

# Angola - Becoming a key hub for the African continent

In recent decades Angola, Africa's second-biggest oil producer, has been one of the fastest-growing economies on the continent. However, behind the impressive numbers the country had struggled to reign in corruption and prove to much of the world that it is a modern, forward-looking nation. That's changing.

Since becoming Angola's president in 2017, João Lourenço has launched an anti-corruption drive that has made significant strides in cleaning up the country. In an interview with the Financial Times last October, Lourenço pointed out the importance of reform efforts currently underway in Angola. "Our reform must have two main objectives, which are to strengthen the democratic rule of law and implement a true market economy," he said, adding that a rolling programme of privatisations can function as an economic engine.

In January, Fitch Ratings upgraded its economic forecast for the country, based on significant improvement in Angola's fiscal and external metrics "underpinned by a return to positive economic growth, sound fiscal management and higher oil prices." The ratings agency forecasted GDP growth of 0.1% in 2021, after five years of economic contraction, before accelerating to 2.1% in 2022 and 3.1% in 2023, driven primarily by the non-oil sector.



João Lourenço  
President of Angola

"It is a good moment to speak about Angola as it is undergoing huge reforms in different sectors, on a political, economic and social side," says Antonio Henriques Da Silva, CEO of AIPEX. "We are now part of the African Continental Free Trade Area, and it is a huge opportunity

for us to play a role as a hub in the region," he adds. "By playing this role we are going to be able to step forward in the direction that could accelerate our own aspirations to become a strong reference in the region of central and southern Africa and on the continent overall."

Angola continues to rely heavily on revenue from oil, which accounts for around a third of GDP and over 50% of fiscal revenue, but the country is making significant progress in diversifying its economy. At the same time, 75% of Angola's population is below the age of 25, opening up plenty of opportunities, especially if the country succeeds in increasing the level of direct foreign investment and further stimulating its private sector.

Continued political progress is key to Angola's future success, especially when it comes to improving the country's international reputation. "We are working to attract greater investment in oil production, but especially in the production of non-associated gas," Lourenço told the Financial Times last year. Meanwhile, privatisation remains a central policy plank. "We want to make all those assets that were previously held by the state more efficient, and transfer them to the private sector so that they produce more and better goods and services," he said.

# Cabship

## Angola's logistics partner of choice for companies and investors

Angola, Africa's third-biggest oil producer, is looking towards a period of sustained growth, with the economy expected to expand by 2.4% in 2022, aided by higher oil prices. At the same time, foreign direct investment in the country reached \$1.6 billion in the first quarter of 2021, the majority of that going into the petroleum sector, according to market and consumer data company Statista.

One company hoping to ride future economic growth is Cabship, an Angolan owned and managed logistics and supply chain management company founded in 2009, and the logistics partner of choice for many companies and investors in the country. With more than 12 years of experience delivering turkey logistics solutions in project cargo and integrated logistics to various industries.

"Logistics, the supply chain, is an entry level for every business in order to move people and goods, and when that happens you want to make sure that the goods are delivered safely, on budget and on time," says João Filipe, Cabship's founder and chief executive. "Once here, you want to ensure storage and transportation is up to standards," he adds.

The company provides service-driven solutions to industries including oil and gas, mining, energy, and construction. "We're not



João Filipe  
Founder and CEO - Cabship

a branch or a subsidiary of a big multinational company, but a local company owned and managed by Angolans," says Filipe. "The advantages that we offer are that we understand the local legislation framework and we are the local leaders of warehouse and material management for the oil & gas sector in Angola."

At the same time, Cabship has embraced new technologies, utilizing track and trace technologies so that clients are able to view the tracking of their cargo live, while also looking for tech and IT partners to further its digitalization process. "We also have a warehouse management system

commissioned specifically for us that helps manage plans and inventory and warehousing space, including analytics reports," Filipe adds.

While the pandemic has led to challenges, in general business has been good. "We signed a new contract with a second multinational, and this has been an important milestone for us," says Filipe.

Over the next few years Cabship plans to consolidate its position. It's also looking at opportunities in Mozambique. "We want to increase our footprint in Angola. However, we're capable of operating everywhere; we've had clients as far Russia delivering goods in mining areas, Lunda Norte Province, we've also done some solar projects," Filipe says.

When it comes to Angola, Filipe says the country offers real potential. "Angola has a huge amount of opportunities. I would like to see Angola in years to come, to be like Dubai or Singapore, but a lot of hard work has to be done before we get there," he says. "The generation of the colonial era is almost all retired or about to, and the generation born after the Independence has a new mind-set, a new way of doing things, many studied or worked abroad. In Angola today everything is new and prosperous."



