials throughout the communist party were tasked with promoting growth at any cost, basically.

That was the only metric they were sort of judged by, by Beijing. And what this did in China was it opened the door to the emergence of quite a unique prevailing form of corruption there. The scholar, Yuen Yuen Ang, talks about this in her book, probably the best explanation of it, China's golden age, and she calls it access money. When we think of bribery, we think of a local official getting in the way of entrepreneurship. "You know, need to give me a bribe if I'm going to give you a license to open your shop over there," whereas in China, this access money refers to these sort of cozy relationships that grew up between these local growth-obsessed officials and the new entrepreneurial class that was emerging throughout the 80s and the 90s. What this led to was a kind of state party-led, debt-driven, infrastructure projects, massive real estate projects, things that all officials would help entrepreneurs with opportunities rather than get in their way.

The other alternative example being India, where that low level kind of petty corruption is much more prevalent, and it's perhaps why India has not tracked, there are many reasons, of course, but has not tracked with China in terms of its economic growth. But what I'm trying to say is the
problem is that China’s, everybody often says, miraculous economic growth through this economic development model also concealed a lot of corruption. It skewed the incentives of officials who are handing out these opportunities and encouraged as a wild risk taking by these emerging tycoons. What China brings to the world when it tries to promote its economic governance model through the Belt and Road Initiative or various other channels is a pretty successful model for economic growth. It's not necessarily one that encourages economic development, which is actually what most of these countries need.

Indeed, what we see is some very common and consistent corruption risks that emerge in, certainly in Angola, but in pretty much any country that's joined the Belt and Road Initiative over various other channels for Chinese investment. The first is straightforward profligacy. China's policy banks, when Xi Jinping came to power, these are not development banks like we have. They're there to enact the interests and the political agenda of the communist party. They were ordered to inject what, at this point, numbers and perhaps trillions of dollars into countries, which had extremely poor rule of law in some circumstances, and significant existing corruption risks. Countries that western concession lenders, like the IMF, wouldn't lend to or, as we've talked, often attach quite stringent conditions to that investment. That was for a good reason. It wasn't just of a sort of abstract concern for democracy and human rights. It was often just to make sure that the projects didn't fail, because I think a lot of the investment that's made in Angola, it turned out to be quite shoddy, like the roads and things. They sort of broke down after a few years. I think they were doing four football stadiums they built in Angola. They're no longer usable. They're not accessible. It's just stuff like that, not to mention, of course, in the oil industry and the way the production is sort of plummeted there because of the way, but anyway, so they poured trillions of dollars around the world into countries that were basically not able to absorb that level, organically, kind of absorb that amount of money. The second thing is, and you talked a lot about this, Rafael, these agreements are often extremely opaque. I think it's, I can't remember who said it, but they studied some Belt and Road Initiative agreements that they managed to get their hands on, and found that every single one had what they called unusual confidentiality clauses, so the recipient government is not actually allowed, legally, under the terms of the contract, to disclose the terms of the contract in the way that we might expect here in the US or in Europe, that journalists would expect to see some of the terms of these things, even if they can't see everything. Of course, that dark space, that agreement creates enormous, exactly what you were saying, space for bribery, embezzlement, fraud to grow in that space. It also conceals, and I was intrigued by what you're saying about the Shell companies, because one of the interesting things, one of the shifts in China's development investment over the years, has been from sovereign to sovereign lending, more to sovereign to sort of queso-government organizations and private companies.

I might be wrong, and I apologize to whoever did the study if I'm wrong, but they studied sort of 100s of Belt and Road Initiative agreements that they managed to get their hands on, and found that every single one had what they called unusual confidentiality clauses, so the recipient government is not actually allowed, legally, under the terms of the contract, to disclose the terms of the contract of the public in the way that we might expect here in the US or in Europe, that journalists would expect to see some of the terms of these things, even if they can't see everything. Of course, that dark space, that agreement creates enormous, exactly what you were saying, space for bribery, embezzlement, fraud to grow in that space. It also conceals, and I was intrigued by what you're saying about the Shell companies, because one of the interesting things, one of the shifts in China's development investment over the years, has been from sovereign to sovereign lending, more to sovereign to sort of queso-government organizations and private companies.

