Angola Monitor

Issue 1/15

The Angola Monitor covers the politics, economics, development, democracy and human rights of Angola. It is published quarterly by Action for Southern Africa (ACTSA).

This issue covers:
Political News: MPLA Congress, Independence Day, Angola improving ties with USA and Portugal;
Economic News: Public Sector Recruitment freeze, Angola perceived as most corrupt country in Southern Africa, Banco Espirito Santo Angola recapitalised;
Human Rights News: Clampdown on Protests, Migrants arrested, British security guards acquitted over death of Angolan detainee
Aid and Development News: Mine Clearance, Cunene Dam.

This issue is also available in Portuguese.

We welcome readers' responses to the Angola Monitor. Please send your comments to info@actsa.org. For more news and information on Angola and southern Africa visit the ACTSA website www.actsa.org.

Political news

MPLA hold Extraordinary Congress
The ruling MPLA held its fifth extraordinary congress in Luanda in December. The congress largely focused on internal party matters, preparations for local and national elections and provided a showcase for the party and government. More significant decisions will have to wait for the party's next ordinary congress, which will take place in 2016.

President dos Santos opened the congress titled, "MPLA – Revitalising the structures to strengthen the Party", which was attended by almost 2,000 delegates from the 18 provinces.

The opening ceremony was used to showcase infrastructure developments, whilst the President focused on the party's historic successes in his opening speech. He reiterated his earlier ruling that his succession would not be under discussion until the 2016 congress.

The President highlighted the challenges facing young people in education and unemployment and spoke of the rise of social media or "electronic direct democracy" and encouraged delegates to spread the party's messages online. In recent years the government has become concerned about the increase in protests and online criticism from young people. He also highlighted what he sees as the task ahead; preparing for the ordinary congress in 2016, the strategy for electing the leadership, the manifesto and national election campaign.

The President also attempted to rebut allegations of corruption and illegal practices aimed at senior figures in the party by saying the party must improve on this front. This admission will no doubt be used by government to demonstrate their commitment to tackling the issue.

Independence Day celebrations
Angola celebrated its 39th anniversary of independence from Portuguese colonial rule on 11 November. vice-president Manuel Vicente led the commemorations, in Katchungo, a market town in Huambo Province which was badly damaged during the civil war. Manuel Vicente explained that the celebrations

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took place in Huambo as it has a “history of resistance of centuries against colonialism”. Some commentators believe that the choice of Katchumgo was more likely to be a show of MPLA strength in a traditionally UNITA area.

The President remained in Luanda. Independence Day is an extremely significant event in Angola’s calendar and the absence of the President is quite unusual.

The vice-president said “We want the province to have more energy, more public lighting, water, education, more agricultural production, public works, industry and public transport.” He admitted that the fall in oil prices will mean that progress will be slower than hoped.

Manuel Vicente also used the visit to open a library, factory and housing development. He reiterated the government promise to improve the lives of the most vulnerable citizens and announced the equipping of a local medical facility and the building of 200 new homes for ex combatants.

Angola US ties improving

Foreign minister Georges Chikoti met with John Kerry, US secretary of state, in Washington on 17 December to discuss relations with the country as well as Angola’s increasing international role, following its election to the UN Security Council in October.

At the press conference following the meeting secretary of state John Kerry praised President dos Santos’s presidency of the International Conference of the Great Lakes Region. “On issue after issue, our interests are aligning like never before. We’re working together on maritime security. We’re combating piracy. We’re working against illegal fishing. We also discussed important issues like human trafficking,” he said.

The meeting took place on the day that US President Obama announced the release of the remaining members of the Cuban “Miami Five”. The Angolan government has long enjoyed good relations with Cuba, which supported the MPLA in the war against apartheid South Africa. At the press conference following the meeting Georges Chikoti welcomed the “decision that President Obama made today about sanctions against Cuba to start diplomatic relations with that country, because this is a battle in which we were on opposite sides.” John Kerry also spoke about US efforts to improve human rights in Cuba, but made no reference to human rights in Angola.

