

Angolan Parliament splashes over \$43 million on BMWs

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The Angolan ruling party, the MPLA, has over the last two years been repeating its promise to keep a watch on the administration, the management of public resources and the well being of Angolans. This article compares the promises with the reality, and shows how the members of parliament have been serving their own interests rather than the interests of the people they supposedly represent.

On 16 June 2010, the National Assembly renegotiated a loan contract with the Banco do Comércio e Indústria (BCI) worth 3.21 billion kwanzas (equivalent to 35.7 million US dollars) for the purchase of 210 cars, the 2010 model of the BMW 535i series. These vehicles, valued at \$168.9 thousand each, are for parliamentarians' use on official business and are to be delivered by the end of the year only. The current budget for 2010, for the acquisition of vehicles for parliamentarians, officials and personnel of the National Assembly, is 4.1 billion kwanzas (equivalent to \$45 million).

After being sworn in, following the September 2008 elections, the members of parliament received each a lump sum of 11.2 million kwanzas (equivalent to \$150 000 at the day's exchange rate) for the acquisition of a personal car and other private purposes, at a total cost of \$33.9 million. On top of this, the National Assembly's 2009 budget allocated 693.6 million kwanzas (\$7.8 million at the time) for the purchase of 118 vehicles for the parliament's staff and a further 50 for parliamentarians' use. On March 27 2009, the National Assembly approved a contract with the dealership of BMW in Angola, Sadasa, to provide an additional 50 cars worth \$8.2 million. The total amount included the purchase of 41 BMW 540i at a price of \$179,000 each, and five BMW 550i for \$189,000 each. These cars have not been delivered yet, though they were paid for last year. The total cost for the purchase of 256 BMWs is \$43.6 million.

In its Budget Expenditure Report of 2009, the National Assembly states to have made payments of 2.3 billion kwanzas (USD \$27.8 million at the time) to TCG and 460.3 million kwanzas (\$5.3 million) to Sadasa for the parliamentarians. The purchase of these vehicles represents the two main expenditures of the National Assembly in 2009. At the beginning of the current year, the parliament declared an outstanding debt of 282.7 million kwanzas (\$3 million) to Sadasa.

The various financial reports on the parliament's accounts present discrepancies which make it difficult to establish the exact payments made and outstanding debts with certainty. There was money allocated in the 2009 budget for the National Assembly to purchase the cars, and there was a loan from the bank for the same purpose. Furthermore, the number of cars ordered was subsequently increased and the total cost transferred to the 2010 General State Budget.

Nevertheless, the accounting procedures of the National Assembly are aptly addressed by its own board of management. In its review of the 2009 Budget Expenditure Report, dated June 23 2010, the board stated that:

- a) "There is no inventory of assets, which make the financial statements
- b) unreliable.
- c) "The accounting records are not supported by documented evidence, and
- d) there is no inventory."

Three days after a new understanding was reached with the bank, the Speaker of the National Assembly, Paulo Kassoma, made a speech in honour of the Portuguese President, Cavaco Silva. In the speech Kassoma referred to the economic crisis that the country was experiencing, and the effects of this on national reconstruction projects. In despatch 1702/GSG/1.1/2010 of 29 June, addressed to Paulo Kassoma, his secretary general, Eduard Beny, referred to:

"The financial constraints experienced by the National Assembly results in part from the credit agreement entered into with the Banco de Comércio e Indústria (BCI) at the

end of last year, for the acquisition of official cars for the parliamentarians of this legislature, at a value of 3 217 887 000 Angolan kwanzas. We had a business meeting on 10 July of this year with the Chairman of the Board of BCI, which resulted in him expressing his complete willingness to reschedule or commute the debt in question.”

In principle, the debt incurred by the National Assembly must be paid back in full over a term of 12 months with funds from the General State Budget, according to the terms of an agreement between the National Assembly and the Finance Ministry. In its 2010 budget, the National Assembly made available a total of 3.7 billion kwanzas (about \$40 million) specifically for the acquisition of 255 official cars. The repayment is to be made at the premium interest rate of 18%. To date, the interest incurred has reached \$1.4 million.

In the initial contract, signed on 22 October 2009, BCI granted the National Assembly a loan of \$35.7 million for the acquisition of 190 BMW 550i sedans through a local private trucking company TCG, which in turn uses the Dutch-based Van Vliet Handel Holland BV as an intermediary.

