LUANDA URBAN POVERTY PROGRAMME
SUSTAINABLE LIVELIHOODS PROJECT

ANGOLA COUNTRY PAPER
THE REGULATORY ENVIRONMENT AND MONETARY & FINANCIAL INFLUENCES ON THE MICRO-ENTERPRISE INDUSTRY

for
SOUTHERN AFRICA CAPACITY BUILDING
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Development Workshop - Angola

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ACRONYMS

BNA – National Bank of Angola

FADDME – Ad Hoc Forum for the Development of Micro-Businesses

LUPP – Luanda Urban Poverty Program

LURE – Luanda Urban Rehabilitation Project

DWA – Development Workshop - Angola

SLP – Sustainable Livelihoods Program

NGOs – Non-Governmental Organizations

SADC – Southern Africa Development Community

SANCAF – Southern Africa Capacity Building Network

UNDP – United Nations Development Program
1.0 Introduction

Angola is a founding member of SADC. The country has suffered 40 years of war since launch of the independence struggle in 1961 until the ceasefire which ended the civil war between the Government and UNITA in February 2002. The 27 years since independence have been an era of almost continuous internal conflict. Due to the war, agriculture has stagnated and the industrial infrastructure has largely been destroyed. Angola has shifted from being an agricultural producer of diverse commodities to almost complete dependency on oil and diamonds.

Angola's history has turned one of SADC's potential producers into one of the poorest countries in the world. Its population, most of whom are today war displaced, are residents of the peri-urban areas around the principal cities. The urban poor survive by carrying out activities in the informal market, where they have a very limited access to credit provided by informal market money-lenders at high interest rates. Informal sector marketing has been the only means for poor households to sustain themselves while the elites have had access to bank loans at interest rates that until very recent past, were subsidized by the official exchange rate.

It was under these conditions that Angola took over the SADC presidency on the 23rd of September, 2002. The priority challenges include; the resolution of conflicts, the reduction of poverty and the tackling of HIV/AIDS and other endemic diseases such as malaria. The challenges presented will require the democratic participation of all actors, including Churches and various Civil Society institutions such as Non-Governmental Organizations (NGOs).

NGOs have played a fundamental role as far as emergency programmes are concerned. In a post-conflict situation it is necessary that these humanitarian actions be transformed into sustainable development programmes. A number of national and international NGOs have started income-generating programmes in the 90's, mostly in the coastal peri-urban areas of Benguela, Mbanza-Congo and Luanda and in highland agricultural areas such as Huambo and Malange. (See annex table for implementing NGOs). These NGOs together with the Ministry of Family and Women, the Lwini Fund, the Ministry of Social Affairs and "Banco Sol", make up the Micro-Business industry that recently emerged in Angola. These programmes are implemented with the knowledge of the Central Bank management, but without any regulation.

Angola's financial and monetary systems have experienced a slow development due to the 40 years of war. Out of these, the post-independence period has been 15 years of a pro-socialist economic regime and 12 of market economy. In the last three years the Government has been giving greater importance to the restructuring of the national financial system. In these documents, the BNA management recognizes that until now institutional development has not been addressed. Economic institutional reform could play an important role in reducing poverty for low-income families.

A number of institutions have contributed to the preparation of these drafts through the Ad-Hoc Forum for the Development of Micro-Enterprise (FADDME) promoted by the Luanda Urban Poverty Programme (LUPP). DFID has supported the two components of the LUPP programme;

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1 The country ranks 149th in the human development index which means a daily income of less than US$ 1.00/day for most Angolans.
4 Draft bill: Microfinance Institutions and Credit Cooperatives Diploma.
5 in Diploma's Draft Bill.
6 Luanda Urban Poverty Programme (LUPP) has been supported by the British Government through DFID between 1999-2002.
Development Workshop’s Sustainable Livelihoods Project (SLP) and LURE (CARE International) who have collaborated with the BNA management, in the preparation of new draft micro-finance legislation. This means that the micro-enterprise policy development process on the part of the Angolan Government and the BNA management has encouraged the involvement of the civil society. These civil society institutions can contribute in a way that peace dividends happen quicker and are more efficient. Their contribution to the development of the legislation, through which the most disadvantaged classes, which are displaced and in a process of reintegration, believe that microfinance is an efficient industry in reducing poverty, is essential. It has been proved that even in a situation of conflict, economic destabilization and hyperinflation; it is possible to implement micro-finance programmes in Angola. The groundwork for a microfinance industry in Angola will be laid by the publication of the Microfinance and Cooperative Laws.

