



Economic trends and opportunities for business and investment in Angola

Angola-Italy Forum

April 2014

MINISTÉRIO DA ECONOMIA

Agenda

- 1. Introduction to Angola**
- 2. Economic policy**
- 3. Incentives to investment**

Angola fact sheet

Population, major cities, currency, size, language, ethnicities, rating, political system



Angola map



Key information

- **Population:** 20,7 M¹ (2013)
- **Capital:** Luanda (6 M)
- **Other main cities:** Lubango (1 M), Huambo (0,9 M), Lobito (0,7 M), Benguela (0,5 M), Kuito-Bié (0,4 M) Cabinda (0,4 M)
- **Major sea ports:** Luanda and Lobito
- **Official currency:** Kwanza – AKZ (USD/AKZ = 97,6 / EUR/AKZ = 134,6)²
- **Dimension:** 1,246,700 km² (more than 2x France)
- **Official language:** Portuguese (official), Bantu and other native dialects (Umbundo, Kimbundu, Kikongo, Chokwe e Kwanyama)
- **Country rating:** BB- (South Africa: A-) in Mar 2013
- **Political system:** multiparty democracy with a presidential system (parliamentary elections held in August 2012)

1. EIU & ADB: 19.6 M (2011) 2. Exchange rate on April 2, 2013 3. GDP PPP at 2005 prices
Source: EIU country report for Angola – March 2011; National Bank of Angola; Standard & Poor's country ratings
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Angola in the Subsaharan context

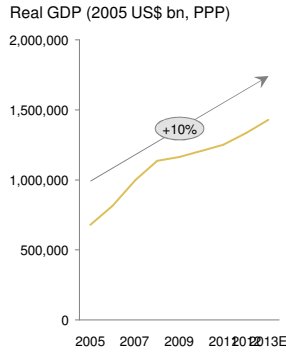
Countries		GDP in current USD ¹	GDP growth 2007-12 ²	GDPpc in current USD ³	Population	Land area in Km ²
Angola		122,5 #3	9,10% #1	6.070 #3	20,7 M #5	1,25 M. #2
Botswana		17,4	4,30%	8.590	2,0 M	0,58 M.
DRC (Congo)		17,2	6,09%	247	69,6 M	2,34 M.
Gana		40,0	8,07%	1.560	25,6 M	0,24 M.
Namibia		12,2	3,86%	5.170	2,4 M	0,82 M.
Nigeria		279,0	6,9%	1.640	170,1 M	0,93 M.
South Africa		378,6	2,78%	7.760	48,8 M	1,21 M.
Zambia		20,5	6,43%	1.480	13,4 M	0,75 M.

1. GDP in nominal USD 2. GDP real average growth rate 3. GDP per capita in nominal USD
Source: World Bank data from EIU country report for Angola – Apr 2014
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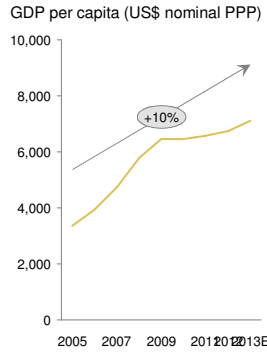
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Angolan economy has been growing steadily

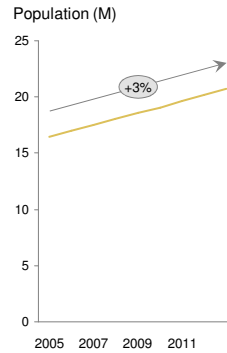
Evolution of Angola's real GDP (2005-2013)



Evolution of Angola's GDP per capita (2005-2012)



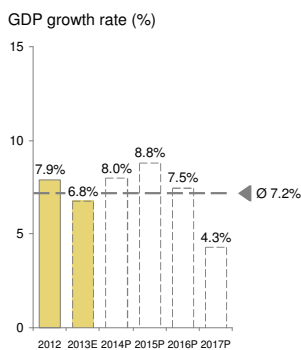
Evolution of Angola's population (2005-2013)



