

AFRICA RISK CONSULTING

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Angola Summary 16 February 2024

The Tribunal Supremo (supreme court) disallows an appeal over the state's charges against General Manuel Hélder Vieira Dias Júnior and other defendants from the China International Fund (CIF). United States secretary of state Antony Blinken arrives in Angola on 24 January to discuss bilateral relations with President João Lourenço (2017-present) and senior officials. The Lobito Atlantic Rail Line (LAR) signs its first commercial commitments with Singapore-headquartered Trafigura and the Democratic Republic of Congo-based Kamo-a-Kakula copper mine on 7 February.

Generals Júnior and Nascimento to go to trial

Tribunal Supremo (supreme court) has disallowed an appeal against the state's charges against General **Manuel Hélder Vieira Dias Júnior** and other defendants from the **China International Fund Angola Lda (CIF)**, whose Angolan beneficial shareholders were General **Leopoldino do Nascimento** and Júnior. The process revealed rifts between the defendants, as well as the continuing involvement of Chinese players in the CIF.

The appeal was filed by lawyers for Júnior and Angolan lawyer **Fernando Gomes dos Santos**, who is also a director of the CIF, following the court's rejection of a request by the defendants for a legal review of the charges. The supreme court's final decision was made public on 7 February. Nascimento did not appeal.¹

British Virgin Islands-based **Plansmart International Ltd** and **Utter Right International Ltd** also face charges but filed an appeal separately to the Angolan defendants.² Angolan jurist **Rui Verde** says these companies represent Chinese interests in CIF since **Lo Fong Hung**, previously a close business associate of disgraced Chinese businessman **Sam Pa** who was a shareholder in CIF, is named as a principal in court documents.³

In 2020, the generals handed over several companies owned by CIF and Luanda-based **Cochan S.A** to the **Serviço Nacional de Recuperação de Activos (NRA)** (national asset recovery service). Cochán's principal shareholder was Nascimento. These companies handed over include **CIF Cement**, **CIF Lowenda**, **Cervejas** beer factory, a supermarket chain, **CIF SGS Automobiles** and **CIF Logistics**.⁴ These assets are in addition to those seized by the prosecutor's office in 2020, which included housing and two 25-storey CIF buildings in Luanda.⁵

In December 2022, Plansmart and Utter Right sued in Luanda's commercial court to recover the assets of CIF handed over by Júnior and Dino to the NRA. The assets at issue are shares representing 60% of the capital of CIF Angola and 100% of the company's other assets. The two offshore companies represent the remaining 40% of CIF. ⁶ The case has not been settled as yet, probably pending the outcome of the criminal cases against all the parties, but the Chinese and Angolan interests are not working together.

¹ Jornal de Angola, 8 Feb 2024

² Jornal de Angola, 8 Feb 2024

³ Maka Angola, 2 Jun 2023

⁴ Jornal de Angola, 8 Feb 2024

⁵ Publico, 12 Oct 2020

⁶ Maka Angola, 2 Jun 2023

The public prosecutor charged Júnior and the co-accused with the crimes of embezzlement, aggravated fraud, falsification of documents, trafficking of influence, criminal association and abuse of power in 2022. The accusations relate to the misuse of a \$2.5 billion loan from the **Industrial and Commercial Bank of China** for the **Zango** housing and infrastructure, on the outskirts of Luanda.⁷ They will now be brought to trial on a date to be announced.⁸

Angola's debt to China currently stands at \$18.4 billion. A major point of this case is that Chinese loans of at least \$2.5 billion for reconstruction were diverted to private purposes, and the Angolan state now has to repay this outstanding debt.⁹

United States and Angola forge an extensive strategic relationship

United States (US) secretary of state **Antony Blinken** made a two-day official visit to Angola on 24 and 25 January, to discuss bilateral relations with President **João Lourenço** (2017-present) and senior officials.¹⁰ Top of the agenda was the strategically important **Lobito Corridor** and security issues including in the **Democratic Republic of Congo (DRC)**, together with a wide-ranging set of agreements reached between the two countries during 2023.

Notably, Blinken expressed his view that Angola, which heads the **Luanda Process** roadmap for peace, is a critical component of achieving peace in DRC:

*"Angola plays - and the president plays - an essential role because President Lourenço is trusted by all sides. And that's vital. That's the most important currency that we have."*¹¹

The Lobito Corridor, which will be an export route connecting the DRC and **Zambia** to the **Port of Lobito**, secures a supply chain of critical minerals for the US. The Lobito Corridor is expected to have an annual export capacity of one million tonnes per year by 2030 and will be transformative for Angola, upgrading its connection to global markets as well as offering a modern export (and import) infrastructure for the region.¹²

Blinken's visit served to commit the US to funding the refurbishment of the existing 1,300km **Benguela** railway which links DRC and Angola and building 800km of new railway into Zambia.¹³ The refurbishment is currently being undertaken by the **Lobito Atlantic Railway (LAR)** consortium with advisory support from the pan-African **Africa Finance Corporation (AFC)**.