SADC integration could, certainly, contribute to the achievement of this objective through the exchange of national experiences and through the building of networks such as SANCAF which provide an environment for debate and participatory development.

**2.0 POST- INDEPENDENCE FINANCIAL SYSTEM**

**2.1 Background on the Banking System:**

The post-independence financial system has been characterized by a comprehensive reform of the financial system which started in 1991 when the Government began implementing reforms in the financial sector and approved new legislation creating a bank system that ceased the State monopoly in the financial sector. The new Organic Law institutionalizes the National Bank of Angola or Banco Nacional de Angola (BNA) as the Central Bank in a two-level bank system, recognized as the monetary authority and the exchange-rate authority actor and independent of commercial activities. The Law on Financial Institutions, in turn, regulates credit operations and the establishment of other non-monetary institutions, and ensures the opening of the system to institutions with private, national or foreign capital, thus enabling the establishment of the following financial institutions:

- bank institutions including commercial banks and investment or development banks;
- special credit institutions, including namely cooperatives and mutual credit banks and also savings institutions and real estate credit;
- parallel Bank institutions, such as companies linked to investment, risk capital, financial allocation, credit financing acquisitions, financial factoring and holdings.

In addition to the BNA, two Angolan commercial banks established as public joint-stock companies, formed the national bank system. As a result, at the end of 1991, the BNA ceased accepting deposit accounts both in local and foreign currencies and a programme aimed at ceasing commercial operations was approved. From 1992 onwards, branch offices of foreign banks have been settling in the country.

In the framework of the bank system restructuring process, the approval in July 1997, by the National Assembly, of the National Bank of Angola new Organic Law, made it possible for some legal hindrances to be overcome. The BNA, as the Central Bank, has been given greater responsibility and autonomy to guide and execute the monetary and exchange-rate policy adopted

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8 The "Banco de Poupança e Crédito" (BPC), former BPA) and the "Banco de Comércio e Indústria" (BCI) and the "Caixa de Crédito Agro-Pecuária e Pescas" (CAP).
9 The "Banco Totta e Açores" (BTA) and the "Banco de Fomento e Exterior" (BFE) and the "Banco Português do Atlântico" (BPA).
by the country with greater ability.

The BNA has delegated to Commercial Banks and Exchange Rate Houses the competency to license and execute a number of invisible trade items operations in hard currency. As a result, those commercial banks and exchange-rate houses that were licensed by the BNA were able to carry out exchange rate operations at rates fixed by the BNA. The BNA's activities focused on the primary market of hard currency and in operations with financial institutions. In the meanwhile, all imports and exports were subject to a prior license; transfers of capital were also subject to prior licensing by the BNA.

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At the present time, a total of seven banks are operating in the Angolan monetary market. Of these six are Commercial Banks of which two are public (Banco de Poupança e Crédito and Banco de Comércio e Indústria), with some branches in various provinces. Four are private banks. Of these, one (Banco Commercial Angolano) is Angolan. Three are branches of Portuguese banks (Banco de Fomento e Exterior, Banco Totta e Açores and Banco Português do Atlântico). With the exception of Banco Português do Atlântico, the other two have branches in some provinces. There is also one Bank of Investments of private capital (Banco Africano de Investimentos) with a branch in Luanda. Parallel to these, also operating are some representative offices of the Citibank N.A., the Equator Bank, the "Banco Espírito Santo" and the "Banque Paribas".

