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The government says it is revising private investment law to reduce bureaucracy and increase foreign currency inflows but investors are sceptical that much will improve in practice. The ruling Movimento Popular de Libertação de Angola (MPLA) uses its built-in national assembly majority to pass an electoral law that favours its interests; the political opposition condemns it. Ties between Angola and the Democratic Republic of the Congo (DRC) improve with the reopening of flights between their two capitals. The politically motivated trial of anti-corruption activist Rafael Marques for defamation brought by seven generals, seems set for an out-of-court settlement.

Revision of private investment law

The Council of Ministers has approved a review of the country's private investment law, which the **National Assembly (NA)** is expected to pass promptly. Economy minister **Abrahão Gourgel**, who drafted the document, said the changes were aimed at making investment decision-making and approvals simpler and the repatriation of capital, profits and dividends easier. Gourgel said the law would "limit the number of actors in the investment decision process" and "reduce bureaucracy".¹

*"The new law states that investments up to \$10m are to be approved by ministerial departments and investments of over \$10 m will be forwarded to the (president)."*²

The revised law will reportedly set out priority investment areas (tourism, telecommunications and information technology, logistics and transport, energy and water, construction) in which the "national partnership" will have to be at least 35%.

Under the revised law, the government's **Agência Nacional para o Investimento Privado (Anip)**, national agency for private investment) will only be in charge of investment promotion.

Angolan economist and former minister of planning **Alves da Rocha** said this would mean the death of Anip, which had undergone restructuring just two years ago.³

*"This change was unexpected and stirred up mixed reactions. Some foreign investors are satisfied because they have been complaining about Anip's ineffectiveness. Others are disappointed that more bureaucratic changes hamper business planning."*⁴

*"Usually foreign investors like to deal with a single actor for all their investments, as in Anip. Now (especially small investors) will have to go from one ministry to another."*⁵

The reform raises concern about the ability of each ministry to create a structure able to discuss, analyse and approve investment projects. "This could be a typical Angolan innovation: it makes some

¹ Lusa, 1 Apr 2015.

² MacaHub, 30 Mar 2015.

³ Lusa, 1 Apr 2015.

⁴ Source, economist, Luanda

⁵ Source, economist, Luanda

bureaucratic sense but not business sense."⁶ According to several observers, it would have been better to improve Anip's human and financial resources.

*"It would be great to define once and for all the procedure that foreign investors have to follow if [the state really] does want to attract investments."*⁷

Since the beginning of 2015 the government has been trying to send positive messages to international markets. With the fall in global oil prices since mid-2014, Angola needs to maintain the inflow of foreign currency and economic activity. But previous efforts in this area have fallen well short, notably the failure to tackle corruption, bureaucratic inertia and stringent conditions attached to investment.

*"The government says it is concerned about the country's investor attractiveness and is aware of the urgent need for economic diversification, but they don't seem to me to understand how far they still have to go."*⁸

Angola is ranked 181th out of 189 countries in the **World Bank and International Finance Corporation's** 2015 **Doing Business** report. According to Anip's last report, foreign investment in Angola totalled \$716m in the first quarter of 2015, a decrease of 42% from the same quarter in 2014 (\$1.2 billion).

Controversial electoral registration law

The National Assembly passed the **Non-Presidential Electoral Registration Law** on 15 April, using only the built-in majority of the ruling **Movimento Popular de Libertação de Angola (MPLA)**. The opposition parties walked out, denouncing what they consider to be an unconstitutional law. NA deputies had debated the issues for a number of days without reaching consensus. The main opposition party **União Nacional para a Independência Total de Angola (UNITA)** refused to support the MPLA's proposal that the government (i.e. the MPLA) be empowered to register voters for local elections, instead of creating local electoral commissions, where each party would have representation. UNITA head **Raúl Danda** said the law would allow President **José Eduardo dos Santos** (1979-present) to be in charge of the electoral register rather than the **Comissão Nacional Eleitoral (CNE, national electoral commission)**.⁹

