

AFRICA RISK CONSULTING

Angola Monthly Briefing January 2024

Angola Summary 19 January 2024

Angola announces on 21 December that it will leave the Organisation of Petroleum Exporting Countries (OPEC) on 1 January 2024, citing that further proposed cuts in its oil production quota will be damaging to the oil industry. Isobel dos Santos, daughter of former president José Eduardo dos Santos (1979-2017), has her United Kingdom-based assets frozen by a London court on 20 December. New investment in Angola's diamond industry powers a major new mine, Luele, which will make Angola the world's third-largest diamond producer.

Angola leaves OPEC, citing reduced production quotas as cause

Angola announced on 21 December that it would leave the **Organization of the Petroleum Exporting Countries (OPEC)** effective 1 January 2024.¹ The announcement followed the 36th OPEC and non-OPEC ministerial meeting on 30 November which confirmed Angola's production quota at 1.11 million barrels per day (bpd).²

Petroleum and mineral resources minister **Diamantino Azevedo** said of the decision:

*"If we remained in OPEC... Angola would be forced to cut production, and this goes against our policy of avoiding decline and respecting contracts. We feel that at this moment Angola gains nothing by remaining in the organization."*³

Angola's oil production has been low throughout 2023, with output standing at 1.168 million bpd in October 2023, falling in November 2023 to 1.130 million bpd.⁴ OPEC previously reduced Angola's production quota from 1.45 million bpd today 1.28 billion bpd in June 2023, meaning that for most of 2023, Angola was not even meeting its already lowered production ceiling.⁵ Angola's production ceiling was previously reduced in June to 1.28 million bpd from 1.45 million bpd, which OPEC said better reflected real oil output.⁶

The disagreement with OPEC's policy of further quota cuts comes because Angola plans to increase oil production during 2024 and wanted a quota of 1.18 million bpd.⁷ Further quota reductions came about because OPEC is expecting a drop in oil demand in 2024, and agreed in the November meeting to reduce oil production by 2.2 million bpd in the first quarter of 2024, which is expected to maintain oil prices. OPEC member states have reduced production by five million bpd since the end of 2022, to prevent oil prices from falling.⁸ The remaining 12 OPEC members account for about 27% of global oil supply.⁹

Angola expects major new oil and gas projects to start up in 2024. **Azule Energy**, the Angola-based joint venture between **Italian** energy company **ENI** and **United Kingdom**-based **BP**, and currently

¹ Angop, 22 Dec 2023

² OPEC press release. 30 Nov 2023

³ Deutsche Welle, 22 Dec 2022

⁴ OPEC Crude Oil production Angola, accessed 16 Jan 2024

⁵ OPEC press release, 30 Nov 2023

⁶ Deutsche Welle, 22 Dec 2022

⁷ Angop, 22 Dec 2023

⁸ Angop 22 Dec 2023

⁹ Al-Jazeera 21 Dec 2023

Angola's largest investor in oil, plans to begin raising production in 2024, achieving an output of approximately 250,000 barrels bpd by 2026.¹⁰

Azule signed three risk service contracts with Angola's oil and gas regulator, **Agência Nacional de Petróleo, Gás e Biocombustíveis** (national agency for oil, gas and biofuels) on 21 December, to operate blocks 46 and 47, and block 18/5. These blocks cover an 8,700km² area in deep and ultradeep waters in the **Lower Congo Basin**.¹¹

Several more new oil fields are expected to be brought into development this year. The winners of Angola's 2023 oil bidding round for 12 onshore blocks in the **Congo** and **Kwanza** basins will be announced on 19 March 2024.¹² By November last year, Angola had received 53 bids for 8 of the blocks.

Angola's policies are to increase oil and gas production, including refining and exporting oil products and has decided that OPEC's position is too restrictive to allow progress. Angola is one of the smaller OPEC members and pulling out will not have a significant impact on the oil price cartel.¹³ Angolan economist, **Francisco Tavares** also added that Angola's exit from OPEC may attract more investors into the sector and allow for greater revenue collection by the state.¹⁴ Angola's departure provides the space for an increase in oil production and a consequent increase in foreign exchange earnings for the country.