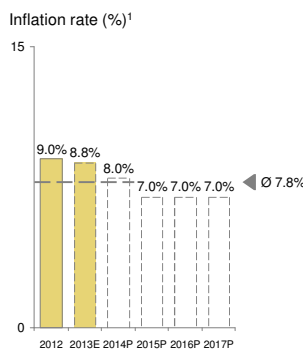
Source: World Bank data from EIU country report for Angola – May 2013; National Bank of Angola
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Current forecasts point to continued growth in a stable macroeconomic context

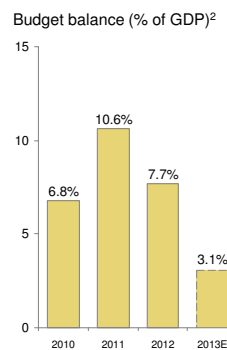
~7% real GDP average growth expected until 2017



Inflation rates will remain below 9% until 2017

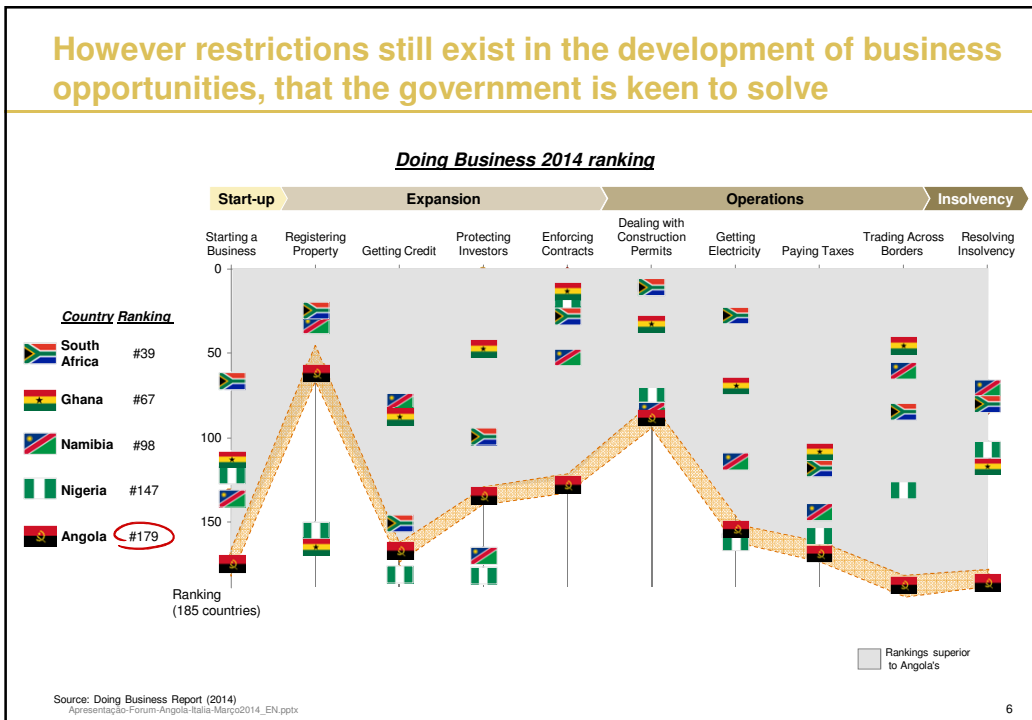


Strong budget surplus



1. Based in the Consumer Price Index 2. Saldo Global do Compromisso (Ministry of Finance)
 Source: National Development Plan (Ministry of Planning; Banco Nacional de Angola)
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However restrictions still exist in the development of business opportunities, that the government is keen to solve



Reforms already implemented address part of the problems in the overall doing business value chain

