

Insider View

Angola

Part two



■ WITH INCREASING POLITICAL STABILITY, THE ANGOLAN GOVERNMENT IS UNDERTAKING BROAD REFORMS TO STABILIZE THE ECONOMY AND WITH A DRASTIC DROP IN INFLATION AND A RISE IN GDP, THE CLIMATE IS ATTRACTIVE FOR INVESTORS. IN THIS SECOND SPECIAL REPORT ON THE COUNTRY, WE FOCUS ON THE CURRENT ECONOMIC SITUATION AND TAKE A DETAILED LOOK AT FIVE OF ANGOLA'S 18 PROVINCES

BROADENING THE economic BASE

WHILE CERTAINLY within its grasp, Angola's dream of lasting peace that began with the signing of the Lusaka Protocol of November 1994 has been interrupted on and off by nagging disputes over power sharing between the current democratically-elected government of President José Eduardo dos Santos and the National Union for the Total Independence of Angola (UNITA) rebels led by Jonas Savimbi.

UNITA became the target of strict United Nations sanctions after Savimbi, while at first agreeing to peace, refused to take part in a government of national unity and reconciliation that was to emerge from a U.N. Security Council resolution, instead continuing with sporadic guerrilla warfare that became an economic drain and threatened to split the very nation he had hoped to unite. Although the Angolan Army has made substantial military gains in its key oil and diamond-producing regions, it still has to gain undisputed control over the whole country.

The respite from all-out war has allowed the government in Luanda, which claims to have

control over 90% of the territory, to get back to business and rebuild the country while struggling to meet the end-of-year deadline of International Monetary Fund-backed (IMF) economic reform programs that would provide a much-needed IMF lending package.

Even though Angola itself set the deadline, many feel that the IMF, which has come under fire in recent years for its stringent lending practices to

Third World nations, set unreasonably high targets for a country like Angola, whose economy had been decimated by war since independence from Portugal in 1975.

Those targets included bringing yearly inflation down to 75% by the end of 2001, reducing state spending, establishing greater transparency in public accounting, ending extra-budgetary expenditures, completing an audit of the oil sector, expanding investment in infrastructure, liberalizing foreign trade, accelerating privatizations, adjusting tariffs and revising tax laws.

Progress on these issues has stabilized the country's economy and all economic indica-

All economic indicators in Angola are moving in the right direction



tors in Angola are moving in the right direction, with GDP rising and inflation falling.

Statistics from Angola's central bank indicate that inflation has fallen from over 3,000% in 1999 to 305% in September 2000, to 126% by September 2001. By the end of 2001 it is expected to be in double digits, but still too high to meet the 75% target. By the end of 2002 inflation is expected to fall to 50%.

Central bank governor Aguiñaldo Jaime is confident that the inflation target can be met during the first half of 2002, and so he is seeking "a certain degree of flexibility".

"We are implementing this program in adverse conditions," explains Mr. Jaime. "Fighting is not over; the transport system is still disrupted. We don't have entire circulation of people and goods. My hope is that the political will to move ahead on the government's part will be acknowledged, and if the international community shows a degree of flexibility and the measures, as we are implementing, go ahead, I think we can move on to the next stage."

And there are many reasons to be optimistic about Angola's future. Nearly one-fifth of all U.S. imports from sub-Saharan Africa come from Angola. The U.S. imports more oil from Angola (sub-Saharan Africa's second-largest oil producer and third in the world in new oil discoveries) than it does from Kuwait. Angola also has more untapped diamond-bearing kimberlite pipes than any other country in the world.

As Angola's economic reforms take hold, foreign investors are finding endless business opportunities in the energy, mining, telecommunications, manufacturing, agriculture and fishing sectors, which depicts a positive future if this country is given the chance to develop it deserves.

FACTS AND FIGURES

► **HEAD OF GOVERNMENT**
José Eduardo dos Santos (president is both chief of state and head of government).

► **GOVERNMENT**
Transitional government, nominally a multiparty democracy with a strong presidential system.

► **AGRICULTURE**
Bananas, sugarcane, coffee, sisal, corn, cotton, manioc (tapioca), tobacco, vegetables, plantains, livestock, forest products, fish.

► **EXPORTS**
Crude oil, diamonds, refined petroleum products, gas, coffee, sisal, fish and fish products, timber, cotton.

► **IMPORTS**
Major sources: Portugal, the U.S., South Africa, Spain and Brazil.

► **RAILWAYS**
Benguela (810 miles), Luanda (334 miles), Moçâmedes (563 miles).

► **MAJOR PORTS**
Luanda, Lobito and Namibe.

► **AIRPORTS**
International airport in Luanda, 13 other airports.

► **ELECTRICITY**
Production by source: fossil fuel: 32.2% hydro: 67.8%

► **INTERNET COUNTRY CODE**
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U.S.-Angolan relations

U.S. SUPPORT HAS HELPED BUILD A SOLID RELATIONSHIP BETWEEN THE NATIONS

ALTHOUGH the United States delayed its recognition of Angola as a sovereign state for eight years after the African nation's independence from Portugal in 1975, business ties between the two countries go way back and diplomatic relations have since flourished. In an exclusive interview, Angolan Minister of Foreign Affairs João Bernardo de Miranda sheds light on the Angola of today and its commitment to fostering an investor-friendly environment.

Several U.S. senators have visited Angola to show support to your government. How would you describe Angolan-U.S. relations today?

First of all, the political relationship has evolved quickly because U.S. oil companies have always been in Angola. From the very first the U.S. was our most important commercial partner. The political relationship began to develop very quickly in 1983 when former President Clinton took the decision to recognize us.

What would be some concrete examples of this new relationship?

We maintain a very narrow political relationship, a sort of political partnership. We didn't diverge from the U.S. point of view on any of the fundamental issues of the Congolese crisis, or the crisis of the Great Lakes area or on the Angolan crisis. There are no divergences and we have a very constructive partnership.

On the economic side we

have what we call the Bilateral Advisory Commission that seeks economic cooperation and the reinforcement of our trade relationship.

But doesn't the threat of violence keep potential investors away from Angola?

The largest obstacles to development are the small bands of guerrillas—they sow terror and intimidate the population. They aren't very organized any longer, but what they achieve is to create panic

among the people. They commit terrorist actions and this threat must be removed.

