

AFRICA RISK CONSULTING

Angola Monthly Briefing November 2023

Angola Summary 17 November 2023

Assembleia Nacional (national assembly) on 15 November approves the 2024 Orcamento Geral de Estado (OGE) (general state budget), set at Kz 24 billion (\$28.8m). The budget is focused on deficit control and servicing public debt but with increased financial support for the least advantaged. Angola is emerging as a leading African country in the renewable energy sector, due to its water and solar resources and aims to reach 71% of renewable energy capacity production by 2027. President João Lourenço (2017- present) opens the new \$2.8 billion Dr. António Agostinho Neto International Airport (AIAAN) on 10 November.

National assembly approves state budget for 2024

Assembleia Nacional (national assembly) on 15 November approved the 2024 **Orcamento Geral de Estado (OGE)** (general state budget), set at Kz 24 billion (\$28.8m), with 111 votes in favour, 74 against and no abstentions.¹ National assembly speaker, **Carolina Cerqueira**, presenting the budget to parliament, emphasised the importance of the executive pursuing the strategy of deficit control and servicing public debt, but that the proposed general state budget should also improve the situation of the most disadvantaged families:

*"High unemployment and the lack of a basic food basket are factors of poverty that affect a large part of the population. We consider it urgent to take short-term measures aimed at increasing employment and private investment...to combat poverty."*²

Principal provisions by sector of the budget include:

- The social sector has 20.1% of the budget, corresponding to Kz 4.9 billion (\$5.8m);
- Defence, security and public order account for 7.1% of the budget corresponding to Kz 1.7 billion (\$2.04m);
- The general economic area has 4.9% of the budget corresponding to Kz 1.2 billion (\$1.44m);
- Agriculture ministry's budget is increased by 80% to develop agribusiness and food security;
- The VAT rate is reduced from 14% to 5% on all food products;
- **Cabinda** province has a single VAT rate, in the order of 1%;
- Labour income tax amendments reduce the tax burden of lower-paid workers and increase tax exemption;
- Civil service salaries are increased by approximately 5%.³

More detailed budget provisions will be available in December, following approval by the relevant committees. The economic projections for 2024 were calculated based on an average price per barrel of oil of \$65 and an average daily oil production of 1.06 million barrels per day.⁴

Opposition party **União Nacional para a Independência Total de Angola (UNITA)** voted against the budget, saying it didn't meet the budgetary rules for sustainability, despite the government's presentation of this budget as a move towards such sustainability.⁵

¹ Jornal de Angola, 16 Nov 2023

² Angop, 31 Oct 2023

³ Angop, 31 Oct 2023

⁴ Jornal de Angola, 15 Nov 2023

⁵ Angop, 31 Oct 2023

The **International Monetary Fund (IMF)** resident representative in Angola, **Victor Lledo**, was positive about Angola's prospects for 2024, predicting that the economy will grow by over 3%, accelerating diversification of the economy.⁶ Following the publication of the IMF's **Regional Economic Outlook for Sub-Saharan Africa on 13 October**, Lledo said the IMF expects a recovery above estimated 2023 levels of 1.3%.⁷

Lledo said the 2024 budget suggests debt could be reduced to nearly 60% of GDP, but warned that continuing reduction of fuel tax subsidies, and increased collection of VAT and property taxes are critical components of that reduction.

Renewable energy resources to produce 71% of electricity output by 2027

Angola is emerging as a leading African country in the renewable energy sector, due to its water and solar resources. **João Fernandes**, a senior engineer with the national directorate of energy and rural electrification within the energy and water ministry, speaking before the **Associação Angolana de Energia Renováveis (ASAER)** (Angolan association of renewable energy resources) meeting on 30 October said that government aims to reach 71% renewable energy capacity production across Angola by 2027.⁸

The **African Development Bank (AfDB)** analysed progress in Angola's energy context in February 2023. The AfDB said that in 2017 this was characterized by "low access to clean, modern, and reliable energy" but expected growth in the sector, saying "renewable energy will [come to] account for 70% of the country's installed capacity". Angola is well-known as a producer of non-renewable energy in the form of oil, which also produces greenhouse gases, but Fernandes explained that more than 63% of the country's internal energy production currently comes from renewable sources, water and photovoltaic (solar):

*"Angola's energy matrix comprises 59.79% hydro-electric energy, 35.74% thermal energy, 3.81% solar energy and 0.57% hybrid energy."*⁹