Isabel dos Santos faces trial and asset seizures in Angola and the United Kingdom

Attorney general **Hélder Pitta Groz** confirmed on 18 January that indictments against **Isabel dos Santos**, daughter of former president **José Eduardo dos Santos** (1979-2017), will be referred to the Angolan courts by the end of January.¹⁵ Dos Santos and her associates allegedly caused the state a loss of more than \$208m through unpaid salaries, sales at a loss, tax fraud and fraudulent payments to companies.¹⁶

Dos Santos is to be accused of 11 crimes in connection with her management of the Angolan state oil company, **SONANGOL**, between 2016 and 2017.¹⁷ Her co-accused are **Paula Oliveira**, a business partner charged with six crimes, her former manager **Mário Leite da Silva** (six crimes), her former financial administrator at Sonangol, **Sarju Raikundalia** (nine crimes), and the global consultant **PwC** (two crimes).¹⁸

On 20 December, dos Santos' lawyers faced another court case in the **United Kingdom (UK)**. **Unitel SA**, the Angolan telecommunications company now owned by the state, won a court case to have dos Santos' assets frozen ahead of a trial in the UK to recover £580m (\$737m). The claim arises from loans made to an unrelated company controlled by dos Santos, **Netherlands-based Unitel International Holdings B.V (UIH)** in 2012 and 2013.¹⁹

The judge at the UK's **High Court of Justice Business and Property Court** agreed with a freezing order given the possibility of dissipation of assets before the trial, saying the other freezing orders in existence related to different cases or may not continue. The judge commented in his written judgement of 20 December:

¹⁰ Reuters, 12 Oct 2023

¹¹ Offshore, 10 Jan 2024

¹² Africa Oil Gas Report, 1 Oct 2023

¹³ Reuters, 22 Dec 2023

¹⁴ Angop, 22 Dec 2023

¹⁵ Jornal de Angola, 18 Jan 2024

¹⁶ Jornal de Angola, 16 Jan 2024

¹⁷ Jornal de Angola, 16 Jan 2024

¹⁸ Jornal de Angola, 16 Jan 2024

¹⁹ Royal Courts of Justice transcript of judgement, 20 Dec 2023

“Unitel’s primary argument...was that the subject matter of the claim is the deliberate, wrongful alienation of a huge amount of money...this seems an obvious case for a worldwide freezing order.”²⁰

The judge stated that he accepted that the substance of the allegations against dos Santos amounted to fraud and dishonesty.²¹

Unitel claims it made a series of loans to UIH at unjustifiably low rates of interest and without any significant security. These loans were said to have been procured by dos Santos in her role as director of Unitel at the time. The company says that dos Santos acted in breach of duties of diligence, care and loyalty to Unitel.²² Dos Santos in person was joined to the lawsuit against UIH in May 2023.²³ The claim against dos Santos herself is in damages, including any sum due that Unitel does not recover from UIH.²⁴

Dos Santos denies that the loans were uncommercial and that she acted in breach of duty, and said these proceedings are a political campaign against her. She maintains that during her time as chair of Sonangol, she made determined efforts to root out corruption which even embarrassed and angered some elements within Angola, including current president **João Lourenço** (2017-present).²⁵

Dos Santos’ property identified in the UK is said to be worth up to £33.5m (\$42.5m), with real property in **Monaco** worth \$55m and real property in **Dubai (United Arab Emirates)** worth \$40m, and corporate assets and bank accounts elsewhere.²⁶

The Unitel case is separate from the state’s court case in Angola and could continue to go to trial in the UK. Dos Santos is currently thought to be living in Dubai and is subject to an international arrest warrant but is unlikely to appear in court.²⁷

Angola pushes diamond revenue from mining and cutting diamonds

Angola is pushing its diamond industry forward in 2024, focused not only on mining but also on cutting diamonds. Azevedo on 28 November at the opening of the key **Luele** diamond mine already outlined Angola’s policies and challenges for developing diamonds and cutting during 2024.²⁸

Diamonds are a diminishing resource, and new mines are rare. Angola is one of the most prospective countries where major new mines may be developed but Azevedo foresees challenges:

“The challenge [in developing new mines] involves continuous support for producers, with a view to increasing diamond production, which will accelerate the emergence of new projects and increase the polishing capacity for this mineral.”²⁹

One of the main goals is to increase the number of diamond-cutting factories in Angola. In March 2023, the petroleum and mineral resource ministry announced plans to attract further investment into the diamond mining industry through the introduction of tax incentives for diamond-cutting financiers and operators.³⁰ This policy of beneficiation is to ensure maximum returns from the diamond industry.³¹

Angola currently has five diamond-cutting factories in its new diamond hub in **Saurimo (Lunda Sul Province)**. The two largest are joint ventures between **Belgian** diamond trading and polishing

²⁰ Royal Courts of Justice transcript of judgement, 20 Dec 2023

²¹ Royal Courts of Justice transcript of judgement, 20 Dec 2023

²² Royal Courts of Justice transcript of judgement, 20 Dec 2023

²³ East African, 30 May 2023

²⁴ Royal Courts of Justice transcript of judgement, 20 Dec 2023

²⁵ Royal Courts of Justice transcript of judgement, 20 Dec 2023

²⁶ Royal Courts of Justice transcript of judgement, 20 Dec 2023

²⁷ Reuters, 30 Nov 2022

²⁸ ANGOP, 4 Jan 2024

²⁹ ANGOP, 4 Jan 2024

³⁰ Further Africa, 3 Mar 2023

³¹ ANGOP, 4 Jan 2024

company **Arslanian Freres**, and **KGK**, a major **Indian** diamond trading company which opened in 2019. KGK Angola can process 100,000 rough carats per year.³² The latest company to open, four years later, was a small Angolan company in March 2023.³³