So what they'll do is the agreement is made with the recipient government and the policy bank in China, but the money is actually given to a private company or some sort of, not quite part of the government or obscurely maybe part of the government. What that's done is actually obscured the scale of the debt. It keeps it off the public books in terms of often, if people have like FIA type laws, if it's with a private company, they don't see that money. But what the Chinese do is they build in liability guarantees, so if that company sort of fails or whatever, then
the treasury in that country is still on the hook to repay the money. Some of the best work on this stuff has been done by a group called AidData down at William & Mary University, and they were able to find, there's probably more, $385 billion in hidden debt, debt that had been hidden in this way around the world.

Then, finally I would say that lack of accountability for those involved. You've talked about this, where the people who negotiated these deals have not been indicted, sanctioned, whatever. China, itself, has a foreign bribery law. It has, to my knowledge, never enforced it. It's been there for 20 years, I think. In a way that US firms operating overseas are always petrified of being caught under FCPA, Chinese companies don't need to worry about that. They also, because they're backed by these policy banks or the state-owned commercial banks, which are extensions of the communist party, they don't suffer the kind of reputational financial risks for engaging in fraud and corruption that Western competitors would do. One of the big biggest Chinese construction companies got disbarred by the World Bank. I think it was like 10 years ago or something for rampant fraud in projects in Africa, I think.

I can't remember exactly where, but it just carried on, whereas a western construction company, that would be pretty fatal financially for them. Then, I'm sort of going to return a bit, but just want to talk a bit about the notion of debt diplomacy. I think, with China, and the case of Angola as well, there is a healthy scholarly sort of debate about whether China set out to deliberately entrap people or not, or whether its interest with primarily commercial. I personally think it's a bit of a mix, but the outcome is the same, and that's because China has never been a concession lender, and I think that the terms, what you've seen over the time of Xi Jinping's offices, terms went from being more concession at the start. They were lent by the policy banks, and more and more, it's the state and commercial banks that have been lending on commercial terms right up until sort of 2017, 2018, when the Belt and Road peaked, or 2019, sorry.

It was before the year of the pandemic, wasn't it? I think we're now entering a sort of dangerous new era, where the original concerns with Belt and Road and other investment channels were about what is happening with all this money, the US is losing influence, china's just taking over the world with money, there's all these corruption risks. Now we're entering the sort of second stage of the Belt and Road, and in a period when China itself is facing economic headwinds, the Chinese public and communist party leaders are sort of tired of all the rampant debt and overspending. How that translates to dealings with Belt and Road partners or recipients is something we should be concerned about, I think. We're in a dangerous position, where they could either refuse to renegotiate debt, resulting in default, or more likely, I think, what will end up happening is they do renegotiate, but they put on stiffer terms when it comes to acquiring strategic assets and things like that.

I want to just really, really, really quickly, just three things, because I've gone over my time a bit, just about what we should be doing to support people like Rafael in places like Angola. The Biden administration has, of course, prioritized fighting corruption. President Biden identified it for the first time as a core national security concern last year, but it does involve a dilemma for them, because when you take this out into the world, it's actually quite a confrontational thing. If you can't be sure that imposing Magnitsky Sanctions on a leader, that will result in democratic transition, pro-western transition to another government, what you run the risk of is actually just driving that country further into China's influence. But what we can be doing is being opportunistic with those sorts of sanctions, so I'm glad that they did place those three people under global Magnitsky Sanctions, and I would join your call for, what was his name?
Rafael Marques:
Vicente.

Nate Sibley:
Vicente. Yeah, Manuel Vicente, to also be designated. The other thing is we could do a bit better financial transparency here in the US. Some of the things we’re asking countries around the world to do to fight corruption, like rooting out Shell company abuse. We still actually haven't quite got those over the line in this country yet. Of course, when you get kleptocrats like Isabel dos Santos, quite often their money is washed through the US financial system. It's a good place to catch them, because then we've got jurisdiction and we've got the resources to go after them.