Bilateral trade was also on the agenda. Angola is a major importer of US goods as well as a major exporter of crude oil to the US. Whilst this has reduced in recent years due to the development of the US’s shale oil industry, it remains significant. John Kerry also expressed an interest in building US interests in Angola’s energy, agriculture and infrastructure sectors. A previously agreed trade and investment agreement from 2009 now looks likely to be revived, along with loans from the US Exim Bank.

Angola Portugal ties also improving

The visit to Luanda by Portugal’s foreign minister Rui Machete in January could mark the beginning of an improved relationship between the two countries. Mr Machete told the media after meeting President dos Santos, that Angola is “indispensable to Portugal, both politically and economically.” Angola is Portugal’s biggest export market, outside the European Union, it provides trade for 10,000 Portuguese businesses and 150,000 Portuguese nationals work in Angola.

In recent years relations between the two nations have been tense. Major investments by Angola in many areas of the Portuguese economy have been criticised by the Portuguese media as “reverse colonialism”. One of the biggest investors has been Isabel dos Santos, the President’s daughter. In 2013 the Portuguese judiciary launched investigations into a number of senior Angolan officials and ministers, and allegations of money laundering were published by the Portuguese media. At the time Mr Machete first tried to talk down the allegations, and then, when he was accused of undermining the judiciary,

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apologised for his actions. In his latest visit Mr Machete said that the “misunderstandings” had been resolved.

In recent months Portugal has worked hard to quell the tensions with a number of government visits. In July 2014 newly appointed Prime Minister Paulo Portas chose Angola for one of his first international visits.

The latest visit has resulted in a commitment to a deeper collaboration between the two countries. There are plans to create an investment observatory to improve trade between the two countries, and discussions have taken place with a view to improving the visa system for Portuguese nationals seeking to visit or work in Angola.

President Zuma visits Luanda
South African President Jacob Zuma stopped off in Luanda, following a visit to the Republic of Guinea, to meet with President dos Santos.

The two presidents met at the presidential palace, where they discussed bilateral relations and increased trade between the two countries. They also focused on regional security and cooperation, including the trilateral forum between Angola, South Africa and the Democratic Republic of Congo. President Zuma has called for a permanent institutional framework to coordinate its work.

Economic news

Government freezes public sector recruitment
The treasury announced at the beginning of 2015 that there will be no public sector recruitment this year and temporary contracts will be suspended. The announcement was made by Alcides Safeca, secretary of state for the treasury, in a seminar on the 2015 budget.

The recruitment freeze is understood to be a response to the reduction in government revenue, caused by the fall in oil prices. If carried out the decision could be damaging to public services and those reliant on them. The government will also be cautious of provoking a hostile public response. Public sector salaries make up 30 per cent of the 2015 budget, according to the state newspaper, Jornal de Angola.

Corruption Perception Index – Angola 161 out of 175
International corruption watchdog Transparency International released its latest Corruption Perception Index at the end of 2014. Out of the 175 countries assessed in the survey, Angola was ranked 161, the worst in Southern Africa, below Zimbabwe (156) and DRC (154). It was awarded a score of 19/100 (0 being the most corrupt, 100 the least). The index measures how corrupt a country’s public sector is perceived to be. In 2013 Angola was ranked 153/177 countries and in 2012 157/174. The index has been criticised as it is based on the perceptions of a relatively small number of business people and country experts. It is however the most widely used corruption index in the world.

Angola recapitalises BESA bank
The Central Bank of Angola (BNA) has announced a recapitalisation plan for Banco Espirito Santo Angola (BESA), which went into administration in August, following the collapse of its Portuguese parent bank Banco Espirito Santo (Angola Monitor 3/14).

