

AFRICA RISK CONSULTING

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President João Lourenço (2017-present) brokers a settlement of the conflict between Rwanda and Uganda, aiming to reduce civil conflict in eastern Democratic Republic of the Congo and reducing a consequent major refugee problem in Angola. Former transport minister Augusto da Silva Tomás is sentenced to 14 years' imprisonment for embezzlement amid evidence that he was in some cases following orders from former President Jose Eduardo dos Santos (1979-2017). Angola is holding an international road show to promote investment in its diamond and iron ore mining, following decisions to privatise mining in Angola.

Angola brokers settlement of conflict between Uganda and Rwanda

The presidents of **Rwanda** and **Uganda** signed a Memorandum of Understanding (MoU) on 21 August in **Angola's** capital, **Luanda**, to take effect immediately and end the security and border issues between the two countries.¹ Angola's **President João Lourenço** (2017-present) and President **Denis Sassou Nguesso** (1979-1992, 1997-present) of the **Republic of Congo** witnessed the agreement.²

The signing of the MoU followed a quadripartite summit in Luanda in July, called by President Lourenço and attended by **Democratic Republic of the Congo (DRC)** President **Félix Tshisekedi** (2019-present), Rwanda's President **Paul Kagame** (2000-present) and Uganda's President **Yoweri Museveni** (1986-present), who agreed to attend just prior to the meeting.³

Key points of the Luanda MoU include:

- establishing an ad hoc committee to implement the MoU, headed by the ministries of foreign affairs and composed of the ministers responsible for internal administration and intelligence chiefs;
- respecting each other's sovereignty and that of the neighbouring countries;
- protecting and respecting the rights and freedoms of the nationals of the other party residing or transiting in their national territories, in accordance with the law of that country;
- refraining from actions conducive to destabilisation or subversion in the territory of the other party and neighbouring countries,
- ending the financing, training and infiltration of destabilising forces.⁴

A highly placed **East African** political source says:

*"The first high-level official meeting could happen in the next few weeks. Both parties are confident that the agreement will be fully implemented."*⁵

Addressing the opening of the quadripartite summit, President Lourenço stressed that the meeting aims to outline steps to solve the problems facing the **African** sub-region:⁶

¹ East African, 24 Aug 2019

² East African, 24 Aug 2019

³ Angop, 15 July 2019

⁴ East African, 24 Aug 2019

⁵ East African, 30 Aug 2019

⁶ Angop, 15 Jul 2019

*"I have hopes that the **Great Lakes** region will, in the near future, know better days, at a time when efforts are being made to eradicate the phenomenon of armed groups in the Democratic Republic of Congo (DRC), which create instability in the region. I do not say an immediate solution, but at least in the certainty that many of the problems that this sub-region lives, can ... know better days."*⁷

The quadripartite meeting was the outcome of a call in March by **Said Djinnit**, then **United Nations Special Envoy for the Great Lakes**, for

*"increased diplomatic initiatives from Angola and the Republic of Congo, as current Chair of the **International Conference on the Great Lakes Region (ICGLR)**, to address confidence building matters between the leaders of the region"*.⁸

Angola agreed that the simmering crisis between Rwanda and Uganda should be addressed as a matter of urgency to avoid an escalation in the region.⁹ Problems between Rwanda and Uganda have intensified since 2017, and most recently, in February this year, Rwanda closed the border crossing at **Gatuna** (known as **Katuna** in Uganda).¹⁰ The border is expected to be re-opened as a priority¹¹ but behind this act lies a complex set of regional security issues. Rwanda accuses Uganda of harbouring on its soil and aiding individuals who head armed and hostile groups opposed to the government of Rwanda, including the **Rwanda National Congress (RNC)** and the **Forces démocratiques de libération du Rwanda (FDLR)**. Presidents Kagame, Lourenço and Tshisekedi signed a tripartite agreement in **Kinshasa** (DRC) in May in which they agreed to strengthen cooperation in the area of security, with the objective of uprooting all non-state armed groups in the region that continue to threaten state security.¹²

Angola is no longer directly involved in the proxy conflicts in the DRC; instead it takes a political role in the ICGLR, but the conflict has effects in Angola. An immediate problem for Angola is one of refugees (and illegal immigration) due to "*widespread and extreme violence*" in the DRC.¹³ Since May 2017, Angola has received 23,684 refugees into the **Lóvuva** camp (**Lunda Norte Province**).¹⁴

If this pact holds, Lourenço will have delivered a remarkable diplomatic achievement, bringing stability to a region that has been an outright war zone, or unstable, since 1997. Lourenço is cautiously optimistic that the peace deal will hold and that the dangerous escalations of tension between Rwanda and Uganda can be ended. He does not foresee rapid results, but the issues are very longstanding. The separate tripartite agreement signed in Kinshasa earlier this year may pave the way for "uprooting" violent non-state actors and suggests that Angola may take a more active role in this.