# National Bank of Angola

## At the heart of Africa's new success story

Praising Angola's "substantial economic and political progress" over the past two decades, and in particular in the past 4 years, the World Bank has noted that the African country's reform programme has already borne fruit, including support from investors on the global bond market and from the International Monetary Fund. The World Bank asserts that "macroeconomic stability has been restored" through measures such as the introduction of a more flexible exchange rate regime, fiscal consolidation, and prudent monetary policy, and the country is undergoing a "transition to a more sustainable and inclusive growth model". The international financial institution has given its support to this remarkable transition, announcing a \$700m funding package in March 2021 and another \$250m the following month.

The National Bank of Angola (NBA), which is its central bank, is at the heart of Angola's economic transformation, underpinning its macroeconomic policy and building an environment in which commercial banks can power long-term growth. In October 2021, Angola's parliament altered the country's Constitution so as to make the NBA independent from the political power, a crucial move in strengthening the framework for the management of inflation giving the central bank the autonomy to define and implement the most adequate monetary policy measures towards preserving the buying power of the domestic currency at a time of high inflation in the country and when rising prices are a growing concern globally. New laws governing the central bank and the financial sector were also approved by the parliament with a view to aligning the applicable legal framework with best international practices.

"The Central Bank of Angola has the responsibility of ensuring price stability and also a sound and stable financial sector, as we are the macroprudential authority for the financial sector as well as the regulator and supervisor of the banking sector" says José de Lima Massano, the central bank's governor. "Considering the recent updates to the legal framework, we are adjusting the way we operate in the different areas of our responsibility. It's a new way of doing things which strengthens the reforms the country is implementing, making sure we have sound institutions to support these reforms."

Its mission of ensuring the health and stability of the financial sector has also entailed significant changes in the functioning of the NBA, a process overseen by Massano. The bank is working on the adaptation of its banking supervision methodology to that used by the European Central Bank (ECB), which in the governor's words has "taken our approach to the next level". The bank sees

adopting world-class standards as crucial to the development of its financial sector, believing it will also contribute to promoting investor confidence in the country. In addition, the drive to strengthen the financial sector also has the goal of improving financial inclusion. The NBA puts citizen engagement and delivering value to the society at the heart of its work.

The country's openness to investment as well as the objectives of privatisation of state assets and diversification of the economy are creating new business opportunities and spurring growth.

Massano says: "We need to ensure we have a good, stable financial sector that helps businesses, ensuring that their financing needs are met, and that there is a basis of trust. These are absolute 'musts' for those looking to invest. This is why we've made the changes we have - to take banking activity to the best international standards, to help the country attract investors. We are committed to ensuring that commercial banks are properly capitalized, that they conduct business in an ethical manner and also that they operate in a competitive financial sector."

Ratings agency Fitch said in September 2021 that banks were enjoying an improvement in asset quality and solvency ratios. This is also the result of measures implemented by the central bank to increase minimum capital requirements of banks as well as to ensure that impaired assets were adequately identified and appropriate levels of impairment booked against those assets.

Other key changes brought in by the NBA include tighter anti money-laundering procedures, and perhaps most notably, floating the country's currency, the kwanza. The latter move led the kwanza to drop by around 70% against the United States Dollar over the last 4 years, but has had a transformative effect on the economy, through, inter alia, balancing the demand and supply of foreign currency via the exchange rate and allowing for the simplification



José de Lima Massano  
Governor - National Bank of Angola

of foreign exchange control procedures in addition to significantly reducing the activity in the foreign exchange parallel market.

The simplification of foreign exchange controls also has a positive impact on foreign investors who now no longer require a licence from the central bank to bring foreign currency into the country or to repatriate any capital or profits related to their investments.

"We want to see business flourishing and able to create value in Angola," says Massano. "We are playing our role in promoting the country and helping businesses here."

With its reinforced price-stability mandate, the NBA is continuing its focus on curbing inflation, which is expected to reach 29% this year. Pandemic-related shortages and climate change have had a big impact on food prices, which account for around 50% of the consumer price basket in Angola. Ensuring that monetary policy is transmitted to a real economy with a substantial informal sector is a challenge that the central bank is addressing as it focuses on its key goal of single-digit inflation.

Massano sees "continual improvement" as the pathway for the central bank, with its strong emphasis on work ethic and delivery. This can-do attitude has already put Angola on the radar of global investors.

"Angola is unique," says Massano. "You can see that we're trying to open doors and invite and attract people to come. We have implemented major reforms, and we have unique characteristics: people, location and natural resources. If you're willing to invest in Africa, Angola is the place to be."