We realize that the United States is an irreplaceable partner in our development bid. The market economy is a fact of life in Angola today and investments are protected forever. We have a competent law that protects foreign investments in the event of disasters, whether natural or man-made. Many U.S. companies are already here, and we are confident that others will follow.

What are the immediate concerns of the government's development plans?

We must offer more jobs to our citizens, and in this sense the agricultural and industrial sectors are the most promising. But the first phase of development depends on rehabilitation. We must restore infrastructure, the bridges and the highways so that the rural population will be motivated to farm because they know their products can be brought to market.

Zaire... ..small land with plenty of investment opportunities

Although it is the smallest province in Angola with a population of 290,000, Zaire is rich in potential and huge in investment opportunities. The sectors offering the biggest potential are petroleum, fishing and agriculture. Investor confidence is demonstrated by the presence of international oil companies already operating and reaping the benefits of the province of Zaire.

REPUBLIC OF ANGOLA
Government of the Province of Zaire / Banza Congo, Government Cabinet, Contacts in Luanda: Tel: (244 2) 390616 Fax: (244 2) 397598

In their own WORDS

AGUINALDO JAIME
Governor,
Banco Nacional
de Angola



"Inflation is still too high, but it is falling and the situation will improve by next year."

JOÃO BERNARDO DE MIRANDA
Minister of Foreign
Affairs



"The spirit of trust, respect and justice is the vital ingredient in our society."

GILBERTO BUTA LUTUCUTA
Minister of
Agriculture and Rural
Development



"We are motivating large enterprises to invest in our country in areas with stability."

ERNESTO CHICUCUMA
President of
EPUNGU



"Financial resources are needed for our ideas to become reality."

ALEIXO AUGUSTO
President and Director-
General, ENSA Seguros
de Angola



"A lot of development needs to be done. I know results will be compensating."

MÁRIO APM PALHARES
Executive Chairman of
the Board, Banco
Africano de Investimentos



"The profits we make outside the country can be reinvested at home."

ELVINO PIMENTEL DE MATOS MACHADO Jr.
General Manager,
Geotécnica-UEE



"We have been financially autonomous since we were founded in 1980."

AGRICULTURE

GETTING BACK TO SELF-SUFFICIENCY

CONFLICT DEVASTATED THE SECTOR—NOW THE GOVERNMENT MUST UPGRADE INFRASTRUCTURE TO BRING PRODUCTION UP TO PREVIOUS LEVELS

MANY CHALLENGES in the sector fall on the shoulders of the Ministry of Agriculture and Rural Development, which must lead the drive to make the coun-

try self-sufficient in food production and upgrade the sector's technology and infrastructure. "In most aspects of the agriculture sector we are starting

from zero," says Gilberto Buta Lutucuta, Minister of Agriculture and Rural Development. Once a huge exporter of agriculture products, Angola now has to

import food to feed its people.

Mr. Lutucuta estimates that it will take three to four years to attain balance in the sector, and says he hopes foreign companies will seize opportunities where the government falls short of resources.

"We are motivating big enterprises to invest in our country and have set aside prime areas where there is stability which can be used by companies with state-of-the-art technologies in agriculture production. Spanish, South African, Portuguese and U.S. companies have already shown interest in investing. Producers can feel safe that they will reap the fruit of their investment," Mr. Lutucuta promises.

Portuguese private enterprise has taken a management stake in the fully state-owned company Frescangol, the national leader in the transport, delivery and storage of agricultural products.

"The Portuguese company Agropromotora is just a manager and has no capital share of Frescangol," says Frescangol general director Valdemiro G. Neves. "The strategy was to be seen with a foreign company, giving us a better chance of capturing the trust of investors and producers and to get larger revolving credits."

Mr. Neves says Frescangol's diversification at market level is



Diversification at market level: a key strategy for Frescangol.

a key strategy for which it has a huge fleet and is the largest in terms of the transfer of frozen meat. "We have 5,000 tons of refrigeration for products. Prospects in this market are good and we are in a strong position. Nobody here now has the capacity that we have in conservation of frozen products or refrigeration and dry storage of products."

One product that doesn't need much storage is corn, which is consumed as fast as it can be harvested by 95% of the population and used for animal feed. EPUNGU is the association whose job it is to defend the interests of corn growers in Angola and see that the sector flourishes.

EPUNGU has been around

for ten years now, and according to the association's president, Ernesto Chicucuma, great strides have been made to increase corn production, but there's still work to be done.

"Financial resources are needed for our ideas to become reality" notes Mr. Chicucuma.

Besides improvements to the transportation infrastructure that would motivate farmers to produce more, irrigation is another thorny issue, he says.

"Irrigation is a huge financial burden and we don't have the resources to face it. But we don't want to be given the money, we want credits which would be paid back quickly as it wouldn't take long for production to increase."

"Producers can feel safe that they will reap the fruit of their investment"



Founded in 1992, EPUNGU is the association of corn growers that aims to defend growers' interests and increase production.

FINANCE

CENTRAL BANK MEETS TARGETS

ADHERING TO A STRICT RESTRUCTURING PROGRAM, ANGOLA IS BRINGING DOWN INFLATION, CREATING MORE TRANSPARENCY AND LAUNCHING CENTRAL BANK BILLS

THE ANGOLAN banking and financial systems have undergone a world of change since the International Monetary Fund first presented its list of observations and laid down its very concise outline for a national economic restructuring program.

Under the program, the country's central bank, Banco Nacional de Angola (BNA in Portuguese) has conducted an active monetary policy without central government interference which has resulted in lower inflation while meeting other financial obligations and targets.

This monetary stabilization base will allow policymakers to continue to give market forces the final say on currency exchange rates while at the same time keeping a lid on inflationary pressure.

According to IMF officials, the restructuring program has set a ceiling on net domestic assets of the banking system, which is the operative intermediate target for monetary control. That ceiling, they assert, is enforced by placing similar ceilings on the net domestic assets of individual banks.

If everything goes to plan, there will be a net increase in international reserves at the end of the year and a small withdrawal of government deposits of the banking system.

In its bid to make the nation's banking sector more transparent, policymakers at BNA have taken steps to put a clamp on tax evasions and have called in foreign tax experts to lend a hand in identifying the system's shortcomings and devising a blueprint for tax administration reforms.

However, there is still a lack of competition between

commercial bank interest rates, with most staying too high despite the administration's bold move in 1998 to liberalize them. To tackle this issue, the BNA launched central bank bills earlier this year.