Ex transport minister sentenced to 14 years' prison for embezzlement

Former transport minister **Augusto da Silva Tomás** and two other defendants have been convicted of embezzlement, money laundering, criminal association and fraudulent devices to divert state funds relating to the **Conselho Nacional de Carregadores (CNC)** (national council of carriers).¹⁵ This is the highest profile corruption case heard so far in the Angolan courts, and Tomás the first ex-minister to be convicted on corruption charges. Evidence given in court said that in some cases, Tomás was acting on the instructions of former President **Jose Eduardo dos Santos** (1979-2017).¹⁶

⁷ Angop, 15 Jul 2019

⁸ United Nations, 12 Mar 2019

⁹ United Nations, 12 Mar 2019

¹⁰ East African, 24 Aug 2019

¹¹ East African, 30 Aug 2019

¹² Angop, 15 Jul 2019

¹³ Angop, 3 Sep 2019

¹⁴ Angop, 3 Sep 2019

¹⁵ Deutsche Welle, 15 Aug 2019

¹⁶ Angop, 4 Jul 2019

Tomás – who was appointed as transport minister in 2008, reappointed by President Lourenço in 2017 and then sacked in June 2018 – was arrested and detained in preventive custody on 21 September last year.¹⁷ He and the co-accused were charged with diverting sums of 1 billion kwanzas (\$273.5m at 2019 rates), \$40m and €13m (\$14.35m) from the CNC, a body controlled by the transport ministry, in order to capitalise his own companies and other private entities.¹⁸

Tomás denied the charges, saying he never received this money. He claimed the projects were aimed at implementing government policies in the context of economic diversification through the development of the transport sector and would serve to allow the companies to assemble cars, buses and motorcycles in the country.¹⁹ During the hearing, Tomás stated that he had directed the CNC's board of directors to acquire shareholdings in companies such as motor vehicle import and assembly company **Automóveis de Angola SA (ASGM)**, metal working company **Companhia de Montagem Industrial e Mecânica dos Metais SA (CIMMA)**, bank **Banco de Negócios Internacional, S.A (BNI)** and transport company **Afritaxi**, among others. Afritaxi was created by the CNC and transport and logistics company **Unicargas SA** in 2010, but was never registered as an official partnership.²⁰ The acquisition of these stakes cost the state more than \$27m and made no return to public coffers.²¹

Former ASGM financial administrator **Fidel da Silva** gave evidence that ASGM included as shareholders the CNC, and multi-sector business **Mbakassy & Filhos Lda**, investment company **Acomotor Gestão e Participações SA**, and investment and holding company **Suninvest Investimentos e participações SA (Suninvest)**. The CNC paid \$9.6m for the shareholding, although ASGM only needed a capital injection of \$760,000.²²

Executive committee member **José Kindanda** gave evidence that CIMMA was also majority owned by private interests, with the shareholders being Suninvest SA (60%), CNC (15%) and others. The CNC invested \$7.5m and the money served to buy 100 buses in **China** that were distributed to a Suninvest-owned transport company, **SGO Lda** (57), with 37 to Luanda's public transport company, **Transporte Colectivo Urbano de Luanda (TCUL)**, and six to another private company. With the exception of TCUL, the rest did not give the Angolan state any returns.²³

André Luís Brandão, transport minister between 1992 and 2008, and later secretary of the president for public procurement, told the court that former president dos Santos had authorised the CNC to purchase a 10% shareholding in BNI and that the decision was wrongly attributed to Augusto Tomás. Brandão said that he dealt only with the initial process, which was later formalised under Tomás.²⁴

