

AFRICA RISK CONSULTING

Angola Monthly Briefing August 2022

Angola Summary 18 August 2022

*The ruling **Movimento Popular de Libertação de Angola (MPLA – People’s movement for liberation of Angola)** is expected to win the 24 August general election with a reduced majority. Current President **Joao Lourenço (2017-present)** will therefore serve a second and final term as president of Angola. The official opposition **União Nacional para a Independência Total de Angola (UNITA)** is expected to make gains among the youth voters. Current policy directions are expected to be maintained if the MPLA wins. Concerns about post-election violence and the potential for electoral fraud have also been voiced. Angola’s short to medium-term economic outlook has been boosted by increased oil revenues, due to increased global prices, in addition to United Kingdom-headquartered BP, Italy-headquartered Eni, and France-headquartered TotalEnergies announcing new ventures in the last month.*

August general election is a critical juncture....

It is anticipated that the ruling **Movimento Popular de Libertação de Angola (MPLA)** (People’s movement for the liberation of Angola) will win Angola’s fifth multiparty general election, to be held on 24 August, with a lower majority than the 61% it garnered in the last elections.¹ The vote is certain to be closer than in 2017, with proposed scenarios ranging from a reduced outright majority for the MPLA to the MPLA remaining the largest party but without overall control of the **Assembleia Nacional** (parliament). Public disenchantment with the MPLA remains high given slow progress on several promised reforms, limited economic opportunities and high youth unemployment.²

Dr **Alex Vines** of **United Kingdom (UK)** based policy institute, **Chatham House**, notes that the recession until 2021 and rising prices, as well as extensive privatisation of state companies that previously provided jobs for many, have reduced the MPLA’s popular support. Vines notes the failure to meet the needs of the urban population and the young, many of whom are now voting for the first time and grew up after the end of Angola’s long civil war in 2002:

“Although this recession was not of Lourenço’s making, it has increasingly eroded his popularity, particularly in urban and peri-urban areas and among the youth. Angola is a highly urbanized country – some 65 per cent – and the concentration of the population in cities with inadequate housing and public services has heightened dissatisfaction and impatience with the government.”³

Eight parties are competing for the vote. The MPLA currently holds 150 seats out of 220 in Angola’s **Assembleia Nacional** (parliament).⁴ The principal opposition party, **União Nacional para a Independência Total de Angola (UNITA)** (national union for the total independence of Angola), currently has 51 seats.⁵ The remaining parties hold 19 seats between them.⁶

The **PRA Ja Servir** project and the **Bloco Democrático (BD)** (democratic bloc) have formed an ad-hoc grouping, the **Frente Patriótica Unida** (united patriotic front), headed by UNITA leader

¹ Economist Intelligence Unit, 8 Aug 2022

² Economist Intelligence Unit (EIU) Country Forecast, 18 Jul 2022

³ Chatham House, 22 Jul 2022

⁴ Deutsche Welle 2 Aug 2022

⁵ Deutsche Welle 2 Aug 2022

⁶ Deutsche Welle 2 Aug 2022

Adalberto da Costa Junior, to unite opposition groups.⁷ BD has now allowed 12 members to join UNITA as election candidates and will field none of its own.⁸

Polls of voting intentions have offered little guide to the outcome of the election, ranging between 62% of the vote for the MPLA and 60% for UNITA.⁹ **David Boio** of **Ovilongwa Consulting**, which carried out a survey published in May this year, said the study pointed to a victory of the MPLA in the country with 29% of the votes but without an absolute majority. This poll was not definitive in Boio's view and demonstrated the problems of defining voters' intentions in Angola since 31% of those canvassed refused to say who they intended to vote for but were not undecided voters.

Boio's view is that UNITA will gain the youth vote in **Luanda**, the youngest and most urbanised province in the country.¹⁰ The MPLA retains a strong rural support base, especially in **Cunene, Huíla, Namibe, Moxico** and **Malanje** provinces, which comprise a significant part of the electorate and are likely to deliver another victory for the MPLA.¹¹

If President **Joao Lourenço** (2017-date) wins a second term, government policies will not deviate significantly from the current course. His policies will predominantly be centred on economic reforms including privatisation, economic diversification and investment and anti-corruption policies.

