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Angola Monthly Briefing April 2024

Angola Summary 19 April 2024

President Joao Lourenço (2017 – present) makes a three-day state visit to China to discuss the future of bilateral relations and enhanced Chinese investment in Angola. The Tribunal Constitucional (constitutional court) on 3 April overturns the 2020 convictions of José Filomeno de Sousa dos Santos and his associates on charges including fraud, embezzlement and influence peddling. The Banco Nacional de Angola (central bank) releases new rules on 22 March for financial institutions addressing some key weaknesses in Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) implementation.

Lourenço creates a shift in relations with China

President **Joao Lourenço** (2017-present) arrived in **China** for an official state visit between 14 and 17 March, aimed at discussing the future of bilateral relations and enhanced Chinese investment in **Angola**. The visit was at the invitation of China's President **Xi Jinping** (2013-present) and the second official visit by Lourenço to China, opening a new phase in relations between the countries.¹

The most significant outcome of the visit was the renegotiation of debt repayments to China. Angola currently owes \$17.9 billion in public debt to China.² **Unidade de Gestão da Dívida Pública** (public debt management unit) director general **Dorivaldo Teixeira** said new guarantees were renegotiated for the \$10 billion debt owed to **Chinese Development Bank (CBD)** into “*new guarantees based on the oil supply*”, effectively reducing Angola's debt repayments.³ According to **United States**-based credit rating agency **S&P Global Ratings**, Angola has \$2.5 billion in escrow accounts to repay Chinese creditors and estimated that 80% of debt to China was in oil-backed loans.⁴ Economic coordination minister **Jose de Lima Massano** noted,

“New rules are in force for the release by the Chinese side of the escrow account balances, allowing the Angolan Treasury to have, monthly, from \$150 to \$200 million additional dollars.”⁵

Massano also added that loan repayments had been extended in cases where projects had a longer life, such as Angola's largest hydroelectric project, the **Caculo Cabaça** power station.⁶ The new rules will allow greater slack in the execution of the general state budget and improve the foreign exchange market.⁷

Foreign affairs minister **Tete António** discussed the equally significant second aspect of this new agreement with China - going forward private Chinese investment would be prioritised over loans to Angola. The two countries have already signed an agreement for the reciprocal protection of investments.⁸ António described the shift from public to private capital as a new paradigm for Chinese investment in Angola.⁹

¹ Jornal de Angola, 20 Mar 2024

² Jornal de Angola, 17 Mar 2024

³ Jornal de Angola, 25 Mar 2024

⁴ Reuters, 19 Mar 2024

⁵ Jornal de Angola, 25 Mar 2024

⁶ Reuters, 19 Mar 2024

⁷ Jornal de Angola, 18 Mar 2024

⁸ Jornal de Angola, 20 Mar 2024

⁹ Jornal de Angola, 20 Mar 2024

Angola officials also held discussions with Chinese companies in the oil and gas sector. State-owned **Sonangol** said it has received expressions of interest from Chinese investors and financial institutions for investment in the **Lobito Refinery**, which **China National Chemical Engineering Co. Ltd (CNEC)** is building with expected completion in 2027.¹⁰ Chinese investment is also being sought for oil and gas concessions and green and renewable energy sources.¹¹

Lourenço's visit had another diplomatic purpose, namely, to relaunch the relationship with China after recent bilateral contacts between Angola and the **United States (US)**.¹² Lourenço has made it clear that China will remain a major trading and diplomatic partner for Angola despite the new relationship with the US. By stabilising the Chinese debt repayment at a lower level and inviting further investment rather than looking to new Chinese loans, he has also improved the outlook for Angola's economy this year.

Zenu dos Santos' conviction overturned

The **Tribunal Constitucional** (constitutional court) on 3 April overturned the conviction of former president **José Eduardo dos Santos'** (1979-2017) son **José Filomeno de Sousa dos Santos**, also known as **Zenu dos Santos**, who previously served as president of Angola's sovereign fund. The court also overturned the convictions of former **Banco Nacional de Angola (BNA)** (central bank) chairman **Valter Felipe da Silva** and two associates, **Jorge Gaudens Pontes Sebastião** and **António Samalia Bule Manuel**.¹³

The defendants appealed to the constitutional court, alleging that their constitutional rights to a fair trial had been breached by the proceedings of the **Tribunal Supremo** (supreme court). The supreme court convicted them in August 2020 on charges of fraud, embezzlement and influence peddling but acquitted them of money laundering.¹⁴ Zenu dos Santos was sentenced to 5 years and da Silva to 8 years.