In turn, competitive bidding by commercial banks and private sector institutions and agents of the central bank bills has encouraged financial savings, improved the allocation of resources and has also made the commercial banks more aware of the importance of keeping the level of interest rates of loans and de-

posits at a higher level than the rate of inflation.

For their part, the people of Angola now realize that they can shy away from the risky business of buying and stashing away U.S. dollars and instead invest their kwanza (the national currency) savings in instruments such as the central bank bills and competitive banks because the remuneration will remain above the rate of inflation and the money will find its way back to the further development of their country and other much-needed loans.



Angolan insurance company ENSA is looking to widen its activities into the African continent.

ENSA Seguros de Angola

INSURANCE COMPANY GETS READY FOR BUSINESS

A TOTAL OF 26 insurance companies were operating during Angola's colonial rule, providing the risk coverage a country needs to move ahead with development. But when Angola won its independence from Portugal, those companies folded and left a huge gap that threatened to bring the newly formed nation to a standstill.

In order to fill the void, the government stepped in to create the Angolan National Insurance and Reinsurance Company (ENSA) and staffed it with experienced experts in the field who were acutely sensitive to the realities of the nation.

The country's civil war, which had a devastating effect on the national economy, likewise took its toll on ENSA, the only company during the conflict to provide insurance coverage.

Its strategy, according to ENSA president and director general Aleixo Augusto, was to build up relationships within the international insurance market in the areas of reinsurance, brokerage, expertise and technical consultancy, allowing the company to keep pace with the growth of the nation.

The Angolan insurance market has matured following legislation a couple of years ago that liberalized the sector and paved the way for the eventual sell-off of a large stake in state-owned ENSA.

But entry into the market is not a free-for-all. "There are legal requirements to form companies," says Mr. Augusto. "The Finance Ministry has created the Insurance Supervision Institute to oversee the activity. It would have been impossible to open up the market without monitoring the industry."

ENSA, which already has healthy commercial relations with many U.S. brokers, will likely attract more interest from overseas during its privatization process. It is also confident that it will hang on to its market share despite the newcomers.

"The privatization of ENSA has already been established by government strategy," Mr. Augusto explains. "The first phase will be a 49% sell-off followed later by further percentages."

The benefits of dropping its status as a public company are twofold. "It will inject fresh capital into the company and bring in the know-how allowing us to swiftly train new national managers" that will result in further growth for the company.

"A lot of development needs to be done here, and there lie the advantages for companies and potential investors. I know the results will be compensating," Mr. Augusto concludes.

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liberalization WILL BRING CUSTOMER CONFIDENCE

IN AN EXCLUSIVE interview, Agualdo Jaime, the governor of Angola's central bank, Banco Nacional de Angola (BNA), discusses the latest developments in the financial sector's transition to a modern and liberalized system.

What steps have been taken so far to help speed up improvements to Angola's system?

The measures we have implemented up to now mostly have to do with liberalization. We have liberalized the exchange rate, we have liberalized the interest rate and we have also taken some other monetary measures in order to create a monetary market and an exchange rate market. We have also reduced the percentage of required reserves from 35% to 30% of which

5% can be integrated into central bank bills, which have a very attractive remuneration.

What about the BNA's supervision duties concerning the banking sector?

We are strengthening our supervision department because we believe there cannot be a successful

"We have liberalized the exchange rate and the interest rate."

liberalization process unless there is adequate monitoring, and we are doing this with the technical assistance of the Brenton & Woods institutions, the World Bank and the International Monetary Fund.

Previously, the BNA was also involved in commercial banking, which caused several of the commercial banks in the country to

complain. How are you addressing that situation?

The central bank is no longer involved in any kind of commercial operations. This happened in the past and we are currently trying to sort it out. But I can say that we are no longer performing or contracting out any new commercial operations.

The Angolan people and especially business leaders worry about the high rate of inflation. What measures are you taking to tackle the problem?

When a country emerges from years of hyperinflation, as we are, it is impossible to eliminate it in just one shot. Inflation is still too high, but it is falling and the situation will improve by next year. The measures we are taking first of all are on the fiscal side. One of the reasons inflation is high is the fact that



Although the IMF target of 75% inflation will not be met on time it will certainly be down to double digits and is forecast to be at 50% by the end of 2002

the state deficit was previously financed by credit from the central bank and that in turn creates inflationary pressure on the economy. Regarding the monetary side,

we have created central bank bills and we are also going to take some additional measures to convince the people of Angola to save their money. The problem with the

economy at the moment is that all too often Angolans put their money under their pillows or buy dollars rather than put savings into the banking system.

Banco de Comércio e Indústria

STATE-OWNED BANK LETS NUMBERS DO THE TALKING

IN THE BANKING business, numbers always come first, last and foremost. All the more so when a state-owned bank is transferred to private hands and investors scrutinize the figures to see if they add up right. As it prepares for the privatization process mandated by its recent agreement with the IMF, the Angolan government is confident after nine years

Privatization will allow the bank to benefit from a higher level of efficiency

ceeded our own needs, so we have tried to capitalize on that extra space."

Accordingly, a new office tower in the center of Luanda destined to become the bank's corporate HQ and a major project just wrapped up in Cabinda will be placed under the management of a newly formed BCI subsidiary. The property factor enters into BCI's extensive deal-

ings with the big foreign oil operators whom the bank helps in areas like payroll distribution. BCI's retail arm is of lesser weight than its commercial banking activities, but as Mr. Jasse asserts, is ideally poised for further growth thanks to its two core assets: brand recognition factor and a network that has been fully IT-enabled with up-to-date Visa processing technology, SWIFT fund transfer facilities and a fluid working relationship with international players Citibank and HSBC among others.

If you look at the balance sheet, says BCI marketing vice president David Ricardo Jasse, "we are the biggest bank in the country, and we have established a brand name and reputation that are important assets for potential investors."

Privatization, Mr. Jasse confidently predicts, will allow the bank to benefit from a higher level of efficiency, increased capitalization and the flexibility needed to compete in an open market. It will also allow for a rationalization of personnel costs, the major downside factor arising from state management and control.

But what will not change is the portfolio of big name clients the bank has acquired like Texaco, Esso and Chevron and its strong presence in the emerging real estate sector, where it has been operating almost as a hybrid entity, financing, building and managing choice commercial and residential properties.