The then Speaker of the National Assembly and current Vice-President of the Republic, Fernando da Piedade Dias dos Santos “Nandó” authorised the deal with TCG, a company belonging to the former Commerce Minister, Carlos Alberto Van-Dúnem, without the public tender process that the law demands. The first contract, for the supply of 190 BMW 550i vehicles, was cancelled in December 2009 in order to change to a different model and to increase the order by a further 20 vehicles, according to correspondence between TCG and the National Assembly. As a bonus, the company offered three 5 Series BMWs with special armour plating for the Speaker’s fleet of cars. The managing director of TCG made this offer saying “we hope, by this gesture, to have steadfastly defended the interests of the Angolan state”. The Speaker’s fleet has also acquired five 2010 model Lexus LX 570 cars, each priced at over \$131,000, with a total cost of \$655,000.

On 23 November 2009, a month after BCI granted the loan for the purchase of the BMWs, the International Monetary Fund (IMF) granted Angola \$1.4 billion in credit, meant to alleviate the impact of the global economic crisis on the country.¹ This loan is the largest the IMF has granted to a sub-Saharan African country during the current crisis. On 6 August 2010, during the revision of the Stand-by Arrangement the IMF expressed satisfaction with the improvement of Angola's fiscal situation during the first half of the year, “on the back of tight expenditure restraint and higher oil revenues.”² The IMF was referring to spending in the General State Budget.

For its part, the official state newspaper, *Jornal de Angola*, reported that “the Executive decided, on the recommendation of members of parliament, to cut public spending in this year's revised General State Budget by 280 billion kwanzas (\$3 billion US) so as to guarantee a more rigorous implementation of projects until the end of the year.”³

The money budgeted by the National Assembly for the acquisition of luxury cars, according to the contract with TCG, is compared with the resources allocated for some essential expenditure in the General State Budget it approved for the year 2010.

The three tables below make possible a comparative analysis. The first compares the cost of the BMWs with some basic national programmes of health, education, water, youth, justice, job creation and income generation. Also included are the combined budget of seven provincial hospitals out of the 18 provinces, as well as the country's only pediatric hospital, and the Lucrecia Paim Maternity Hospital, both of which are in Luanda. The government says it has put a priority on reducing the rate of infant and maternal mortality, which is currently among the highest in the world.⁴ UNICEF has noted the Angolan authorities' efforts in reducing these statistics but believes the “situation remains unacceptable” because the current situation puts Angola on a level with some of the poorest countries in the world, despite having a higher GDP per

¹ <http://www.imf.org/external/pubs/ft/survey/so/2009/car112309b.htm>

² <http://www.imf.org/external/np/sec/pr/2010/pr10311.htm>

³ http://jornaldeangola.sapo.ao/20/0/reducao_das_despesas_equilibra_o_orcamento

⁴ <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2091rank.html>

capita.⁵ UNICEF's representative in Angola, Koen Vanormelingen, emphasises that “disparities in healthcare access are putting poorer families and those living in rural areas at risk”.⁶ Finally, given the urgent need to reform the justice system, and in the light of the president's promise of a zero tolerance policy on corruption, table 1 also includes the budget of 10 of the 18 provincial courts and of the Supreme Court.

Table 2 compares the value of the parliamentarians’ fleet of cars with some essential programmes in three petroleum-producing provinces: Bengo, Cabinda and Zaire.

Table 3 contrasts the value of the parliamentary cars with investments made in higher education, bearing in mind the recent creation of six regional public universities without the most basic conditions for them to function. This table also includes the total budget of the faculties of the main public university, Agostinho Neto. This is by far the biggest higher education institution in Angola, and is responsible for educating a large proportion of the intellectuals hired by the government and the country's professionals. The teacher training and polytechnic institutes that the government has created in various parts of the country are also included in the budget comparison.

If we want to know whether the members of parliament value their personal interests above the common good, the answer is plain to see in the figures presented in the General State Budget that they approved.

The Revised General State Budget for the current year is 4.05 trillion kwanzas, equivalent to \$44.5 billion.

⁵ See UNICEF press statement, 25 August 2010: http://www.unicef.org/media/media_55746.html
⁶ Ibid.

Table 1

Expense	Value in kwanzas	Value in US\$
210 BMW 535i Sedan cars	3,217,887,000	35,754,300
Combined budget of provincial hospitals in Bengo, Cunene, Kuando-Kubango, Kwanza-Norte, Namibe, Uíge, and Zaire provinces	3,290,769,008	35,384,612
Acquisition of essential medicines and combined purchase of medicines and consumables: Ministry of Health	3,418,281,544	36,755,715
Combined budget of Lucrecia Paim Maternity Hospital, and Angola's only Paediatric Hospital	3,075,419,240	33,069,024
Programme to improve maternal and infant health	742,337,427	7,982,122
Programme to combat HIV/AIDS	2,426,503,485	26,091,435
Literacy and school catch-up programme	2,600,648,882	27,963,966
Programme to improve public education	2,526,000,000	27,161,290
Justice reform programme	1,023,000,000	11,000,000
Combined budget of the Supreme Court and provincial courts of Bengo, Benguela, Cabinda, Cunene, Kwanza-Sul, Lunda-Norte, Lunda-Sul, Malange, Moxico, and Uíge	3,173,869,725	34,127,631
Combined budget for employment and income generating programme, proactive policies for job creation and self-employment, as well as the programme to promote the national workforce	206,008,825	2,215,148
"Young Angola" programme	465,000,000	5,000,000