Accusations of fraud and post-election violence are possible outcomes.

Allegations that the MPLA can only win by fraud or through its existing dominant position are already being made by opposition parties and nongovernmental organisations (NGOs). UK-headquartered rating agency **Fitch Solutions** noted:

*"We expect the political and social opposition to regard the 2022 election result as fraudulent, as was the case in the aftermath of the 2017 general election. Such claims could trigger social unrest in the wake of the August 2022 election."*¹²

Lourenço and the MPLA have access to unlimited state media coverage and public funds, as well as the state security apparatus.¹³ There is as yet no level playing field for the opposition, after so many decades of MPLA control of the major state institutions but paradoxically this hotly contested election is taking place as Lourenço promotes some reforms.¹⁴ The electoral register was updated earlier this year and, for the first time, Angolans living abroad can vote in these elections - 14.4 million Angolans are now registered to vote.

An **Africa Risk Consulting (ARC)** source in Luanda said the presence of "ghost voters" on the electoral roll has also become an issue. UNITA's leader da Costa Junior raised this issue, saying that according to UNITA estimates, there are around 2.5 million deceased people on the country's electoral lists, including former party leader **Jonas Savimbi**. UNITA has not yet produced the evidence for this, but Costa Junior alleges that it was mandatory to purge the dead from the voters' lists, accusing the Angolan government of committing "a crime".¹⁵

The government said that the current lists result from the merging of the database of the territory administration ministry, which had 9.3 million voters registered, and the justice ministry database which had more than 11 million, including 2.6 million citizens who had already been removed as being presumed dead.¹⁶ A further 5 million new voters registered during the updating process.

⁷ Lusa, 23 Jun 2022

⁸ Lusa, 23 Jun 2022

⁹ Deutsche Welle 2 Aug 2022

¹⁰ Deutsche Welle, 6 May 2022

¹¹ Economist Intelligence Unit, 8 Aug 2022

¹² Business Monitor Online, 10 Aug 2022

¹³ Economist Intelligence Unit, 8 Aug 2022

¹⁴ Chatham House, 22 Jul 2022

¹⁵ Angola Telegraph, 16 August 2022

¹⁶ Angola Telegraph, 17 August 2022

There is an expectation that distrust could spill over into post-election violence. **Borges Nhamirre**, a lawyer and researcher at **Mozambique's Centre for Public Integrity** and consultant for **South Africa's Institute for Security Studies (ISS)** believes "*mediation will be necessary to avoid a likely post-electoral violent conflict*", whichever party wins the elections.¹⁷

Fitch Solutions also states that the government's controversial bill to centralise the counting of votes instead of counting them at the municipal and provincial level raised concerns over electoral fraud and sparked protests from hundreds of opposition supporters in September 2021. This raises the expectation that protests against the government could turn violent as security forces attempt to contain them.¹⁸

The involvement of 2,000 national electoral observers and 50 foreign observers may help to counter or confirm accusations of electoral fraud. Angola's **Comissão Nacional Eleitoral (CNE)** (national election commission), the national body responsible for the organisation and oversight of the elections, has extended invitations to observers from the:

- **European Union**
- **African Union**
- **Community of Portuguese-speaking Countries (CPLP)**
- **Southern African Development Community**
- **United States (US) Carter Centre**
- **Economic Community of West African States (ECOWAS)**
- **International Conference for the Great Lakes Region.**

The European Union noted it was ready and willing to send an election observer mission to Angola.¹⁹

There is no doubt that both major parties anticipate the possibility of some post-election tension, if not violence. Opposition groups accuse Lourenço of maintaining the same securocrat state as his predecessor, even though Lourenço has demolished patronage and corruption networks enabled by that state, including the arrests of the key players in President José Eduardo Dos Santos' (1979-2017) government (*see ARC Angola briefing July 2022*).²⁰ Yet ARC sources in Luanda say the **Polícia de Intervenção Rápida (PIR)** (rapid reaction police), a 1200-man rapid intervention force for public order and the resolution of critical incidents, known colloquially as "*Ninjas*" has been mobilised.²¹

The myth – or the possibility - of a stolen election is a powerful post-election playbook. The question is whether opposition parties will invoke this if they lose the elections, and how much credibility and evidence any allegations will carry.