The consortium consists of **Singapore**-headquartered commodities trader **Trafigura**, **Portuguese** construction company **Mota-Engil** and **Belgian** railway company **Vecturis** which will invest more than \$450m into the railway. The LAR will also secure more than 1,500 wagons and 35 locomotives. Up to \$100m will be invested in improving the rail link in the DRC.¹⁴

A \$250m investment from the US **International Development Finance Corporation (DFC)** is currently in due diligence as confirmed at the **Partnership for Global Infrastructure and Investment (PGI) Lobito Corridor Private Sector Investor Forum**, which took place in **Lusaka** (Zambia) on 8 February.¹⁵

Blinken told a Luanda press conference at the end of his trip:

"One of the most successful and dynamic demonstrations of this partnership between our countries - and we can see it in action - is our work to expand the critical Lobito Corridor that

⁷ Publico, 12 Oct 2020

⁸ Jornal de Angola, 8 Feb 2024

⁹ Maka Angloa, 25 Jan 2024

¹⁰ United States Department of State, 24 Jan 2024

¹¹ Angola – US Press statement, 25 Jan 2024

¹² Angola – US Press statement, 25 Jan 2024

¹³ Angola – US Press statement, 25 Jan 2024

¹⁴ US State Department Announcement, 8 Feb 2024

¹⁵ US State Department Announcement, 8 Feb 2024

links Angola, Zambia, and the DRC. We're doing that through the Partnership for Global Infrastructure and Investment.”¹⁶

The US has massively increased economic ties with Angola including:

- An **Export-Import Bank of the United States (EXIM)** authorisation of a \$900m loan for two solar energy power plants to provide clean electricity to half a million homes;
- **United States Agency for International Development (USAID)** will provide approximately \$1m to assist the transport ministry in developing its planned **Public-Private-Partnership (PPP)** unit for transportation infrastructure.
- The US **Geological Survey Institute** and the **Angolan Geological Institute** signed a memorandum of understanding (MoU) in November 2023 for minerals exploration;
- The US has significantly increased military assistance to Angola in the past four years, providing over \$18m from 2020 to 2023;
- USAID provided \$13.3m in 2022 and 2023 in emergency assistance over the 2022 drought;
- Through a \$5m **Gender Equity and Equality Action Fund** project, USAID will support agricultural development along the Lobito Corridor;
- The US has provided \$263m for malaria and HIV/AIDS testing and treatment;
- A bilateral **Open Skies Agreement**, facilitating increased air connectivity between the US and Angola.¹⁷

Despite these important, and growing ties, foreign affairs minister **Tete António**, made it clear during the final press conference that Angola was not moving away from its existing international relationships, despite the important and increasing ties with the US:

“With regard to the relationship with Russia, China, and the U.S... Angola is a country that is open to the world.”¹⁸

LAR signs first commercial commitment

After months of waiting, the LAR signed its first long-term commitments to the railway on 7 February during the **Investing in African Mining Indaba** held in **Cape Town (South Africa)**. LAR signed commercial commitments with Trafigura and the DRC-based **Kamoa-Kakula** copper mine for a minimum of six years. Trafigura's export allocation through LAR will be up to 450,000 tonnes per year from 2025.¹⁹ The Kamoa-Kakula mine, which is a joint venture between **Canada**-headquartered **Ivanhoe Mines** and **China**-headquartered **Zjin Mining**, has committed to moving a minimum capacity of 120,000 tonnes and up to 240,000 tonnes per year from 2025.²⁰

Ivanhoe Mines on 2 January made its first shipment from the Kamoa-Kakula mine from DRC to the Port of Lobito. The journey took 8 days, compared with approximately 25 days by road to **Port of Durban** (South Africa), indicative of the potential the alternative route has and can offer other companies. The LAR project will have major effects on the economies of Angola, the DRC, Zambia, and Tanzania, once the railway is extended and will revolutionise mineral ore trading routes.

