

## Angola Business Environment News

**Alert – avoid problems with the MININT MISA immigration inspectors – ensure compliance with the new immigration law.**

Solutions-related events 2008 update:

**June** Keith Campbell on “The Outlook for the Upcoming Elections” – held on 12 June 2008 – presentation on SA-ACC website

**July** Jopie Coetzee on “Advanced Investment Risk Mitigation using Vector analysis” – held on 9 July 2008 – presentation on website

Roger Ballard-Tremeer on “Trade and Investment opportunities in Angolan Agriculture” at Agribusiness Africa 2008 – 21 July 2008 – presentation on website

Themis on “Mitigating governance and compliance risk using software” – held on 22 July 2008 – presentation on website

**August** WISER’s Angola Seminar – 5 August 2008

Africa Investor’s Angola Business Briefing – held on 6 August 2008 – with Deputy Prime Minister Dr Jaime Aguinaldo

Briefing on “Trade and investment opportunities in Angola” for visiting business delegation from Malaysia – held on 7 August 2008 - Roger Ballard-Tremeer

IIR’s SA-Angola Forum 2008 – held on 19/20/21 August 2008 – lead speaker Dr Gabriel Kiala; Chair / Workshop leader Roger Ballard-Tremeer

**September** Talk on “China / Angola / Insurance” – delivered on 11 September 2008 – Institute of Loss Adjustors in Southern Africa -

Roger Ballard-Tremeer

Panel discussion on “Tackling the Worsening Port Congestion Crisis by Road” – details to be advised

Corin Mitchell on “Accessing the Africa Enterprise Challenge Fund for your Agricultural projects” – details to be advised

**October** Events to be advised

**To activate a URL please copy and paste into your browser.**

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ABEN enables you to engage in Angolan time travel – yesterday / today / tomorrow – look through the URLs and savour the experience.

Never rely solely on the English language versions of ANGOP reports – always refer to the original Portuguese language version for decision-making purposes.

Interpreting and translating – only use interpreters and translators that are “sworn” and “accredited”:

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**Beware of the “sale of oil blocks” scam now being perpetrated – if you are approached by an entity purporting to offer oil blocks for sale outside the licensing round, allegedly on behalf of SONANGOL, contact ABEN immediately.**

Historically, directors, and particularly non-executive directors, had little formal liability when it came to the decisions they made at their companies. Now, however, there is a much more serious fiduciary burden on directors, and they face possible fines or jail time if they fail in their duties... The negligent and / or fraudulent carrying on of business by directors and / or the company officers (including country managers) thereby causing liability to the company may result in the directors and / or the company officers being personally liable at least in terms of delict in common law – in a weak governance environment the risk of negligence escalates considerably – mitigate this cross-border risk using software and gap coaching – contact ABEN

### **Latest World Bank IFC “Doing Business” update for 2009**

... According to the new World Bank-IFC report Doing Business 2009, more regulatory reforms were recorded worldwide between June 2007 and June 2008 than in any previous year. For the fifth year in a row, Eastern Europe and Central Asia led the world in Doing Business reforms. Once again, Singapore tops the rankings, followed by New Zealand, the United States, and Hong Kong, China....

<http://www.doingbusiness.org/>

### **Angola “Doing Business” pages**

**Some steps forward – some steps backward – a few reforms were observed by the researchers for the period under review!**

<http://www.doingbusiness.org/ExploreEconomies/?economyid=7>

### **Country report for Angola**

... Angola improved the long and cumbersome process of starting a business, thanks to its one-stop [incorporation] shop, the Guichet Unico da Empresa, reducing the time required by two months. To ease the process of getting construction permits in Luanda, the provincial government is now in charge of organizing and distributing the documents relating to construction projects to the agencies involved in water and electricity inspections....