As Mr. Jasse explains it, as part of its public service remit, the bank was required to establish a presence in different areas of the country to reach the greatest number of potential customers. "That required building that often ex-

posed our own needs, so we have tried to capitalize on that extra space."



At the cutting edge: BCI was Angola's online pioneer.

Banco de Poupança e Crédito

MAJOR RESTRUCTURING UNDERWAY IN PREPARATION FOR PRIVATIZATION



THE OLDER and larger of Angola's two state-owned banks, the Banco de Poupança e Crédito is working hard as it prepares to meet its midterm goals of modernizing infrastructure, downsizing staff and revamping its line of products and services so as to whip itself into competitive institutional shape for when the privatization sign goes up and strategic partners come calling. That may be two or three years down the road, says BPC's chairman, Paixão António Júnior, but major restructuring efforts are already underway on several fronts including the most superficial, tweaking the bank's external physical appearance.

"We are going to start by

changing the looks of five of our 43 branch offices," notes Mr. Júnior. "It is important for us to send out a clear signal to people that some things have changed already and others are going to change in the future, that we have a new board of directors, a new set of priorities, and a change in the corporate mentality and work style."

Moving to a deeper level, Mr. Júnior says the ongoing reform dynamic involves the introduction of modern management systems, strict criteria on which business decision must be based and justified and extending the range of BPC's commercial banking skills. "We hope to enhance our financial intermediation

capabilities by updating back office procedures, maximizing the return on our own resources and improving our risk and liquidity management."

As is to be expected in restructuring situations, the negative side will be personnel redundancies, slashing the 1500-strong workforce by half. "We were very careful about this, and brought in a Spanish consultancy firm to help us. They told us that we could maintain our current network and service level with half the number of employees. That's not going to make us popular but we have to make a choice as to whether we want to be a popular bank or a profitable one."

In its favor, BPC has something special going for it: a reputation as an open-minded and sympathetic source of funding for micro, small and medium-sized businesses. "This is our particular vocation and special market segment," notes Mr. Júnior. "Other banks worry about risk factors, scanty capitalization, difficulties with their accounting procedures. We, however, see these as the country's best hope for generating wealth and creating thousands of jobs. We try to give them a break whenever we can, and when the profits come in, we're glad to have them on deposit with us. This pays dividends later in terms of customer loyalty."

Banco Nacional de Angola

THE BANK OF BANKS



BACKBONE OF THE ANGOLAN ECONOMY

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Banco Africano de Investimentos

ANGOLAN PRIVATE BANK IS KEY REGIONAL PLAYER

THE YEAR was 1996, the war was raging, the political situation had gone from fuzzy to opaque, and the country's economic indicators were virtually flattened. Not a propitious moment to be launching Angola's first private banking venture.

But a select group of Angolan and foreign shareholders saw things differently and put their money down to prove it by endowing the Banco Africano de Investimentos (BAI) with start-up capitalization that exceeded the government-set requirements by a factor of eight.

That spirit of confident dynamism has kept BAI at the forefront of the small but intensely committed core of Angola's private bank sector.

Talent certainly helped (a former governor of Portugal's central bank is on the board of directors) as did the fact that many of the foreign partners were companies that had been operating in Angola for some time previously and had an insider's idea of the potential that was buried under discouraging official statistics.

The original partners were Portuguese, South African, and French. But to hear the bank's executive chairman of the board Mário APM Palhares tell it, the fact that over half the owners are Angolan is what makes the big difference.

"Our headquarters are here and our decisions are taken here. In my view, managers who are based abroad are not ideally situated to take

or approve investment decisions."

During an initial period of building up and consolidating its operations in Angola, BAI took on more commercial and trade-related services like opening letters of credit and brokering foreign currencies for importers. "Given the current state of the economy, this is what is needed. It also puts us in touch with future clients of our investment banking services, which is what we should be doing and want to be doing."

Mr. Palhares is convinced that a bank of those characteristics has to position itself regionally and accordingly has got involved in syndicated operations such as financing

breweries in Mozambique and Guinea, and part-funding a copper exploration survey in Zambia.

"People see there is an aggressive bank open for business in Angola and the profits we make outside can be repatriated and reinvested at home," says Mr. Palhares, pointing to the US\$12 million that has been sunk into the fishing industry and funding for an air charter company to acquire a couple of Boeings, a submarine cable for Angola telecom, Coca-Cola, "and any other project with a major focus on Angola's development. "We feel that our natural scope would be to the countries of the region wherever there is a chance of bringing profits to the bank, so that we are in a better position to mobilize investments for Angola."

WITH PROVEN reserves of 5.4 billion barrels and something like four trillion cubic feet of natural gas, Angola ranks as the second-biggest sub-Saharan crude oil producer after Nigeria and can draw on some of the world's most prolifically yielding deep-water fields.

The natural gas is mostly being flared at present but some operators have started to investigate ways of seriously exploiting this resource and a development pact has been signed with state oil firm Sonangol.

Oil production has increased four-fold since 1980, and a lucky thing too with world prices in a slump for much of that time.

Another reason for seeing growth opportunities in Angolan petroleum is the increasing awareness in the West that it is time to think about diversifying its oil sources.

Angola ships about half its output of high-quality low sulphur petroleum to the U.S., making it the ninth-largest supplier to U.S. refineries. All it would take is the strategic resolve and quite a lot of upfront money to keep on ratcheting up exploration, investment and development until Angola's current daily output of 750,000 barrels rises to two million, a technically feasible target for the year 2008, and a figure that would put it

right up there with Nigeria and Kuwait.

When the Girassol field comes on stream in a few months' time, production is expected to get a 200,000 bpd boost that will leave the total figure just shy of one million. Bearing all that in mind, the question is: what exactly is holding things up in Angola?

First is the nagging conflict with rebels. Nevertheless, being largely an offshore operation, the oil industry has been insulated from 26 years of fighting with UNITA rebels. But the emergence of a separatist group in the enclave of Cabinda, demanding a greater share of the revenues pumped from its offshore properties, has not eased misgivings.

