

AFRICA RISK CONSULTING

Angola Monthly Briefing May 2024

Angola Summary 17 May 2024

President Joao Lourenço (2017-present) attends the United States (US)-Africa Business Summit between 5 and 9 May, during which the US and Angola signed the final agreements to finance three major infrastructure projects for the development of Angola's flagship Lobito Corridor. Russia confirms its state-owned diamond mining and trading company PJSC Alrosa (Alrosa) will sell its stake in Angola's Catoca diamond mine. US-headquartered nongovernmental organisation Human Rights Watch's (HRW) Africa department says Angola should review a proposed national security law that fails to meet international human rights standards.

Lourenço signs \$1.3 billion in deals at US-Africa Business Summit

President **Joao Lourenço** (2017-present) attended the **United States (US)-Africa Business Summit** between 5 and 9 May, during which the US and Angola signed the final agreements to finance three major infrastructure projects for the development of Angola's flagship **Lobito Corridor**.¹ Lourenço commented on the regional importance of the corridor and the US funding role:

*"The Lobito Corridor will bring development not only to Angola but also to neighbouring countries, namely **Zambia** and the **Democratic Republic of Congo**...we are grateful for this partnership we were able to establish with the US."*²

The agreements were signed with the **Partnership for Global Infrastructure and Investment (PGI)** and represent the largest US-backed PGI financing package to any country since the inception of the initiative.³ The three projects covered by the agreements are as follows:

- **Export-Import Bank of the United States (EXIM)** has extended project financing of \$872m to US company **Sun Africa** for the construction of two further solar energy power plants. These will generate more than 500MW of renewable power for Angola's national grid.
- EXIM is also one of the partners providing financing for the \$450m **Acrow Bridge** project, which will construct 186 bridges across Angola, improving road transport into the Lobito Corridor across Angola's many rivers. Financing and project support will also come from the **Private Export Funding Corporation** and **United Kingdom**-headquartered **Standard Chartered Bank**.⁴
- US-based **GatesAir Technology** will modernise **Radio Nacional de Angola's** national FM infrastructure for \$40m and will be financed by EXIM, GatesAir, the government and **Germany's Deutsche Bank**. This will expand coverage to 95% of the population.⁵

Lourenço held meetings with the leaders of the US business community including **Lazare Kaplan International** president **Leon Tempelsman**. Lazare Kaplan had a diamond-buying contract in Angola from 1995 to 2000 and Tempelsman expressed interest in returning to Angola:

*"We discussed this directly and we are looking forward to investing in Angola, as we have a long presence in the country and would very much like to continue and expand."*⁶

¹ United States Department of State (Washington, DC) 7 May 2024

² Jornal de Angola 5 May 2024

³ United States Department of State (Washington, DC) 7 May 2024

⁴ United States Department of State (Washington, DC) 7 May 2024

⁵ United States Department of State (Washington, DC) 7 May 2024

⁶ ANGOP 6 May 2024

Lourenço also met with representatives from **Boeing** and **Coca-Cola** - which has been operating in Angola since the 1990s - and other interested investors. Angola is not new territory for US businesses but the effect of the US interest in Lobito Corridor is expanding potential partnerships. It is as crucial for the US since the corridor will provide the most effective logistical route to export critical minerals to the US and ensure China does not entirely monopolise these.

Catoca diamond mine to lose Russian shareholding

Russia's state-owned diamond mining and trading company **PJSC Alrosa (Alrosa)** will sell its stake in Angola's **Catoca** diamond mine due to further sanctions imposed on the trading of Russian diamonds as of January as well as Angola's concerns about the effects of Alrosa's shareholding on the sales of diamonds from this mine.⁷

Russia's deputy finance minister **Alexei Moiseyev** confirmed on 26 April that the sale of the shareholding was underway,

*"The Angolans believe that the presence of Alrosa as a key shareholder is preventing them from developing their business. In general, they have fair reasons for this."*⁸

The Catoca mine, located near **Saurimo (Lunda Sul)**, is an open-pit kimberlite mine and is the world's fourth-largest diamond mine, producing 71% of Angola's diamonds in 2023 – between six and seven million carats a year. Angola's state-owned diamond mining company **Endiama UEE**, holds 51% of the shares at present, and Alrosa holds 49%. The mine has been operating since 1997 and produces mainly 'Indian Goods' – near gem quality diamonds valued at approximately \$70-\$95 per carat.⁹

This sale will increase supplies to the global diamond industry. The effect of previous sanctions and a slowdown in the diamond markets meant that Angola stockpiled over 1 million carats in 2023.¹⁰ Catoca is also a 50.5% shareholder and mining operator in a major new mine, **Luele**, which came on stream in November last year and is expected to produce approximately six million carats of diamonds a year initially. However, the mine will also be impacted by sanctions as Alrosa is an indirect shareholder.