The budget items set out in Table 1 and their respective values in kwanzas are taken from the Revised General State Budget for 2010, with the exception of the BMW deal which value, in US dollars, is taken from the initial loan granted by BCI. The purchase agreement was however supported by the General State Budget, in keeping with an agreement between the National Assembly and the Finance Ministry. The government programmes mentioned are at the national level, and the values given in dollars are based on an exchange rate of 93 kwanzas to the dollar, the same as was used in the General State Budget.

Table 2

Programme	Bengo	Cabinda	Zaire
Improving and increasing hospital service capacity	416,628,236	183,040,000	344,370,000
Improving quality and resources for health services	30,000,000	1,650,294,470	75,000,000
Combating epidemics	16,114,725	107,700,000	
Developing primary and secondary education	383,000,000	313,000,000	357,920,000
Water for All	264,000,000	316,800,000	211,200,000
Renovating city water and sanitation systems	20,000,000	560,000,000	48,500,000
Rural development and poverty alleviation	22,000,000		127,455,000
Integrated poverty alleviation and rural development programme	1,896,168,064	1250,171,240	1,419,692,248
Employment and income generation	40,000,000		
Total in kwanzas	3,087,911,025	4,381,005,710	2,584,137,248
Total in US dollars	33,203,344	47,107,588	27,786,422

The budget items set out in Table 2 and their respective values in kwanzas are taken from the Revised General State Budget for 2010. Of the combined spending on each province, only the budget for Cabinda, at \$11.3 million, exceeds the allocation for the parliamentarians' BMWs. Zaire and Bengo, provinces whose institutions are suffering from greater neglect, have budgets less than what was set aside for the posh cars.

Table 3

Expense	Value in kwanzas	Value in US\$
210 BMW 535i Sedan	3,217,887,000	35,754,300
Combined budget of the faculties of Science, Agricultural Science, Law, Economics, Engineering and Medicine at Agostinho Neto University	3,355,832,547	36,084,220
11 de Novembro University (Cabinda province)	1,052,961,897	11,322,170
José Eduardo dos Santos University (Huambo province)	1,185,225,958	12,744,365
Katyavala Buila University (Benguela province)	1,027,557,492	11,049,005
Kimpa Vita University (Uíge province)	430,465,364	4,628,659
Lueji A N'Konde University (Lunda-Norte province)	183,503,735	1,973,158
Mandume Ya Ndemofayo University (Cunene province)	1,194,443,221	12,843,475
Combined budget of the Colleges of Science and Technology in Bié, Benguela, Huambo, Namibe, Uíge and Lunda-Sul provinces as well as Teacher Training Colleges and Polytechnics in Bengo, Bié, Cunene, Kuando-Kubango, Kwanza-Norte and Lunda-Norte	1,424,893,027	15,321,430

The budget items set out in Table 3 and their respective values in kwanzas are taken from the Revised General State Budget for 2010.

New constitutional order, new presidential powers

The MPLA achieved a crushing victory in Angola's second legislative elections on 5 September 2008, with 81.64% of the vote. This secured the MPLA 191 of the 220 seats in the National Assembly, with four opposition parties taking the remaining 29 seats.

When a new constitution came into effect on 5 February 2010, the National Assembly lost its constitutional prerogative to monitor the activities of the executive. The previous Constitutional Law (Article 83) established that

“Members of the National Assembly shall have the right, in accordance with the Constitutional Law and the Regulations of the National Assembly, to question the Government or any of the members thereof, and to obtain from all public bodies and enterprises the cooperation needed to discharge their duties.”

Article 101 (1) of the previous Constitutional Law stated the power for Members of the National Assembly to “constitute parliamentary commissions of inquiry to examine acts of the Government and administration.” Furthermore, the same law granted these commissions the same investigative powers as the judicial authorities (Article 101, 3). Under the new Constitution, the National Assembly's powers for keeping a check on the executive is for practical purposes limited to receiving and discussing the General Accounts of the state and of other public institutions subject to the law (*idem*, a), authorisation for the executive to enter into and grant loan agreements, (*ibid*, d) and discussing presidential legislative decrees (*ibid*, e). Even in matters of war and peace, the National Assembly has lost the constitutional capacity to authorise the executive, and is now able only to offer advice.

