

# Angola

The Resource Governance Index (RGI) measures the quality of governance in the oil, gas and mining sector of 58 countries. Learn more and explore findings at [www.revenuewatch.org/rgi](http://www.revenuewatch.org/rgi).

## Background

Angola is the second-largest oil producer in sub-Saharan Africa and a major supplier to both the United States and China. It produced 1.8 million barrels a day in 2011 and generated \$40 billion in oil and gas revenues. Other minerals, including diamonds, contribute significantly to the national economy. The extractive sector accounted for 46 percent of gross domestic

Angola	2000	2005	2011
Population (million)	13.93	16.49	19.62
GDP (constant 2011 international \$ billion)	5.3	34.7	104.3
GDP per capita, PPP (constant 2005 international \$)	2,476	3,355	5,227
Oil and gas revenue (% total government revenue)	...	80%	79%
Extractive exports (% total exports)	..	..	..

SOURCES: Oil and gas revenue as share of total government revenue from the Economist Intelligence Unit and the International Monetary Fund. All other data from the World Bank. Oil and gas revenues 2005 data from 2006.

product in 2010 and 79 percent of government revenues in 2011. Since 2010, the Angolan government has taken several important steps to improve revenue and expenditure transparency, including the publication of budgets. However, the reforms have been incomplete and the country's extractive sector remains opaque.

## Angola's performance on the RGI

Angola received a "weak" overall score of 42, ranking 41st out of 58 countries. Higher marks for Institutional and Legal Setting and Safeguards and Quality Controls were countered by a very low Enabling Environment score.

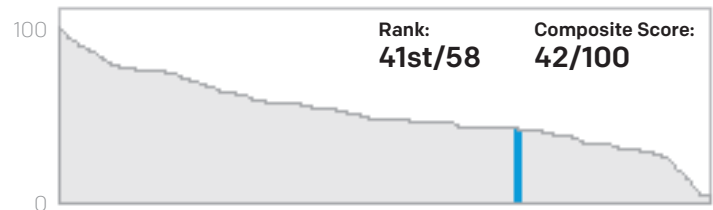
### Institutional and Legal Setting

(Rank: 33rd/58 Score: 58/100)

Angola received a "partial" score of 58; while comprehensive laws cover the oil industry, Angola has no freedom of information legislation and does not participate in the Extractive Industries Transparency Initiative.

The state-owned oil company, Sonangol, maintains central control over the sector, despite the Petroleum Ministry's nominal regulatory powers. Sonangol determines and collects the petroleum profits due to the government, while the Finance Ministry collects income taxes from companies. Sonangol's

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finances are not specifically included in the public sector balance, and Angola has not adopted any rules requiring disclosure of information in the extractive sector. Environmental impact assessments are required by law but not published.

### Reporting Practices

(Rank: 36th/58 Score: 43/100)

Reporting on the oil sector is "weak," with little information available on contract terms and incomplete data on revenue streams and production.

Sonangol published detailed information on bidding for the last major licensing round in 2007–2008. A model production sharing contract serves as the basis for all oil licenses, but the government does not publish specific negotiated terms for exploration, production or contracts with companies.

The Finance Ministry has published pre-2007 data on production volumes, revenues from petroleum taxes, and bonuses. It also publishes monthly values of resource exports and production data by block. The Petroleum Ministry publishes regular reports of production and export figures by block, the government's share in production sharing contracts, and companies operating in the country. It has published information up to 2007 on reserves, prices, investments in exploration and development, production costs, subsidies, and special taxes. The central bank also publishes information on prices and the value of resource exports.

### Safeguards and Quality Controls

(Rank: 33rd/58 Score: 52/100)

Angola's "partial" score of 52 reflects several positive steps toward improved transparency, including comprehensive conflict-of-interest disclosure requirements and significant checks on the licensing process, along with inadequate oversight of the budgetary process and the natural resource fund.

Sonangol oversees the licensing process, which is intended to be open and competitive, but direct negotiation is allowed and it is unclear whether licensing appeals procedures are followed in practice. While national auditors have the authority to audit petroleum revenues, they face considerable capacity constraints and there is little legislative oversight of the petroleum sector.