*"Building an electoral register is a crucial step to assure the transparency of the next general elections in 2017. Any doubt about it is bad for democracy. (This vote) gives the impression that the MPLA is simply interested in preparing a system that rubber-stamps its victory in advance."*¹⁰

According to opposition parties, more than 35% of the electorate was unable to vote during Angola's most recent (2012) general elections because of problems with the electoral list.¹¹ The same parties foresee that the MPLA will attempt to drive through further constitutional changes in the coming months:

*"If dos Santos does not change the constitution, the next election will be the last one for him because he cannot do more than two consecutive terms. He has to be sure that he will win and have a large majority so that he can stage-manage the political succession he wants."*¹²

According to ARC sources, this bigger question is not being given much attention in the local media, much of which is owned by senior MPLA figures who understand dos Santos's sensitivity on this issue.

⁶ Source, businessman, Luanda

⁷ Source, private sector actor, Luanda

⁸ Source, private sector actor, Luanda

⁹ Lusa, 21 April 2015.

¹⁰ Source, political analyst, Johannesburg

¹¹ AFP, 12 Sep 2012.

¹² Source, political analyst, Luanda

*"The government is trying to keep a low profile on this kind of issue and the opposition has trouble to be heard because of the control of the media."*¹³

UNITA sources commented that

*"dos Santos used **the Africa Cup of Nations** – when the local and international media were distracted – to drive through the new constitution, that he and the MPLA wanted, before the last elections."*¹⁴

Flights reopen between Angola and DRC

State airline **Transportes Aéreos Angolanos (TAAG)** has resumed regular flights to **Kinshasa**, capital of the **Democratic Republic of the Congo (DRC)**. This happened after the signing in January of four bilateral agreements in the transport sector, following cross-visits of President **Joseph Kabila** (2001-present) and President dos Santos. The route had been closed since 2009, after a period of tension in the bilateral relationship, mainly due to the evictions of alleged illegal immigrants and human rights abuses on both sides of the border (but especially measures aimed at DRC migrants working illicitly in Angola's northern diamond fields).

*"This marks the end of an abnormal situation in which two neighbouring countries had no common air route. This improvement also has a lot to do with positive forecasts regarding Congolese economic growth this year and Angolans looking to make money. Angola is also taking a leading regional role in addressing DRC's internal political crises."*¹⁵

Recently, dos Santos has been demonstrating his regional political ambitions, especially in the resolution of the conflict in the **North Kivu** region, through the **International Conference on the Great Lakes Region (ICGLR)** that he chairs.

*"Now that Angola is on the [United Nations] UN Security Council, it also makes improved relations with Angola desirable for Kinshasa – given the politics around the mandate extension for the UN mission in DRC [Mission de l'Organisation des Nations Unies pour la Stabilisation en RD Congo (MONUSCO)]."*¹⁶

Angola also has good domestic reasons to strengthen its relations with DRC:

*"Luanda's goal of diversifying the economy relies on stability in the DRC. This has been Angola's key foreign affairs priority since the end of the Angolan civil war in 2002."*¹⁷

Historically the Angola-DRC relationship has not been smooth, even if Angola has on several occasions provided security assistance to Kinshasa.

*"The history between the two countries is shaped by disputes, from oil fields in the mouth of the Congo River to economic migrants from DRC entering Angola illegally."*¹⁸

Angola needs stability on its borders.¹⁹ Solving the immigration problem may be the next step: sources suggest that the two countries could soon reach an agreement to better secure the common border, especially the region of **Lunda Norte** that is rich in diamonds and marked by frequent violence from the Angolan security forces.

¹³ Source, political analyst, Johannesburg

¹⁴ Source, Unita press conference, Luanda 22 Apr 2015.

¹⁵ Source, economist, Luanda

¹⁶ Source, political analyst, London

¹⁷ Source, political analyst, London

¹⁸ Source, independent consultant, London

¹⁹ Source, independent consultant, London

Possible out-of-court agreement between Rafael Marques and the generals?

