
Angola Monitor

Issue 3/13

The Angola Monitor covers the politics, economics, development, democracy and human rights of Angola. It is published quarterly by Action for Southern Africa (ACTSA).

This issue covers the speculation that José dos Santos is being lined up to succeed his father as president, the recent cabinet reshuffle and the sacking of Luanda's police chief under political news. In economic news it covers government plans for the privatisation of state assets, the proposed increase in electricity prices and the growing questions about the Angola Russia debt deal. In human rights news it covers the continued crackdown on protests, the controversial legal cases against two journalists and the arrest of teacher's union leaders during strikes in Huíla province. In aid and development news it covers the worsening drought in southern Angola and the dengue fever epidemic in Luanda.

This issue is also available in Portuguese.

We welcome readers' responses to the Angola Monitor. Please send your comments to campaigns@actsa.org. For more news and information on Angola and southern Africa visit the ACTSA website www.actsa.org.

Political news

New speculation over presidential succession

The widely held speculation that President dos Santos will hand over the presidency to Vice President Manuel Vicente, has come to an end, following the recent controversial promotion of José Filomeno dos Santos, the president's son, to the position of chair of Angola's sovereign wealth fund. Many believe that he is now being lined up to take over from his father. Several appearances alongside the president at a number of recent ceremonies have only added to the speculation.

Many believed that Manuel Vicente was being prepared to take over from President dos Santos, following his rapid rise to power. Although Manuel Vicente is a close ally of the president, he is said to lack popular support from inside the MPLA. The former head of state oil company, Sonangol was appointed minister of state for economic coordination in January 2012. He became vice president in September 2012, following the elections.

José dos Santos succeeds Armando Manuel who was appointed finance minister. He previously worked for Glencore and an insurance company, part owned by Sonangol. He originally came to prominence when he was appointed to the board of the sovereign wealth fund when it was founded in October 2012. Some have questioned whether the president can appoint his son to such a high profile position under the Public Probity Law.

The \$5bn sovereign wealth fund was set up in an effort to diversify the country's economy by investing income from Sonangol, the state oil company, in agriculture, infrastructure, mining and markets, in order to reduce the economy's vulnerability to fluctuations in oil prices. It will also commit 7.5 per cent of its funding to social and development projects. Nigeria and Ghana have also established similar schemes in an effort to reduce their reliance on oil.

President reshuffles cabinet

President dos Santos announced the first reshuffle of his cabinet since last year's elections on 6 May. Armando Manuel, secretary for economic affairs and chair of the sovereign wealth fund, was appointed finance minister, replacing Carlos Alberto Lopes, the president's brother in law. Waldemar Pires Alexandre was appointed as construction minister, Manuel da Cruz Neto as secretary general in the president's office and Sérgio de Sousa Mendes dos Santos as secretary for economic affairs. Isaac

Francisco Maria dos Anjos was made governor of Benguela and Rui Luís Pinto de Andrade as governor of Namibe. The presidency gave no reason for the reshuffle.

Luanda police chief sacked following shootings

Luanda's police chief Elizabeth Maria Ranque Franque was fired by President dos Santos on 3 June following a number of shootings in the Cacuaco area of Luanda. On 1 June two UNITA officials were shot, allegedly by a group of 11 police officers. Within hours three police officers had also been shot. The interior minister Ângelo de Barros Veiga Tavares pledged a full investigation, after UNITA accused the MPLA of a "manhunt to eliminate its members" and called for a parliamentary inquiry.

President denies social instability in TV interview

President dos Santos gave his first television interview for 22 years on 6 June, leading to speculation that he is seeking to improve his image before stepping down as president. In the 45 minute, pre recorded interview President dos Santos concentrated on the country's achievements since the end of the war in 2002 and plans to reduce poverty and improve education. He emphasised that the legacy of colonialism has a significant impact on the country's underdevelopment and said that the MPLA was working to reduce inequality between rich and poor.

When questioned about the recent protests he asserted "We do not have, at least in my understanding, visibly, any risk of social instability at the moment." He did however admit that protests had taken place, but dismissed them as "small groups of youth organise demonstrations, mainly in Luanda, but they have never gathered more than 300 people. They are generally young people with certain frustrations, who were unsuccessful during their schooling and academic training, were unable to integrate themselves properly in the world of work." His comments have caused frustration amongst human rights groups, particularly in light of recent protests.