Lourenço is to deliver a keynote speech to the **2024 Mining Indaba in Cape Town (South Africa)** in a bid to attract more investment and promote new developments.³⁴ The most important of these is the Luele mine, a joint venture between Angola's largest mining company **Catoca Lda**, (50.5%), state diamond mining company **Endiama**, (25%), **Emirati** company **Falcon Mining Ltd** (19.5%) and two Angolan shareholders, with the remaining 5%.³⁵

The Luele mine, located close to the **Catoca** mine in Luanda Sul, will become Angola's largest mine and also one of the largest in the world, and will turn Angola into the world's third-largest diamond producer, after **Russia** and **Botswana**, when it comes into full production. US-based independent diamond analyst **Paul Zimmisky** noted in November that Luele is the only major new diamond mine that is expected to start production this decade.³⁶

Luele's resources contain an estimated 628 million carats of diamonds with a life-of-mine of 60 years. The mine is expected to produce just over one million carats of diamonds a year, with a low value of \$60m, or \$60 a carat, suggesting these are mainly lower-quality diamonds similar to Catoca's output.

In parallel with diamond production, Azevedo also plans to increase the production of gold and ferrous metals and start copper projects, as well as non-metallic mineral resources.³⁷ A national geology plan **Plano Nacional de Geologia**, was set up to analyse, update and digitise Angola's geological information allowing a relaunch of the non-diamond mining sector and attracting investment from larger companies.³⁸

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

19 Jan 2024 **Luanda (Angola)** **Banco Nacional de Angola** (central bank) **Monetary Policy Committee (CPM)** meeting to analyse and discuss ways to curb rising inflation;

31 Jan 2024 (**Angola**) Consultation ends on Angola's proposed new **Imposto sobre o Rendimento das Pessoas Colectivas (IRPC)** (corporate income tax code);

19 Mar 2024 (**Angola**) Results of tenders for 12 onshore oil blocks in the 2023 oil bidding round to be announced;

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)**;

³² Further Africa, 6 Nov 2019

³³ Verangol, 27 Feb 2023

³⁴ The New Jeweller, Nov 2023

³⁵ The New Jeweller, Nov 2023

³⁶ Reuters, 28 Nov 2023

³⁷ ANGOP, 4 Jan 2024

³⁸ ANGOP, 4 Jan 2024

2- 3 Oct 2024 **Luanda (Angola)** **Angola Oil & Gas 2024 Conference & Exhibition 2024 (AOG 2024)**;

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

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

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

2024 **Barra do Dande (Angola)** First phase of the construction of the **Barra do Dande Ocean Terminal (TOBD)**, with a capacity to store 582,000 cubic meters of liquid and gaseous fuels for distribution, will be completed;

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

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

Chronology

14 Jan 2024 **Luanda (Angola)** *Care International*. **United States**-based NGO **Care International** says Angola was one of the worst humanitarian crises of 2023, with drought, flooding and hunger affecting seven million people but this was grossly under-reported due to major international crises in **Ukraine** and **Palestine**;

11 Jan 2024 **Huambo (Angola)** *Angop*. **China** hands over the completed \$30m **Integrated Centre for Technological Training (CINFOTEC)** which will implement technical and professional training of young people and has 30 laboratories and six workshops;

11 Jan 2024 **Zango (Angola)** *Angop*. The **World Organization of Free Trade Zones (WFZO)** signs an agreement to establish an office in the **Luanda-Bengo** Special Economic Zone (SEZ), its first on the African continent;

10 Jan 2024 **Luanda (Angola)** *Angop*. Industry and commerce minister **Rui Miguêns de Oliveira** says the government will control the supply of wheat flour to prevent shortages of flour and bread and stop price speculation on bread supply across the country;

10 Jan 2024 **Luanda (Angola)** *Angop*. Economic coordination minister **José de Lima Massano** says that the government is beginning the process of withdrawing price subsidies in other sectors as well as fuel, such as transport, electricity and water;

10 Jan 2024 **Luena (Angola)** *Angop*. **Agência Nacional de Acção Contra Minas (ANAM)** (Angola national mine action authority) says six million square metres of land in **Moxico Province** has been demined with 4,659 explosive devices, obsolete ammunition of various calibres, 497 anti-tank mines and 36 antipersonnel mines removed and destroyed;