2.2 Legal Framework and Institutional Governance for Financial Institutions

The present law covering financial institutions\(^{11}\) is not equipped with tools to deal with activities of future microfinance institutions. Due to gaps concerning fundamental aspects that are not dealt with in the two diploma bills being developed, we thought it was opportune to refer in this document how Financial Institutions are governed. For this purpose, articles of the above-mentioned law have been transcribed as follows:

**Financial & Services Law no: 1/99**

**Article 1 Object of the Law**

This law regulates the process of establishment, operation, supervision and curative acts of credit institutions and financial enterprises.

The constitution (and conditions of operation) of institutions whose aim is micro-credit operations, are regulated by a special law.

**Article 3**

It is understood that credit institutions are banks, financial institutions and credit cooperatives.

\(^{11}\) Financial Services Law No. 1/99 of 23 April 1999, establishes the supervision and control of banks, finance companies and credit cooperatives and states that a separate law will regulate micro-credit institutions.
Article 4  
Activities carried out by credit institutions

Banks may carry out the following operations:

get deposits or other reimbursable funds;
credit operations, including granting of guarantees or other obligations except financial lease and financial assignment;
payment operations;
issue and management of means of payment, such as credit cards, travelers’ cheques and credit letters;
transactions, either on someone’s own account, or on account of third parties, on tools in the monetary, financial and exchange-rate markets;
participation in issue and placement of securities and rendering of correlative services.

securities section’s consultancy, safekeeping, administration and management;
buying and selling foreign bills and coins or traveler’s cheques;
taking equities in partnership’s equity capital;
operations on precious metals, under the terms established by the legislation on exchange-rate operations;
trading in insurance contracts;
hiring of safes and safekeeping of securities;
other similar operations provided that they are not forbidden by law.

The National Bank of Angola is the entity in charge of defining the terms and conditions for the implementation of operations referred to in the preceding number.

Financial institutions are only allowed to carry out medium- and long-term financing operations through the acquisition of real property or equipment and simultaneous leasing, as per own regulation.

Credit cooperatives are only allowed to collect deposits from their members and to carry out credit operations destined to promote productive activities within their members, as per own regulation.

CHAPTER II  
Authorizations to credit institutions with headquarters in Angola

Article 13  
General requirements

Credit institutions with headquarters in Angola are to meet the following requisites:

correspond to one of the types provided for by the Angolan legislation;
adopt the model of a joint stock company;
have as its exclusive corporate purpose the activity legally permitted under article 4 of this law;
own equity capital not less than the minimum legally required;
have the equity capital represented, as a requirement, by normative shares.

At the date of the constitution, the equity capital must be totally subscribed and paid in an amount not less than the minimum legally required and deposited in the National Bank of
When it comes to increasing the capital, the total equity capital must be totally paid within six months to be counted from the date of the constitution or date of subscription. The transaction of lots of shares among residents, which either separately or cumulatively represent more than 10% of the equity capital, requires authorization from the National Bank of Angola. Transactions of shares in which non-residents take part, must always have the authorization of the National Bank of Angola.

**Article 14**

**Composition of the administration body**

The administration body of credit institutions shall be made up of a minimum of three members, mostly non-executives, with powers to effectively guide the institution's activities.

The day-to-day management of the institution is under the responsibility of, at least, two members of the administration body.

For the purposes of this law, the administrators may not necessarily be shareholders but must be individuals with full legal capacity.

If a corporate body is appointed as administrator, an individual shall be appointed to carry out the post on his/her own name; the corporate body responds jointly and several with the person that has been appointed, for his/her actions.

**Article 15**

**Process of Authorization**

The constitution of credit institutions requires an authorization to be granted by the National Bank of Angola, on a case by case basis. Exception is made to credit institutions with headquarters in Angola that have non-resident individuals or corporate bodies as shareholders, when the subscribed capital, either totally or in part, surpasses 20% of the equity capital. In this case, authorization is to be granted by the Counsel of Ministers, upon advice from the National Bank of Angola.