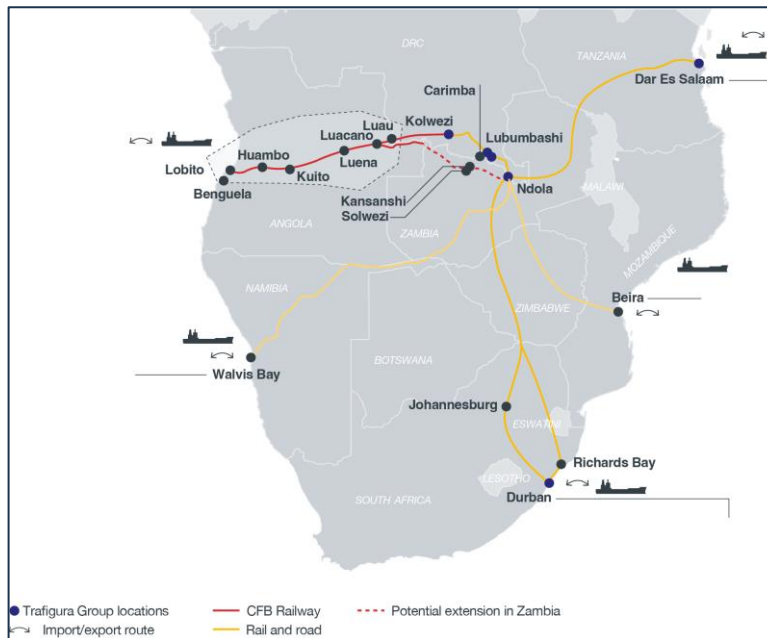
¹⁶ Angola – US Press statement, 25 Jan 2024

¹⁷ United States Department of State, 24 Jan 2024

¹⁸ Angola – US Press statement, 25 Jan 2024

¹⁹ Jornal de Angola, 8 Feb 2024

²⁰ Jornal de Angola, 8 Feb 2024



Planner

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

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

22 Feb 2024 **Luanda (Angola) EY Angola** to present the results of an Integrity Survey highlighting current insights on corporate integrity, discussing ethical trends and challenges inherent to business, present and future;

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

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

Q2 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)**;

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 **Barra do Dande (Angola)** The first phase of the construction of the "**Barra do Dande**" **Ocean Terminal (TOBD)** to be completed;

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;

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;

Chronology

15 Feb 2024 **Luanda (Angola)** *Angop*. Foreign minister **Tête António** confirms that **South Africa, Malawi and Tanzania** have launched the deployment of military contingents in the eastern **Democratic Republic of Congo (DRC)** as part of the **SADC mission in the Democratic Republic of Congo (DRC) (SAMIDRC)**;

11 Feb 2024 **Luanda (Angola)** *Jornal de Angola*. Angola's **United Nations (UN)** resident coordinator, **Zahira Virani** says Angola and the UN are preparing to launch the new **Framework for Cooperation for Sustainable Development 2024-2028**, signed on 19 December 2023;

11 Feb 2024 **Luanda (Angola)** *Jornal de Angola*. **Exploracao Petrolifera, S.A**, an Angolan oil production company, is to be floated on Angola's stock exchange later this month, with state owned **Banco de Poupança e Credito** selling its 16.63% shares, which is expected to generate about 27 billion kwanzas (\$32m);

11 Feb 2024 **Luanda (Angola)** *Jornal de Angola*. The **Programa de Privatizações (PROPRIV)** privatisation programme says it intends to accelerate the privatisation of **Banco Fomento Angolano (BFA)** and **UNITEL** in 2024;

10 Feb 2024 **Luanda (Angola)** *Agência Angola Press*. National carrier **TAAG** begins regular cargo operations at the new **António Agostinho Neto International Airport** as government works to capitalise on the new infrastructure and establish Angola as a regional hub;

10 Feb 2024 **Mbanza Kongo (Angola)** *Angop*. Road transport of goods from **Luanda to Cabinda** via the **Democratic Republic of Congo (DRC)** land corridor is suspended for an indefinite period in protest against Democratic Republic of Congo customs fees of \$4,000 per truck in transit;

10 Feb 2024 **Luanda (Angola)** *Jornal de Angola*. **Banco Nacional de Angola** (central bank) says foreign exchange shortages led to a decrease in food imports of 33% and a decrease in essential consumer goods of about 45% during 2023, but international reserves remain at, above \$14 billion;

10 Feb 2024 **Luanda (Angola)** *Jornal de Angola*. **Abu Dhabi Port Group** executives visit the **Port of Lobito** to look at business possibilities in the **Lobito Corridor** with an emphasis on cooperation with the port;

9 Feb 2024 **Lunda Norte (Angola)** *Angop*. Field hospitals are set up in the towns of **Lóvua** and **Mussungue** in eastern Lunda Norte province following an outbreak of cholera in the **Democratic Republic of Congo (DRC)** with which Lunda Norte shares a long border and frequent border crossings by DRC nationals;

9 Feb 2024 **Luanda (Angola)** *Jornal de Angola*. State-owned asset management firm, **IGAPE** announces that a public tender for the purchase of confiscated assets consisting of three provincial hotel chains - 39 hotels in total - will be launched shortly, with two months to make offers;