If we give law enforcement these tools to do that, that would be great. Then, finally, I think the most important thing of all we can do is continue to support investigative journalists, like Raphael and civil society groups. Not only through funding and resources and training with groups like NED, National Endowment for Democracy, who I see is well represented here today, but making sure our own countries are safe havens for them if they get into trouble, making sure that they can't be sued by their home governments for defamation when they want to publish a paper like this, naming names and shaming people. So those are three of the sort of things I would think we should do.

Thomas J. Duesterberg:
Okay. Thanks, Nate. If I could follow up on, thanks for your explanation, at a macro level, the Chinese approach to lending money and development aid. The extent of this is so big, and the problems with the Chinese debt, especially in Africa, are so large that there are fears expressed by the IMF and others about another debt crisis. But the concept that Raphael surfaced here, odious debt, is trying to perfect that in international law, would that be a response to, not only what the Chinese are doing, but they're not the only ones who have dealt with corrupt regimes in the past? Is that something that we ought to pursue to try to get fully entrenched in international law?

Nate Sibley:
Yeah, I think so. As I understand it, this is the idea that money that's not spent in the way it was supposed to be spent under terms of the agreement, that was funneled into Hong Kong, Shell companies, or whatever, should not really be fully considered liable if the person paying it was implicit in the, I think that's certainly something we should be looking more into, in terms of international law. These things are difficult. Some of my anti-corruption friends are very sort of internationally minded. They set a lot of store in the sort of UN convention against corruption. They want an international corruption court.

I tend to think, and look, these things are very well-intentioned and lofty, but when it comes to enforcement, it's the US that stands out, has the resources, and often the political determination to do these things. I would love to see the US, I would love to see an independent audit of all the dealings that Angola's had with China, particularly over the oil, as you said. But I would also love, in the short term, rather than trying new sort of initiatives in international law, I would love for the US to focus fire on the corruption that has gone on in Angola, and try and uncover where
those assets are, freeze them, seizes them, repurpose them, and send them back to the Angola people. This is a slightly new area.

They could well be used then to service the debt to China, which I don't think Angola can just throw up its hand and say, "We don't owe you anything," right? The world doesn't work that way, but this is quite a new area for the US, the seizing assets and returning them. We saw it just last week. In fact, it was announced right here by the head of the KleptoCapture unit, DOJ, who's going after Russian assets everywhere, they passed a law in Congress saying that we're allowed to send money that's seized from Russian oligarchs back to support Ukraine. This is an area that the US government is really interested in developing, and I would love to see it broaden and beyond those big ticket items, like Russian oligarchs, though, because I think that would generate enormous goodwill in Angola. Correct me if I'm wrong, but...

**Thomas J. Duesterberg:**

Okay, Jenai, would you like to respond at all to suggestions Nate has made, and one of the things he articulated was that Chinese strategy is not only a purely economic strategy, it's a strategy of selling a whole different political/economic system, that it claims is superior to the Western model. Are there ways that we should be trying better to counter that sort of strategy by China?

**Jenai Cox:**

Yes. I think there are certainly ways that the US can attempt to counter and should counter that type of strategy. I think Angola is not the only case study where this conversation could be had. I think it's several different places in sub-Saharan Africa, but we're here today to talk about Angola specifically. So yes, absolutely. I think the need to be targeted in the US' approach and engagement, how it's supporting, and really working to better and build stronger institutions and a better culture. I think what we find best or what we're seeing in some instances that Chinese investment has gone to maybe training programs, right? There's a new party school in Tanzania that was built by the Chinese government and is training political actors, for example.