**Article 16**

**Request proceedings**

The request for setting up an institution is forwarded with the following elements:

- authorization for the type of institution to be established and by-laws;
- proof of economic and financial capacity of founding shareholders;
- programme of activities, geographic dissemination, organizational structure and human, technical and material resources that are used, as well as provisional accounts for each of the first three years of activity;
- identification of the founding shareholders with specification of capital subscribed by each of them;
- informed account on the suitability of the shareholding structure;
- statement of commitment pledging that at the time of constitution and as a condition inherent to it the minimum amount of the equity capital required by law has been deposited at the National Bank of Angola;
- trustworthiness of founding shareholders on what is susceptible of, either directly or indirectly, exert significant influence on the activity of the institution.

The following information related to founding shareholders that are corporate bodies holding qualified equities in the institution to be established should also be provided:
by-laws and a list with members of the administration body; balance and accounts for the last three years;
list of partners of the participating corporate body that are holders of qualified equities in such body;
list of partnerships, in the capital of which, the participating corporate body holds qualified equities, as well as an illustrative account of the group structure to which it belongs.

The submission of elements referred in the preceding number may be dispensed with when the National Bank of Angola is already in possession of such information. The National Bank of Angola may ask the petitioners for further information and carry out inquiries that it considers as necessary, if:

- the National Bank of Angola does not think as having been proved that all qualified equity holders meet the requirements of nº 2 of article 21 of this law;
- the credit institution does not have technical means and enough financial resources for the type and volume of operations that it intends to carry out.

If the request is not submitted adequately, the National Bank of Angola, before refuting authorization, shall notify the petitioners to fill up the gap.

Article 39
Accounting and Book-keeping

Credit institutions shall keep all the accounting specific operations carried out in Angola centralized at the branch office established in the country and the use of Portuguese when entering data in the books is compulsory.

CHAPTER VII
Norms, Cautiousness and Supervision

Article 59
Market guidance and control

The National Bank of Angola is in charge of guiding the monetary, financial and exchange markets in line with its organic law and this diploma.

Article 60
Supervision

The National Bank of Angola is the entity in charge of supervising credit institutions with headquarters in Angola, as well as supervising branches and representative offices in Angola of credit institutions with headquarters abroad, in line with its organic law and this diploma.

SECTION II
Cautious Norms

Article 61
General principle

Credit institutions shall, at all times, apply the funds they own in a way to ensure adequate levels of liquidity and solvability.
**Article 62**

**Capital**

The National Bank of Angola is responsible for fixing, by notice, the minimum equity capital for credit institutions.

Credit institutions established as a result of:
1) changes in the corporate purpose of a partnership,
2) fusion of two or more, or
3) split, must have, at the act of constitution, equity capital not less than the minimum established under the preceding number.

**Article 63**

**Own funds**

The National Bank of Angola shall fix, by notice, the elements that may integrate the funds owned by credit institutions and the branches in Angola of credit institutions with headquarters abroad, defining the characteristics they should have.

The funds owned can not become less than the amount of the equity capital required under article 61 of this law.

If reductions of funds owned go beyond the referred amount, the National Bank of Angola may, whenever circumstances justify, grant the institution a limited period of time to settle the situation.

**Article 64**

**Reserves**

The National Bank of Angola shall fix a fraction to be deducted from net profits obtained in each financial year by credit institutions which must be earmarked for the constitution of a legal reserve up to the limit of the equity capital.

Credit institutions shall also establish special reserves destined to strengthen the equity capital or to cover losses that can not be sustained by the profit and loss account.

The National Bank of Angola shall establish, by notice, general or specific criteria, for the constitution and application of reserves referred in the preceding number and others that it deems as necessary.

**Article 71**

**Duty to report**

Credit institutions are obliged to submit to the National Bank of Angola the information it considers as necessary to the verification of its level of liquidity and solvability, the risks they are subjected to, the compliance with legal and established rules by its administrative structure and the efficiency of their internal controls.

Credit institutions shall provide access to the National Bank of Angola for inspection to their offices and examination of their local accounting, as well as all other elements that the National Bank of Angola thinks is relevant for the verification of those aspects referred to in the preceding number.
The National Bank of Angola may take copies and transcripts of all relevant documentation.