<http://www.doingbusiness.org/Documents/CountryProfiles/AGO.pdf>

### **Governing party in Angola wins in a landslide, election results show**

... The governing party in oil-rich Angola won a landslide victory in the country’s first elections in 16 years, official results show, prompting a remarkable concession of defeat by the leading opposition party, which just six years ago was the government’s enemy in a brutal 27-year civil war. The decisive win for the governing Popular Movement for the Liberation of Angola, known as the M.P.L.A., in last week’s legislative elections will give it the two-thirds majority in Parliament needed to change the Constitution and further entrench its dominance of Angolan politics, senior officials in both parties said Tuesday. It will also confer a measure of legitimacy on a government that has been in power since Angola gained its independence from Portugal in 1975. While American and European election observers concluded that the political playing field was hardly level given the M.P.L.A.’s control of state media, they also said the election itself was evidence of democratic progress. “Again, we congratulate the people of Angola on their participation in this important step in strengthening their democracy,” the United States Embassy’s election observation team said in a statement on Tuesday. The tranquillity that prevailed as millions of Angolans went to the polls last week and the acceptance of the outcome by the opposition party, the National Union for the Total Independence of Angola, or Unita, set this election apart from Angola’s calamitous last vote, in 1992. At that time, Unita’s guerrilla leader, [Jonas Savimbi](#), refused to accept his second-place finish and the civil war that had already killed hundreds of thousands of people resumed for another decade, ending only when Mr. Savimbi was killed in a firefight in 2002. Shadowed by that woeful history, Unita accepted its defeat this time despite what observers said were flaws in the voting process in Luanda, the capital. “We don’t want to create a situation where this drags on for weeks and weeks,” Jardo Muekalia, Unita’s

representative for electoral issues, said in an interview on Tuesday. "We want to make sure for peace and stability's sake we end this on a high note." Provisional final results released Wednesday show the M.P.L.A. with about 82 percent of the vote to Unita's 10 percent. The rest of the votes were divided among a dozen other parties and coalitions. Officials in both the main parties agreed the M.P.L.A. would have a two-thirds legislative majority. The [European Union](#)'s election observer mission found that Angola's elections fell short of international standards because the state-controlled radio, television and daily newspaper were biased in favor of the government and because of flaws in some election procedures. Voter lists were distributed too late to be posted in most areas, making it impossible to check who had voted, though the use of indelible ink on voters' fingers helped guard against double voting, the European Union mission found. There were also widespread delays in the opening of many polling places in Luanda and a failure to deliver sufficient ballots to them. The election authorities also did not accredit hundreds of trained election observers in Luanda, the mission said. Still, the European Union's report said, the elections had been peaceful and showed the Angolan people's "clear commitment to the country's democratic process and desire to leave behind a past marked by decades of war and civil conflict." The M.P.L.A.'s margin of victory leaves Unita even more marginalized — a situation that some analysts worried could weaken the much-needed development of an effective political opposition. The public money each party receives is based on its number of Parliament seats, and Unita will have fewer now. It could regain a foothold if the government follows through on plans to hold local elections in a couple of years. Even with this election win, Angola's governing elite will still be stuck with a reputation for self-dealing and corruption that shows up in studies by Transparency International and the [World Bank](#) Institute. "There's a risk they will become more arrogant," said Indira Campos, a researcher for Chatham House, a London policy research organization. Or as Isabel Emerson, Angola country director for the National Democratic Institute, a Washington-based nonprofit group, said: "The fact that they won such a vast majority will translate into a one party state practically. I hope they see it as a wake-up call." Manuel Fragata de Morais, the M.P.L.A.'s information secretary in Luanda, said Tuesday that the party felt the weight on its shoulders. "If Angola's a one-party state, it would be for the first time by popular vote," he exclaimed. "So we're not worried by that. But seriously, we have to be very humble, serene and serious or otherwise we could pay seriously in public support."...