We're seeing many trips being taken by those on the continent to China for training and learning experiences, and I think that's an area where the US has traditionally also done a lot of programming, but maybe it's time to increase that investment and engagement. Again, I think through targeted programming, using partners that are well known and respected, that can navigate a sensitive political context to provide training and support to, not only civil society but other partners and beneficiaries in Angola, we might be able to help change that narrative as, I think, the US has generally done, which is the soft diplomacy route and engagement through programming. I think there are avenues, in addition to the bigger funding kind of institutions and frameworks out there, to invest in larger infrastructure. But social services, delivery infrastructure, local governance, those are all areas where, I think, the US can really excel in terms of its support that it provides.

**Thomas J. Duesterberg:**

Okay. Rafael, would you like to respond or elaborate on any of the points?

**Rafael Marques:**
I would like just to say that the most important issue remains the ability for Angolans, and Africans, for that matter, to hold their governments to account and also foreign governments, because many things can be missed. Even with the US goodwill. I remember when I came in last December for the US-Africa Civil Society Summit, and this $2 billion loan for solar project in Angola was mentioned as well as a great example of the US commitment to Angola. I raised the issue that the company, the Angola company, actually benefiting is now a company that holds the monopoly of getting all the contracts from the president without public tender, and has now received more than $7 billion in contracts without tender. That is problematic because sometimes the goodwill, if no proper research is done, or if we get into this race where China and the US are competing for a foothold, then we might end up paying a higher price because, either way, corruption becomes the norm.

Thomas J. Duesterberg:

I mentioned the outset, that there were a series of foreign ministers passing through Angola and other places in Africa, including the Russians. What in the world was the Russian foreign minister doing in Angola in the current circumstances?

Rafael Marques:

Well, Angola has historical ties with Russia, and the Angola military depends almost exclusively on Russia for weapons. Our army is trained in Russian weapons and uses Russian weapons, and so that's why it's quite difficult for the president to navigate. That's why we need clarity in Angola's foreign policy on how to deal with China, Russia, and the United States, because what does not work is to try to please the three of them. Angola must decide with whom to side, whether through historical ties or looking towards the future, because we've had experiences with three countries, historical experiences, and it shouldn't be difficult for President Lourenço to decide what to do.

The main problem is that he came fully energized in combating corruption, and in the end it's corruption combating him, because he did not reform the judicial system and the state administration to enable it to work with a degree of transparency. He basically threw some of his own party members under the bus, but kept some of the most notorious, incompetent individuals in government. Goodwill does not replace competency, is that the correct word? Yeah, competency. And the lack of skills in this government is just astonishing. One example, for instance, and that reflects foreign policy as well, because the president does know where to turn. At the moment, we don't have an Attorney general. His mandate expired last December, and it has to be through elections, held at the magistrate's council.

Among the magistrates, they choose three names that they sent to the president, and the president has the sovereign power to pick one of those three names. What the attorney general did last December was to convene the meeting of the magistrates council and say, "Well, the president said he will renew my mandate; therefore, there's no need for elections." But the law says that, and then we have the attorney general of the country saying, "Well, there is no need for laws." And then we have the president of the Supreme Court, who every single day there is a new scandal about the individual, and the latest accusations against him, and someone has been arrested who was in his security detail, was selling Supreme Court decisions. Sentences? Decisions. I think it's the correct term?
Thomas J. Duesterberg:
Yeah.

Nate Sibley:
Yeah.

Rafael Marques:
Supreme court decisions. And why is it important? Because all the cases of government officials, what we call who have privileged forum, I tried that the Supreme Court ministers, generals, governors, they all tried that the Supreme Court as the first instance, and suddenly the Supreme Court became this most powerful institution that replaced the old generals, oligarchy, and this corruption, right and left. One issue we have been doing in the country is to, and I've been consistently writing about it, is a focus on the judiciary. If we don't have a functional judiciary, if we don't have reforms in the state administration, we can be talking about all sorts of things. Corruption will increase, because the system is open to accuse.