According to the BNA the shareholders include state oil company Sonangol, Geni Holdings Company, which is linked to billionaire Isabel dos Santos, daughter of Angola’s President, and little known Chinese company Lektron Capital SA. Sonangol announced that it would invest US$252 million, into the bank,

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which is approximately a 35 per cent stake. Geni holdings is understood to have a 20 per cent stake and Lektron 35 per cent.

The recapitalized bank has been called Banco Economico SA, retaining the same initials as its predecessor.

Banco Espirito Santo has objected to the deal, saying "BES considers that any decisions taken by shareholders present at the meeting are invalid and without effect, and it will act accordingly."

The collapse of BES took place after the founding Espirito Santo Family's business empire collapsed. In 2013 BESA was the largest lender in Angola, controlling 27 per cent of the loan market. In May 2014 reports emerged that President dos Santos had signed Internal Presidential Order Number Seven, authorising a $5.7 billion guarantee "to protect fundamental interests for the equilibrium of the Angolan financial system."

Many have raised concerns about the transparency of the bailout of BESA and a number of questions remain. Who took out the bad loans and why has the state paid the bill? Was the bailout to protect the interests of investors or to protect members of the elite with large investments in the bank? UNITA has called the matter "a police case".

Sovereign Wealth Fund invests in infrastructure
Angola's sovereign wealth fund, the Fundo Soberano de Angola (FSDEA) has announced that it is launching two new funds, including investing $1.1 billion in energy, transport and large industrial developments, and $500 million in hotels. Both funds will invest in sub-Saharan Africa as well as domestically. The Hotel Fund for Africa intends to "fulfil the significant undersupply of international standard hotel management capacity in the continent".

The fund, which was given a balance of $5 billion, when it was established by President dos Santos in October 2012, is headed by the President's eldest son Jose Filomeno dos Santos. It now has a balance of $4.95 billion. According to FSDEA's website it "was established in accordance with international governance standards and best practices". Apart from the above announcements, it is not known whether the fund has yet made any significant investments. It has however established a research unit to explore future investments.

Stock exchange launched
The Debt Securities and Stock Exchange of Angola (BODIVA) was launched on 19 December. Until now Angola has not had a stock exchange.

There has been numerous delays to the establishment of the stock exchange. It was initially expected to be opened at the beginning of 2008 and has been on the agenda for the last ten years. Laws to allow it to operate were adopted in 2013 and in July 2014 Archer Mangueira, the chair of the capital markets commission, said trading was unlikely until 2017.

There are still doubts how many companies will be able to meet the standards required for listing, including the publication of accounts.

Sonangol agree loan from the China Development Bank
State oil company Sonangol has signed a $2 billion, 10 year loan agreement with the China Development bank for oil exploration, refining, housing and other capital projects.

The fall in world oil prices has reduced Sonangol's profits and this loan is likely to be needed to ensure that projects such as the construction of a new oil refinery at Lobito and the purchase of two new oil tankers can continue.

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Angola already has several loans with the China Development Bank, and Sonangol also took out a $1.3 billion loan in 2013. The latest loan agreement was signed in Beijing on 12 December by Francisco de Lemos Jose Maria, Chair of Sonangol and Zheng Zhijie, President of China Development Bank.

Government plough ahead with diversification efforts

Angola's efforts to diversify its economy away from hydro carbons has become all the more important in recent months as the world oil price has dropped. A number of industrial zones have been set up across the country to boost manufacturing and domestic production. Improvements to the railway network and planned improvements to the road network could also help the country move away from its dependence on imports.

On 20-21 November the Industrial Development Institute of Angola (IDIA) hosted the first 'Expo Industry', designed to showcase Angolan manufacturing.

The government is also keen to maximise revenue and increase employment by adding value to products. One example of this is diamond and jewellery production. At the end of 2014 Carlos Sumbula, chair of the state owned diamond company Endiama, announced to the annual international mining fair plans to create a new industry of finished gems and jewellery. In addition to the recently reopened diamond polishing plant in Luanda, the government plans to open a plant in Lobito.