Economic news

Government plan to privatise state assets

The government is planning to privatise over 30 state owned companies according to a statement made by the economy minister, Abraão Gourgel, in May. A number of Angola's parastatal companies have been running at a loss, including the airline TAAG and the water and electricity companies. The previous privatisation of the national beer company, CUCA, and Angola Telecom's mobile operator Movitel were tarnished by allegations that companies had been sold to politically well-connected individuals, for an undisclosed sum. There are also concerns that privatisation may lead to job losses in a country with an already high level of unemployment. Although the government's privatisation strategy has been on the agenda since 2006, with little progress, the proposed launch of the Angolan stock exchange may result in an increased interest in state assets from the private sector.

Electricity prices to increase

The government is planning increase electricity charges by 10-15 per cent by the end of 2013. Electricity charges have remained at \$0.2 per kWh for domestic users and \$0.4 for business users since they were last reviewed in 2006. According to Luís Mourão da Silva, chief executive of the electricity regulator, the government also wants to change the management of state electricity companies EDEL and ENE and introduce prepaid meters. According to some reports the companies receive more income from subsidies than they do from customers. Whilst the move is likely to be welcomed by the IMF, which has been urging the government to reduce subsidies, it is unlikely to receive a welcome in Angola, particularly if it has a knock on effect on inflation. Electricity supply is erratic all over the country and many businesses rely on generators, significantly increasing their costs.

More questions over Angola-Russia debt deal

Corruption Watch's recent report 'Deception in high places: the corrupt Angola-Russia debt deal' was presented at the European Parliament on 23 April, highlighting alleged corruption in the deal for the repayment of Angola's war time debt to Russia in the early 1990s. The report shows how millions of dollars were transferred through banks based in tax havens to the benefit of key figures in Angola and Russia, including President dos Santos and government officials.

Andrew Feinstein, author of the report said "A number of individuals, some of which have not yet been identified, made vast profits at the expense of the people of Angola and Russia," because of the facilitating role of banks, tax havens and front companies, many of which are in Europe.

A month after criminal complaints were filed in both Angola and Switzerland, the Open Society Initiative for Southern Africa complained that the Angolan government had failed to make any comment on the allegations.

LNG exports commence

Angola made its first shipment of Liquid Natural Gas (LNG) in June, from its new plant in Soyo, northern Angola. The plant, one of the largest in the world, was originally expected to make its first shipment in March, but a lack of skilled labour, a recent fire and other technical problems held it back. The project is owned by Chevron, BP, ENI and Total, with state oil company Sonangol owning the largest share. The plant is expected to produce 5.2m tonnes of LNG per annum, when it is fully operational.

Exports of oil may also increase in the future as Spanish energy company Repsol has entered an agreement with Sonangol to support a seismic survey of pre salt oil reserves in the Kwanza Basin. Pre salt reserves can be difficult to extract, but if the reserves prove to be commercially viable, Angola could further increase its oil production. Oil companies have already invested heavily in the Kwanza and some are already drilling. Jason Kenney, oil analyst at Santander said "It's the next hot spot... The Kwanza basin is very similar to the Santos basin off Brazil and if the first wells are to be believed there is going to be quite significant resources to be found there." BP is amongst the companies known to have invested heavily in exploration licences in the area. Angola is amongst BP's four most lucrative regions in the world, generating a much higher profit margin than many of its other global operations. BP has invested \$20bn in its operations in Angola, and is expected to invest a further \$15bn in the coming decade.

Government push for growth in diamond sector

The government held a conference in Luanda in June to mark the centenary of the first discovery of diamonds in the country, and encourage further investment in the sector. Recent increases in diamond prices, due to demand from India and China, have encouraged companies including South Africa's de Beers and Russia's Alrosa to open new operations in the country. Currently 47 per cent of Angola's diamonds are exported via Dubai. In 2011 the government introduced a more 'investor friendly' mining code and plans to develop the diamond polishing and jewellery manufacturing industries to maximise domestic income from the gems.

There is also speculation that Angola may have ambitions to chair the Kimberley Process in 2015. The scheme was established to prevent blood diamonds reaching the international market, but has received a significant level of criticism both for its narrow definition of conflict diamonds and some of its recent judgements, particularly on Zimbabwe.