On 12 August 2010, the Speaker of the National Assembly, António Paulo Kassoma, issued a despatch, number 02177/03/GPAN/2010, in which he temporarily suspended all monitoring or checking the activities of the executive. This decision was intended to “bring the monitoring role of the legislature over the executive into line with the new legal provisions”. But Kassoma also said that a legal instrument was in the process of

being devised “that will establish the normative framework for the monitoring role of the National Assembly to be conducted effectively and efficiently”.

The constitutional expert Mihaela Webba has said that Kassoma’s decision “makes no sense”: “This creates a legal vacuum. The correct procedure is to use the current law and to devise a new law that revokes the old one as soon as it comes into effect,” she explains.

Angolan national law includes legislation that is unconstitutional and only serves to undermine the legitimacy of the legal system. One example that reflects this concern is the law governing the Attorney General of the Republic (Law 5/90), which names the Attorney General as the defender of the "socialist legal regime" - a concept surviving from the one-party era and inapplicable today. Far more serious, however, Law 5/90 grants arbitrary and far reaching powers to the President of the Republic to tamper with the justice system at will, which blatantly contradicts fundamental democratic principles and the Angolan constitution. Calls, made since 1992, to bring this law into line with democratic principles have been ignored.

In short, by voting for the new Constitution, the members of parliament handed absolute powers to the presidency. In the name of the people and of democracy, they renounced their power to serve as a counterweight to the powers of the presidency.

They nevertheless continue to benefit from all the privileges that the government offers in a corrupt manner to its followers. In 2009 the National Assembly spent around US\$2.5 million on Christmas hampers and an end-of-year cocktail party, according to that year’s budget. To put that in perspective, it is more than what was budgeted for Luanda’s Department of Health for the year 2010, for primary health care and programmes to fight infectious diseases, including tuberculosis and HIV/AIDS. These programmes received a budget equivalent to only \$2.4 million for a city of almost six million people. That is similar to the cost of this year’s parliamentary Christmas hampers and cocktail party, the slight reduction in the US dollar price being the result of a change in the exchange rate.

The General State Budget for 2010 allocated 90.1% of the available funds to central government and to Luanda, the capital city. This left only 9.4% for the other 17 provinces of Angola, and 0.5% for expenditure outside the country. Half of the provinces received less than what was budgeted for diplomatic missions and other expenses outside the country.

Table 4

Spending	%
Missions Abroad	0.50%
Bengo	0.32%
Cunene	0.46%
Kuando-Kubango	0.32%
Kwanza-Norte	0.42%
Lunda-Norte	0.44%
Lunda-Sul	0.36%
Malange	0.45%
Namibe	0.35%
Zaire	0.25%

Table compiled from information in the revised budget for 2010.

The disparities between the capital and the rest of the country demonstrate a policy of economic and social exclusion. But parliamentarians overlook this question thanks to institutional complicity. According to one MP, who wishes to remain anonymous, the question of the allocation of funds to the Prime Minister's office came up during discussions on the budget revision in August 2010. The position of Prime Minister had been abolished in February 2010 with the creation of a vice-presidential position. The current Speaker of the National Assembly, António Paulo Kassoma, held the job of the Prime-Minister until its extinction. The non-existent Prime Minister's office receives an allocation of 7.3 billion kwanzas (\$78.5 million) while its replacement, the office of the

vice-president, has a budget of only 731.3 million kwanzas (\$7.8 million). “We asked in parliament why there was this disparity, and why an allocation of money to an institution that did not exist. We received no satisfactory response, but were told instead to ignore the matter,” the parliamentarian said.

Furthermore, the parliamentarian explained the major difficulty for members of the National Assembly to be critical of the General State Budget: “Such an essential document, which has taken experts a year to prepare, is given to us to read, sometimes in only two to three days.” This comment illustrates that parliamentarians’ function has become largely symbolic.

Obsession

For several years now, senior government officials’ obsession with top-of-the-range cars has become a serious drain on state finances. The executive spends a fortune lavishing its members and cronies with fleets of posh cars. This practice, in which the automobile symbolises power and prestige, has added to the number of schemes in which the regime steals or wastes state money.

Currently, Angola boasts one of the largest executives in the world with 32 ministers and 55 deputy ministers and secretaries of state. The executive has also granted a further three top officials the status of minister, while 11 others have the title of deputy minister or secretary of state. The money spent on cars for these officials, whose privileges are greater even than those of members of parliament, also needs to be contrasted with the sums that the budget has allocated for citizens’ basic needs. Parliamentarians have shown themselves to be irresponsible in prioritising the purchase of luxury cars at inflated prices instead of fulfilling their duties on behalf of the voters.