Ismael Diogo, head of the **Fundação Eduardo dos Santos (FESA)** (Eduardo dos Santos foundation), which is closely linked to Suninvest, also stated that dos Santos had authorised Augusto Tomás' capital injection in ASGM and CIMMA, in the framework of the public-private partnership initiated in 2008.²⁵ ASGM, for importing and assembling vehicles, and CIMMA, for metalworking, were shareholders and companies linked to the ruling party.²⁶

Augusto Tomás and the other defendants have been granted leave to appeal against their sentences. Former CNC deputy director of finances **Isabel Bragança** was sentenced to twelve years while former

¹⁷ Angop, 22 Sep 2018

¹⁸ Jornal de Angola, 15 Jun 2019

¹⁹ Angop, 4 Jul 2019

²⁰ Jornal de Angola, 4 Jul 2019

²¹ Angop, 4 Jul 2019

²² Angop, 4 Jul 2019

²³ Angop, 4 Jul 2019

²⁴ Voice of America, 18 Jul 2019

²⁵ Voice of America, 18 Jul 2019

²⁶ Voice of America, 18 Jul 2019

CNC director-general **Manuel António Paulo** was sentenced to 18 years in prison. All three were also fined. Two other defendants were sentenced to shorter prison terms.²⁷

Defence lawyer **Paula Godinho** said corruption cannot be fought *"by condemning someone who has only fulfilled superior orders"*.²⁸ **Sérgio Raimundo**, the defence lawyer who represented Augusto Tomás, said that the 14-year term handed down by the Supreme Court is *"somewhat excessive as it does not correspond with the evidence gathered during the trial"*.²⁹

This is the first very high profile corruption case to have gone through the courts. It may be considered a test of international opinion for severe sentences on high-ranking officials but also opens a window into how the dos Santos administration operated. Following the orders of a superior may provide mitigation but does not appear to be a defence in Angolan law.

Angola seeks international investment in major new mining projects

Angola has launched its first international mining roadshow ahead of public tenders for the acquisition of rights for prospection and exploitation of diamond, iron and phosphate resources. The public tender process was approved by presidential decree on 22 July.³⁰ It is the first such tender process for major mineral resources in Angola, and a test of transparency in the notoriously opaque mining sector.

Mining law specialists at **Portuguese** law firm **Viera de Almeida** explained the significance of developing Angola's rich and under-explored mineral resources:

*"Angola is well known to be one of the richest countries in the world in natural resources, with significant reserves of diamonds, iron ore, phosphates, copper, gold and manganese, among other valuable natural resources. A very significant portion of Angola's rich and varied natural resources remains unexplored... despite the significant exploration and mining projects already implemented, in particular in the diamond subsector. Once a major iron ore, gold and copper producer, Angola's mineral development was greatly impaired after independence in 1975 (save for diamond mining) by almost 30 years of civil war, which ended in 2002. Angola has since resumed mineral mining [but the sector is still producing well below capacity]. This strategic focus on the mining sector appears to be the way forward to overcome the economic crisis caused by the drop in oil prices."*³¹

The natural resources and petroleum ministry roadshow is presenting technical data on five major mining concessions at five locations.³² These are the **Camafuca-Camazambo** and **Tchitengo** diamonds mines in Luanda Norte and **Lunda Sul** provinces respectively, the iron ore deposits at **Kassala Kitungo (Cuanza Norte Province)**, and two phosphate deposits in the provinces of **Cabinda (Cácata)** and **Zaire (Lucunga)**.³³

Studies from the 1960s to the 1970s in the Kassala Kitungo region of Cuanza Norte indicated the existence of an estimated 600 million tonnes of iron reserves.³⁴ The vast Camafuca-Camazambo kimberlite pipe has also been previously prospected in the 1980s, though it is thought to be a technically difficult mining project.³⁵

²⁷ Deutsche Welle, 15 Aug 2019

²⁸ VoA, 31 Jul 2019

²⁹ Angop, 15 Aug 2019

³⁰ Diário do Republica, despacho 135/19, 22 July 2019

³¹ Lexology, 23 Apr 2019

³² Angop, 28 Aug 2019

³³ Angop, 9 Sep 2019

³⁴ Angop, 9 Sep 2019

³⁵ ARC mining source. London, 11 Sep 2019

The first roadshow, held in Luanda on 27 August, attracted 230 participants, including companies from **Brazil** and **South Africa**. The ministry said attendance “surpassed all our expectations”.³⁶ **Dubai** hosted the second roadshow, which attracted less interest, but the three important roadshows in international mining centres are yet to be held. These are:

