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Arrest in Angola's Supreme Court for Jose Filomeno dos Santos and Jean Claude Bastos de Morais on charges related to their management of the Fundo Soberano de Angola (FSDEA) (Angola sovereign wealth fund) is expected before the end of March. The trial of former transport minister Augusto da Silva Tomás has already begun in Luanda. In Spain, the trial of arms company Defex has exposed further corruption in Angola, in relation to arms purchases. Luanda's new international airport, Novo Aeroporto Internacional de Luanda (NAIL), will open in 2020, after years of delays due to the failings of the China International Fund.

Major corruption trials to open in Angola

Two major anti-corruption cases are expected to open in the **Tribunal Supremo de Angola** (high court of Angola) in **Luanda** later in March. The highest profile case is that of **José Filomeno dos Santos** and **Jean-Claude Bastos de Morais**.¹ How the trial is conducted will be a litmus test for perceptions of the government's seriousness of its fight against corruption, and the capacity of the judiciary to carry out such a major investigation and prosecution. The **Directora Nacional de Prevenção e Combate à Corrupção (DNPCC)** (national directorate for prevention and combatting of corruption), **Inocência Maria Pinto Mendes Adão**, says:

*"The pre-trial investigation phase of the case against the two defendants, who are in police custody in Luanda, is almost complete. The indictment is likewise almost completed and waiting only to be brought to court."*²

Pinto Mendes Adão said dos Santos will be arraigned on charges of criminal association, influence peddling and money laundering, crimes allegedly committed as chairman of the FSDEA. Further charges will relate to receiving undue advantage, corruption, embezzlement and fraud.³ The prosecutor has not yet made public whether Bastos de Morais will be named as a co-defendant in any of those charges.

Bastos de Morais and dos Santos will certainly be jointly arraigned in relation to an allegedly fraudulent transfer to the **United Kingdom (UK)**. This case relates to the authorisation of a transfer of \$500m, from Angola to the UK, as part of the creation of a large strategic investment fund for the country in the order of \$30 billion.⁴

Angolan lawyer and activist **Pedro Kaparakata** is sceptical of the charges:

*"The reasons that led to the arrest of the former chairman of the Board of Directors of the FSDEA are political. It is a way of projecting the image that one is fighting the crime of embezzlement, corruption and impunity. It is intended to convey the idea that, once we enter a new governance, impunity has ceased and we no longer have people above the law."*⁵

¹ Angop, 22 Feb 2019

² Angop, 22 Feb 2019

³ Angop, 22 Feb 2019

⁴ Angop, 22 Feb 2019

⁵ Angop, 23 Feb 2019

The attorney general denied allegations of a political witch-hunt and that investigations are driven by politics:

*“There is no selective process of investigation against political figures... At least 604 cases, involving mostly public managers and political actors, suspected of corruption and embezzlement, are under the purview of the DNPCC. Of this number, 190 are being investigated to establish criminal indications and subsequent proceedings. The largest cases are those involving dos Santos and Bastos de Morais, and the [separate] case against [former transport minister] **Augusto Tomás**, which has already gone to the court.”⁶*

Tomás, who was minister of transport from 2007⁷-2018,⁸ appeared in a pre-trial hearing on 6 March.⁹ He is accused of mishandling funds of the **Conselho Nacional de Carregadores (CNC)** (national freight council), embezzlement, breaching budget implementation norms, misuse of powers, money laundering, and involvement in criminal association. He has been held on remand since September 2018.¹⁰

The case against Jose Filomeno dos Santos and Jean Claude Bastos de Morais has a high international profile. It is inevitable that the trials will be seen as politically motivated show trials at this point, but the cases arise from malpractice and corruption in a regime that revolved around the inner circles of former President **José Eduardo dos Santos** (1979-2017), his children and closest associates, where there was high-level, high-value corruption.

Spain opens trial in Angola arms corruption case

Spain’s anti-corruption prosecutor, **Fiscalia Anticorrupció**, has identified three prominent Angolan figures as recipients of bribes by the Spanish arms company **Defex SA**, in a 237-page indictment presented in **Madrid** on 1 March.¹¹ The case demonstrates the problems of abolishing high-level corruption in one country, when the networks that feed it are international and include major foreign companies prepared to set up complex systems to hide illicit payments.