That's why more than helping journalists, I think what really is important for international organizations to do is to have a look at these institutional problems that really are an impediment to the functioning of the state, and then try to see how to help. One prime example, the Supreme Court has organized visit of all the judges to Portugal to learn how to write decisions. They've just started on the 3rd of February. In light of all the scandals that have come forth with the chief justice of the Supreme Court, it could have been better for the Portuguese to cancel the visit as a statement that we need to resolve these issues, but that has not happened, so that's where we have a problem. Once the government does not find legitimacy at home, it tries to find abroad, and it's a constant struggle on how to find the balance between what we do on the ground and how external relations impact on that push.

Thomas J. Duesterberg:
Jenai, help with improving the judicial system, is that something that IRI, NED, Freedom House, or the US government can be helpful with?

Jenai Cox:
Yes, I do think that, especially with the judiciary, several years ago, I think I had worked on a project that was supporting the Bar Association IN Angola as an entry point. It wasn't maybe direct, but I do think there is a variety of different programming, whether it's with the judiciary, whether it's with other institutions, to build and support their response to kind of governance issues, as well as the need for citizens also to have a voice, right? So whether that's working with civil society or other actors, I think across the board in Angola, we would say institutions on the supply side, as well as the demand side, civil society, and other organizations, media, and whatnot, all need capacity development.

They need resources, financially. They also need the technical assistance to really be able to be more effective across the board. I think having that targeted approach, looking at ways to engage, although it's an environment that can be difficult and challenging to work in, there are pockets where organizations, such as IRI and others, and those supported by NED, let's say,
can engage. That's where, I think, kind of doubling down on that investment, I think, would be really helpful. The US, it's been a while where we've seen significant investment in that sphere, in democracy and governance support, and I think that's maybe an avenue we need to rethink, and where it is.

I mean, Angola is what? The third-largest trading partner to the United States in Sub-Saharan Africa, so it isn't insignificant. It's a strategic partner, it's a strategic place where, especially our investment needs to go. How it's conducted is something else. I think there've been, in the past, recent history, several programs on anti-corruption. I don't think it's probably gone far enough. There's so many needs in terms of just institutional building, as well as platforms for citizens to engage, holding their leaders accountable, and increasing transparency at all levels, so I do agree with [this toodible 00:52:04].

**Thomas J. Duesterberg:**
Okay, thank you. We have perhaps a few minutes left, and I'd like to open it to questions from the audience. Do we have a microphone? Okay, sir. Could you just tell us who you are, and then a succinct question?

**Doug Burton:**
Hello. I'm Doug Burton. It'll be a challenge to be succinct. I'll try.

**Thomas J. Duesterberg:**
Give it your best.

**Doug Burton:**
Sir, fascinating presentation. I don't know if you track China investments in other countries. Epic Times is interested in Nigerian-China relationship. Now, do you see parallels between Angola and similar kinds of debt traps that China is working in Nigeria?

**Rafael Marques:**
Okay. Let's take three more, and then-

**Thomas J. Duesterberg:**
Maybe one more. Then, we'll answer them seriatim. Right here?

**Dave Peterson:**
Hi. Dave Peterson. I'm director of the Africa Program at National Endowment for Democracy. Rafael, when I saw you in Luanda last year, you were talking about this judicial reform, and I think your spot on that this sort of institutional reform is, I think, critical to fight corruption and lots of other problems in Africa. This meeting is about China, and so I'm wondering what kind of nexus there might be between institutional reform and China. I mean, we're looking at Russia a lot these days.
Russia doesn't really seem to be too concerned about rule of law or institutions. They're a bit of a rogue actor on the continent, but in the case of China, it strikes me that the Chinese might have a little more incentive to, if forced to, sort of play by the rules, and that strong institutions might be in their interests. Is there a convergence there, where the Chinese can be brought on board to be more transparent, to somehow engage with the effort, the process to get institutional reform is obviously enormous? I'm just wondering what opportunities there might be.

**Thomas J. Duesterberg:**

Let's take those two questions.

**Rafael Marques:**

Yes.

**Thomas J. Duesterberg:**

We're starting to run out of time, and perhaps on the first question, if it's maybe not Nigeria, you're involved in the think tank in Senegal, I believe.