Initiatives recently implemented to reduce bureaucracy

Start-up	Expansion	Operations
<p>Starting a business</p> <ul style="list-style-type: none"> Creation of a one-stop shop (Guichet Unico da Empresa) capable of creating a company in a single day <p>Improvements to the process of starting a business are ongoing</p> <ul style="list-style-type: none"> Reduction of cost by over 90%, making Angola one least costly countries in which to start to a business Creation of a simple fee to create a company Elimination of four procedures, including a minimum social capital requirement and the public registry 	<p>Registering Property</p> <ul style="list-style-type: none"> Digitalization of land registry accelerating procedures Reduction of transfer taxes <p>Getting credit</p> <ul style="list-style-type: none"> Creation of rules for credit bureaus and possibility of borrowers to inspect their data. New programs to promote access to credit for local SME via public guaranties and interest rate subsidies 	<p>Paying taxes</p> <ul style="list-style-type: none"> Social security electronic filing for businesses with more than 20 employees <p>Simplification of the licencing process</p> <ul style="list-style-type: none"> Commercial licencing process was recently reviewed and simplified Improvements to the industrial licencing and construction permit processes currently ongoing <p>Trading across borders</p> <ul style="list-style-type: none"> Customs improvement program Port infrastructure and management investments

The executive intends to continue implementing policies to develop the business environment

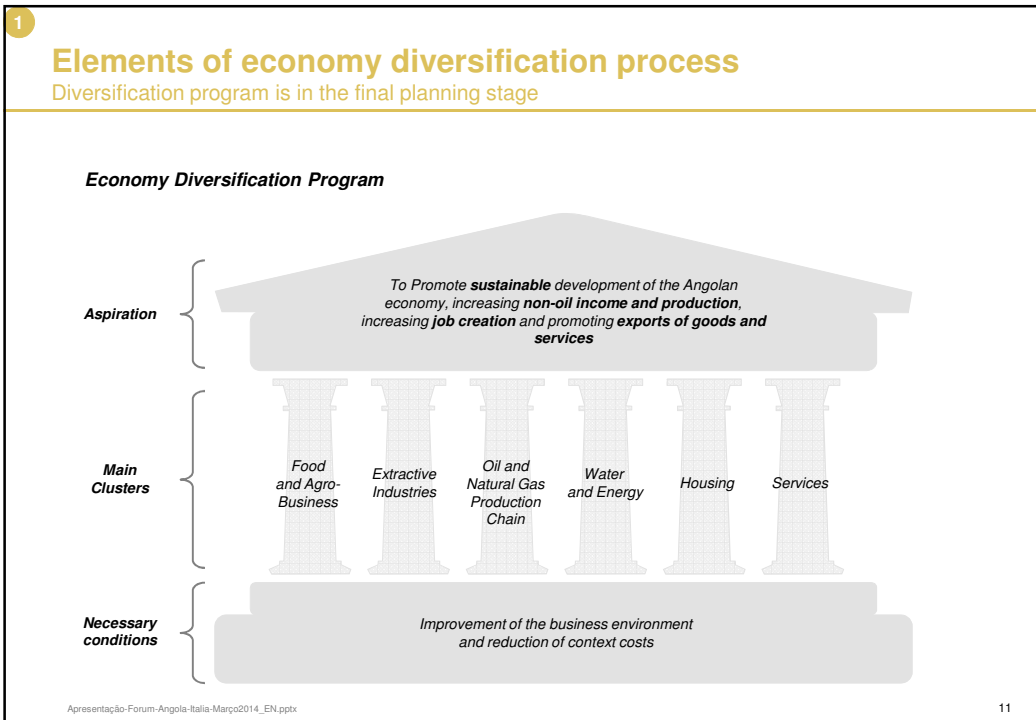
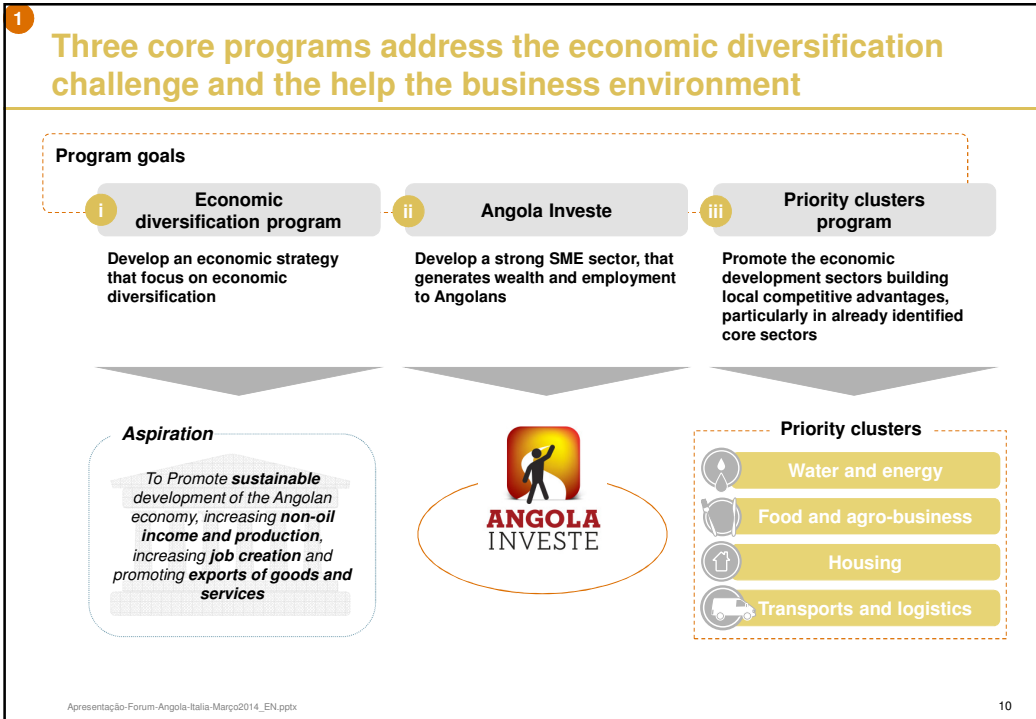
1. For tourism, construction and public works, and production of goods
 Source: Doing Business Report (2008-2012)
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The current National Development Plan defines policies that help the business environment and promote investment