To achieve the target of 71% clean energy foreseen in the electricity sector development plan, the **Caculo Cabaça** hydroelectric plant, situated on the **Kwanza River** in **Kwanza Norte** province, is required to generate 2,100 Megawatts (MW), in addition to several solar energy project coming online.¹⁰ Construction of the Caculo Cabaça hydroelectric plant by **China**-headquartered **China Gezhouba Group Company Limited (CGGC)** began in 2017 and completion of the infrastructure development for the project is set for October 2026.¹¹

Fernandes says that at the moment, Angola has an estimated solar energy production capacity of 285.50 MW, and the aim is to reach over one gigawatt:

"We have the largest water capacity in Africa and...we have solar energy potential that varies annually from 1.3 to 2.3 kilowatts/hour per square meter".¹²

Three major developments in June have helped this renewable energy plan along. The **Export-Import Bank of the United States (EXIM)** approved a \$900 million direct loan to the energy and water ministry to support the construction of two 500MW solar PV power plants in the country.¹³ **United Kingdom**-headquartered **Standard Chartered Bank** announced funding of €1.29 billion (\$1.49 billion) for 48 hybrid solar PV installations to help 1 million in rural areas, in the provinces of **Moxico**,

⁶ Angop, 1 Nov 2023

⁷ IMF data mapper, accessed 16 Nov 2023

⁸ Angop, 30 Oct 2023

⁹ Angop, 30 Oct 2023

¹⁰ Angop, 30 Oct 2023

¹¹ Energy Capital Power, 23 May 2023

¹² Angop, 30 Oct 2023

¹³ Energy and Utilities, 20 June 2023

Lunda Norte, Lunda Sul, Bie, and Malanje.¹⁴ Angola also inaugurated the first phase of the 50MW **Caraculo** solar PV project.

Angola's energy production capacity currently stands at 6.2 gigawatts and is expected to reach 8 GW by 2027. The national electrification rate is at more than 42% and is expected to reach 50% of the population in 2027, by using diversified energy sources.¹⁵

Angola also has some institutional capacity in the renewables sector. The country hosts the **Central African** arm of the **Regional Centre for Renewable Energy and Energy Efficiency**, which was inaugurated in Angola in March. The centre is one of five in Africa and is facilitated by the **United Nations Industrial Development Organization (UNIDO)**.¹⁶

New international airport is officially opened

President **João Lourenço** (2017-present) officially opened the \$2.8 billion Dr. **António Agostinho Neto International Airport (AIAAN)** on 10 November in the presence of 1,500 guests.¹⁷ The airport is 40km from Luanda, in **Bom Jesus (Luanda Province)** and will replace Luanda's **Quatro de Fevereiro International Airport (LAD)** as Angola's main international airport and become a new hub for national carrier **TAAG Angola Airlines**.¹⁸

The airport has a terminal building capable of handling 15 million passengers per year, up to 10 million in international arrivals and 5 million on domestic flights.¹⁹ Lourenço said Angola will look at building another terminal and a third runway, to allow around 65 million passengers to travel through it each year.²⁰ The two runways, a 4,200m northern runway and 3,800m southern runway, are both capable of landing the world's largest passenger plane, the **Airbus A380**.²¹

Despite these impressive specifications, the airport is still not fully operational. It will be brought into full operation in phases, with cargo services operating until February 2024. The airport is expected to be able to handle 130,000 tons of cargo annually. The new airport will initially operate with provisional **International Air Transport Association (IATA)** certification as safety training and testing of procedures continue.²² The second phase of passenger operations is expected to start in February 2024, with domestic flight operations. The government expects the last stage, the start of international flight operations will begin in June 2024.

As yet no operator has been appointed for the airport, which will be privately managed, although state-owned. The government opened an international public tender for the granting of the rights of operation, management and maintenance of the airport only on 10 November, the day the airport was opened.²³

Regardless, the airport is now partially open after more than 16 years of delays. Plans for a new Luanda airport were approved by the council of ministers in 2006, and passed through several phases and as many failures, eventually being taken over by the **China International Fund (CIF)** in 2015.²⁴

When the CIF contract was terminated in 2017, CIF confirmed that it had received \$4.2 billion, with the airport very far from complete. CIF was previously led by **Sam Pa**, imprisoned for corruption in China in 2015. Two further directors were **Manuel Helder Vieira Dias Junior**, state minister and head of the military affairs office under former president **José Eduardo dos Santos** (1979-2017),

¹⁴ Energy and Utilities, 20 June 2023

¹⁵ Angop, 30 Oct 2023

¹⁶ ALER, 9 Mar 2023

¹⁷ Angop, 10 Nov 2023

¹⁸ Angop, 10 Nov 2023

¹⁹ Angop, 10 Nov 2023

²⁰ Lusa, 10 Nov 2023

²¹ Angop, 10 Nov 2023

²² Angop, 10 Nov 2023

²³ Jornal de Angola, 15 Nov 2023

²⁴ Angop, 10 Nov 2023

who had been responsible for a previous phase of the airport, and General **Leopoldino Fragoso do Nascimento** (see *ARC Angola Briefing April 2022.*) They were formally charged with crimes relating to Chinese funding and the CIF in Angola in July 2022.²⁵