The investigations date from 2012, when **Luxembourg** notified the Fiscalia Anticorrupció of a suspicious transfer concerning a contract for the sale of police *matériel* to Angola, valued at €152.9m (\$172m) in 2008. Of this, only €59.2m (\$67m) was used to buy the material and train the Angolan police. The remaining €93.7m (\$105.22m) was allegedly diverted to payment of bribes and commissions in Angola and for the benefit of Defex executives.¹² The prosecution said in its original indictment that “*Defex acts as a criminal organisation.*”¹³

The indictment states that Angolans who received bribes relating to the arms deal include General **Armando da Cruz Neto**, commander in chief of the **Forças Armadas Angolanas (FAA)** (Angolan armed forces) from 2001 to 2003,¹⁴ who was then appointed Angolan ambassador to Madrid; former deputy defence minister **Demosthenes Chilingutilla** (to 2008); and the then commander-in-chief of the **Policia Nacional de Angola** (Angolan national police), commissioner **Ambrósio de Lemos**,¹⁵ (2008 - November 2017).¹⁶ The three Angolans named are alleged to be the principal beneficiaries of illicit payments, although about 13 other Angolan officials are implicated.

⁶ Angop, 22 Feb 2019

⁷ Wikipedia

⁸ Portal de Angola, 20 June 2018

⁹ Angop, 6 Mar 2019

¹⁰ Angop, 6 Mar 2019

¹¹ VOA and others, 1 Mar 2018

¹² Newsbeat.com, 24 Mar 18

¹³ El Pais, 4 Oct 2015

¹⁴ Publico, 25 Jan 2001

¹⁵ VOA, 1 March 2019

¹⁶ Diario de Noticias, 20 Nov 2019

The charges allege that the company had a system of "Christmas baskets" for Angolans, distributed according to the rank of the official. The document also says that,

*"Hotel expenses, travel and cash contributions of €500 to €600 euros (\$563-\$674) per week to Angolan officials in Spain have been paid."*¹⁷

Defex, according to court documents, also paid for a surgical operation for commissioner Lemos' wife, to remove cataracts that resulted in "a disbursement of €18,500" (\$20,775), and a transfer of €265,561 (\$298,222) was made on behalf of General Neto.¹⁸

The Spanish justice system referred the case to Angola in 2016, and those officials implicated in the corruption scheme were interviewed at the Angolan attorney general's office. However, there was no outcome in Angola to the allegations, at that time.¹⁹ There is no information as to whether these allegations are now being followed up in Angola.

General Armando da Cruz Neto, whom the Spanish justice system singled out as the main Angolan beneficiary of arms sales fraud, denied the allegations, as did commissioner Ambrósio de Lemos.²⁰ The opposition **União Nacional para a Independência Total de Angola (UNITA)** put out a press release on behalf of Demosthenes Chilingutila, denying the allegations and pointing out that Chilingutila ceased to be deputy minister of defence in 2008, and had also denied the allegations when interviewed by the Angolan prosecutors' office.²¹

The indictment also exposes the complex network set up by Defex to channel illicit payments to recipients, including Defex's former directors. The money went to Luxembourg, from there to **Hong Kong** and finally to **Switzerland**. Through letters rogatory to several countries and records in offices in Luxembourg and **Geneva** (Switzerland), the prosecutors found companies that billed fictitious invoices to Defex, other offshore intermediaries whose sole purpose was to channel funds, and shell companies created in tax havens. Spanish defence secretary for state **Agustín Conde** described Defex as an "instrument for corruption".²²

This case demonstrates that improved reporting in financial centres and anti-money laundering regulations play a major part in uncovering high-level corruption. In the Spanish case, it was Luxembourg reporting the issues; in the FSDEA case UK-based **HSBC Bank** reported suspicious transactions. By itself, Angola would probably have been unable to uncover these cases. Angola now has to investigate these cases.

Luanda's new international airport to be completed by 2020

Completion of Luanda's long-mooted new international airport at **Bom Jesus** in the municipality of **Icolo e Bengo**, 30 kilometers from Luanda, is now expected in about April 2020, according to the transport ministry.²³ Work on the new airport, which will replace the ageing and overstretched existing **Aeroporto 4 de Fevereiro**, began in 2004 and is still incomplete despite vast budget allocations. The new government inherited the contract with the **China International Fund (CIF)** to build the airport and decided to complete it.