Most of Angola's oil is pumped from undersea fields lying off the Cabinda coast and slightly to the south. It is accessible from the continental shelf at maximum depths of around 400 feet. But test borings suggest the real jackpot seems to lie further out to sea though somebody may have to go down to 3,600 feet to get at it. Even so, factoring oil price variation forecasts into the equation along with a potential recoverable yield of four to eight

barrels, it still looks very much like an expensive option. The fact is there are cost recovery, political and technical problems holding up plans to bring on stream the 14 huge offshore fields being eyed by Angola's big four foreign oil companies—ChevronTexaco, BP, Exxon, and TotalFinaElf of France and Statoil of Norway. Not only does deep-water drilling cost money, but getting offshore infrastructure into place is both expensive and a slow and complicated process.

Some viability studies figure an investment of roughly US\$3 billion per field would be needed to bring the first wells on stream. In an era when world oil prices are falling, it's no wonder the industry has adopted a wait-and-see approach to Angola.

Meanwhile, Petroleum Minister José Botelho de Vasconcelos has warned that if oil prices fall below US\$18 per barrel, the drop in revenues would effectively put a chokehold on further development in Angola's oil sector. For that reason, though not an OPEC member, Angola supports OPEC's efforts to maintain price levels by reducing output in concert with the cartel's own cutbacks.

The spirit of confident dynamism has kept BAI at the forefront

PETROLEUM FINANCE NEEDED TO EXPLOIT RESERVES

■ WHILE ACCOUNTING FOR OVER 40% OF THE COUNTRY'S GDP, ANGOLA'S VAST OIL RESERVES REMAIN MASSIVELY UNDEREXPLOITED. WITH OUTSIDE INVESTMENT, 2008 TARGETS CAN BE MET



Oil represents 90% of the Angolan economy and comes mostly from offshore fields.

WITH PROVEN reserves of 5.4 billion barrels and something like four trillion cubic feet of natural gas, Angola ranks as the second-biggest sub-Saharan crude oil producer after Nigeria and can draw on some of the world's most prolifically yielding deep-water fields.

The natural gas is mostly being

Geotécnica-UEE

FUTURE GROWTH DEPENDENT ON DIVERSIFICATION

WITH CRANES thrusting skywards on practically every street corner, a cursory look around Luanda makes it clear that Angola is a country under construction. For over two decades, state-owned company Geotécnica-UEE has been extensively involved in that field and can point to many successes in the areas it has earmarked as its niches of specialization.

These include soil and subsoil analysis, the consolidation and stabilization of building sites and foundation work on large-scale projects such as dams, tunnels and bridges. They also custom design and build concrete support elements for high-rise structures and the struts that carry horizontally extended networks such as aqueducts, phone and power lines.

"It's not an easy area of specialization because we have to go in and complete our part of the job before the first brick gets laid. It costs other people money if we take too long, so we often have to marshal our resources to

tackle one major project at a time," says the company's general manager, Elviro Pimentel de Matos Machado Jr.

But years of experience have led to a mutually rewarding working relationship with some of the most exacting civil engineering and construction firms operating in Angola including Brazil's Odebrecht and Teixeira Duarte of Portugal.

He thinks his firm also stands a good chance of landing the tender for foundation work for the new corporate headquarters of Sonangol, the state petroleum company.

In his view though, Geotécnica's most significant ac-

complishment has perhaps been in maintaining, stabilizing and consolidating its accounts without any help from the government. "We have been financially autonomous ever since we were founded in 1980.

The other important distinction that sets Geotécnica apart is that it is an all-Angolan firm, not just the work crews, but managers, engineers and technical staff as well. The idea now is to gear up for privatization in hopes of attracting the kind of owner with the means and technical wherewithal to further expand the scope of Geotécnica's product line, as at

present, its specialized line of work means the Angolan government is its biggest customer.

The ideal formula, says Mr. Machado, would see 70% of the company's shares going to foreign stakeholders, 20% to Angolan domestic interests and 10% to a single strategic investor. That would allow Geotécnica to diversify into pavement and surfaces—laying down the parking lots and sidewalks for a building while the foundation work is underway—with a new ownership structure, new capitalization and fresh injection of technical expertise.



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Backbone of the Angolan construction industry, Geotécnica has extensive experience in public works.



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Feeding the Nation



Frescangol, a state-owned company under the Ministry of Agriculture, is a strategic company in the food sector as they supply the nation with meat, chicken and other fresh food products.

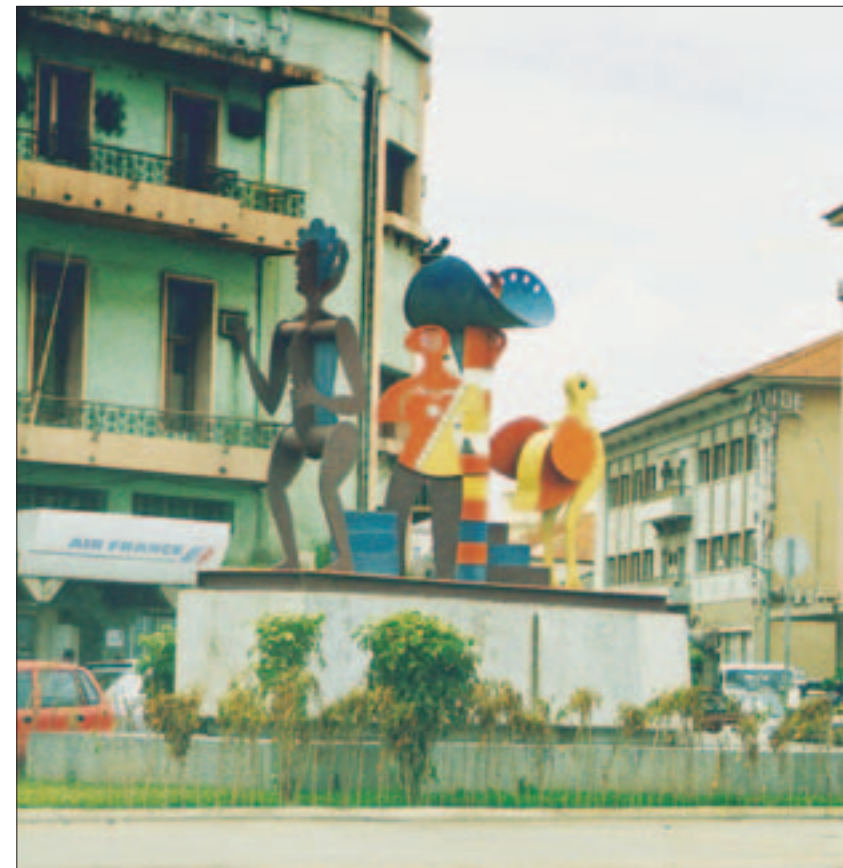
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Above, downtown Luanda. With the right incentives, Luanda city could rival regional leaders Johannesburg and Pretoria in the tourism stakes.