# Banco BIC - The partner of choice for driving Angola's diversification

Noting "major reforms...to promote macroeconomic stability, private investment, and a more diversified economy," the African Development Bank (AfDB) takes an upbeat view on Angola's economic future in its African Economic Outlook 2021. These reforms include implementing value-added tax, a fiscal responsibility law, liberalisation of the exchange rate regime, and a private investment and privatisation law. These are expected to support growth of 3.1% in 2021, with the budget deficit likely to fall and the current account potentially returning to a surplus of 4% of GDP. Furthermore, the legislative programme has "increased the resilience of the country to external shocks", the AfDB says, making its debt more sustainable.

In September 2021, ratings agency Fitch said that this macroeconomic climate would lead to Angolan banks seeing an improvement in asset quality and capitalisation through the year. Non-performing loans in the sector were slashed by nearly half between April 2020 and April 2021, and further reductions are likely as the authorities restructure and recapitalise three large state-owned lenders. The banking sector has flourished over the past decade, with banking assets rising by 185% between 2012 and 2020, according to business data platform Statista. With 50% of adults still not having their own bank account, the scope for growth is huge.

As the country's largest private bank, Banco BIC is at the forefront of this growth, and is in prime position as the bank of choice for foreign businesses and investors in Angola, one of the world's most promising emerging markets.

"Our goal is to provide clients with a good banking service, with the ultimate goal of making the economy grow; we're a lender for economic growth," says Hugo Teles, Banco BIC's CEO. "In 2021 we've seen the economy turn around, and companies start to make the best of opportunities that exist. Covid-19 has led to many changing their way of doing business, and we are here to help them. We expect 2021 to see double 2000's figures for our bank."

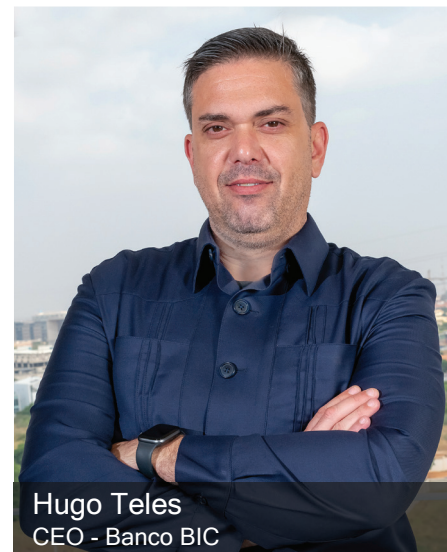
Banco BIC was established in 2005 but is already a reference bank in Angola, setting benchmarks of quality service, technology, and internationalisation for the sector. It also has one of the lowest NPL ratios in the sector, testament to its excellent

risk-management. With more than 220 branches nationwide, it has the benefit of proximity to consumers, giving it a unique understanding of the market that makes it the ideal partner as a gateway to Angola for international counterparts.

"We're in every province, we're the bank that knows more about this country," says Teles. "Branch networks are important in Angola as they give us proximity. We are agile in our relations with clients, but commercially aggressive."

Banco BIC is particularly well-placed for the increasing range of investors looking to participate in Angola's economic diversification drive, which seeks to broaden the country's economic base and reduce reliance on hydrocarbons. The bank is one of the leading institutions backing projects under the government's Programme to Support Production, Export Diversification and Import Substitution (PRODESI). It has had financial approval for 47 projects under PRODESI, which has the fundamental objective of increasing domestic production in priority sectors including agriculture and manufacturing. The programme aims to accelerate diversification and strengthen Angola's competitive advantages, reduce use of foreign exchange resources on imports, and increase and diversify sources of foreign direct investment and exchange.

Teles sees potential in a wide range of productive sectors including agriculture and tourism. He notes that Angola spends 60-65% of its foreign exchange earnings on food imports, despite having huge agricultural potential.



Hugo Teles  
CEO - Banco BIC

The country's superb beaches, natural diversity, and welcoming culture also point towards bountiful opportunities in the tourism industry.

"We believe in the diversification of this country - it has many more resources than minerals," says Teles. "I would like to see the bank as a major lender to everyone that's producing something in Angola - industry, mining, fishing, farming - we'd like to be close to everyone that produces. And I'd like to see the bank growing as one of the banks that helped Angola stop importing food and start producing it."

Welcoming international investors will be central to not only bringing capital, but enhancing knowledge transfer that can drive the development of value-added sectors in Angola. Teles notes that the government's reform programme has hugely strengthened Angola's ability to attract these sorts of investments. Key changes include more liberal rules for repatriation of capital, stronger protection of investment in real estate and land, and enhanced ability to use property as collateral. Investors from as far afield as the Americas and China are showing increasing interest in this hugely promising economy, one of the ten biggest in Africa.