The diamond industry is an increasing source of income for the government. Despite Angola holding the chair of the Kimberley Process (the scheme intended to restrict the trade of blood diamonds), the industry continues to face regular allegations of human rights abuses.

In an attempt to further reduce the reliance on imported goods, the government announced in January that it would impose import quotas on a number of products, including food and drink, as the country is now able to meet 60 per cent of demand. As domestic supplies increase quotas will be amended by the ministries of trade, finance, transport, industry, agriculture, fisheries and the national bank.

Cement has been one of the largest imports into Angola, but restrictions in recent months have reduced this. The government believe that Angola produces enough cement to meet it requirements. According to the construction minister Waldemar Alexandre Pires, Angola produces about eight million tonnes of cement per year, whereas the country's requirements are about 6.5 million tonnes.

Further restrictions adopted at the beginning of January will ban the import of cement to all provinces except Cabinda in the north and Cunene and Kuando Kubango in the south. These remote provinces will be allowed import quotas of 150,000 tonnes, due to their traditional reliance on foreign imports. It remains to be seen what impact the restrictions will have on cement prices, but it will provide a boost to the domestic cement market, which is largely owned by foreign investors.

Fuel subsidies cut

Diesel and petrol prices increased in Angola at the end of December as new cuts in fuel subsidies came into force. Whilst global oil prices fell by up to 40 per cent at the end of 2014, petrol and diesel prices in Angola increased by 20 per cent.

Civil society and opposition parties have criticised the cut, coming only three months after the September cut in subsidies, which also resulted in a 20 per cent increase in prices. They are also concerned that the reduction in subsidies will lead to an increase in inflation.

The IMF has long called for fuel subsidies to end, arguing that fuel prices in Angola are amongst the lowest in the world, and 80 per cent of refined fuel is used by richest 40 per cent of the population. This is in part because those who can afford it rely on diesel generators as the electricity supply is unreliable. However, the impact of the fuel price increases will undoubtedly be felt most by the poorest households.

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Governor of the Central Bank Resigns
Jose de Lima Massano resigned as governor of the Central Bank (BNA) on 15 January. His successor is Jose Pedro de Morais Junior, former finance minister.

The resignation of the governor was unexpected, particularly as the country faces a number of economic challenges, with the recapitalisation of BESA, the fall in oil prices and cuts in public expenditure.

Jose Pedro de Morais Junior held a number of senior economic posts. In 1994 he was appointed head of the Ministry of Planning and Economic Coordination and was later Angola's representative at the World Bank and the International Monetary Fund. In 2002, at the end of the civil war, he became minister of finance, managing the country's economic policy during a period of rapid growth. In 2008 he resigned from the position and moved to Miami. Mr Morais period as finance minister has been criticised by some for the lack of transparency in public finances.

Human rights news

Minister warns against protests
November 22 marked the first anniversary of the death of Manuel Ganga, a member of the opposition party CASA-CE. Ahead of a procession to mark the first anniversary of his death Ângelo de Barros Veiga Tavares, the interior minister, called on the security forces to "intensify their surveillance" to ensure law and order, and warned of "veiled efforts" to overthrow democracy. His comments were published on the front page of the state owned Jornal de Angola newspaper.

Manuel Ganga was arrested by the presidential guard after distributing posters on a protest march. He was shot as he allegedly tried to escape detention and later died in hospital. The police at the time said that the group had been distributing "subversive and offensive propaganda posters" in "violation of the security parameter of the presidential palace." No one has been charged for his death.

On 22 November a peaceful procession through Luanda, led by Manuel Ganga's family and members of CASA-CE went ahead. On the following day a group of young people attempted to hold a protest at Independence Square, calling for the resignation of President dos Santos. Police blocked off the square and a number of people were detained. Some of the protestors allege they were beaten and photographs of injuries have appeared on the internet. One woman told the blog 'Maka Angola' that she was arrested when she was filming the police, was taken to a school building and badly beaten and tortured. She was later found outside the Angolan Writers Union and taken to hospital.