The government used the conference to assure potential investors that Angola's diamond industry is ethical, but there were no representatives of civil society at the conference to support this. Navi Pillay, the UN high commissioner for human rights, expressed deep concerns about human rights issues associated with the informal mining sector, when she visited the country in April. The Angolan government may be expected to answer some of these concerns if its ambitions to chair the Kimberley Process are genuine.

New banking rules to increase transparency

Banco Nacional de Angola (BNA) introduced new regulations at the end of April to improve corporate governance and auditing requirements in the banking sector. Banks will have until the end of 2014 to comply with the regulations. However, the banking industry is likely to see rapid growth ahead of this, as new laws obliging oil companies to use Angolan banks will be fully operational by the beginning of October. This could provide an additional \$10bn of liquidity per annum to the economy, but it also brings risks, by increasing the banking sector's reliance on oil, which is highly vulnerable to fluctuating prices. Angola's banks have seen rapid growth since 2002, much of which is down to business with the government. However, 80 per cent of the population still does not have a bank account.

Stock exchange plans delayed to 2016

Plans for Angola to launch its own stock exchange have been pushed back a year to 2016, Augusto Archer de Sousa Mangureira, chair of the Capital Markets Commission, announced on a visit to the London Stock Exchange (LSE) at the beginning of July. The latest postponement comes less than two months after Mr. Mangureira announced that the stock exchange would open in 2015. The government first announced that it was setting up a stock exchange, to increase foreign investment in the country, in 2006.

Luanda property prices fall

Property prices in Luanda have fallen since their peak in 2011, due to an increase in the availability of accommodation in the capital, according to property consultants ProPrime. An average four bedroom apartment in downtown Luanda now costs \$1m, down from \$1.1m in 2011. Property prices in the newly built suburbs of Talatona and Benfica have fallen by up to 22 per cent. Office, retail and industrial space also decreased in price but hotel accommodation remained the same, despite a significant number of new hotels opening recently. Further falls in property prices are not expected due to new legislation on mortgages and the government run rent to buy scheme.

Human rights news

Crackdown on protests continue

Authorities broke up a youth vigil on Luanda's Independence Square on 27 May as protestors attempted to commemorate the anniversary of the disappearance of two activists a year ago. Police initially blocked the square in an attempt to prevent the protestors from gathering, and then used batons to beat about 30 protestors with who were sat in the square, dressed in black. They arrested 12 protestors, all of whom were released after a short while, except one, who was charged with attempted murder. The government news agency Angop reported that police dissolved an illegal and violent protest and were forced to take into custody protestors who threw stones at them. Witnesses to the protest said it was peaceful.

The protestors were commemorating the abduction of Isaiás Cassule and António Alves Kamulingue on 27 and 29 May 2012, ahead of a planned demonstration in the capital. Despite assurances to the UN human rights commissioner in April by the minister of interior and the attorney-general that the investigation into the disappearances was ongoing, supporters of the two are extremely concerned about the lack of progress on the case.

On 15 June thousands of people took to the streets of Cafunfo, Lunda Norte province, to protest against the recent murders of a number of women farming land bordering a major diamond concession in the area. Protestors are concerned about the lack of an investigation by local authorities and the police into the murders. 31 people were arrested following the demonstration, including several members of Social Renovation Party (PRS), which had supported the demonstration. According to protest organisers, soldiers were "breaking into houses looking for young people to arrest."

Journalist faces trial for 2009 article

Journalist Domingos da Cruz appeared at the Provincial Court of Luanda on 14 June charged with inciting civil disobedience in an article he wrote for independent newspaper Folha 8 in August 2009. The article "When War is Necessary and Urgent" accuses President dos Santos and the MPLA of being authoritarian and corrupt and says "under this suffocating regime, the people are left with no other option but to enter into a just, urgent and necessary war, otherwise the country will implode."

The deputy prosecutor of the National Bureau of Criminal Investigation responded to the article by charging him with 'incitement to civil disobedience' under the 'Law on Crimes against the Security of the State'.

Mr. da Cruz's lawyers had called for the charges to be dropped as the law he was charged under was revoked in 2010, and whilst he was declared a formal suspect in August 2009, he claims he was never notified of the charge. The judge decided to adjourn the case, raising fears that the journalist will be charged under a different law. The case returned to court on 19 July, but was again adjourned.