A modern sculpture in the center of the Angolan capital city of Luanda.

PROVINCES TIME IS RIGHT TO INVEST

AS AREAS WITH THE GREATEST POTENTIAL, FIVE OF ANGOLA'S 18 PROVINCES HAVE BEEN AWARDED SPECIAL STATUS BY THE GOVERNMENT TO ENCOURAGE DEVELOPMENT. WITH MINIMUM RISK, INVESTORS CAN REAP THE BENEFITS IN THESE RESOURCE-RICH REGIONS

ANGOLA IS comprised of 18 provinces, all of which are in need of varying degrees of development funds and foreign investment. The central government in Luanda has advocated measures to provide greater incentives for overseas money which is earmarked for areas where financing has been slow to reach.

As a result, the country's coastal areas of Zaire, Luanda province, Namibe, Benguela and Kwanza Norte have been given special status by the government for in-

vestors willing to take a minimum amount of risk for potentially high-return opportunities.

Much of the development money that the government hopes to attract would likely go to areas such as agriculture, tourism and light industry, areas where each of the above provinces have shown the most potential.

Kwanza Norte, already the country's leading coffee producer, has an abundance of rich land that is currently sitting idle just waiting for a foreign interest to come in and

help the province increase output.

In Benguela, fishing is king. This coastal province leads all others in net-fishing production with an annual catch of some 30,000 metric tons. Investments in the sector from abroad would provide modernization techniques that would increase production even further.

The province of Namibe, with its breathtaking coast and abundance of wildlife and Iona National Park, has endless possibilities for tourism development. Meanwhile,

agriculture development in Namibe—the only province to produce both grapes and olives—would require investment capital for irrigation.

The province of Zaire, which is one of the country's least populated areas, is also one of the country's richest in terms of natural resources such as oil, farmland and fishing. Efforts to tap into those riches, however, have been held up for lack of investment capital.

And finally, the province of Luanda, which includes the capital, is already providing

hard examples of the benefits that foreign investors can achieve for their own good as well as for the people of Angola.

The country's largest industrial park is located in the province's city of Viana, providing much needed employment and producing manufactured goods and food and beverage products for a large proportion of the nation.

And with its existing good infrastructure and facilities, Luanda province is especially ripe for investments in the tourism industry. ■

DEVELOPMENT MEANS UNTAPPING RESOURCES ZAIRE

THE ANGOLAN province of Zaire has the distinction of being one of the least populated of the country's 18 provinces, but it is also one of the richest in terms of resources, especially oil, farmland and fishing. Like much of Angola, however, the key to development rests on the ability to tap into those resources, which in turn depends on another resource: investment capital.

There was a time, says Zaire provincial governor Ludy Kissassunda, when the province was entirely self-sufficient. "Citrus fruit thrives here, oranges, pineapples. Rice and beans also can be grown in abundance plus peanuts. In our area palm oil was also produced for cooking oil. Prior to the war we were self-sufficient, unfortunately nowadays all these items have to be imported."

Zaire's importance to national development lies in the fact that it is the country's largest oil-producing province after Cabinda and is host to many of the world's top oil companies. The petroleum industry, however, is not a great provider of the type of employment opportunities that can reach a broad section of the population.

"Of course petroleum today plays a vital role in our economy, but we have other areas of

potential like farming and fishing," Mr. Kissassunda points out.

But these sectors are still very underdeveloped in Zaire province, where better equipment and technology are the missing ingredients and there is no shortage of desire or manpower. "We have projects aimed at exploiting the fishing industry and are encouraging investors to join partnerships with the government of the province to work in the fishing area. The risk is minor, nearly none, and the potential is enormous," the governor says.

During the years of colonial rule, the Portuguese developed a strong industrial fishing infrastructure in several other coastal provinces, but never got around to Zaire.

"It is highly possible for us to perform industrial fishing here by creating the right conditions," Mr. Kissassunda says.

"The infrastructure is not present at the moment, but in partnership with a foreign enterprise willing to work with us the conditions will be created. We know we cannot make a living from petroleum alone. We are not like Saudi Arabia, it is important that we diversify."

The same applies to farming and cattle raising, the governor points out. "In these fields we are a little bit behind at the



Resource rich but underdeveloped, Zaire would benefit greatly from better equipment and technology. Investors are encouraged by low-risk ventures with great potential.



Zaire is one of the most lush regions in Angola. Before the war the province was self-sufficient in many agricultural products but now has to import to feed its people.

moment because we lack modern farming techniques and equipment. But our government is more than willing to cooperate with foreign companies wishing to help us develop these areas."

Mr. Kissassunda is straightforward discussing foreigners' concerns that setting up in Angola or in the province of Zaire entails a certain safety risk due to rebel forays into some areas.

"There are many foreign companies operating here and nothing ever happens to them. But I cannot afford to guarantee you that nothing will ever happen. Because as we all know, a terrorist act can occur anywhere and at a moment when we would never expect it," the governor notes.

Like most provinces, Zaire is pushing for more of a share of national revenues for development projects, and Mr. Kissassunda is confident the government will respond in due time.

"It is the wish of every citizen to see his country, his province and town develop even more. Either with or without me leading within five years, I wish to see our province grow in all aspects, whether economically or socially. I would like to see more schools, hospitals and better roads so that people can move freely and everyone can work and contribute according to his possibilities and knowledge. We have a big province with a wide range of possibilities that need to be developed." ■

LUANDA OPPORTUNITIES FOR GROWTH ARE UNLIMITED

OUT OF ALL of Angola's 18 provinces, Luanda is perhaps the least likely to have any trouble attracting the kind of foreign investment the central government is counting on to help spur economic development throughout the nation.

Rebel uprisings that have become the thorn in the side of several outlying provinces are far removed from the cosmopolitan capital of the country and the province that bears its name, Luanda.

By encompassing the capital, the province as a whole has taken on an important role in the nation's economic and political development, says the governor of the province of Luanda, José Anibal Lopes Rocha, who points out the province is home to the country's largest industrial park, located in Viana.