Public prosecutor, **Helder Pita Gros**, said the decision does not mean an end to the fight against corruption, or necessarily the end of the case against the accused, but points to the need to do better and be careful of procedures. This is borne out by the constitutional court's decision to refer the case back to the supreme court, where the case was heard to decide what steps to take to correct its decisions.¹⁵

The constitutional court's panel of 10 judges reached a unanimous verdict that the supreme court's 2020 judgment violated the principle of the right to defence.¹⁶ This decision had two elements - that the supreme court rejected evidence from a defendant's witness and did not call the witness for the defendants and that the court provided incorrect legal reasoning for rejecting this evidence.¹⁷

The evidence in question was a letter from José Eduardo dos Santos, which the constitutional court ruled was aimed at the discovery of the material truth and was admissible in the constitution.¹⁸ The defendants had requested that former president dos Santos be heard as a witness since his written testimony indicated that he had personally approved the scheme that led to the transfer of \$500m to a **United Kingdom (UK)** bank, the first step in setting up a fund alleged by the prosecution to be a means of extracting money illegally from the Angolan state.¹⁹

The constitutional court noted that its assessment of the appeal was on the questions of law and the violation of the alleged constitutional rights and *"not on the merits of the case, nor the evaluation of the*

¹⁰ Jornal de Angola, 22 Mar 2024

¹¹ Jornal de Angola, 22 Mar 2024

¹² Jornal de Angola, 17 Mar 2024

¹³ Jornal de Angola, 4 April 2024

¹⁴ BBC, 14 Aug 2020

¹⁵ Lusa/Verangola, 17 April 2024

¹⁶ Jornal de Angola, 4 April 2024

¹⁷ Tribunal Constitucional JUDGMENT NO.º 883/2024

¹⁸ Tribunal Constitucional JUDGMENT NO.º 883/2024

¹⁹ Club- K Net, 6 Sep 2019

evidence carried out".²⁰ The constitutional court ruled that the letter of reply of the former president not being admitted violated the principles of the presumption of innocence and the right to refutation of the state's case.²¹ The constitutional court also ruled that a further charge of fraud was added by the court after the initial charges and had not been put to the defendants during the investigation.²²

The case against Zenu dos Santos and his co-accused was the first major corruption case to be heard in Angola. Although the conviction has been overturned, this is on rulings of law, not fact, and the case has to be reassessed. It is also the first time the constitutional court has been called on to rule on such an appeal and there was no Angolan case law to guide the court. Instead, they relied on **Portuguese** and **Italian** case law. The case may be a setback for the supreme court, which has to decide how to proceed now, but it is a victory for the improved functioning of courts in Angola.

BNA tightens money laundering regulations

BNA, with oversight of all banks and financial institutions in the country, released significant new rules for financial institutions on 22 March, repealing the relevant parts of the rules published in January 2020, when the most recent law on money laundering and terrorist financing was passed.²³

The new rules address some key weaknesses in Angola's Anti-Money Laundering / Countering the Financing of Terrorism (AML/CFT) implementation as identified in the **Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)** report on Angola, adopted in June 2023. The report noted that Angola had not developed risk-informed national policies and strategies to address identified AML/FT risks.²⁴

The **France**-based **Financial Action Task Force (FATF)** blacklisted Angola between 2010 and 2016, assessing that Angola had not committed to the AML/FT international standards and that its lack of a comprehensive AML/FT regime posed a risk to the international financial system.²⁵ Although Angola enacted its first money laundering law in 2011, it didn't develop an AML/FT action plan with the FATF until 2016 and is still implementing improvements.²⁶ Angola's January 2020 law is now being updated to implement the latest ESAAMLG recommendations on due diligence and risk assessment.²⁷

The new legislation imposes the duty of ensuring that the results of national and sectoral risk assessments are reflected and effectively implemented in the financial institutions' internal risk management and mitigation policies and procedures.²⁸ Furthermore, financial institutions must, whenever necessary, carry out tests on their risk management and mitigation measures, policies and procedures. These must be subject to internal control structures and report deficiencies to the bank or institution's compliance officer.²⁹ In addition to this, the following applies:

- All financial institutions now have to obtain and keep the information whenever a customer wishes to make occasional transactions in an amount greater than the equivalent of \$15,000 whether the transfer is in person or remote;
- Compliance with the rule must happen "*regardless of whether the transaction is carried out through a single operation or several operations that appear to be related*";
- Financial institutions must not open and maintain anonymous accounts or use manifestly fictitious names, to prevent money laundering;