**Rafael Marques:**

Yes.

**Thomas J. Duesterberg:**

And you know what's going on in Zambia and other places?

**Rafael Marques:**

There is a similar pattern in many countries with the way the Chinese provide the loans. In the case of Nigeria, I don't know what kinds of deals are done in with the old sector, but definitely there is a difference between how the old sector in Nigeria works and how the oil sector in Angola works. In the case of Angola, there was just one man that controlled all the operations and had no checks on him. That's what I explained about Manuel Vicente. He was able to have all those kinds of agreements with China, basically without the National Assembly, the parliament, even the president knowing. In Nigeria, it's a little bit different. It's just to say these are different cases, and one has to look country specific. In the case of the nexus, there is a nexus in terms of institutional reforms in China and any other country that goes to invest in Angola.

The first one is that, be it in Europe, in the US, or in China, everyone is looking for a successful story in Africa. That successful story of investment cannot be made without functional institutions. That's why we keep running into problems, like the US willingly says, "Okay. Let's put $2 billion for solar energy," and then suddenly there is a problem of monopoly and corruption there as well. Not because it wants to get engaged in corruption. It's just because the whole system is built around corruption. Corruption is the institution that works in the country, and we really have to tackle that. With China, the same. It would've been better for China if it built nicer roads, if the stadium had built one hospital that I had gifted, and the hospital
collapsed after less than a year of operations, and had to be closed down and repaired for some more years.

In that sense, corruption is also detrimental to good state relations, even to China. That's why it's really important. It's key, especially for Angolas, and for those who bear the brunt of the consequences of corruption to address these institutional issues, so that there is a force within the country that actually can be a leverage also for the US, China, or any other country to really push for reforms. At this point, one other example that is happening is some of the assets that have been seized by the Angolan judicial authorities are now being trespassed or passed onto the hands of all the equally corrupt individuals, so it's just a transfer of ownership from one corrupt to another corrupt individual. That does not benefit the country, so that's the nexus, basically.

**Thomas J. Duesterberg:**

Okay. We've really come to the end of our allotted time, but I would like to see if anyone would like to say something further, add something that you wanted to articulate in this session. It's not a requirement, but is there anything else, Nate, you'd like to add?

**Nate Sibley:**

No. I'll send my time back to Rafael, but I'll ask a question, if that's all right. You said that the president needs to choose a foreign policy alignment of some kind, to some extent, be it China, the US, or Europe, whoever wants to just choose and do more dealings with. How does the Angolan public feel about all this? Because Chinese investments, as we've heard, have often literally fallen down. They're not the most popular. They're not as popular as they were 10 years ago, but there was also, across Sub-Saharan Africa, significant anti-western sentiment, so how do these things balance out internally?

**Rafael Marques:**

Well, the worst for the public is to have a hybrid system no one understands. If it's a dictatorship, it must be clear. If it's democracy, then we must go for it. What we can't is, one day we wake up and we are trying to be friends with the Americans, and then in the evening we are welcoming Lavrov, so no one really understands what's going on, because there is no clarity. The reason why there is no clarity is because the current government of President Lourenço has not actually crafted a vision for the country, so it's an improvisation that takes place every single day in running the state affairs. That makes people quite desperate, because under the dictatorship, people knew how to deal with it and how to bypass the controls. In a system where the judges try to be the main forces of the dictatorship, and not the military or the police, it becomes just too complicated for people to understand.

**Thomas J. Duesterberg:**

Jenai, any last words?

**Jenai Cox:**

No, I don't think any final thoughts, though I did want to say that I thought the article was wonderful. And thank you, Raphael, for your additions, and Tom.
Rafael Marques:
Thank you.

Jenai Cox:
For the opportunity.

Thomas J. Duesterberg:
Any final word, Raphael?

Rafael Marques:
Just a word of thanks to you for this opportunity, Tom.

Thomas J. Duesterberg:
Okay. And thank you to our audience and our audience online. Thank you very much.