Alrosa is a sanctioned entity, subject to asset freezes in the **European Union (EU)** since January 2024. The US imposed sanctions in 2022, prohibiting Alrosa from raising new debt and equity in dollar markets.¹¹ The **G7** group of countries imposed further sanctions on direct trading in Russian diamonds over one carat from January this year and from 1 March, phased sanctions were introduced on Russian-owned or traded diamonds exported or processed in a third country. From September the sanctions will apply to diamonds over 0.5 carats.¹²

Angolan officials have commented that banks and external suppliers are reluctant to engage with Catoca (and now Luele) due to its ties with Russia.¹³ Diamond trading is reliant on bank loans to finance large diamond purchases. Moiseyev confirmed this, saying that many **Western** companies, both suppliers and buyers of stones, are starting to refuse to work with companies that have Alrosa as a shareholder.¹⁴ The Angolan government has been pressuring Alrosa to end its involvement in **Sociedade Mineira de Catoca**, the mine's operating company, since last year, and this has intensified since January due to the imposition of further sanctions. Diamond sources propose that the Angolan government aims to take full control of the mine.¹⁵ Moiseyev confirmed that negotiations on Alrosa's

⁷ Interfax 26 April 2024

⁸ Interfax 26 April 2024

⁹ Diamond industry consultant, 14 May 2024

¹⁰ IDEX Online 18 Jan 2024

¹¹ US Treasury 24 Feb 2022

¹² G7 Press release

¹³ Diamond World 6 May 2024

¹⁴ Interfax 26 April 2024

¹⁵ Diamond World 6 May 2024

exit have moved in a constructive direction, and the transaction amount is under discussion with "friendly investors".¹⁶

Human Rights Watch calls for revision of Security Bill

US-headquartered nongovernmental organisation **Human Rights Watch's (HRW)** Africa department said in a report published on 23 April that Angola should review a proposed national security law that fails to meet international human rights standards.¹⁷

The draft of Angola's new national security law passed a first vote in parliament on 25 January, and according to HRW, following a specialist committee review, the bill is expected to be submitted to parliament for final approval. However, HRW is encouraging parliament to make significant revisions to the bill or withdraw it from the legislative agenda:

*"The draft law in its current form would permit excessive government control over private institutions, including media organizations, and undermine the rights to freedom of the press, expression, and association."*¹⁸

Conselho de Ministros (cabinet) agreed on 30 October 2023 to send the draft of the revised national security law to parliament, saying the objective is to ensure the current organisation and functioning of the security system conforms to principles and standards established in the constitution. Angola's security law was last revised in 2002, at the end of the civil war, and the constitution was last revised in 2010.¹⁹

HRW's analysis is that the proposed national security law would give the government broad authority to improperly interfere with the media and civil society groups.²⁰ HRW further alleges the bill contains several provisions contrary to the rights to freedom of expression and the press that are set out in the **United Nations (UN) International Covenant on Civil and Political Rights**, a UN core instrument which Angola ratified in 1992.

The constitution also protects these rights, so the question is whether provisions in the new bill are antagonistic to the constitution. HRM reviewed a recent draft of the bill and said that it gives extensive powers to security services to act without court sanction, such as draft article 36, which allows government security forces the authority to prohibit public or private radio stations from broadcasting and to disrupt some telecommunication services under "*exceptional circumstances*" without a court order.²¹ The US-based **Committee to Protect Journalists** added,

*"Angola's proposed national security law could hinder the public's right to information and severely undermine press freedom, severely undermine press freedom, further exposing journalists to harassment, intimidation, and censorship by authorities."*²²

A potential sign that Angola does not intend to relax the grip of the security services is the first consultation on human rights between Angola and **China**, held in **Luanda** on 17 and 18 April, during the visit of China's special representative for human rights affairs, **Yang Xiao Kun**.²³ Member of parliament (MP) **Vigilio da Ressurreição Tyova**, who met with Yang, was clearly responding to the criticism of Angola when he commented during a meeting between them,

*"Our job as legislators is to ensure that the legislation passed does not violate constitutional laws and norms".*²⁴

¹⁶ Interfax 26 April 2024

¹⁷ Human Rights Watch 23 April 2024

¹⁸ Human Rights Watch 23 April 2024

¹⁹ Constitute Project accessed 16 May 2024

²⁰ Human Rights Watch 23 April 2024

²¹ Human Rights Watch 23 April 2024

²² Committee to Protect Journalists 1 April 2024

²³ Angop 18 April 2024

²⁴ Angop 18 April 2024

The indicators are that Angola's new security law will not be as liberalised as human rights groups would prefer.