Those entities not covered by the preceding numbers and holding qualified equities in the capital of credit institutions are obliged to submit to the National Bank of Angola all elements or information that it considers relevant for supervising the institution in which they participate.

**Article 72**

**External auditors**

Credit institutions' activities and their annual accounts shall be subject to an external audit, at least every two years, by a company enjoying recognized trustworthiness and established in Angola. Such company shall report to the National Bank of Angola, in a way that the BNA determines, the activities carried out and respective results. It shall also inform to the National Bank of Angola, at any time, any detected breaches to the legal and established rules and the facts that may affect the continuity of operations by the institution or are a cause for qualification as per the auditors' advice.

The National Bank of Angola may, whenever it deems as necessary, subject any credit institution to an external audit, with the costs incurred in this activity being covered by the relevant credit institution.

External auditors rendering auditing services under the terms of the preceding number are obliged to remit to the National Bank of Angola and to the audited institution, copies of reports that have been prepared.

**CHAPTER IX**

**Financial Partnerships**

**SECTION I**

**Authorization for Financial Partnerships with Headquarters in Angola**

**Article 90**

**General requirements**

Financial partnerships headquartered in Angola shall meet the following requirements:
- correspond to one of the types provided for by the Angolan legislation;
- adopt the partnership model provided for by the regulation governing their activity;
- have as their corporate purpose any or some of the activities referred in paragraphs b) a i) of nº 1 of article 4 of this law or any other activity provided for by any special law.

At the date of the constitution, the equity capital, in an amount not less than the legal minimum required, shall be totally subscribed and paid.

When it comes to increasing the equity capital, the equity capital is to be totally subscribed within six months to be counted from the constitution or the date of subscription.
2.3 Exchange Rate Regime and Microfinancing

This regime is mentioned here because the Angolan currency has undergone a number of changes as a result of the restrictive policies of the Government through various replacements of the national currency. National currency replacements come as a solution to the extended monetary policies through an injection of currency. Until 2001 Angola was a country of rampant inflation. Such inflation was one of the causes for the American dollar to be extensively used in the country even by the poorest communities. Up to 1999, there was a fixed exchange rate which used to be fixed by the National Bank of Angola.

A diploma\textsuperscript{12} (Notice 1/99) enabled the practice of fluctuating rates when buying or selling foreign currency, or rates freely negotiated among those entities authorized to deal in foreign currency and between those entities and their clients. This diploma aims at institutionalizing a mechanism that would enable a balance between supply and demand of foreign currency in line with the rules of the market, the efficient and rational allocation of foreign exchange resources and the reversion of a tendency for erosion in International Reserves.

The BNA states in this diploma that \textit{the most immediate consequence of this measure is the mobilization by the financial system of foreign exchange resources available at the informal market, which will be put in good use for the development of the national economy}. One other effect is to stimulate the capitalization of exporting companies and, consequently, promote non-traditional exports.

2.4 Monetary Policy

The liberalization of \textit{interest rates} and the diploma's contents\textsuperscript{13} sets the principle of free negotiation between banks and their clients and of active and passive interest rates. The aim is to let the market determine the cost of the capital, so it fits into the adopted philosophy of liberalization of prices. One other diploma\textsuperscript{14} defines the methodology of loan operations to be practiced by the Central Bank with financial institutions and sets the interest rates to be applied on such operations. It is a tool through which the Central Bank intervenes directly in the establishment of market's interest rates.

Directive 4/99\textsuperscript{15} sets the rules for the Central Bank to determine the \textit{credit volume} to be granted by bank institutions to the economy. This directive works as a transitory tool for direct management of the liquidity in the economy that should remain until when the inter-bank monetary market is consolidated.