<http://www.nytimes.com/2008/09/10/world/africa/10angola.html?ref=world>

### **Angola sees 15% growth in 2009**

... Angola's economic growth should remain strong in 2009 at 15% after this year's expected 16%, Finance Minister **Jose Pedro Morais** told a Portuguese newspaper. *Jornal de Negocios* business newspaper also quoted Morais on Tuesday as saying he saw a big role for Portuguese investment in the country, especially in civil construction and services. Portuguese companies "will never have competition from other countries" in Angola in these sectors thanks to their ability to adapt to local conditions and favourable risk perception, he said. Angola is a former Portuguese colony. Portuguese companies have held up investment decisions in Angola, awaiting the outcome of last week's long-delayed parliamentary elections. The ruling MPLA party scored an overwhelming victory, which means continuity and should unlock investment. Morais said the process of post-civil war reconstruction, modernisation of infrastructure and agricultural development would continue, with the government using a windfall of oil revenues in sub-Saharan Africa's second biggest oil producer. "What Angola is doing is using the extra tax proceeds from oil to restart its economy. We're making a big bet on agriculture, as we have water, climate and soils with a big competitive advantage. Angola may become the grain barn of Africa in the next five years," he said. The oil sector now represents around 90% of exports and the country is trying hard to diversify its economy away from oil to fight an unemployment rate of 40%. The non-oil sector is expected to grow 20% this year, while the petroleum industry should expand 12%, giving a total economic growth of 16%, Morais said. "In 2009, the overall (growth) rate will be 15%," *Jornal de Negocios* quoted him as saying. Morais said state-run oil company Sonangol was acting "in a certain way" as a sovereign wealth fund to boost economic development. Referring to its stakes in Portuguese companies, particularly banks, Morais said: "Sonangol's strategy reflects whatever the government wants for the company", explaining that these strategies were aimed at having a strong, competitive, world-scale economy. While praising the competitive advantages of Portuguese companies, Morais also acknowledged certain dependence on China, which is a large investor in Angola. "We went to China to seek a capacity to build at modest costs and we've also found a good market for our exports," he said. Angola has taken out an estimated \$8-12 billion in oil-backed loans from

China to rebuild the country's infrastructure after peace was restored in 2002 following nearly three decades of civil war....

[http://www.engineeringnews.co.za/article.php?a\\_id=142688](http://www.engineeringnews.co.za/article.php?a_id=142688)

### **EU critical of Angolan vote, praises voters**

...LUANDA, Angola (AP) — European Union observers said Angola's first election in 16 years was poorly organized, but praised the calm and enthusiasm with which voters embraced a step toward democracy after decades of civil war. At a news conference Monday, as election officials continued to count the votes from the parliamentary elections held Friday and Saturday, chief EU observer Luisa Morgantini declined to say whether the elections were free and fair. She said such terms were "too vague." Morgantini released an initial report detailing problems including absent election officials and polling stations that lacked ballots. But the report said the campaign was relatively peaceful and turnout was high. Observers from the Pan-African Parliament gave the elections a lukewarm endorsement but expressed concern the ruling party had misused the media. In a statement in Brussels, Belgium, EU Commission President Jose Manuel Durao Barroso said that despite its problems, the vote in a country that has known only six years of peace after decades of civil war was significant. With more than 5 million votes counted Monday afternoon, election officials said the ruling party had more than 80 percent. In second place was the former rebel group UNITA, with about 10 percent. UNITA had resorted to violence after losing the last vote in 1992. This time, party leader Isaias Samakuva called a late-night news conference Monday to say he would accept the results. Samakuva called on the ruling party to "govern in the interest of all Angolans." President Eduardo dos Santos's party has dominated politics since independence from Portugal in 1975. His Popular Movement for the Liberation of Angola, went into the election with 125 of parliament's 220 seats. UNITA, the National Union for the Total Independence of Angola, had had 70. The last time Angola held elections was in 1992 during a break in decades of civil war, which ended in 2002, when the army killed the UNITA rebel leader Jonas Savimbi. Dos Santos has been in power since 1979. His once-Marxist MPLA is accused by international human rights groups of corruption and mismanagement. Oil output is projected to surpass 2 million barrels a day next year and increase by 90 percent from 2005 levels by 2010, according to conservative estimates by the International Monetary Fund. The IMF says that would double government revenues, even if oil prices fall...