Luanda police arrest 2,100 migrants
At the end of December the national police (PN) in Luanda detained 2,100 foreign nationals, accusing them of being in the country illegally. Human rights groups including the International Federation for Human Rights (FIDH) have criticised the action.

Amongst those detained, according to the media, were people from the Democratic Republic of Congo (DRC), Congo, Senegal, Mali, Guinea, Guinea Bissau, Portugal, Vietnam and China. Most of the 300 Chinese nationals were released after their embassy intervened.

The government and PN have been highly critical of irregular migrants. Paulo de Almeida, second in charge of the PN has claimed there are 500,000 illegal migrants in Angola and referred to a "silent invasion" and "cleaning up" the country. Migrants are often scapegoated for crime by government and the media. In the first nine months of 2014, 38,500 people were deported from the country. The authorities have been accused of particularly targeting Muslims from West Africa. There were reports

that immigration officers surrounded mosques on 19 December. The largest proportion of migrants to Angola are from the DRC, many of whom have informal jobs in diamond mining.

Human rights groups have accused the police of subjecting people to cruel and inhuman treatment. According to FIDH the authorities rounded up 3,000 people in ten days, many of whom have been taken to a detention centre in Trinita, some 30km from Luanda. FIDH further alleges that some have been deprived of food and water.

FIDH have called on the government to end arbitrary arrests of migrants, close the Trinita detention centre, investigate human rights violations, and sign and ratify UN conventions on torture and migrant rights.

British security guards acquitted over death of Angolan deportee
Three private security guards were acquitted of manslaughter charges by a court in London, following the death of Jimmy Mubenga, an Angolan man who was being deported.

Jimmy Mubenga was being deported to Angola on a British Airways flight on 12 October 2010. The three security guards, who worked for security company G4S, were on contract to the British government. They were accused of causing manslaughter by restraining the man, forcing his head down and restricting his breathing. A number of passengers alleged they heard Jimmy Mubenga shout “I can’t breathe”.

Human rights groups have called for an overhaul of the British government’s deportation system. A spokesperson from Amnesty International said “We simply don’t know which of these [techniques] are still being used today or if the UK government has actually delivered on its promise to introduce new and safer methods and training.” An inquest into the case in 2013 returned a verdict of unlawful killing.

Aid and development news

Mine clearance
200 hectares of demined land in Lucala, Kwanza Norte Province, have been handed over to the provincial government by the military. The land will be used to build an industrial centre. Four anti tank mines, 124 unexploded devices and 110 items of ammunition were amongst the items removed from the land by army demining brigade and the national demining institute (INAD). The military will also demine a further 150m in the area.

A further 45,689 square metres of land has been demined in Bailundo municipality, central Huambo province, by the Association of Angolan Mine Action Professionals (Apacominas). 3,908 pieces of ammunition, a mine and 18 unexploded devices were cleared from land in Kalique and Bimbe, which will be now turned over to agriculture. Other demining operations in the province were delayed by heavy rains.

Vast areas of Angola were mined during the civil war. Despite some progress in mine clearance, mines and unexploded devices continue to pose a danger to many communities and prevent the farming of huge areas of fertile land. Angola is a signatory to the Mine Ban Treaty and has committed to clear all anti personnel mines by January 2018.

Cunene dam building to start in 2015
Plans by the Angolan and Namibian governments to build a hydroelectric dam on the Cunene River could begin in 2015, subject to funding, following a feasibility study. The 200m high dam will take

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approximately seven years to build and cost $1.37bn. It is expected to produce 600 Megawatts of electricity for Angola and Namibia.

The dam will create a 40 mile reservoir and provide a new road route between Angola and Namibia. So far 30 per cent of the required funds have been secured from the two countries, but a further 70 per cent will be required from international sources.

The articles in the Angola Monitor do not necessarily represent any agreed position of ACTSA itself.

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