2.5 Impact on microfinance

The above-outlined legislation shows the evolution of the financial and monetary policy in Angola. In its article 1 it defines the need to regulate the microfinance activities\textsuperscript{16}. The BNA Management is in the process of preparing a diploma bill. This document says that the microcredit subject-matter was not yet provided with a proper regulation within the Angolan legal context, as article 1 recommends. Up to now, this activity has not undergone an institutional development in Angola. It also states that due to the initial phase of implementation of this credit activity this first systematization test will fix much generic parameters of activity by legal means, giving way to a

\textsuperscript{12} Notice 1/99 – Buying and selling foreign currency
\textsuperscript{13} Notice 7/99 – Interest Rates - Liberalization
\textsuperscript{14} Notice 12/99 – Rediscount rates / secured credit
\textsuperscript{15} Directive 4/99 – Credit Limitations
\textsuperscript{16} Article 1 (Scope of the Law), paragraph 2 The constitution and conditions of operation of institutions whose corporate purpose is the micro-credit activity, are governed by a special law.
coordinated regulation by the Central Bank, which, with suitable flexibility, will be gradually adapting itself to the needs and indications that the expected development of microcredit will create... (end of quotation).

3.0 Draft Regulatory and Supervisory Arrangements for Microfinance Institutions in Angola

3.1 Licensing

Article 4 Individuals or corporate bodies intending to settle in microcredit operations shall require licensing by the National Bank of Angola by filling in a form. This form includes petitioners' identification data, a description of the project, the name and the headquarters of the institution and asks for documents to be annexed: i) proof that the funds are not from an illicit source, ii) documental proof of ownership of minimum required funds, iii) by-laws if the entities are corporate bodies and iv) criminal record of those involved, in charge.

3.2 Interest rate

Article 7 It is stated that the interest rate regime to be put in practice shall be defined in a way to ensure the sustainability of the fund and an increase in capital and portions. The fixing of interest rates higher than what is determined by law shall not be permitted.

3.3 Access to capital

Article 6 states that the funds and the credit limitations that licensed entities shall allocate to the activity are of their own responsibility and the responsibility of beneficiary groups. The BNA may fix, by notice, the minimum funds and the consequent credit limits.

3.4 Debt collection procedures and laws

Article 3 addresses the reception of deposits, excepting i) the safekeeping of securities of beneficiaries attached to specific programmes, ii) the postponements asked by the borrower, as a way of co-participation in the future credit, iii) credit payments by the borrower, before the time limit, as a way of amortization, iv) the eventual delivery of cash by the borrower, as a collateral for the credit to be granted. This article also states that the beneficiaries' securities should not be object of resource for the granting of micro-credit.

3.5 Impact on the sector

The draft bill states that the microfinance industry has not experienced yet an institutional development in Angola. We realize that NGOs, which are institutions whose goal is not directed to microfinancing activities, are the ones developing financial products. However, a number of

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national and multinational institutions have been following up the development of this rising industry in Angola. For example, a study on the micro-business sector shows that there is a potential for the institutional development of some implementers. An example of this is the potential of LUPP's Microfinance component to turn into a financial institution in the medium-term. It developed, tested and replicated a Model of Loans to Sustainable Joint and Several Groups, according to indicators shown by the Information Management System. Therefore, on an experimental basis, the UNDP with the support of UNCDF's Special Unit for Microfinance (SUM) participates in the development of a DW-SLP’s Business and Strategic Plan, developing a comprehensive business plan for the development of a microfinance institution, institutionally and financially sustainable, and adapted to socio-economic conditions of post-conflict in Angola.

However, the experience of existing microfinance operators in Angola should be taken into account. It must be point out that there is already a Bank functioning in Angola whose operations include micro-credit under the limitations and conditions provided for by law, according to article 3 of its corporate purpose. We can thus infer from the law referred by article 3 and the Law on Financial Institutions, that any institution with sufficient resources to open a Financial Institution can carry out microfinance activities. However, the equity capital required by this law is too high to encourage a transformation of existing NGO programmes into financial institutions. We conclude that there is a need for the BNA to proceed with the work already initiated so that the Bill permits the inclusion of existing NGO implementers.