2 Angola Investe implements policies that support the development of micro, small and medium size businesses




Programa Angola Investe

I	Facilitate MSMEs' access to credit	1	Interests' subsidy	2	Guarantee Fund	
		3	Risk Capital Public Fund			
II	Develop capacitating programs for MSMEs	4	Support to entrepreneur (Training, Consulting and Incubators)			
		5	Simplify the bureaucratic processes for MSMEs			
III	Debureaucratization and fiscal and institutional incentives	6	Fiscal benefits for entrepreneurship			
		7	Monitor institutional subsidies' application of the MSMEs' law			
		8	Promote cooperativism			
IV	Incentive to national production	9	Develop flag sectors			
		10	Program to promote national production consumption	11	Logistical corridors for agricultural and cattle products	
		12	Develop the agro-industrial poles, industrial poles and SEZ			

Coordination by the Ministry of Economy
 Under implementation by the Ministry of Commerce

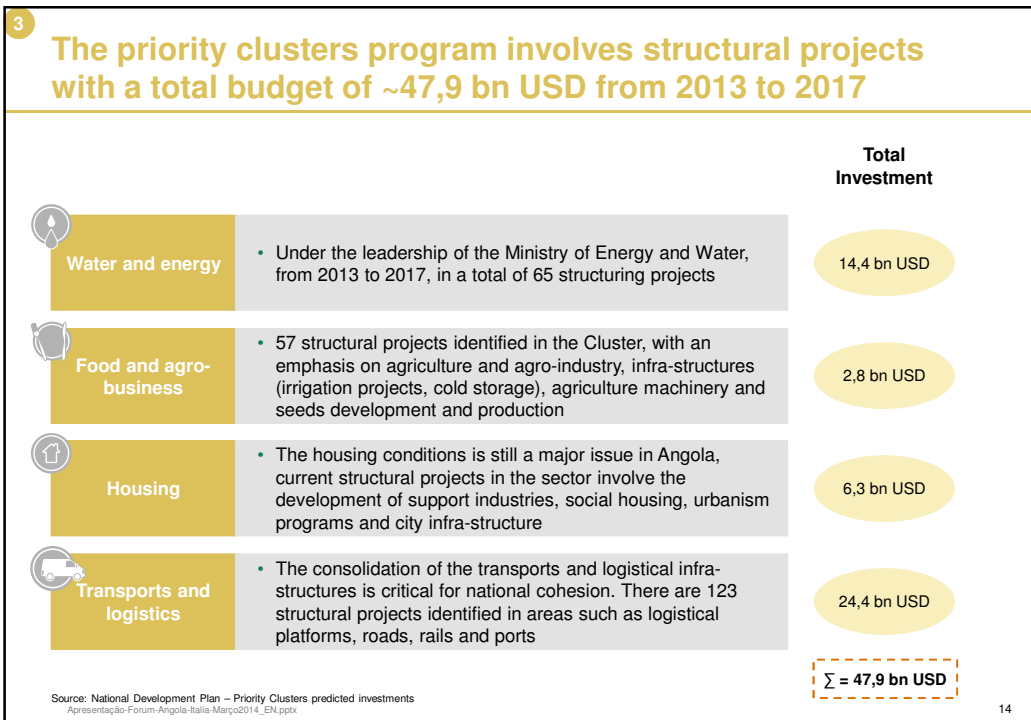
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2 Angola Investe initiatives will impact especially the priority sectors in the productive sector



	Priority sectors	Initiatives	Detail
Primary Sector	Agriculture, Livestock and Fishing, Geology and Mines (extraction)	<ul style="list-style-type: none"> Credit access facilitation Risk Capital Fund Fiscal entrepreneurship incentives Simplification of bureaucratic processes Institutional Supports' Monitoring (MSMEs' Law) Entrepreneur support Promote cooperativism Flag sectors development Program to incentive national production consumption Develop the agro-industrial poles, industrial poles and SEZ 	<ul style="list-style-type: none"> Cooperatives creation Production logistical improvement Improvement of the agricultural and cattle products' management
Secondary Sector	Manufacturing Industry, Geology and Mines (transformation)		<ul style="list-style-type: none"> Improvement of the manufacturing industries' operation Infrastructures' offer Production supply chain
Tertiary Sector	Support Services to Productive Sector		<ul style="list-style-type: none"> Creation of a local suppliers' network Resources development in key support areas

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2 The executive intends to promote local production through the development of local large companies

Promote the development of large local companies and groups in economical segments where Angola has competitive advantages

- The objective will be to increase local production, reducing the need for imports in consumer and industrial goods
- The program will also help diversify local exports, in areas where Angola has natural advantages such as natural resources (minerals, agro-business)

A new fund for large businesses FIGEA, will be created with an public capital estimated in 1,5 bn USD, that will support the finance needs of these projects

IFE, the national institute for business development will implement a set of initiatives supporting corporate development

- Develop management training programs, support to business development plans, foster best practices in corporate governance, developing services to promote the internationalization of local companies

These companies will need partners with know-how for their implementation




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3 The relocation to Angola program aims to attract foreign direct investment through joint-ventures with local firms

Specific support measures to attract industrial, agricultural and productive services foreign companies that relocate to Angola establishing joint-ventures agreements with local companies