²⁰ Tribunal Constitucional JUDGMENT NO.º 883/2024

²¹ Tribunal Constitucional JUDGMENT NO.º 883/2024

²² Tribunal Constitucional JUDGMENT NO.º 883/2024

²³ Law of 27 Jan 2020

²⁴ ESAAMLG, Jun 2023

²⁵ FATF Public Statement, Feb 2010

²⁶ FATF Public Statement, Feb 2010

²⁷ Jornal de Angola, 29 Mar 2024

²⁸ BNA Aviso # 02/2024 22 Mar 2024

²⁹ BNA Aviso # 02/2024 22 Mar 2024

- For non-profit organisations – charities and non-government organisations - banks must establish appropriate "*enhanced diligence*" procedures, collecting, for example, details on geographical location, organisational structure, nature of donations and volunteering and the nature of funds and expenses;
- Financial institutions must carry out risk assessments of their activities not less than yearly, although they can get permission to reduce this to can be reduced to 24 months if the nature, size and complexity of the justify it;
- Banks must also ensure that information relating to banking processes for Politically Exposed Persons (PPE) is communicated to their employees.³⁰

Financial institutions must now create information mechanisms on policies, procedures and any other management and mitigation measures for identified risks, for business units and/or relevant employees. Additionally, banks "*must cooperate and exchange information with each other*" to prevent money laundering and terrorist financing and this information must be shared with **Unidade de Informação Financeira** (financial information unit) and the BNA.³¹

The banks must also create independent and confidential channels to handle the reception, treatment and archiving of communications of irregularities related to possible violations of the law.³² This includes identifying cross-border electronic transfers that present insufficient necessary information about the payer or the beneficiary.³³

The new policies are a major step towards assuring integrity in Angola's banks. Several were described by the Portuguese authorities as being little more than money laundering machines for the elite under former president dos Santos.³⁴ Implementation of the new rules will be a step change in the internal banking culture in Angola and may have helped prevent the looting of the state that is now being exposed in Angola's courts.

Planner

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

Jun 2023 - Jun 2025 **Luanda (Angola)** Angola extends its mandate as member of the **United Nations Human Settlements Programme (UN-HABITAT)** executive council;

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 **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 this year;

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;

³⁰ BNA Aviso # 02/2024 22 Mar 2024

³¹ Jornal de Angola, 29 Mar 2024

³² Jornal de Angola, 29 Mar 2024

³³ Jornal de Angola, 29 Mar 2024

³⁴ OCCR, 13 April 2020

2024 **(Angola)** First phase of the construction of the "**Barra do Dande**" **Ocean Terminal** to be completed;

Jan 2025 **Houston (United States)** Angola launches the next round of licensing oil and gas concessions, inviting exploration and production companies in the **United States**;

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

Chronology

16 Apr 2024 Luanda **(Angola) Jornal de Angola**. Mineral resources minister **Jânio Correia Victor** says that the high levels of gold production recorded in **Cabinda, Huíla** and **Huambo** provinces and the opening of the **Luanda Gold Refinery** shortly suggest the gold sector will become an important source of revenue;

15 Apr 2024 Luanda **(Angola) Jornal de Angola**. Angola and **Côte d'Ivoire** hold the first session of their **Bilateral Cooperation Commission** to evaluate the projects underway between the two countries and review the agreements in force;

15 Apr 2024 **Washington DC (United States) Jornal de Angola**. Finance minister **Vera Daves de Sousa** and her team attend the **International Monetary Fund** and **World Bank** spring meetings until 21 April;

14 Apr 2024 **Dubai (United Arab Emirates) Jornal de Angola**. Angola takes part in the 14th assembly of the **International Renewable Energy Agency (IRENA)**;

14 Apr 2024 **Luanda (Angola) Jornal de Angola**. **Standard Bank Angola** says current levels of international reserves allow for eight months of import of essential goods, but the kwanza will depreciate, and economic growth will reach only about 1.1% in 2024;

14 Apr 2024 **Luanda (Angola) Jornal de Angola**. Agriculture and forests minister **António Francisco de Assis** says recent increases in customs duties by the general tax administration affecting essential food products such as rice and sugar are necessary to combat dumping and import mafias;

13 Apr 2024 **Luanda (Angola) Angop**. Former armed forces chief of staff **António Egídio de Sousa Santos** is appointed special representative of the president of the **African Union Commission (AUC)** and head of the **AU Mission for Central and Eastern Africa (MISAC)**;

12 Apr 2024 **Lobito (Angola) Jornal de Angola**. **United Kingdom** climate, environment and energy minister **Richard Benyon** visits Lobito to assess the **Lobito Port and Corridor Project** and announce funding of \$500m;

12 Apr 2024 **Luanda (Angola) Jornal de Angola**. Economic coordination minister **José de Lima Massano** announces increased resources for national agricultural production saying that agricultural credit was available in only one commercial bank last year, but has now expanded to encompass the entire financial system;

9 Apr 2024 Luanda **(Angola) Jornal de Angola**. **World Bank** forecasts indicate the economy grew by 0.8% in 2023 to 2.8%;

8 Apr 2024 **Luanda (Angola) Jornal de Angola**. **Turkish** company **Agro Cerespec** launches a new assembly line for agricultural tractors and industrial machinery of Turkish origin with an initial investment of \$5m;