Planner

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

Jun 2023-Jun 2025 **Luanda (Angola)** Angola extended its mandate as member of the Executive Council of the **United Nations Human Settlements Programme (UN-HABITAT)** for a further two years;

2023 **Luanda (Angola)** The launch of an agricultural drought monitoring system, the **Agriculture Stress Index System**, financed by the **United Nations (UN) Green Climate Fund** with technical support from the **UN Food and Agriculture Organization**, is delayed;

Jan 2024 **Lobito (Angola)** Implementation of the Single Window for Trade Facilitation (JUMA), which the **International Maritime Organization (IMO)** is introducing in the **Commercial Port of Lobito**;

Q1 2024 **Lucapa (Angola)** The **Lucapa** photovoltaic power plant will start producing power;

Jul 2024 **(Angola)** Government to carry out its second census with technical and logistical support from the **United Nations Population Fund (UNFPA)**;

2024 **Cabinda (Angola)** First phase of **Cabinda Refinery** ends, and testing begins to measure the productive efficiency of the refinery;

2024 **Luanda (Angola)** Angola to create two new provinces and a further 417 municipalities during 2024;

2024 **(Angola)** Angola to begin exporting green hydrogen energy to **Germany**;

2024 **Luanda (Angola)** Completion of Angola's sole purpose-built gold refinery at **Viana** is expected;

Dec 2024 **Cabinda (Angola)** Completion of the deep-water port **Porto do Caio** is expected;

2023-2026 **(Angola) Programa de Privatizações (PROPRIV)** (privatisation programme) extended to manage government divestment of 138 companies;

Chronology

15 Nov 2023 **Luanda (Angola)** *Jornal de Angola*. Former **Lunda Sul** province governor **Ernesto Kitecul** goes on trial in the supreme court for issuing fraudulent awards for public works and fictitious contracts between 2017 and 2019 to a company he set up;

10 Nov 2023 **Windhoek (Namibia)** *Angop*. Ruling **Movimento Popular de Libertação de Angola (MPLA)** and its **Namibian** counterpart, **South West African People's Organisation (SWAPO)** meet to review and strengthen ties between the two political parties;

9 Nov 2023 **Luanda (Angola)** *Angop*. Secretary of state for public health **Carlos Pinto de Sousa** reports there were at least 50,612 cases of tuberculosis across the country between January and September 2023;

9 Nov 2023 **Luanda (Angola)** *Angop*. Mineral resources, oil and gas minister **Diamantino Azevedo** calls for greater participation of Angolan companies in the provision of services to the oil sector, saying both operating companies and service providers must give priority to contracting local companies for services;

²⁵ VerAngola, 12 Jul 2022

9 Nov 2023 **Luanda (Angola)** *Angop*. Angolan academic **Wilson de Almeida Adão** is elected chair of the **African Union (AU)** committee on the rights and welfare of the child;

9 Nov 2023 **Luanda (Angola)** *Angop*. The 2nd **Angola/Democratic Republic of Congo Economic Forum** is to be held on 13 and 14 November in Luanda to promote opportunities for sustainable growth and the strengthening of bilateral relations. Members of the governments of both countries, representatives of public institutes, banking institutions, national and foreign investors and private sector entrepreneurs are set to attend;

7 Nov 2023 **Luanda (Angola)** *Angop*. **United States (US)** ambassador to Angola, **Tulinabo Mushingi**, meets President **João Lourenço**, to discuss multilateral relations and the situation in the region, with emphasis on the conflict in eastern **Democratic Republic of the Congo (DRC)**;

6 Nov 2023 **Luanda (Angola)** *Angop*. President **João Lourenço** says the state will stop building housing projects, after the construction of those announced for the provinces of **Cuanza Norte, Malanje, Zaire** and **Cabinda** are completed, and instead will focus on building affordable social housing and creating policies to encourage the private sector and self-construction;

6 Nov 2023 **Luanda (Angola)** *Angop*. **Moroccan** national airline **Royal Air Maroc** is to resume flights to Angola in November, given the tourism potential and the improvement of the business environment;

2 Nov 2023 **Luanda (Angola)** *Angop*. Permanent representative to the **United Nations, Francisco da Cruz** calls for an end to the economic, commercial and financial embargo, as well as the unilateral and coercive measures the **United States** has imposed on **Cuba** for 60 years, which is preventing the country from achieving the Sustainable Development Goals and relegating it to unacceptable levels of underdevelopment;