A second institutional alternative to the microfinance programmes would be to turn them into Credit Cooperatives. For this purpose, taking into account what is stated in the Law, the BNA shall regulate the subject through a proper normative framework that implements and develops the activity of credit cooperatives, in the interest of the strengthening of the national financial system. While this gap of regulation provides opportunities for sharing a number of experiences with the aim of adapting the Microfinance Methodologies to socio-economic conditions and ethnic-cultural habits, it also creates the following constraints:

It allows for a distortion of the definition of microfinance versus income generation causing diverse expectations within the target group;
It makes the training of human resources employees more expensive as they resort to information and training abroad;
It makes the development of the operational and institutional mission and vision of implementers more difficult;
It closes the access of microfinance clients to knowledge of rights and duties.

According to recommendations from a UNDP study and on the basis of the experience acquired by the LUPP Programme and FADDME, the main implications of the Current Financial System show that the microfinance industry in Angola can rise and develop provided that the following aspects are considered:

- preparation of legislation that meet the Microfinance Industry target;
- continuation of participatory development process of diploma bills;
- addressing in a flexible way and not limit the regulation of the microfinance industry;
- outline the definition of Microfinance Institutions.

If, on one hand, the BNA Management takes these recommendations into account and proceeds with the participatory methodology process with FADDME and, on the other hand, takes the

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18 Loan Performer, from Crystal Clearance, achieved in 31 months, in July 02.
20 Law Nº 1/99 of 23 April – Law on Financial Institutions, article 3, paragraph a)
opportunities of sharing experiences with more developed Forums and microfinance networks such as SANCAF, the microfinance regulation will certainly be pro poor and will create conditions for the development of microfinance sustainable institutions.
Annex 1

Table 2: Summary of Commercial Banking Services

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Branches</th>
<th>Types of Loans</th>
<th>Target Groups</th>
<th>$/K Minimum and Maximum Loan Sizes</th>
<th>Interest (p.a.)/Terms</th>
<th>% copart.</th>
<th>Minimum deposits to open loans</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Banco de Poupança e Crédito</strong> (State-owned)</td>
<td>Total 43: Luanda 18 and all other provinces with exception of Lunda Sul, Moçico and Zaire (25)</td>
<td>Short/medium/long term but since restructuring there is basically focus on loans &lt; 1 year</td>
<td>Commerce: 32% Industry 27% Services 50%</td>
<td>$5-100,000 (small and med.) $5-2m for big (modal range $20,000-40,000)</td>
<td>30-60 days 90% 60-90 95% 90-180 105% 180-1 yr 115% $ loans 9-12%</td>
<td>10-20%</td>
<td>$500 (equivalent) individuals $1000 (equivalent) companies</td>
</tr>
<tr>
<td><strong>Banco de Comércio e Indústria</strong> (State-owned, scheduled for privatization in 2003)</td>
<td>On-line branches: Luanda headquarters and 9 branch-offices and one branch in Benguela, Lobito, Cabinda Soyo and Lubango Branches belonging to ex-CAP Malange, Luena, Sumbe N’Dalatando, Saurimo Total: 19</td>
<td>Mainly for commerce and working capital</td>
<td>Larger enterprises</td>
<td>Was predominately KZ until last year now more $</td>
<td>$2,500-2,000,000 (equivalent) most loans between $30-300,000</td>
<td>30-60 d. 95% 60-90 100% 110% 180-1 yr 115% $ loans 9-12%</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Banco Africano de Investimento</strong></td>
<td>Luanda 3 Porto Amboim 1 Lobito 1 Baia Farta 1 Total 6</td>
<td>Short/medium/long term loans Companies and individuals (higher reimbursement rate?)</td>
<td>Predominantly in KZ</td>
<td>$5,000-100,000 small/medium cos. $500,000-2m large cos.</td>
<td>30-180 days 80% 180-1 yr. 120%</td>
<td>20% min.</td>
<td>$1,500 (equiv.) individuals $5,000 companies</td>
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<tr>
<td>Bank Name</td>
<td>Location</td>
<td>Services Provided</td>
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<tr>
<td><strong>Banco de Fomento Exterior</strong></td>
<td>Luanda – 8 branches offices 1 branch in each of Benguela, Lobito, Cabinda, Huambo, Lubango, Namibe, Sumbe, Ondjiva Total 16</td>
<td>Short/medium/long term Commerce, working capital equipment Micro/small/ Medium/large enterprises plus individuals (1550 loan clients): said to give micro/small enterprise loans such as bakeries, private schools, agriculture and commerce Currently most transactions in $ Mainly in range of $5,000-300,000 (*confirm) 80% $8-12% Not applicable $100-200 (equiv.) for both individuals/companies</td>
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<tr>
<td><strong>Banco Comercial Português – Atlântico</strong></td>
<td>1 Luanda</td>
<td>Company loans for working capital, imports/exports; housing loans; overdraft facilities Angolan and foreign companies and individuals Transactio ns in both currencies with greater tendency in $ $2,000-2m with majority of loans around $100,000 100-120% $ ?* Not applicable $1,000 (equiv) individual $5,000 companies</td>
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<tr>
<td><strong>Banco Totta &amp; Açores</strong></td>
<td>Luanda (3) 1 in each of Cabinda, Benguela, Lobito and Lubango Total: 7</td>
<td>Short, medium and long term loans Small, medium and large enterprises (state and private) plus individuals * * * $500 (equiv.)</td>
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</tbody>
</table>
## Annex II