The defamation trial that Angolan military generals brought against anti-corruption activist **Rafael Marques** was postponed earlier this month until 14 May. According to the activist himself, he and the seven generals are close to negotiating an out-of-court settlement.

*"This agreement would permanently close the case and would show that we are seeking reconciliation."*²⁰

It appears that the generals, who sued Marques after he alleged that security companies they own were responsible for serious human rights violations in Angola's diamond fields, have asked him to concede the possibility that they did not personally know about the abuses carried out by their personnel.

The generals brought the case after Marques published a book in **Portugal**. They first brought the case to court in Portugal in 2012, when the generals sued Marques and his publisher for libel and defamation. In February 2013, the Portuguese public prosecution office dismissed the case, due to a lack of evidence. The generals then took action in the more pliant Angolan courts.

*"This would be the best way to solve the case for both parties: Rafael Marques has already made his point and the generals would end a trial that is damaging their reputation."*²¹

However, one mining company named by Marques, **ITM Mining**, is refusing to join the deal and wants to proceed with the trial. Meanwhile, Marques has received increasing international support from non-governmental organisations (NGOs) like **Amnesty International**: the NGO has asked the Angolan government to drop all charges against him.²²

Deadly fights between the police and sect members

On 16 April, nine police officers were killed when they attempted to arrest the leader of the **Light of the World**, an Angolan religious sect, in **Huambo** region. The sect, numbering 3,000 members, believes that the world will end on 31 December 2015. The Angolan authorities responded by raiding the premises on 17 April, reportedly killing 13 bodyguards of the sect's leader before arresting him. UNITA claimed that the security forces had in fact hunted and killed more than 200 members of the sect,²³ which police have strongly denied.

*"The topic is used politically. MPLA accused UNITA of links to the sect and of using it to encourage instability, whereas the main opposition party has denounced the excessive use of force and what it calls the hypocrisy of the ruling party, which it says has been happy support the sect (and benefit from its resources and organising power) until now."*²⁴

Implications

The government continues to be concerned about the economic situation. But rhetorical ambitions to diversify the economy away from dependence on oil and gas are not new and the changes to the private investment law seem like scratching the surface: rampant corruption, suffocating bureaucracy and arcane market rules are the real reason the country has ranked so low on business-friendly indices for years. ARC sources also say that changes to the investment law had much to do with reducing the powers of Anip, which is headed by one of President dos Santos's ex-wives, **Maria Luisa Abrantes**,

²⁰ Source, Rafael Marques, Luanda, 23 Apr 2015.

²¹ Source, political analyst, Johannesburg

²² Amnesty International, www.amnestyusa.org

²³ Multiple sources: Unita press conference, 25 Apr 2015; Huambo, www.unitaangola.com

²⁴ Source, political analyst, Luanda

"The government knows that the current system is too bureaucratic, but are they up to the task of creating something that is not only more efficient, but efficient by international standards? I'm sceptical."²⁵

On the political stage, by virtue of the MPLA's control (for now) of the legislature, the executive and the commanding heights of the economy, dos Santos remains unchallenged. His party can use the National Assembly for whatever he wants, e.g. passing the laws he orders. The opposition protests for now, but can do nothing else. The problem for dos Santos – and the MPLA – is that they also assume public responsibility for the economic decisions and outcomes as they affect a population that is already one of the poorest in southern Africa.

The government has shown sensitivity to its reputation, as portrayed in the media. The legal action against Rafael Marques has attracted significant negative international comment and mostly served to draw attention to the negative reputation of the generals that launched it. Their apparent willingness to cut a deal with Marques will have received the approval – and perhaps the encouragement of – the MPLA's senior ranks.

"The ultimate strength of the regime is its capacity to deal with any kind of problem, to adjust its reaction to the context. It is its extreme pragmatism. When they lose that, then they are in trouble; and they could only do so in the medium term if they lose the economy. That's why they're so worried about the financial numbers and turning them around. The unanswered question is whether they really understand what they need to do in terms of reform."²⁶

²⁵ Source, businessman, Luanda

²⁶ Source, political analyst, Luanda

About Africa Risk Consulting:

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