"We need time and investment to enhance Angola's international image, but it's an issue of communication," says Teles. "Angola is a great country to invest - it's a hidden gem."



# AIPEX - An African leader in investment promotion

Praising "sound policies that aim to further stabilize the economy, create opportunities for inclusive growth and protect the most vulnerable", the International Monetary fund gave an upbeat report on Angola in June 2021 as it disbursed the latest tranche of a \$3.9bn funding package to the country. The fund noted that the African country's ongoing fiscal adjustment is reinforcing debt sustainability while also allowing for increased health and social spending through the pandemic. Public debt vulnerabilities are being rapidly decreased, while the new Financial Institutions Law will help underpin financial stability.

The government's reform programme is enhancing Angola's position in the eyes of investors. Despite the pandemic, foreign direct investment (FDI) increased by \$2.59bn in 2020, according to the US State Department's 2021 investment climate statement on Angola. The statement noted that the government is committed to "assuring investors of a clean and transparent environment for investment" and noted opportunities created by a new law facilitating public-private partnerships.

The Agency for Private Investment and Promotion of Exports of Angola (AIPEX) is front and centre of the country's efforts to work with a growing range of international investors and trading partners. Established by presidential decree in 2018, it acts as a one-stop-shop to assist and support foreign investors, and plays a leading role in bringing the renewed strengths of the Angolan economy to a global audience.

"With the President's vision of repositioning Angola, it was key to establish an entity to play a more active role in bringing investment into the country," says Antonio Henriques Da Silva, AIPEX's Executive Chairman. "The aim is to accelerate the positive effects of reforms in the real economy."

Through its newly-established investment gateway, AIPEX has enhanced its relations and interactions with other stakeholders from both the public and private sector. Whether dealing with existing or new investors, the agency can play a more active role in overcoming obstacles and challenges that may be faced throughout the investment implementation process.

AIPEX's establishment has gone hand-in-hand with a wide-ranging legal review which has led to the passing of a new priority investment law, which is much more investor-friendly than previous legislation, and aligned with AIPEX's and the nation's economic priorities. Furthermore, foreign investors no longer require local partners, facilitating value generation, and enhancing Angola's offer



Antonio Henriques Da Silva  
Executive Chairman - AIPEX

compared to many regional markets.

The emphasis has been on creating a pragmatic and consistent framework on which businesses can rely, lowering risk and bureaucratic burdens. AIPEX takes a similarly pragmatic approach, with a realistic and clear roadmap of targets.

The approach has proved a great success, with AIPEX attracting 209 investment projects worth nearly \$2bn from 48 countries.

"Feedback has been very positive," says Da Silva. "We are an institution that you contact when you arrive, so things work out smoothly and you don't have to run from office to office."

Despite its huge resource wealth and strategic location, Angola has historically not punched its weight in attracting FDI, and has come a long way even in the four years since AIPEX was established. But the country is not resting on its laurels. Da Silva says that further pro-business measures are in the pipeline, including streamlining bureaucratic processes and greater digitalisation.

He notes that investors have an ideal

value offer for setting up business in Angola through the Special Economic Zone Luanda-Bengo (ZEE), of which he is chairman. ZEE is the largest area designated for industrial development in the country, covering more than 4700 hectares, and has become one of the key pillars of Angola's economic growth and diversification as it shifts away from over-dependence on hydrocarbons. By driving the growth of domestic manufacturing, it is also helping reduce dependence on expensive imports - and generating jobs for the country's youthful population, 75% of whom are aged under 25.

In July 2021 alone, ZEE approved ten investments worth more than \$77m from five countries including Germany and India, with industries including ceramics, steel, automobile, and food manufacturing. Overall, ZEE is home to more than 100 companies employing 6000 people

Da Silva sees considerable further potential in developing Angola's export-oriented manufacturing.

"We are now part of the African Continental Free Trade Area, and it is a huge opportunity for us to play a role as a hub in the region," he says. "Angola is a country in the Western Hemisphere that is closer to the markets of Europe and the Americas than many exporters. Medium-term that positions us strongly as a base for production."

The agricultural sector is another area with vast scope for growth. Da Silva notes that Angola has 35m hectares of arable land, with only 15% currently being used; some studies rank it eighth in the world in terms of agricultural potential.

And this potential is at last being catalysed. For this long-dormant African champion, the future is bright indeed.

"This is a good moment to speak about Angola," says Da Silva. "It is undergoing huge reforms in different sectors, and on the political, economic, and social sides.