- **Beijing (China); Hilton Hotel**, 16 September 2019;
- **London (United Kingdom); Corinthia Hotel**, 20 September 2019;
- **New York (United States); Mandarin Oriental Hotel**, 30 September 2019.³⁷

New mining and prospecting rights will be awarded under the new dispensation, when Angola’s **Agência de Recursos Naturais** (national resources agency) is set up next year, to take over all mining concessions within the country. Transitional contracts cannot be ruled out while any necessary amendments to Angola’s mining code are made and the new agency is set up, according to an ARC mining source.³⁸ The privatisation of mining in Angola, the ability to sell the product on the open market (see *ARC Briefing Angola August 2019*) and the reduction of state involvement and shareholding will be attractive to mining companies. While Angola will lose some benefits from privatising mining, it is to be hoped they gain in royalties, taxes, investment in infrastructure and employment.

Planner

16 Sep 2019 **Beijing (China)** Natural resources and petroleum ministry roadshow;

17 Sep 2019 **London (United Kingdom)** **Agência Nacional de Petróleo e Gás (ANPG)** (national petrol and gas agency) roadshow to promote oil block tenders;

20 Sep 2019 **London (United Kingdom)** Natural resources and petroleum ministry roadshow;

30 Sep 2019 **New York (United States)** Natural resources and petroleum ministry roadshow;

Sept 2019 **Luanda (Angola)** Government will launch an international public tender for the construction of an oil refinery in **Soyo** (northern **Zaire Province**);

Q3 2019 **Luanda (Angola)** A working group coordinated by the finance minister will conduct the international public tender to award Angola’s fourth global telecommunications operator licence;

2019 **Luanda (Angola)** Expected completion of transfer of **Sonangol**’s contracts, concessions and relations with international oil companies to the **Agência Nacional de Petróleo e Gás (ANPG)** (national petrol and gas agency);

15 Oct 2019 **Luanda (Angola)** Start of 2020 session of **Assembleia Nacional** (parliament);

24 Oct 2019 **Sochi (Russia)** President **João Lourenço** is to take part in the **Russia-Africa Summit**;

18 Nov - 6 Dec 2019 **Luanda (Angola)** Angola will host **African Union’s (AU)** 18th Session of the International Law Commission followed by the AU’s 8th International Law Forum, entitled “*Constitutional Democracy, Rule of Law and Fight against Corruption*”;

2019 - 2022 **Programa de Privatizações (PROPRIV)** (privatisation programme) to manage government divestment of 195 companies; the first tranche of 80 companies will be launched in 2019 and 81 offered for tender in 2020;

2019 **Luanda (Angola)** Government to construct a new administrative political centre in **Praia do Bispo** which will be implemented based on the build, operate and transfer (BOT) model; Public procurement procedures for the subprojects of this initiative will be launched in Q3 2019, with a pre-qualification phase for companies submitting financing proposals for their BOT investments.

³⁶ mirempet.gov.ao 11 Sep 2019

³⁷ mirempet.gov.ao 11 Sep 2019

³⁸ ARC mining source, London 11 Sep 2019

Oct 2019 to 2025 **Luanda (Angola)** ANPG will launch new oil bidding round with 31 blocks to public bidding from 2019, the first blocks will be nine offshore oil blocks in the **Namibe Basin**: blocks 11, 12, 13, 27, 28, 29, 41, 42 and 43.

2019 **Saurimo (Angola)** New diamond hub will open, comprising a diamond cutting and polishing factory, a professional technical training school and supporting institutions and industries;

2019 **Luanda (Angola)** Trials of **Jose Filomeno dos Santos** and other high-ranking ex-officials variously charged with defrauding the state, embezzlement or theft, will take place during the year;

Q1 2020 President **João Lourenço** will make his first official visit to **Japan**;

Apr 2020 **Luanda (Angola)** Luanda's **Novo Aeroporto Internacional de Luanda (NAIL)** (new international airport) to open;

2020 **Agência de Recursos Naturais** (national resources agency) to be set up, to take over all mining concessions within the country, together with partial privatisation of mining;

2020 - 2025 **(Angola) World Bank** to provide funding to increase economic diversification for a five-year period.