7 Apr 2024 Luanda **(Angola) Jornal de Angola**. Economists say the import of food continues to cost an estimated \$3 billion per year and continued low agricultural and livestock productivity is due to low levels of both public funding and granting of credit to farmers;

7 Apr 2024 **Cabinda (Angola)** *Jornal de Angola*. Energy secretary of state **Arlindo Carlos** visits Cabinda to assess electricity supply projects including construction of the Cabinda photovoltaic park, installed in **Chinganga**, which will have 200,000 solar panels that will reinforce the current 145MW the **Malembo Thermal Power Plant** produces;

5 Apr 2024 **Luanda (Angola)** *Jornal de Angola*. **Sonangol Trading and Shipping**, the international transport and marketing unit for oil, derivatives and natural gas, is planning to expand its sales contracts with four countries, the **Democratic Republic of Congo, Namibia, Togo and Cameroon**;

4 Apr 2024 **Saurimo (Angola)** *Jornal de Angola*. Energy minister **João Baptista Borges** inaugurates the **Saurimo Photovoltaic Power Plant** in **Lunda-Sul** province, being developed by **United States (US)** company **Sun África**, and **MCA-Angola**;

2 Apr 2024 **Luanda (Angola)** *Jornal de Angola*. **Dubai Investments Park (DIP) Angola**, an integrated residential, commercial and industrial project in construction in **Barra do Dande**, awards **China Harbour Engineering Company (CHEC)** a contract to develop infrastructure, including road works, storm sewer system, water systems and electrical systems;

1 Apr 2024 **New York (United States)** *Committee to Protect Journalists (CPJ)*. United States-headquartered **Committee to Protect Journalists (CPJ)** says that Angola's proposed national security law could hinder the public's right to information and severely undermine press freedom, further exposing journalists to harassment, intimidation, and censorship by authorities;

1 Apr 2024 **Luanda (Angola)** *Jornal de Angola*. The **New Space in Africa 2024** conference takes place in Luanda, hosted by the **African Union (AU)** and 'Space in Africa' to study how satellite and space industry resources can be used to reduce poverty in Africa;

29 Mar 2024 **Luanda (Angola)** *Jornal de Angola*. Angolan insurance company **Nossa Seguros** announces it will begin issuing agricultural insurance, given the increased possibility of the government deciding on an agricultural subsidy mechanism;

29 Mar 2024 **Luanda (Angola)** *Jornal de Angola*. **Banco Angolano de Investimentos (BAI)** announces a 99% growth in profits in 2023 to \$239m;

29 Mar 2024 **Luanda (Angola)** *Jornal de Angola*. **Chinese** company **ST News** announces it is building a steel mill with the capacity to produce 250 tonnes of iron per year, in **Lucala**;

28 Mar 2024 **Lobito (Angola)** *Jornal de Angola*. Transport minister **Ricardo Viegas d'Abreu** inaugurates the **Port of Lobito's** multipurpose terminal, managed by **French** company **Africa Global Logistics (AGL)**;

28 Mar 2024 **Luanda (Angola)** *Jornal de Angola*. The first Angolan venture capital company **PetroFund SA** launches with a \$250m fund to invest in Angolan companies that provide services to the oil and gas industry, with guaranteed institutional support from the state;

27 Mar 2024 **Luanda (Angola)** *Jornal de Angola*. **African Export-Import Bank** announces it placed an undisclosed sum in the **Cabinda Refinery** last year from its **Fund for the Development of Exports in Africa (FEDA)**;

24 Mar 2024 **Luanda (Angola)** *Jornal de Angola*. **United Kingdom**-headquartered **Africell** mobile telecoms company announces it now has 30% of the market share in Angola, following an investment of \$100m in infrastructure and advertising;

24 Mar 2024 **Luanda (Angola)** *Jornal de Angola*. **Sociedade Mineira de Catoca** predicts a production increase of 6.9 million carats of diamonds in 2024, and will invest \$69,200 in prospecting activity and treatment plants;

21 Mar 2024 **Shanghai (China)** *Jornal de Angola*. **Chinese** shipbuilder **Huarun Dadong Dockyard** installs the first module for the floating production unit, discharge storage (FPSO) **Agogo** for **Angola's** Block 15/06, operated by **British-Italian** joint venture **Azule Energy**;

18 Mar 2024 **Luanda (Angola)** *Jornal de Angola*. State diamond mining company **Endiama's** 2023 results showed a 21% drop in diamond production, with gross export revenues of \$1.5 billion;

15 Mar 2024 **Luanda (Angola)** *The Energy Year*. **United States** science, technology and engineering company **KBR** announces that state-owned oil company **Sonangol** has awarded it a project management contract for the engineering, procurement and construction phases of a new refinery in **Lobito**;

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