### Enabling Environment

(Rank: 48th/58 Score: 15/100)

This "failing" score of 15 is Angola's lowest among all RGI components. Angola is near the bottom of global rankings for corruption and rule of law.

## State-Owned companies

(Rank: 13th/45 Score: 70/100)

Sonangol is entirely owned by the government. In addition to overseeing the oil sector, the company distributes subsidized fuel and undertakes other quasi-fiscal activities. Sonangol's 2010 report included for the first time details on reserves, production volumes, production costs, resource export values by block, estimates of investments in research and development, the names of companies operating in the country, production data by block, quasi-fiscal activities, the government's share in production sharing contracts, special taxes, bonuses, dividends, license fees, and acreage fees. Sonangol's financial statements are independently audited and include consolidated accounts that cover all of its subsidiaries.

## Natural Resource Funds

(Rank: 16th/23 Score: 25/100)

In 2004, Angola established a Reserve Fund managed by the central bank to conserve windfall profits during times of high oil prices. There is no information on the fund's assets, transactions or investments. In 2011, the National Assembly passed a law requiring certain petroleum tax revenues be deposited in the fund; with presidential approval these revenues can be used to cover national budgetary expenditures.

## Subnational Transfers

(Rank: 24th/30 Score: 33/100)

The government transfers a percentage of petroleum tax revenues to producing regions. Rules for these transfers are published for some provinces, but their amounts are not reported by the central government.

## Angola's Composite, Component & Indicator Scores

Rank (out of 58)		Score (out of 100)
<b>41</b>	<b>COMPOSITE SCORE</b>	<b>42</b>
<b>33</b>	<b>Institutional and Legal Setting</b>	<b>58</b>
	Freedom of information law	0
	Comprehensive sector legislation	100
	EITI participation	0
	Independent licensing process	50
	Environmental and social impact assessments required	50
	Clarity in revenue collection	83
	Comprehensive public sector balance	44
	SOC financial reports required	100
	Fund rules defined in law	50
	Subnational transfer rules defined in law	100
<b>36</b>	<b>Reporting Practices</b>	<b>43</b>
	Licensing process	33
	Contracts	0
	Environmental and social impact assessments	0
	Exploration data	67
	Production volumes	100
	Production value	67
	Primary sources of revenue	42
	Secondary sources of revenue	67
	Subsidies	33
	Operating company names	100
	Comprehensive SOC reports	50
	SOC production data	67
	SOC revenue data	54
	SOC quasi fiscal activities	33
	SOC board of directors	50
	Fund rules	0

Rank (out of 58)		Score (out of 100)
	Comprehensive fund reports	0
	Subnational transfer rules	100
	Comprehensive subnational transfer reports	0
	Subnational reporting of transfers	0
<b>33</b>	<b>Safeguards and Quality Controls</b>	<b>52</b>
	Checks on licensing process	78
	Checks on budgetary process	22
	Quality of government reports	75
	Government disclosure of conflicts of interest	100
	Quality of SOC reports	50
	SOC reports audited	100
	SOC use of international accounting standards	100
	SOC disclosure of conflicts of interest	100
	Quality of fund reports	0
	Fund reports audited	50
	Government follows fund rules	0
	Checks on fund spending	0
	Fund disclosure of conflicts of interest	100
	Quality of subnational transfer reports	0
	Government follows subnational transfer rules	0
<b>48</b>	<b>Enabling Environment</b>	<b>15</b>
	Corruption (TI Corruption Perceptions Index & WGI control of corruption)	6
	Open Budget (IBP Index)	27
	Accountability & democracy (EIU Democracy Index & WGI voice and accountability)	18
	Government effectiveness (WGI)	12
	Rule of law (WGI)	9

<span style="color: green;">■</span> Satisfactory	<span style="color: orange;">■</span> Weak
<span style="color: yellow;">■</span> Partial	<span style="color: red;">■</span> Failing