"At the Viana park heavy industry can be developed, either metal or mechanic, as well as manufacturing, which is well established, in areas such as the clothing and food and beverage industries and many others," Mr. Rocha says.

And unlike other provinces that are struggling with problems with their transport infrastructure, Luanda boasts an efficient railway, a busy international airport and the country's largest seaport. "The Luanda province also has excellent areas suitable for developing tourism, therefore investment possibilities abound for quality hotels," the governor says. "And while Luanda the capital is an important city for services, the province has rich land that is ideal for farming and has quite diversified potential where large-scale investments can be made."

The real estate business offers an especially attractive opportunity. Urban development is moving at a fast pace in the capital, which is in need of both medium- and high-rent housing projects, Mr. Rocha says. "Luanda was a city designed for a population of 400,000, and today it hosts about four million. One of the priorities our government has focused on is the water supply. We have received funding from the World Bank for a US\$120 million project aimed at remodeling the water distribution network for Luanda city."

Education is another top priority in the province, which is the nation's main supplier of human resources. The overwhelming population increase during the war years left nearly 200,000 school-aged children jockeying for their place within the education system.

"At the moment we are constructing more than 16 schools to be inaugurated by the beginning of the year that will provide schooling for more than 30,000 children," Mr. Rocha explains, adding that other programs provide school lunches for children from needy families. "Right now we are providing milk, sandwiches and yogurt to some 6,000 children, for the next academic year the project will be stepped up to include 10,000 children."

The governor's office has also committed

itself to several public health programs such as vaccination campaigns against polio and other diseases that have improved the lives of over 1.5 million children. "At the moment we are also constructing about 10 healthcare centers to improve the health system in the outskirts, and we intend to build a Provincial Hospital with 600 beds," notes Mr. Rocha.

The capital's sanitation system, once an embarrassment to local officials, has improved remarkably in recent years. "We developed a basic sanitation project for the city and are recycling roughly 100 tons of solid residues each month," Mr. Rocha explains. "The recycling system has had strikingly visible effects on the capital. Anyone who saw the city eight years ago and sees it today will notice the substantial difference in Luanda's level of cleanliness. We are also recovering green areas."

Luanda's lack of a strong infrastructure base has become a valuable bargaining chip to attract foreign investors who want to cash in on the province's resources without an excessive initial cash outlay. "We have been encouraging investments in Luanda, for example, by making substantial allowances on land purchases. Sometimes instead of receiving cash we seek an exchange of services," Mr. Rocha explains. "We have been accepting payments at some municipal rates for investors coming here, making price allowances for services rendered, such as sanitation, water and electricity as a way of encouraging them to come."

And as Luanda becomes more and more competitive with other big cities in the region like Johannesburg and Pretoria, the time is right for investments in services that cater to the tourism industry, the governor notes. "We have wonderful areas, including several privileged places suitable for the construction of good hotels. There are other additional opportunities such as good restaurants, golf courses and sport fishing facilities, all of which are included in our government action program for tourism." ■



José Anibal Lopes Rocha, Governor of Luanda.



Ludy Kissassunda, Governor of Zaire, wants to see the province grow in all aspects, he is pushing for more schools, hospitals and better roads

KWANZA-NORTE

INVESTMENT OPPORTUNITIES

Kwanza Norte is a strategically vital Angolan province with many different resources of great potential, including:

- agriculture: rice, cereals, and, above all, coffee;
- forestry: Kwanza Norte is one of the top suppliers of wood to Angola;
- minerals: the province is rich in iron, manganese, marble, gold and diamonds;
- cattle: the government plans to import many cows and other animals.

Kwanza Norte is set to reap the rewards of its agricultural and mineral wealth and continue on the path of social and economic rehabilitation.

To play a part in that future, take a look at Kwanza Norte.

A land rich in OPPORTUNITIES

República de Angola

GOVERNO DA PROVINCIA DO KWANZA NORTE

Rua Dr. Antonio Agostinho Neto, N'Dalatando, Kwanza Norte, Angola.

Tel: (+244) 35-80059 / 80148

Fax: (+244) 35-80148

AN ENCLAVE OF STABILITY: NAMIBE

HOWEVER TEMPTING it may be to do business with sub-Saharan's second-largest oil producer, most people in general mistakenly reject the idea of Angola as a prime investment site because of its lingering civil war. Few people realize that despite the diamond-rich country's tendency towards instability, one province stands out as a sturdy enclave of peace and prosperity.

There are no war scars marking the southwest coastal province of Namibe, because it escaped unscathed the civil strife that has stunted economic growth in most of the nation since independence from Portugal in 1975. This well-developed province of 57,000 square kilometers and 255,000 inhabitants, where sea, desert and savanna meet, represents a seed of hope for the rest of the nation.

The Portuguese made their way to the Namibe area in 1485. The region, the first district to be cre-



The province of Namibe offers a wide array of potential opportunities open to foreign investment which will further boost the region's economic development.

ated in southern Angola, was referred to as Mocamedes in those times. The arrival of the first Brazilian settlers in 1849 marked the beginning of the organized exploitation of natural re-

sources in Namibe.

Namibe's economy has also been built upon a sturdy foundation of stability, transparency and skillful management. Its excellent climate and fertile soils have

encouraged a unique and highly-profitable agriculture sector. Most notably, it is the only province in all of Angola where grapes and olives can be successfully grown.

“WE WANT TO industrialize OUR PROVINCE”

NAMIBE'S industrialization drive is being spearheaded by the province's ambitious governor, Salomao Xirimimbimbi, whose leadership has already helped the province become an Angolan economic success story in areas such as agriculture, mining and, most recently, tourism. In an exclusive interview, Mr. Xirimimbimbi describes his empathy for the United States and its people and his plans for continued economic growth.

Why do you think your province stands out so strikingly in comparison to the rest of Angolan provinces?

Furthermore, it is the only province where grapes and olives can be grown. These are two products that cannot be found anywhere else in the country. And curiously, these products are of a quality similar to those grown in the state of California. With the right investment and technological assistance, we could produce wines of similar quality here in Namibe. Our province is also the number one area in Angola for raising goats, sheep and cattle.

What other areas would provide investment opportunities?

We would like to make a special appeal to the U.S. for investment in the fishing sector. The U.S. fishing fleet is one of the largest in the world and America is a top market for consumption of fish products. We would like to count on U.S. investment, not only to help us develop the sector, but also to diversify U.S.-Angolan cooperation that has focused on oil for so many years.