The oil industry improves Angola's economic outlook

Angola's short to medium-term economic outlook has been boosted by increased oil revenues, due to increased global prices, in addition to three oil majors announcing new ventures in the last month. UK headquartered **BP** and Italy-headquartered **Eni** created a joint venture at the beginning of August, **Azule Energy**, a 50/50 independent joint venture combining the two companies' Angolan businesses. Azule Energy thus becomes Angola's largest independent equity producer of oil and gas. The company holds 2 billion barrels equivalent of net resources and aims to grow production to approximately 250,000 barrels per day (bpd) of oil and gas production over the next 5 years.

Azule Energy additionally holds stakes in 16 licences (of which 6 are exploration blocks) and can participate in the Angola LNG JV. Azule Energy will also take over Eni's share in **Solenova**, a solar company jointly held with Angola's national oil company **Sonangol**, and in collaboration with the

¹⁷ ISS Africa, 11 Aug 2022

¹⁸ Business Monitor Online, 10 Aug 2022

¹⁹ Deutsche Welle, 17 Aug 2022

²⁰ Business Day, 15 Jul 2022

²¹ Polícia Nacional de Angola press release, 15 Jun 2022

Luanda Refinery.²²The company has new projects scheduled to come on stream over the next few years. These include the **Agogo Full Field** and **PAJ** oil projects in Blocks 15/06 and 31 respectively. The **New Gas Consortium (NGC)**, the first non-associated gas project in the country, which will support the energy needs of Angola's growing economy and strengthen its role as a global LNG exporter, is also included under Azule Energy's new projects.²³

French oil major **TotalEnergies** announced the rollout of its multi-energy strategy in Angola at the end of July, indicating it will invest \$850m in the **Begonia** oil development, the first development of block 17/06. Commissioning is expected in late 2024.²⁴

TotalEnergies also announced its new investment in the "*Non-Associated Gas 1*" (NAG1) project, in which gas produced from the **Quiluma** and **Maboqueiro** offshore fields will supply the Angola LNG plant, improving Angola's LNG production capacity and the availability of domestic gas. Production is scheduled to start in mid-2026.²⁵ Total has also been awarded the concession for the construction of the **Quilemba** photovoltaic plant, located in the southern city of **Lubango**. The plant should come on stream at the end of 2023.²⁶

Eight smaller onshore oil blocks have also been approved, with total reserves of about 500m barrels of oil. The **Angolan National Agency for Petroleum, Gas and Biofuels (ANPG)** has signed production sharing contracts for the eight blocks in the onshore area of the **Lower Congo** and **Kwanza** basins, mainly with Angolan companies such as **SOMOIL**, **PRODOIL**, **Simple Oil** and **Alfort Petroleum**.²⁷

Growth in Angola's oil industry on the back of global higher oil prices is already a positive factor. Angola exported 103.6m barrels of oil in the second quarter of 2022, at an average price of \$113.91 per barrel, equating to \$11.8 billion. Production averaged 1.139m barrels per day. This was a 17% increase from the first quarter of 2022.²⁸ China was the largest importer, at 54.9%, although this was down from the 63.83% it imported during the first quarter.

Angola's debt to GDP ratio has fallen from 82.8% in 2021 to 66%, as of June. The government is aiming to reduce this further to 60% this year.²⁹ Fitch Solutions expects that Angola's real GDP growth will accelerate from an estimated 0.6% in 2021 to 3.5% in 2022 but will decelerate to 1.8% mainly on the back of a decline in oil production.³⁰ However, with new and revitalised ventures coming online in the oil and gas sector, Angola's economic outlook is relatively optimistic.