7 Feb 2024 **Luanda (Angola)** *Tribunal Supremo*. Tribunal Supremo (supreme court) announces that the trial of national police deputy commissioner **Domingos Miguel Adão Francisco**, and two further defendants, **António Kahala Pinto** and **Januário César Francisco** on charges of passing and circulating fake or counterfeit currency will take place from 20 February;

4 Feb 2024 **Bié (Angola)** *Angop*. Constitutional court says it is increasing awareness of Angola's constitution across the country by distributing the constitution across the country in national languages and formats accessible to children;

4 Feb 2024 **Cabinda (Angola)** *Angop*. **UNITA** president **Adalberto Costa Júnior** says there is a need to hold local elections in 2024 to improve local administration;

2 Feb 2024 **Luanda (Angola)** *Angop*. The Heads of State and Government of the **Southern African Development Community (SADC)** recommend the implementation of a joint cholera response plan to control and tackle the spread of the disease in member states by implementing synchronised cross-border vaccination campaigns;

2 Feb 2024 **Luanda (Angola)** *Angop*. Foreign minister **Téte António** says in a meeting with **Israeli** Chargé d'Affaires **Roey Dilad** that Angola wants a truce, the application of **United Nations** resolutions and a lasting solution to the conflict in **Gaza** based on peaceful co-existence between **Israel** and **Palestine** emphasising principles of the right to self-determination and inviolability of territorial integrity;

30 Jan 2024 **Luanda (Angola)** *Angop*. Finance minister **Vera Daves de Sousa** says insurance companies in the Angolan market need to identify the best mechanisms to develop and disseminate agricultural insurance throughout the country to increase production and strengthen food security;

30 Jan 2024 **Saurimo (Angola)** *Angop*. Mineral resources, oil and gas minister **Diamantino Azevedo** says that Angola still intends to create a diamond exchange to boost the diamond market subsector and support the diversification of the national economy, a move which has been under discussion for five years;

30 Jan 2024 **Luanda (Angola)** *Angop*. **European Union (EU)** ambassador in Angola, **Rosario Bento Pais**, says that the EU intends to reinforce cooperation with Angola over the provision of justice and human rights;

30 Jan 2024 **Luanda (Angola)** *Transparency International*. **Transparency International** publishes its 2023 **Corruption Perceptions Index**, noting that Angola still stands at 33 points since 2022, rising from 19 in 2017, and ranks at 121st out of 180 countries globally;

29 Jan 2024 **Luanda (Angola)** *Angop*. State-owned oil company **Sonangol** says it does not own, lease or operate the oil tanker named **Marlin Luanda** which was hit by a missile in the **Red Sea**, saying that due to the current danger posed by navigation in the Red Sea, none of its resources are close to the region;

29 Jan 2024 **Luanda (Angola)** *Angop*. President **João Lourenço** sends a message to **Democratic Republic of Congo's** President **Félix Tshisekedi** expressing the desire to deepen bilateral cooperation on issues of mutual interest at regional and international levels;

29 Jan 2024 **Luanda (Angola)** *Angop*. State minister for economic coordination **José de Lima Massano** attends the **Italy-Africa Summit**;

29 Jan 2024 **Dundo (Angola)** *Angop*. **Dundo Lunda-Norte** provincial police confirm they seized 37 diamonds, six vehicles, five dredges, a mini washer, 39 electric pumps, 279 gravel washers, mopeds and motorcycles, \$2,600, and 30,150 litres of fuel, with 506 DRC nationals arrested for alleged illegal mining;

29 Jan 2024 **Moxico (Angola)** *Angop*. **United Kingdom**-headquartered **Mines Advisory Group** destroys a powerful unexploded **Russian**-made bomb together with 547 unexploded explosive devices site, consisting of projectiles, grenades, mortars, anti-tank and anti-personnel mines;

24 Jan 2024 **Cabinda (Angola)** *Angop*. **United Arab Emirates** minister of state **Sheikh Shakhboot Nahyan Al Nahyan** visits the construction works of the Deep Water Port Terminal at the **Port of Cabinda**, which is about 40% complete, and says that the UAE is planning investment in the field of transport in Cabinda;

24 Jan 2024 **Luanda (Angola)** *Angop*. President **João Lourenço** tells the Luanda diplomatic corps that the creation of the independent and sovereign state of **Palestine** is the only way to put a definitive end to the old and very violent conflict between **Israel** and **Palestine** and that the **United**

Nations Security Council must take steps to implement its resolutions before the Palestinian people are completely exterminated;

19 Jan 2024 **Luanda (Angola)** *Angop*. Territorial administration minister **Dionísio da Fonseca** says 17 billion kwanzas (\$20.4m) was collected in taxes by local government during the 2023 economic year, as part of the transfer of services from central to local bodies;

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.

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