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;

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

20 May 2024 **Luanda (Angola)** President **João Lourenço** to chair an Extraordinary Summit of Heads of State and Government of the **Southern African Development Community (SADC)**

Jun 2024 **Luanda (Angola)** Partly **Russian-owned VBT Africa Bank** to present shareholders report and crisis plan

Q2 2024 **Lucapa (Angola)** The **Lucapa** photovoltaic power plant will start producing power;

1-7 July 2024 **Luanda (Angola)** 55th plenary assembly of the **Parliamentary Forum of the Southern African Development Community (SADC)** takes place

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

Sept 2024 **(China)** President **João Lourenço** to attend **China-Africa Summit**;

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)** First phase of the construction of the **Barra do Dande Ocean Terminal** 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 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;

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;

Chronology

14 May 2024 **Luanda (Angola)** *Jornal de Angola*. President **João Lourenço** fires the secretaries of state for agriculture and livestock, forests, and industry;

14 May 2024 **Luanda (Angola)** *Jornal de Angola*. President **João Lourenço** reappoints the existing board of directors of **Sonangol**, chaired by **Sebastião Pai Querido Gaspar Martins**;

13 May 2024 **Luanda (Angola)** *Expansao*. Angola's Ad Hoc Commission on Excess Preventive Detention secretary **Alves René** says that the organisation is concerned about numerous cases of excessive preventive detention proceedings and poor record keeping;

13 May 2024 Luanda (Angola) *Expansao*. Part **Russian-owned VBT Africa Bank (VBT)** and **Banco Economico** head the list of Angolan banks that have failed to disclose 2023 accounts while Banco Economico records losses of Kz 270.6 billion (\$324.5m) and is technically bankrupt while VTB is operating far below the minimum of Kz 15 billion (\$18m) share capital now required by the National Bank of Angola;

12 May 2024 Luanda (Angola) *Jornal de Angola*. Attorney general **Hélder Pitta Groz** and a team from his office arrive in **Switzerland** the issues of the recovery of assets linked to the state;

12 May 2024 Luanda (Angola) *Jornal de Angola*. Angola votes in favour of the resolution for the admission of **Palestine** as a full member of the **United Nations (UN)**;

10 May 2024 Luanda (Angola) *Expansao*. **Energia Eléctrica** director **Diógenes Diogo** reveals that the three public companies linked to the production, transport and distribution of energy are "*financially bankrupt*";

10 May 2024 Luanda (Angola) *ANGOP* The Angolan military contingent of the **Southern African Development Community Mission in Mozambique (SAMIM)** withdraws from Mozambique's **Cabo Delgado** province;

3 May 2024 Luanda (Angola) *Jornal de Angola*. Foreign affairs ministry denies reports circulating in the international press that Angola is in negotiations with the **United Kingdom (UK)** for the reception of illegal immigrants repatriated from the UK;

2 May 2024 Luanda (Angola) *Jornal de Angola*. The newly appointed **Chinese** ambassador to Angola, **Zhang Bin**, says that China is promoting new major strategic projects with Angola and accelerating the **Caculo-Cabaça** hydroelectric project and the new **Caio** deepwater port;

2 May 2024 Luanda (Angola) *Jornal de Angola*. **Export-Import Bank of Korea** announces the availability of financing of \$1 billion for **South Korean** companies with investment projects in Angola, with one possible investment being in electricity transmission lines;

29 April 2024 Luanda (Angola) *ANGOP*. **Banco Nacional de Angola (BNA)** (central bank) announces it will approve a national payment system for the 2023-2028 period in November to strengthen access to low-value financial services and startups, as well as cross-border payments within the **Southern African Development Community (SADC)**;

28 April 2024 **Seoul (South Korea)** *Jornal de Angola*. President **João Lourenço** begins a two-day state visit to South Korea to relaunch bilateral cooperation;

27 April 2024 Luanda (Angola) *Jornal de Angola*. National assembly unanimously approved a proposal for a law that will amend the current law on **Preventing and Combating Money Laundering, Financing of Terrorism** and the **Proliferation of Weapons of Mass Destruction**;

25 April 2024 Luanda (Angola) *Jornal de Angola*. The **United States Agency for International Development (USAID)** announces it plans to contribute more than \$235m to support Angola's development goals over the next five years, following an agreement signed in Luanda;

25 April 2024 Luanda (Angola) *Jornal de Angola*. Opposition party **UNITA's** parliamentary group delivers a draft law on the effective institutionalisation of local authorities to national assembly president **Carolina Cerqueira**;

24 April 2024 **Lisbon (Portugal)** *Jornal de Angola*. President **João Lourenço** begins a three-day state visit to Portugal to celebrate the 50th anniversary of the **Carnation Revolution**;

24 April 2024 Luanda (Angola) *Jornal de Angola*. **Russia's** President **Vladimir Putin** President **João Lourenço** to visit Russia in May 2025 to strengthen relations between the two countries;

19 April 2024 Luanda (Angola) *Expansao*. Attorney general **Hélder Pitta Gróz** says Angola has not yet been notified about the opinion of the **United Nations** working group on arbitrary detentions concerning irregularities in the arrest of **Carlos São Vicente**;

19 April 2024 Luanda (**Angola**) *Jornal de Angola*. President **João Lourenço** carries out major reshuffles and retirements of armed forces senior officers, national police and investigation service senior officers, as part of the modernisation of the armed forces and police service;

18 April 2024 Washington DC (**USA**) *Jornal de Angola*. Finance minister President **João Lourenço** attends a meeting of the **African Advisory Group** with **World Bank** president **Ajay Banga**, which examines solutions for access to electricity in Africa.

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