Planner

2019-2022 **(Angola) Programa de Privatizações (PROPRIV)** (privatisation programme) to manage government divestment of 138 companies ending in 2022;

24 Aug 2022 **(Angola)** National elections;

September 2022 **Siberia (Russia) Russian-Angola** joint venture **Angosat-2** satellite is in the final stages of testing in Siberia and expected to be launched from **Baikonur, Kazakhstan**;

Dec 2022 **Luanda (Angola)** Angola becomes chair of the **Organisation of African, Caribbean and Pacific States (OACPS)** during the Summit of Heads of State and Government from 6-9 Dec;

²² BP press release 2 Aug 2022

²³ BP press release 2 Aug 2022

²⁴ TotalEnergies press release July 28, 2022

²⁵ TotalEnergies press release July 28, 2022

²⁶ TotalEnergies press release July 28, 2022

²⁷ Enerdata 8 August 2022

²⁸ energyvoice.com 27 July 2022

²⁹ energyvoice.com 27 July 2022

³⁰ Business Monitor Online 24 Jul 2022

2022 **(Angola)** Angola is president of the **African Petroleum Producers Organization (APPO)**, after being elected in 2021;

2022 **(Angola)** First local and municipal elections are in the planning stages, but implementation is delayed by **Covid-19** and an election date will be set;

2022 **Talatona, Luanda (Angola) Huawei Technology Park** to be completed;

2022 **Luanda (Angola) Jose Filomeno dos Santos** and other defendants appeal sentences in the “*case of \$500 million*”, to be heard in the **Supreme Court**;

2022 **London (United Kingdom)** Hearing of **UNITEL SA v Unitel International Holdings (UIH)** takes place at the **London Court of Arbitration**, to resolve issues of UIH’s alleged debt of \$400m to **UNITEL**;

2022 **Luanda (Angola) Angolan Diamond Exchange** to open on a preliminary basis;

29 Nov-1 Dec 2022 **Luanda (Angola) Angola Oil & Gas 2022 Conference** and exhibition;

10-13 Dec 2022 **(Angola)** Angola to host 10th **African, Caribbean and Pacific Group** summit;

2022 **(Angola)** End date for **Banco Poupança e Credito’s** recovery plan;

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

Jul 2023 **Luanda (Angola)** Angola’s sole purpose-built gold refinery expected to open in **Viana, Luanda**;

Dec 2023 **Luanda (Angola)** The new international airport, now named **Aeroporto Internacional Dr Antonio Agostino Neto**, is expected to open;

2023 **(Angola) Luaxe mine (Lunda Sul)** expected to produce 5.7 million carats of diamonds;

2025 **(Angola)** Three major refineries at **Lobito** with capacity to refine 200,000 barrels/day, **Soyo** (100,000 barrels/day) and **Cabinda** (60,000 barrels/day), are expected to give Angola crude oil refining capacity of 360,000 barrel per day this year, meeting domestic needs and ending fuel imports;

2027 **(Angola)** State-owned oil company **Sonangol’s** Strategic Exploration and Production Plan 2020-2027 gives Sonangol 10% of national production by this date, producing 120,000 barrels per day.

Chronology

17 August 2022 **Luanda (Angola) Angola Telegraph. Banco Nacional de Angola (BNA)** (National Bank of Angola) suspends **Finibanco Angola** from the foreign exchange market for 45 days, to “*ensure the rights of depositors and the protection of investors*” following an inspection;

17 August 2022 **Catalonia (Spain) Agence France Presse. Catalonia’s Supreme Court** rules that the body of former **Angolan** President **José Eduardo dos Santos**, who died last month in **Barcelona (Spain)**, should be handed over to his widow for repatriation and burial in Angola;

17 August 2022 **Luanda (Angola) Jornal de Angola. Angola** is elected to the rotating presidency of the **Southern Africa Development Community (SADC)** with **Democratic Republic of Congo’s** President **Felix Tshisekedi** as acting president pending the result of elections in Angola;

17 August 2022 **Luanda (Angola) Angola Telegraph. The Luanda Refinery** announces it is at full capacity and is producing 1.58, litres of gasoline per day, 45% of the national market requirements, and has significantly increased production of LPG, by 30% and JET-A1 aviation fuel by 100%;

17 August 2022 **Luanda (Angola)** *Jornal de Angola*. Fitch Ratings changes the evaluation of **Banco Angolan Investimento** from "Stable" to "Positive" while establishing the long-term debt valuation at "B-";

15 August 2022 **Luanda (Angola)** *Jornal de Angola*. The unemployment rate in **Angola** for those aged between 15 and 24 years of age decreases slightly in the second quarter of 2022, to 30.2%;