[http://ap.google.com/article/ALeqM5j\\_s68DvXu6V\\_YhhH-cQEX3RhFs1QD9330Q100](http://ap.google.com/article/ALeqM5j_s68DvXu6V_YhhH-cQEX3RhFs1QD9330Q100)

### **IRIN on Angola: Election free and fair, sort of...**

...in a news conference on Monday, held shortly after the national electoral commission had dismissed its complaints, UNITA leader Isaias Samakuva said he accepted the outcome of the poll and praised the incumbent MPLA party, hoping it "governs in the interest of all Angolans". "After about 80 percent of valid votes have been counted, despite all that has happened, the leadership of UNITA accepts the results of the elections," Samakuva said. Other opposition parties echoed UNITA's acceptance of the outcome of Angola's first elections in 16 years...

<http://www.irinnews.org/Report.aspx?ReportId=80253>

### **Window of Opportunity**

... ANGOLANS went to the polls last week for the first time in 16 years, adding momentum to the continent's slow but undeniable drift towards multiparty democracy. The proximity to SA of repressive, personality-driven regimes such as those still in control of Zimbabwe and Swaziland tends to blind many South Africans to the fact that the ballot has long overtaken the bullet as Africa's favoured means of choosing its governments. About 20 African countries were scheduled to hold elections this calendar year, and the vast majority of those that have taken place so far have been deemed by outside observers to be relatively free and fair. Early indications are that this is an apt description of Angola's long-awaited election too. Relatively free, because opposition parties were able to campaign without excessive government harassment and there does not appear to have been any blatant rigging of the ballot, but not entirely fair because the incumbent MPLA is so deeply entrenched in power that it controls all state institutions and used them shamelessly to ensure a convincing victory. The main opposition party, Unita, has complained of voting irregularities and may contest the outcome of the poll. But MPLA support appears to have been so overwhelming that the overall picture is unlikely to change even if the election authorities rule in Unita's favour. This outcome should not surprise given that Angola's abundant oil reserves have given the country one of the highest economic growth rates in the world — 24% last year —

and allowed the MPLA to embark on a significant infrastructure development programme. The majority of Angolans remain dirt-poor despite the influx of oil dollars, but enough is trickling down for the average citizen to feel significantly better off now than when the protracted civil war ended in 2002. Whether that will still be the case at the next election in four years' time depends on whether the MPLA can turn the oil windfall into schools, factories and jobs...

<http://www.businessday.co.za/articles/opinion.aspx?ID=BD4A839314>

### **Observers approve Angolan Elections**

... LUANDA — European Union monitors joined African observers yesterday in declaring Angola's parliamentary elections credible despite initial polling problems. "We will not invalidate the electoral process," head of the European observer team Luisa Morgantini said. The team would issue a full report on Friday and Saturday's election in two months. Initial problems at voting stations had not endangered the electoral process, he said. Though voting stations opened late and there were logistical problems, the elections were "generally free and fair", the Pan-African Parliament, which sent 26 observers, said. With 74% of the ballots counted yesterday afternoon, the Popular Movement for the Liberation of Angola, or MPLA, which has ruled for the past 33 years, won another four-year term. The MPLA had 81,6% of the votes and the National Union for the Total Independence of Angola, or Unita, 10,5%, the National Electoral Commission, said yesterday. The commission expected final results within 10 days. Ten parties and four coalition groups contested 220 parliamentary seats. Under Angolan law, 130 seats are allocated to parties in proportion to the number of votes they won nationally. The remaining 90 seats are split equally between the country's 18 provinces and are also allocated on a proportional basis. In the previous 1992 elections the MPLA won 54% to Unita's 34%. With Bloomberg ...