2020 **Luaxe** kimberlite mine, managed by **Russia**-based **Alrosa**, begins production;

2020 **(Angola)** First local and municipal elections;

2020 **Congo** and **Cuanza** basins **(Angola)** Terrestrial oil blocks will be opened to tenders;

2021 Six offshore oil blocks and free areas of oil blocks 31 and 32 will be offered for tenders;

2021 **(Angola)** National elections;

2022 **(Angola)** End date for **Banco Poupanca e Credito**'s recovery plan

Chronology

12 Sep 2019 **Luanda (Angola)** *Angop*. Trial begins of former military intelligence and security service chief General **António José Maria "Zé Maria"** on charges of insubordination and mishandling of documents, sensitive material and military information;

9 Sep 2019 **South Africa** *SAGovtnews.com*. Twenty-five South African companies join Department of Trade sponsored **Outward Trade and Investment Mission (OTIM)** to **Angola**;

9 Sep 2019 **Luanda (Angola)** *Angop*. The **Food and Nutrition Security and Resilience Strengthening (Fresan) Project** in Angola will provide €12.3m (\$13.62m) to civil society organisations and NGOs to mitigate the lack of water and food in **Huila, Namibe** and **Cunene Provinces** in southern Angola;

8 Sep 2019 **Luanda (Angola)** *Jornal de Angola*. Angolan government and **International Monetary Fund (IMF)** want to reduce public debt below 90% of GDP as Angola hopes the IMF will approve the disbursement of the second tranche of the \$3.7 billion Expanded and Converged Financing Programme to halt the rise in Angolan public debt;

8 Sep 2019 **Doha (Qatar)** *Angop*. **Angola** and Qatar sign six agreements in Doha, including commencing flights from Qatar to Angola in 2020;

5 Sep 2019 **Luanda (Angola)** *Angop*. Angola's mining sector attends the "Africa Down Under" conference in **Australia**, to attract investors to the Angolan mining market;

4 Sep 2019 **Luanda (Angola)** *Maka Angola*. State-owned oil company **Sonangol** is instructed to inject

\$1.2 billion to bail out the failing **Banco Económico** following an "*instruction from the **Banco Nacional de Angola (BNA)** in its capacity as the regulatory body*";

4 Sep 2019 **Luanda (Angola) Angop**. Attorney general's office confirms charges of embezzlement, violation of plan and budget execution rules, improper receipt of advantages and money laundering against **Manuel António Rebelais** between 2016 and 2017, when director of the now defunct **Gabinete de Revitalização e Execução da Comunicação Institucional (GRECIMA)** (revitalisation office of institutional communication and marketing administration);

3 Sep 2019 **Luanda (Angola) Angop**. Angola announces the opening of a third diamond cutting factory, **Pedra Rubra**, in the Luanda region, with initial production capacity of 5,000 carats/month;

2 Sep 2019 **Luanda (Angola) Angop**. **Angolan National Petroleum, Gas and Biofuels Agency (ANPG)** begins the presentation of the public tender for the oil block 10 basins in **Benguela** and 11, 12, 13, 27, 28, 29, 41, 42 and 43 of **Namibe** for 2019-2025;

29 Aug 2019 **Luanda (Angola) Angop**. **United Nations** makes available \$465m for the implementation of projects designed to mitigate the effects of the drought hitting the southern provinces of **Huíla, Namibe** and **Cunene**;

29 Aug 2019 **Luanda (Angola) Angop**. Interior minister **Eugénio Laborinho** appoints a new directorate at the **Serviço de Migração e Estrangeiros (SME)** (migration and foreigners service), citing financial issues, human resources management, problematic control of migration and illegal dividend schemes;

28 Aug 2019 **Luanda (Angola) Angop**. The Angolan government and **Japan Bank for International Cooperation (JBIC)** sign a Memorandum of Intent in **Yokohama** to define new \$400m financing agreements for Angola; Japan is funding the rehabilitation of Angola's **Namibe Port**, the fibre optic cable project, textile industry projects and demining programmes;

26 Aug 2019 **Luanda (Angola) Angop**. President **João Lourenço** appoints chief-commissioner **Arnaldo Manuel Carlos**, previously commander of national police in southern **Huíla Province**, as new director-general of the **Serviço de Investigação Criminal (SIC)** (criminal investigation service);

23 Aug 2019 **Luanda (Angola) Angop**. Three textile factories built with public funds and privatised have been recovered by the state.

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