Transport minister **Ricardo d'Abreu** said in Luanda that a **Conselho de ministros** (cabinet) meeting had assessed the report of a review of work to date:

"The findings oblige us to proceed with a review of the deadlines for the completion of the airport. What we bring in this memorandum imposes the need to carry out some corrective

¹⁷ VOA, 1 Mar 2019

¹⁸ VOA, 1 Mar 2019

¹⁹ DW News, 22 Feb 2016

²⁰ DW News, 22 Feb 2016

²¹ UNITA press release, 9 Mar 2019

²² Newsbeat.com, 24 Mar 2018

²³ Jornal de Angola, 1 Mar 2019

measures within the scope of the project from the engineering point of view and the functionality of the new airport.”²⁴

According to Dr **Alex Vines**, head of the **British-Angola Forum** at the **Royal Institute for International Affairs**, the terms of the most recent **Chinese** loan imply that the government must complete the project:

*“The terms of the new \$2 billion **China Development Bank** loan require that the Angolan government use some of it to pay for outstanding debts to Chinese contractors. The rest will go toward a long list of old and new infrastructure projects, including the completion of the much-delayed and over-budget new international airport in Luanda, construction of new power transmission lines and a water supply system, and a new air academy. With new credit, the Angolan government hopes the airport can be completed by 2020.”²⁵*

Construction of Luanda’s new international airport, the **Novo Aeroporto Internacional de Luanda (NAIL)**, first began in 2004 under the auspices of the **Gabinete de Reconstrução Nacional** (office of national reconstruction), headed by General **Manuel Helder Vieira Dias Junior ‘Kopelipa’**, and was funded by postwar Chinese loans in 2004 and onwards. The construction of the airport was awarded to the **CIF**, part of the **88 Queensway Group** allegedly headed by **Sam Pa**.²⁶

Angolan journalist and political activist **Rafael Marques de Morais** notes that the real costs of the airport remained hidden:

*“According to a source linked to the work, the then Office of National Reconstruction, under the command of General Manuel Helder Vieira Dias “Kopelipa”, initially advanced a derisory budget for the construction of ‘Africa’s largest airport’, in order to deceive the members of the government, the [ruling **Movimento Popular de Libertação de Angola**] **MPLA** and the National Assembly.”²⁷*

Five years later in 2009, the cabinet gave its formal approval for the construction of the airport²⁸, but only in 2014 awarded **CIF** the contract to build the airport, at a fee to **CIF** of \$3.8 billion.²⁹ There is little record of the airport then until 2016, when the cabinet agreed a flurry of new financing, including:

- \$52.7m to **Consulmace Engenharia e Serviços, Limitada**³⁰
- \$200.3m for road systems³¹
- \$618m for water distribution centre³²
- \$693m for road and rail links to airport³³
- \$1.4 billion for design construction and supply of the equipment for the airport³⁴

According to the then transport minister, Augusto Tomás, in 2017 the cost of building the airport had reached over \$6 billion, with only a half completed airport³⁵ that was no longer fit for purpose, after 13 years. **ARC** compared this to the cost of building **Dubai** international airport, at \$6 billion.³⁶ **Dubai** airport handles 45 million passengers a year, whereas Luanda’s new airport will be able to handle

²⁴ Jornal de Angola, 1 Mar 2019

²⁵ World Political Review, 16 Oct 2018

²⁶ World Political Review, 16 Oct 2018

²⁷ Maka Angola, 26 Feb 2014

²⁸ Diario de Republica, 19 Nov 2009

²⁹ Diario de Republica, 2 May 2014

³⁰ Diario de Republica, 22 Dec 2014

³¹ Diario de Republica, 11 Jul 2016

³² Diario de Republica, 7 Jun 2016

³³ Diario de Republica, 14 Nov 2016

³⁴ Diario de Republica, 27 Jan 2017

³⁵ Macau Hub, 1 Mar 2019

³⁶ The Richest.com, 3 Dec 2013

only 15 million.

NAIL should have begun operations in 2017 but at best is half built, with only the control tower completed. The costs of the required upgrades will be met from the China Development Bank loan. **Rodrigo Januário**, managing director of the UK-headquartered **Mace Group** that was awarded inspection of the project, said further financing may be required:

"The conclusion is expected towards the end of the first quarter of 2020, depending on possible financial constraints that, for us, are impossible to predict."³⁷

The story of the airport is one of a lack of accountability, as a relatively small airport becomes one of the most expensive in the world. There has been no explanation as to why it has taken 15 years to build and no indicators as to what has happened to the eye-watering large project financing or pre-2014 costs. It demonstrates as well the problems facing investigators in Angola as they try to trace where the money has gone. The new Angola has inherited these companies and their half completed projects. CIF still has the contract; Sam Pa, the purported head of the CIF, is in detention in China for corruption, since 2015 (see *ARC Briefing Angola October 2015*). It certainly shows how far Kopelipa's GRN and the CIF misused the Chinese credit lines, and failed to construct what was a flagship project. It now remains to be seen when the new airport will finally open.