<http://www.businessday.co.za/articles/dailymailer.aspx?ID=BD4A839481>

### **Angola rivals accept MPLA victory**

... Angola's largest opposition party has said it accepts the results of last week's parliamentary elections. Unita congratulated the ruling MPLA on a landslide victory in the country's first elections for 16 years. With about 80% of votes counted, the MPLA have 82% of the vote and the Unita 10.5%, said the electoral commission. The commission also rejected a demand by Unita for the poll to be re-run in the capital Luanda, saying there was no evidence of alleged fraud. "The leadership of Unita accepts the results of the election and congratulates the MPLA," said Unita leader, Isaias Samakuva. An MPLA spokesman has said that the results were in line with the expectations of the party. Norberto dos Santos told the state-owned Jornal de Angola newspaper said the party's success was due to the dedication of their supporters. "In every neighbourhood, in every village our supporters are there nearly every day like a priest at a Sunday service," he said. The elections were seen as a crucial step in the country's recovery from decades of civil war. Voting passed off peacefully on Friday but there were scenes of chaos in Luanda, and reports that more than 300 polling stations did not open or lacked materials. Unita demanded a re-run in Luanda, but a commission spokesman said this request was turned down for lack of evidence. In the lead-up to the election, Unita had accused the MPLA of intimidating its supporters and dominating state media. The EU has said it would investigate claims by one observer of vote-rigging, but other observers have said the vote was transparent. The head of the EU's observer mission to Angola has stopped short of calling the elections free and fair, but said they represent an advance for democracy. "The elections were transparent (...) people voted freely and we have not seen any violence nor intimidation during the campaign," said Luisa Morgantini. Some eight million voters are registered in the country - more than a quarter of whom live in the capital. The MPLA has ruled Angola since the country gained independence from Portugal in 1975 but it fought a civil war against Unita until 2002...

<http://news.bbc.co.uk/2/hi/africa/7605454.stm>

### **South Africa – Angola Chamber of Commerce – five years of members applying this code of conduct in trade with, and investment in, Angola.**

Article 1: Extortion and coercion

No one may, directly or indirectly, demand or accept a bribe.

Article 2: Bribery and "Kickbacks"

a.) No Member may, directly or indirectly, offer or give a bribe and any demands for such a bribe must be rejected.

b.) Members should not (i) kick back any portion of a contract payment to employees of the other contracting party, or (ii) utilize other techniques, such as subcontracts, purchase orders or consulting agreements, to channel payments to government officials, to employees of the other contracting party, their relatives or business associates.

#### Article 3: Agents

Members should take measures reasonably within their power to ensure:

- a) that any payment made to any agent represents no more than an appropriate remuneration for legitimate services rendered by such agent;
- b) that no part of any such payment is passed on by the agent as a bribe or otherwise in contravention of these Rules of Conduct; and
- c) that they maintain a record of the names and terms of employment of all agents who are retained by them in connection with transactions with public bodies or State enterprises. This record should be available for inspection by auditors and, upon specific request, by appropriate, duly authorized governmental authorities under conditions of confidentiality.

#### Article 4: Financial Recording and Auditing

- a) All financial transactions must be properly and fairly recorded in appropriate books of account available for inspection by boards of directors, if applicable, or a corresponding body, as well as auditors.
- b) There must be no "off the books" or secret accounts, nor may any documents be issued which do not properly and fairly record the transactions to which they relate.
- c) Members should take all necessary measures to establish independent systems of auditing in order to bring to light any transactions which contravene the present Rules of Conduct. Appropriate corrective action must then be taken.

#### Article 5: Responsibilities of Members

The board of directors or other body with ultimate responsibility for the member should:

- a) take reasonable steps, including the establishment and maintenance of proper systems of control aimed at preventing any payments being made by or on behalf of the member which contravene these Rules of Conduct;
- b) periodically review compliance with these Rules of Conduct and establish procedures for obtaining appropriate reports for the purposes of such review; and
- c) take appropriate action against any director or employee contravening these Rules of Conduct.

#### Article 6: Political Contributions

Contributions to political parties or committees or to individual politicians may only be made in accordance with the applicable law, and all requirements for public disclosure of such contributions shall be fully complied with. All such contributions must be reported to senior corporate management.

#### Article 7: Company Codes

These Rules of Conduct being of a general nature, members should, where appropriate, draw up their own codes consistent with the ICC Rules and apply them to the particular circumstances in which their business is carried out. Such codes may usefully include examples and should enjoin employees or agents who find themselves subjected to any form of extortion or bribery immediately to report the same to senior corporate management. Members should develop clear policies, guidelines, and training programmes for implementing and enforcing the provisions of their codes.

With acknowledgement to the ICC <http://www.iccwbo.org/>

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#### Panorama of the Bay of Luanda from the Fortaleza

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