10 Jan 2024 **Luanda (Angola)** *Angop*. **Administração Geral Tributária (AGT)** (general tax administration) says it collected Kz 60.3 billion (\$72.7m) from property tax in 2023, representing about 1.3% of Angola's non-oil revenue;

10 Jan 2024 **Luanda (Angola)** *Angop*. **Private Investment and Export Promotion Agency (AIPEX)** says private investment in Angola in the last five years amounted to approximately \$1.7 billion as a result of the implementation of 211 projects in various fields, with emphasis on the manufacturing industry, agriculture and trade;

9 Jan 2024 **Luanda (Angola)** *Angop*. Police confirm that during 2023 at least 38.3 thousand litres of fuel was seized in **Cunene Province**, after smugglers bought fuel in Angola, intending to sell it illegally in **Namibia**;

8 Jan 2024 **M'Banza-Congo (Angola)** *Angop.* Attorney general **Hélder Pitta Gróz** says large-scale fuel smuggling into the **Democratic Republic of Congo (DRC)**, together with medicines and basic food products, has resulted in enormous tax losses for Angola's national economy;

5 Jan 2024 **Luanda (Angola)** *Angop.* President **João Lourenço** appoints Lieutenant General Dinis Segunda Lucama as new chief of staff of the army alongside new commissioners of the police, including new heads of criminal investigations;

3 Jan 2024 **Luanda (Angola)** *Angop.* Government announces that reduced Value Added Tax (VAT) for 20 categories of widely consumed basic food products previously charged at 14%, comes into effect from January 2024, with 5% VAT now being charged on 20 basic foodstuffs including meat, eggs, beans, and grains;

3 Jan 2024 **Caxito (Angola)** *Angop.* Government announces that a **Spanish**-funded project valued at Kz63 billion (\$76m) will install new energy transmission towers and 170 kilometres of 60 and 30-kilovolt lines in four municipalities in **Bengo Province**;

2 Jan 2024 **Luanda (Angola)** *Angop.* General inspectorate **Ângelo de Barros Tavares** says his organisation will prioritise anti-corruption activities to provide better and more transparent management of public assets and says his department has already saved in December alone, hundreds of millions of kwanzas and tens of millions of dollars for the state;

2 Jan 2024 **Luanda (Angola)** *Angop.* President **João Lourenço** congratulates **Félix Tshisekedi** on his re-election as president of **Democratic Republic of Congo**;

1 Jan 2024 **Luanda (Angola)** *Angop.* The 2024 state budget comes into effect as law no. 15/23, with revenue set at more than Kz 24.7 trillion (\$29.8 billion) and the same amount for planned expenditure, including debt repayment, representing a 22.94% increase compared to 2023;

28 Dec 2023 **Cabinda (Angola)** *Angop.* Authorities confirm they expelled 10,861 illegal foreign citizens from **Cabinda** in 2023, adding that 96% are citizens of the neighbouring **Democratic Republic of Congo (DRC)**, **Republic of Congo** and various **West African** nations;

28 Dec 2023 **Luanda (Angola)** *Angop.* Angola's new general labour law is published in the official gazette, re-introducing and updating contracts as the basis of all employment, recognising new types of work and introducing three months of maternity leave;

27 Dec 2023 **Luanda (Angola)** *Angop.* Angola exported 1,427 tons in 2023 valued at just over \$3.5 million;

Dec 27 2023 **Luanda (Angola)** *Angop.* Angola's draft **Imposto sobre o Rendimento das Pessoas Colectivas (IRPC)** (corporate income tax code) is made available for public consultation, aiming to reduce technical complexity and unify tax declarations;

21 Dec 2023 **Luanda (Angola)** *Angop.* Council of ministers refers the draft law amendment of the political and administrative division of Angola to the national assembly;

21 Dec 2023 **Luanda (Angola)** *Angop.* Council of ministers approves a presidential decree on an agreement on oil block 14/23, in the maritime zone of common interest between Angola and the **Democratic Republic of Congo (DRC)** to contribute to the increase in crude oil production between the two countries;

20 Dec 2023 **Luanda (Angola)** *Angop.* Economic commission of the cabinet council approves the 2024-2026 medium-term debt strategy for Angola, intending to meet financing needs, maintaining a balance between reducing debt costs and keeping risk at sustainable levels in 2024, where debt repayment will be 60% of the national budget.

About Africa Risk Consulting:

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.

ARC's core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

www.africariskconsulting.com

About ARC Briefing:

ARC Briefing is ARC's essential business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

ARC Briefing is an information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment.
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

www.africariskconsulting.com

Getting in touch

Please contact us by email info@africariskconsulting.com or call + 44 (0) 20 7078 4080

Follow us on Twitter: [@ARCBriefing](https://twitter.com/ARCBriefing)