Planner

March/April 2019 Trials of **Jose Filomeno dos Santos**, **Jean Claude Bastos de Morais** and other high-ranking ex-officials variously charged with defrauding the state, embezzlement or theft, will take place during the year.

Q2 2019 The Angolan government will issue eurobonds worth \$2 billion (622.2 billion kwanzas/€1.74 billion) in the second quarter of 2019. This is the third eurobond issue by the government.

2019 New diamond hub will open in **Saurimo**, comprising a diamond cutting and polishing factory, a professional technical training school and supporting institutions and industries;

2019 Sell-off of **Sonangol** assets continues until end of 2019.

June 2019: Expected completion date for transfer of **Sonangol's** contracts, concessions and relations with international oil companies to the **Agência Nacional de Petróleo e Gás (ANGP)** (national petrol and gas agency);

June 2019: New oil bidding round expected to be opened.

April 2020 **Luanda's Novo Aeroporto Internacional de Luanda (NAIL)** (new international airport) to open.

2020 **Luaxe** kimberlite mine, managed by **Russia-based Alrosa**, begins production.

2020: First local and municipal elections to be held in Angola;

2021: National elections;

2022: End date for **Banco Poupanca e Credito's** recovery plan.

Chronology

7 Mar 2019 **Geneva (Switzerland)** **ANGOP** Justice and human rights minister **Francisco Queiroz** says at the **United Nations Committee on Human Rights** that the Angolan government is to approve a study to repair the damage suffered by victims of repression,

³⁷ Macau Hub, 1 Mar 2019

governance deficits and political persecution, including victims of the guerrilla and war massacres, and those involved in the coup attempt of 27 May 1977;

7 Mar 2019 **Luanda (Angola)** *Angop* **Mercado Angola Telecom** is facing a debt crisis due to lack of investments, accumulated debts and lack of payments from its main clients, of *circa* 5 billion Kz/\$16m; Angola Telecom is to be partly privatised this year, with 45% of its shares for sale to new investors;

5 Mar 2019 **Luanda (Angola)** *Angop* President **João Lourenço** reiterates warning to corrupt officials that there are no untouchables and corruption will be prosecuted, noting that any prosecution of ex President **José Eduardo dos Santos** could only be considered when his term of impunity ends;

5 Mar 2019 **Cabinda (Angola)** *VOA* The **Cabinda District Court** orders the release of 13 of out of 63 activists of the **Movimento Independista Cabinda (MIC)** held on 1 February, for lack of evidence and failing to meet grounds for detention;

4 Mar 2019 **Luanda (Angola)** *Angop* Media regulatory body **Entidade Reguladora da Comunicação Social Angolana (ERCA)** denies it will censor journalists and social media and says ERCA's role is to safeguard freedom of expression and thought in the media;

3 Mar 2019 **Moscow (Russia)** *Angop* Angolan foreign affairs minister **Manuel Domingos Augusto** meets his Russian counterpart, **Sergey Lavrov**, in Moscow to discuss the strengthening of bilateral cooperation;

1 Mar 2019 **Luanda (Angola)** *Angop* Foreign affairs minister **Manuel Domingos Augusto** discusses oil and gas cooperation with deputy prime minister of **Qatar**, Sheikh **Mohammed Bin Abdulraman Al-Thani**;

1 Mar 2019 **Luanda (Angola)** *Angop* President **João Lourenço** sacks **Empresa Gestora de Terrenos Infra-estruturados (EGTI EP)** CEO **Rodrigo de Sousa Alves dos Santos**, and appoints **Pedro Ivo Canga Cristóvão** as CEO; EGTI manages public and private infrastructure land and upgrading and expansion of cities and rural centres;

1 Mar 2019 **Luanda (Angola)** *Angop* **Abel Chivukuvuku**, founder and president of **Convergência Ampla de Salvação de Angola - Coligação Eleitoral (CASA-CE)** (broad convergence for Angola's salvation electoral coalition) is removed from the presidency, following a **Tribunal Constitucional** (constitutional court) ruling that CASA-CE is a coalition of political parties, and individuals cannot be members; He is replaced by **André Mendes de Carvalho**, formerly vice president of CASA-CE;