Supportive measures

<p>1</p> <p>Access to finance</p> 	<ul style="list-style-type: none"> • New mechanisms to facilitate access to finance for local firms that establish joint-ventures with international companies, through access to a public guarantee fund and subsidized interests
<p>2</p> <p>Access to physical Infrastructure</p> 	<ul style="list-style-type: none"> • Provision of industrial land with infra-structures of international quality by Special Economic Zones such as "ZEE Luanda-Bengo", and a national network of Industrial parks, currently in implementation
<p>3</p> <p>Reduction of Bureaucratic Procedures</p> 	<ul style="list-style-type: none"> • Facilitation of administrative processes for businesses relocating to Angola, reducing the context costs

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3 Industrial parks are being build across Angola to support the new business ventures involving local production

Industrial parks and Special Economic Zones integration with structural infra-structure

Industrial parks available¹

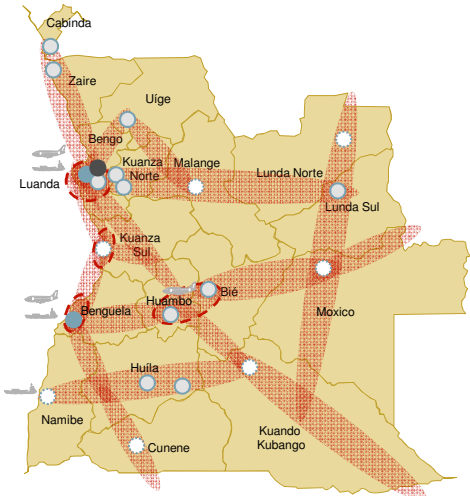
Industrial parks projects

Industrial parks in perspective

Special Economic Zone

Territorial development strategy²

- Internationalization platforms
- Development corridors (logistics)
- Large metropolitan areas



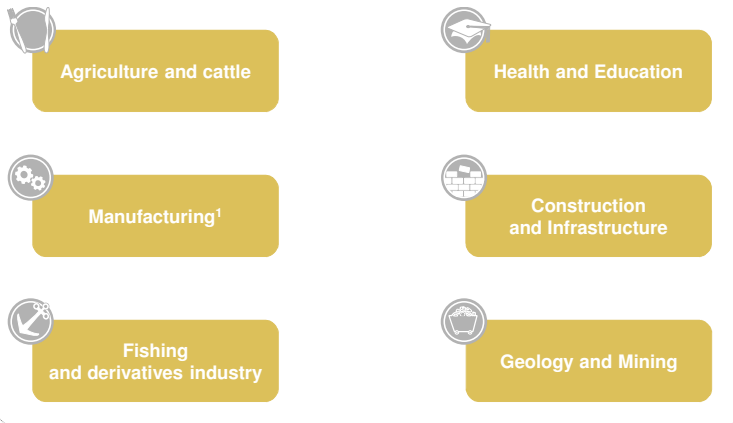
1. With infra-structure limitations 2. Angola 2025, Territorial Development Strategy
Source: Ministry of Industry and NDP
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Fiscal and customs incentives are in place for investments in priority sectors

Biggest opportunities



1. Whose final product includes at least 25% national raw materials or materials, or 30% value added, or whose equipments and production process result in a technology update and modernization of the respective industry

There are great opportunities for investment and international cooperation in these sectors (1/3)



Opportunities in the agriculture and cattle sector

With about 58 million hectares of fertile land, Angola is the 16th country with the biggest agricultural potential, generating numerous investment opportunities:

- Support in the construction, rehabilitation or expansion of infrastructure, including storage, refrigeration and distribution solutions
- Sales of machinery and agricultural and industrial equipment, supplemented by technical support
- Support in the production of seeds, pesticides and soil fertilizers
- Agricultural product transformation, e.g.: foot production and cotton production chain
- Irrigation technology, land-management techniques and research centers
- Training in agriculture and agro-business know-how and skills
- Technical and tertiary education and training
- Specialized irrigation services



Oportunidades no sector da saúde e educação

Lack of medical services and specialists generates cooperation and investment opportunities