2 Nov 2023 **Luanda (Angola)** *Angop*. **North Korea** announces it will close diplomatic missions in Angola and three other countries, **Uganda, Spain, and Hong Kong**;

2 Nov 2023 **Luanda (Angola)** *Angop*. The **Lucapa Diamond Company** announces the discovery of a rare 208-carat diamond from its **Lulo** mine in eastern **Lunda Norte Province**. It is the 39th diamond over 100 carats found at the mine and the second large diamond to be recovered in the Lulo mine in October;

26 Oct 2023 **Washington DC (USA)** *United States Department of State*. The **African Development Bank (AfDB), Africa Finance Corporation (AFC), the United States** and the **European Union** sign a seven-side memorandum of understanding with Angola, the **Democratic Republic of Congo**, and **Zambia** to develop the **Lobito Corridor** and the new **Zambia-Lobito** rail line;

24 Oct 2023 **Luanda (Angola)** *Angop*. Special representative of the secretary-general of the **United Nations (UN)** to the **African Union (AU)**, **Parfait Onanga-Anyanga** congratulates President **João Lourenço** on his new mission as chairperson of **South African Development Community (SADC)** and his designation by the AU as its champion for peace and reconciliation;

24 Oct 2023 **Luanda (Angola)** *Angop*. President **João Lourenço**, as acting president of the **International Conference of the Great Lakes Region (ICGLR)**, chairs a meeting of the strategic committee for monitoring the process of returning to peace in **Central Africa**, and discussion of implementation of the **Luanda Joint Roadmap for Peace and Security** in the **Central African Republic (CAR)**;

23 Oct 2023 **Luanda (Angola)** *Angop*. Fourteen **United Kingdom** members of parliament (MPs) visit the national electoral commission during the 147th assembly of the **Inter-Parliamentary Union** taking place in Angola;

23 Oct 2023 **Luanda (Angola)** *Angop*. **Global Alliance of Special Economic Zones** chooses the **Luanda-Bengo Special Economic Zone** as one of 50 Special Economic Zone (SEZ) models for Sustainable Development Goals (SDGs);

23 Oct 2023 **Luanda (Angola)** *Angop*. **United Kingdom-based Global Entrepreneurship Monitor (GEM)** ranks Angola first among the most entrepreneurial countries in the world;

22 Oct 2023 **Nairobi (Kenya)** *Capital FM*. President **João Lourenço** and **Kenya's** President **William Ruto** sign 11 legal instruments on wildlife and conservation, shipping and maritime, mining, youth affairs, forestry, agriculture, ICT, oil and gas, health, diplomacy and public service, and agree to resume direct flights between the countries, with visa-free travel;

22 Oct 2023 **Luanda (Angola)** *Angop*. Culture and tourism ministry and **Brazil's São Paulo Estadual University** agree to sign a cooperation agreement in the technical, academic, scientific and cultural fields, focused mainly on heritage tourism;

19 Oct 2023 **Luanda (Angola)** *Angop*. Angola's permanent representative to the **United Nations, Francisco da Cruz** presents a declaration by the **Southern African Development Community (SADC)**, expressing deep concern about the ambiguity and complexity of multiple sanctions regimes of a coercive and unilateral nature that affect, among other countries, **Zimbabwe**;

18 Oct 2023 **Luanda (Angola)** *Angop*. State-owned oil company **SONANGOL** and **Chinese** state-owned company **China National Chemical Engineering (CNCE)** announce they will sign an agreement for the construction of the 200,000 barrels per day Lobito oil refinery which will be completed by 2026;

18 Oct 2023 **Luanda (Angola)** *Afreximbank*. **Fund for Export Development in Africa** announces an investment into **Cabinda Oil Refinery** which has suffered delays in development due to lack of investment. The refinery is being developed by **United Kingdom-headquartered Gemcorp Holdings** in a joint venture with state-owned oil company **SONANGOL**;

18 Oct 2023 **San Vicente (Cape Verde)** *Angop*. Vice president **Esperança da Costa** and **Cape Verde** President **José Maria Pereira Neves** agree to increase bilateral collaboration in areas such as science, technology and innovation, and the blue economy;

9 Oct 2023 **Brussels (Belgium)** *Council of the European Union (EU)*. The **Council of the European Union (EU)** adopts a decision on the signature of its first-ever sustainable investment facilitation agreement between the EU and Angola, to make it easier to attract and expand investments while integrating environment and labour rights commitments in the EU-Angola relationship.

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