### Table 4: Review of Principal Microcredit Programmes in Angola

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Loan Capital</th>
<th>Starting Date</th>
<th>Methodology</th>
<th>Target Group</th>
<th>Loan Cycles</th>
<th>Interest</th>
<th>Initial Loan Size</th>
<th>Max. Loan Size</th>
<th>Current Value of Highest Loan Pegged to $</th>
<th>Are Loans Pegged to $</th>
<th>Outstanding Loans</th>
<th>% Repay Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Workshop Sustainable Livelihoods Programme</td>
<td>Luanda and now expanding into Huambo</td>
<td>$320,000</td>
<td>July 1999; first loans April 2000</td>
<td>Solidarity Group / Economic activity poor</td>
<td>16 weeks and for graduates 20 weeks (graduates are members of solidarity groups assessed to receive larger loans in smaller groups)</td>
<td>10% flat rate per cycle (32.5% p.a.)</td>
<td>$150</td>
<td>$300</td>
<td>$300</td>
<td>$568.4</td>
<td>yes</td>
<td>1,798</td>
<td>98</td>
</tr>
<tr>
<td>CARE Programme of Small-Scale Economic Activities (component of the LURE)</td>
<td>Municipality of Kilamba Kiaxi</td>
<td>$66,768</td>
<td>July 1999; first loans April 2000</td>
<td>Working with kixikila groups with a village bank type methodology</td>
<td>Kixikila groups located in poor communities</td>
<td>Cycles 1-3 (3 months) 4th cycle 6 months</td>
<td>20% flat for 3 monocyte (80% p.a. flat)</td>
<td>$50</td>
<td>Not yet defined</td>
<td>$300</td>
<td>Loans/ repayments in $</td>
<td>86 groups (total *)</td>
<td>$113,740</td>
</tr>
<tr>
<td>Banco Sol</td>
<td>Bengo Province</td>
<td>October 2000</td>
<td></td>
<td>Solidarity groups; mobilizing savings</td>
<td>Suburban vendors, farmers and fishermen</td>
<td>22 weeks 22% per cycle?</td>
<td>$100</td>
<td>$300</td>
<td>$300</td>
<td>$9,150</td>
<td>yes</td>
<td>43,260</td>
<td>90</td>
</tr>
<tr>
<td>National Microcredit Programme (Ministry of Family and the Promotion of Women)</td>
<td>Luanda Bengo Cabinda Huambo With expansion foreseen in Benguela Kwanza Sul Lunda Sul</td>
<td>Septemb er 1999 (date of first loans as well)</td>
<td>Solidarity groups</td>
<td>Principally poor female heads of households (also have male clients) (commercial and agricultural activities)</td>
<td>5 months</td>
<td>$100</td>
<td>$200</td>
<td>$200</td>
<td>yes</td>
<td></td>
<td>98 accordin g to mid-term evaluati on</td>
<td>98</td>
<td>90</td>
</tr>
</tbody>
</table>
References