14 August 2022 **Luanda (Angola)** *Angola Telegraph*. **Instituto Nacional de Estatísticas** (national institute of statistics) publishes its latest data indicating that inflation has fallen for the seventh consecutive month, down to 21.40% in July, the lowest level since April 2020;

15 August 2022 **Luanda (Angola)** *Jornal de Angola*. Restricted tender opens for the sale of 30% of the capital of **Bolsa de Dívida e Valores de Angola (BODIVA)** (Angolan Debt and Stock Exchange) to be submitted by 23 September;

9 August 2022 **Luanda (Angola)** *Jornal de Angola*. National diamond company **ENDIAMA UEE** announces a turnover of 44.16 billion kwanzas (\$103m) in the 2021 financial year;

9 August 2022 **Luanda (Angola)** *Jornal de Angola*. **Agência de Investimento Privado e Promoção das Exportações de Angola (AIPEX)** (agency for private investment and promotion of exports) and US-headquartered company Quanten Consortium Angola, LLC announce the signing of an investment contract of \$3.5 billion, to enable the construction and operation of the Soyo Refinery in the province of Zaire;

9 August 2022 **Luanda (Angola)** *Jornal de Angola*. **SODIAM** (National Diamond Trading Company of Angola) records a net profit of \$29.8m US dollars during the 2021 financial year;

6 August 2022 **Luanda (Angola)** *Jornal de Angola*. United States-based **ExxonMobil** is conducting 3D seismic studies to assess the potential existence of oil in deep waters offshore from the province of **Namibe**, Southern Angola, in blocks 30, 44 and 45

6 August 2022 **Luanda (Angola)** *Jornal de Angola*. Gong Tao, **China's** ambassador to **Angola** says trade between the two amounted to \$23.35 billion in 2021, representing a growth of 42.1% compared to the previous year;

5 August 2022 **Luanda (Angola)** *Jornal de Angola*. Angola's production quota in the **Organization of Petroleum Exporting Countries (OPEC)** is raised to 1.529m barrels per day (bpd) from September, an increase of 100,000 bpd;

2 August 2022 **Luanda (Angola)** *Jornal de Angola*. The **Comissão Nacional Eleitoral (CNE)** (national electoral commission) extends the deadline for the receipt of the accreditation lists of delegates from the list of political parties and coalitions of political parties competing in the general election to 3 August;

31 July 2022 **Luanda (Angola)** *Jornal de Angola*. **Agência de Investimento Privado e Promoção das Exportações de Angola (AIPEX)** announces that it is invited to become a strategic partner of the **Commonwealth Business and Investment Council (CWEIC)**, and the president of AIPEX, **António Henriques da Silva**, is to join the CWEIC Advisory Board.

28 July 2022 **Luanda (Angola)** *Jornal de Angola*. Angola's state-owned oil concessionaire **Sonangol** announces its consolidated net profit in 2021 amounted to \$2.1 billion, a growth of 152% compared to 2020;

27 July 2022 **Luanda (Angola)** *Jornal de Angola*. Australian **Lucapa Diamond Company** announces the find of a 170-carat pink diamond at its **Lulo** mine, the largest pink diamond found for 300 years;

27 July 2022 **Luanda (Angola)** *Jornal de Angola*. Economy and planning minister, **Mário João**, announces the level of public debt in Angola falls to 66% of GDP in June and is expected to be under 60% later this year;

26 July 2022 Luanda (Angola) *Jornal de Angola*. The **Barra do Dande Development Company** opens a limited international public tender by prior qualification for the sub-concession of the management, execution and exploitation of part of the components of Phase I of the Integrated Development Free Zone of **Barra do Dande**;

26 July 2022 **Seoul (South Korea)** *Jornal de Angola*. The **Geological Institute of Angola** and the **Korean Association for Economic Development of Africa** sign an agreement to create a working group, before prospecting and research projects for world-class mine exploration in Angola;

24 July 2022 **Luanda (Angola)** *Jornal de Angola*. The deputy governor of the **Banco Nacional de Angola (BNA)** (National Bank of Angola) **Rui Miguéns**, announces that the BNA is considering a rise in the minimum capital of banking financial institutions.

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Africa Risk Consulting (ARC) is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

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