International NGOs call for charges against journalist to be dropped

Sixteen international and Angolan NGOs wrote to Angola's attorney general at the beginning of June calling for defamation and libel charges against journalist Rafael Marques de Morais to be dropped as they were 'politically motivated'. The charges were brought by the business partners of several generals, whom the journalist accuses of multiple human rights abuses in his book "Blood Diamonds: Corruption and Torture in Angola."

In 2012, nine generals named in the book brought a case against Mr. de Morais in the courts in Portugal. The Public Prosecutor chose not to pursue the matter in February 2013, stating "the author's intention is clearly not to offend, but to inform." The generals have subsequently filed a civil case in Portugal against the journalist and his publisher, for defamation. The case is still pending.

At the end of July Mr. de Morais was summoned for questioning by Angola's National Directorate of Investigation and Penal Action, on a total of 11 charges. His supporters say that any libel case against the journalist in Angola threatens the principle of double jeopardy and have called on the government to drop the charges against him.

Teachers' leaders released

At the end of April police arrested two leading members of the National Teachers' Union (SINPROF) when they were handing out leaflets to members of the public about the teachers' strike in Huíla province.

Hundreds of teachers subsequently gathered outside the headquarters of the National Police in Lubango in support of their colleagues Paulo Simão and Albino Daniel who were being detained there. The two were charged with disobedience and insulting the authorities shortly before their summary trial, but the judge ordered their release due to a lack of evidence of any criminal act.

Thousands of primary and secondary school teachers in the province went on strike on 29 April over pay and conditions. According to the union 80 per cent of teachers joined the strike but the provincial governor, Marcelino Tyipinge called the strike illegal, saying the union's general assembly on 20 April did not have the quorum to decide to take strike action. Riot police, present at a number of schools and a teacher training college, were reportedly harassing teachers not to join the strike.

Deportee unlawfully killed

A jury in London ruled at the beginning of July that three guards from the security firm G4S unlawfully killed Jimmy Mubenga, 46 on board a British Airways flight to Angola in October 2010. Mr. Mubenga died after he was restrained by the three guards whilst he was being deported by the British government to Angola. The British Crown Prosecution Service has said it will review its previous decision not to prosecute the three guards due to a lack of evidence.

Aid and development news

Drought hits southern Angola

Church groups, local and international NGOs launched appeals at the end of June to get supplies to some 500-800,000 people who are affected by drought in southern Angola. Cunene, Namibe, Huíla and Kuando Kubango provinces have seen riverbeds and boreholes drying up and thousands of hectares of agricultural land badly affected by the drought, destroying crops and livestock. The provinces of Cunene and Namibe have experienced the driest first quarter in 25 years. Huíla, south west Benguela and Kuando Kubango provinces have also seen a significant drop in rainfall leading to water shortages and crop failures.

An inter-ministerial commission was established in May to address the drought. According to government reports, hundreds of tonnes of aid as well as emergency water tanks have been sent to drought affected areas, but local NGOs say the efforts are insufficient. ACT Alliance and Caritas Angola are among the Church groups who have launched appeals in response to the drought. Caritas Angola describe the situation as critical.

Neighbouring Namibia has also been badly affected by the drought, resulting in large numbers of people migrating across the border in search of help. The government of Namibia announced a national emergency in May.

Dengue fever outbreak hits Luanda

The World Health Organisation (WHO) confirmed at the beginning of May that there was a dengue fever epidemic in Luanda. WHO country representative Hernando Agudelo Ospina said "Since March, Angolan authorities have recorded 128 cases of dengue fever in Luanda province, the first time an epidemic of this disease has hit the country."

By the end of May the number of suspected cases in the province had risen to 515, 313 of which were positive, according to a report by the Centers for Disease Control and Prevention (CDC) and WHO. By 20 June the Angolan Ministry of Health reported that there were 834 cases, 214 of which had been admitted to hospital.

Dengue fever is usually spread by mosquito bites; patients usually suffer from a rash, high fever and joint pain, but in the most dangerous cases, they can suffer from haemorrhaging and low blood pressure.

The government was initially accused of downplaying the epidemic, but has more recently responded by encouraging people to cover water containers and has announced that it will spray potential mosquito breeding areas with a pesticide. They are also preparing health officials in other regions to tackle the epidemic, should it spread further.

The articles in the Angola Monitor do not necessarily represent any agreed position of ACTSA itself.