- Need for highly qualified health professional
- Creation of a pharmaceutical and medical industry
- Support to improve the supply and quality of maternal and child health care as well as infectious disease control
- Increase the number of emergency units
- Bringing health care to rural areas

In education, the lack of teachers, books, libraries and school and university laboratories generates opportunities for international cooperation

- Technical and professional training
- Partnerships between universities to share technological knowledge and build school infrastructure (e.g. : laboratories)
- Exchange programs and cooperation at the technical and university levels, especially in technological sectors (e.g. : engineering)

Source: NPD (Opportunities in the Agriculture, Health and Education sectors)
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There are great opportunities for investment and international cooperation in these sectors (2/3)



Opportunities in the manufacturing sector

Promotion of the industrialization of Angola to recover the industrial sector, ravaged by the war, generating investment opportunities for private investors

- Public policy to effectively and efficiently promote the replacement of imports as well as promote exports
- Create innovation centers to transfer know-how for the agro-business, textile, apparel, construction materials, wood and furniture sectors
- Relaunch of existing or new textile plants, a sector that is supported by public development policies
- Develop the construction sector through the increase in production of construction materials by local companies



Opportunities in the construction sector and the development of infrastructure

The Angolan Government has invested strongly in the improvement of national infrastructure and there are numerous investment opportunities in the existing projects

- Development of the road and bridge network
- Rehabilitation, extension, modernization and construction of railroad, ports and airports
- Creation of the national logistics network, contributing to the development of logistics corridors
- Housing projects

Angola has ambitious plans for the promotion of the energy sector

- Construction of three hydro-electric plans of 5.000 MW until 2020¹
- Construction of three great natural-gas powered energy generation plants with a combined total of 750 MW until the end of 2013²
- Construction of 30 new energy generation plants during 2015-2030
- Expansion of the energy production and distribution network, according to the National Electrification Plan

1. In Luíça, Caculo Cabaça, Jamba ya Oma e Jamba ya Mina 2. Soyo
Source: NPD (Opportunities in the Manufacturing and Construction sectors)
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There are great opportunities for investment and international cooperation in these sectors (3/3)



Opportunities in the fishing and derivatives sector

The Angolan Government is promoting the use of the country's oceanic and continental resources, generating investment opportunities

- Increase the capacity of the fishing fleet, as well as its ability to maintain and repair itself
- Development of the salt extraction industry, to strengthen the fish storage and conservation industry
- Construction of the national cold chain (14 outposts)
- Development of the national industry of canned fish products
- Development of Aquaculture (projects in the Baía dos Tigres and aquaculture center in Moxico)
- Reinforce the scientific and technical training system in the fishing sector



Opportunities in the Geology and Mining sector

Angola is the fifth biggest diamond producer in the world, and the Angolan Government has plans to further develop the Geology and Mining Industry, generating investment opportunities

- Rebuild Geological Infrastructure, namely the Angolan Geological Institute laboratories
- Finalizing the Geology National Plan, that identifies and maps the mining potential country-wide
- Promote technical and university level training of the sector's human resources
- Promote the development of companies that can exploit the country's mining resources (e.g : iron/manganese in Cassinga, copper in Mavoio, phosphates in Lukunga and Cácata, Gold in Cabinda, Mpopo and Caála)

Source: NPD (Objectives of the Fishing and Geology sectors)
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There is a strong case for investing in Angola...

A strong economic track record and good economic perspectives

- 9,1% average GDP growth rate between 2007 and 2012,
- Over 7% average real GDP growth expected between 2013 and 2017
- Inflation rate at 9% in 2012 and a budget surplus above 7% in 2012

Policies aimed at promoting national development

- Promotion the diversification of the economy
- Developing MSME businesses
- Promote foreign direct investment via joint-ventures with local firms in the productive sector

Strong fiscal and customs incentives for investing firms

- A clear process for creating new businesses in Angola with competitive fiscal incentives for investments above 20 million USD

Angola is the place to invest in Africa

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Thank you very much for your attention