28 Feb 2019 **Luanda (Angola)** *Angop* Tenders open in Luanda for privatisation of the first seven companies, out of 56, in the **Luanda-Bengo Zona Económica Especial (ZEE)** (special economic zone); the government expects to raise \$80m from this sale;

28 Feb 2019 **Soyo (Angola)** *Angop* National police chief commissioner **Paulo de Almeida** introduces new border control technologies along the maritime and inland waterway border with the **Democratic Republic of the Congo (DRC)**, including long-range surveillance systems, drones and control towers;

27 Feb 2019 **Luanda (Angola)** *Angop* **Rwanda** and Angola sign a security and public order cooperation agreement in Luanda, agreeing to co-operate on technical advice and information exchange in law enforcement, with a focus on terrorist acts, corruption, organised transnational crimes, money laundering, and trafficking of fire arms;

25 Feb 2019 **Namibe (Angola)** *Angop* National fuel company of Angola **SONANGOL** chair **Carlos Saturnino** announces a solar energy project in Namibe Province, with capacity to produce 100 MW; the \$33m project will start in 2020 and initially produce 25 megawatts;

25 Feb 2019 **Luanda (Angola)** *Angop* National council of public works **CNOP** announces it

will forecast and, in some cases, review budgets for state-run projects of great technical complexity, such as hospitals, universities, road systems and dams, with 790 projects within its remit;

25 Feb 2019 **Luanda (Angola)** *Angop* The **Luanda Refinery** will increase gasoline output to 1,200 tonnes by the end of 2021, against the 300 tonnes currently produced, in a joint project between state-owned **Sonangol** and **Italian** oil company **ENI**;

23 Feb 2019 **Luanda (Angola)** *Angop* The national minimum wage for the private sector increases to 21, 454 kwanzas (\$68.3) in the agricultural sector, 26,817 kwanzas (\$85.5) in trade and manufacturing, and 32,181 kwanzas (\$102.5) in the extractive industries;

23 Feb 2019 **Luanda (Angola)** *Angop* Angola simplifies and reduces maritime freight duties, leading to a reduction of costs of around 50% in terms of all costs related to import of cargo, certification of shipments and any emoluments to be paid on the import of goods or merchandise;

21 Feb 2019 **Luanda (Angola)** *Angop* The national assembly introduces Value Added Tax (VAT) at 14%; VAT will cover only large taxpayers in the first instance and should come into force in July this year.

21 Feb 2019 **Brazzaville (Congo)** *Angop* Angola's ambassador to Congo, **Vicente Muanda**, discusses the **Lianzi Joint-Utilization Commission** mechanisms to strengthen oil cooperation between the two countries with Congolese hydrocarbons minister **Jean Marc Thystere Tchicaya**;

20 Feb 2019 **Luanda (Angola)** *Angop* A group of UK investors from **Invest Africa**, led by **Robert Herson**, announce plans to invest up to \$20 billion in areas such as agriculture and infrastructure;

20 Feb 2019 **Luanda (Angola)** *Angop* **Operation Transparency** has led to the removal of 453,022 illegal foreign nationals from September 2018 to date, of which 35,884 were repatriated, 416,496 left voluntarily and 842 were transferred to Luanda for repatriation to their countries of origin;

20 Feb 2019 **Luanda (Angola)** *Angop* Angola's national assembly finally approves the State General Account for 2016; Deputies say there are major discrepancies in the values of the foreign public debt for 2016;

18 Feb 2019 **Luanda (Angola)** *Angop* Four legal instruments, in the areas of visa facilitation, businesspeople, customs cooperation and mutual administrative assistance, higher education, science, technology and innovation, as well as at the level of the **Higher Institute of International Relations and the Diplomatic Academy of Uruguay** are signed between the Angolan and **Uruguayan** authorities;

14 Feb 2019 **Luanda (Angola)** *Angop* President **João Lourenço** says that Angola aims for fuel self sufficiency, with the construction of refineries in **Lobito (Benguela)**, **Cabinda**, which will go to tender, and the expansion of the Luanda refinery;

13 Feb 2019 **Luanda (Angola)** *Angop* Angola's newest diamond cutting factory, **Stone Polished Diamond (SPD)**, which cuts larger rough diamonds of three carats and above, is to increase its output from 2,000 carats to 3,000 carats by 2020 and will establish a further cutting factory in **Saurimo (Lunda Sul Province)** this year;

14 Feb 2019 **Huambo (Angola)** *Angop* The **European Union** says it will provide €65m (\$73.5m) for capacity building and training of 95 civil society organisations in 14 provinces;