Namibe is known for its huge reserves of iron ore. What potential does the sector have?

Our province is special in this respect because it has a port that is linked to mineral extraction. It is a trading port,



Tapping Namibe's potential: Governor Salomao Xirimimbimbi is looking to the U.S. for further growth.

plus a mining port at the same time, which are unique features in Angola. The port plays a major role in the mining sector as it is connected to the extraction of iron ore from the Cassinga mines, which have a railway that goes beyond Namibe through the Huila province and ends up in Menongue city in the Cuando Kubango province. The railway has enormous potential for developing the southern region of Angola and the continent as a whole, as it links our country to the railway systems of South Africa, Botswana, Zimbabwe, Mozambique and Tanzania.

What about other mineral resources?

We also have high-quality gypsum and another raw material that is used for cement. As for the gypsum, ours was analyzed by laboratories in Germany and was found to be of the highest quality, so now there's a lot of German interest to invest in the plaster sector. We also have rare types of limestone, marble and granite and we have minerals that could be of strategic interest to the U.S. economy. All we need to do is make these things known to potential investors.

PUBLIC WORKS PROJECTS highlight REGION'S POTENTIAL

IN JANUARY 2001, the Angolan Minister of Public Works and Urbanization Antonio Goma announced that his ministry would make the rehabilitation of infrastructure a priority. He said bridges, airports and urban infrastructure—especially electricity networks and sewage—are at the top of the agenda.

Mr. Goma made the announcement at the Luanda International airport before heading to the province of Namibe on a fact-finding mission headed by the Ministry of Territory Administration. No doubt he chose Namibe because of the province's modern and well-maintained infrastructure that serves as an example to the rest of the nation.

Improving the province's supply of drinking water is high on the list of Namibe's infrastructure successes. Officials in Luanda are well aware that Namibe has sorted out the problems facing other provinces concerning potable water and are eager to repeat Namibe's success throughout the country.

Namibe Governor Salomao Xirimimbimbi says the water in his province is extracted from the subsoil just like bottled water and is analyzed and

treated 24 hours a day through an automated quality-control system. "The water is pumped into the network and the treatment begins straight away," he explains.



Designed to handle 747 jumbo passenger jets, the Namibe airport boasts fully-modernized facilities.

The method has reduced acute illnesses and deaths deriving from poor drinking water by an amazing 99.8% over the nearly two years of Mr. Xirimimbimbi's governorship.

"The successful resolution of the water problem is the pride of both Namibe and the Angolan government," the governor notes. "There still

remain some problems in the rural areas, but we are working on those and they will be fixed in the near future. All the hygiene problems have been resolved in the cities, where good water is vital for the

tourism industry." Visitors flying into Namibe's airport, which is located just seven kilometers from the capital, are often pleasantly surprised to discover how modern the facilities are. State-of-the-art air navigation systems also make it one of the safest in the region. After the Luanda Inter-

national Airport, the one in Namibe is the country's most important civilian airport and can handle large aircraft, including the Boeing 747 jumbo passenger jets.

Upon leaving the airport, visitors will be impressed by Namibe's well-maintained network of paved roads that link the capital to the province's main cities of Tombwa, Lucira and Lubango, Angola's fifth largest urban area with some 105,000 inhabitants.

"We have very good road infrastructure," Mr. Xirimimbimbi is proud to point out. "People can travel by car from Namibe to the province of Huila and from Huila to South Africa without a bit of trouble." Projects to boost commercial activity are currently underway at Namibe's bustling Atlantic harbor, the third most important in terms of traffic in Angola and quickly gaining a reputation as one of the better ports in all of southern Africa.

Already a growing export center for agricultural and sea-related products, current projects include measures aimed at increasing heavy cargo and passenger transportation as well.

More than 65% of the country's fishing industry is to be found on Namibe's bountiful Atlantic shores, which also provide the backdrop for the province's budding tourism industry along with its extensive nature and hunting reserves.

Fishing remains the cornerstone of Namibe's economy and the industry continues to grow and expand. The majority of the fish caught are dried and salted with the rest being frozen or used in meal, oils and canning. The waters off the coast are also home to the region's world-famous crabs and mussels.

The Namibe harbor is currently the third most important in Angola, and it has the potential of becoming one of western Africa's top harbors in the near future. It is comprised of a commercial port, from which fish products and agriculture goods are exported, and a mineral port for handling bulky cargo like iron ore, marble, granite and fuels.

The commercial port is separated into areas to manage long-course navigation and domestic traffic. A 15-kilometer-long rail system serves the port and links it

to the Benguela railway and on to eastern Angola.

The mineral port can handle ships of up to 150,000 tons. Construction was finished in 1967 and the port has been praised by leaders in the shipping industry as a world-class engineering feat. The easily accessible airport, located in the provincial capital, Namibe, was designed according to international standards.

The Namib Desert stretches far into the province of Namibe and is home to an excellent wildlife preserve, while the coast provides spectacular beaches.

Namibe also abounds in minerals: the materials that the provincial government, headed by Governor Salomao Xirimimbimbi, is keen to utilize to their fullest

potential in order to develop the province into an industrial success story. To secure the funding it needs to reach its goals, the government says it is especially open to investors from the United States,

who have already shown considerable interest in several Namibe enterprises and who have so far not been disappointed by the province's wealth of opportunities and peaceful environment.

EVER SINCE Angola finally achieved independence from Portugal in 1975, this southwest African nation has been the scene of the continent's longest running conflict in the post-colonial era. After a short-lived period of ceasefire between government forces and the National Union for the Total Independence of Angola (UNITA) rebels, fighting resumed in late 1998 and has stunted the development of the non-mineral sectors of the country's economy.

But throughout the years of conflict, the southwest coastal province of Namibe has remained a beacon of stability and peace.

With the exception of the 1975 South African invasion

of Angola, during which the Namibe province was briefly occupied by South African forces, this mineral-rich province has been free of military conflict.

In fact, the province is the chosen area of Angola for visits by U.S. businessmen and diplomats, who travel throughout Namibe without restrictions as they hammer out profitable joint venture agreements and cooperation pacts. Furthermore, Namibe's highly-regarded governor,

PROMOTING THE wonders OF NATURE'S TOURISM PARADISE

ALTHOUGH ANGOLAN government forces are making great strides to contain UNITA rebels to certain regions while pushing them out of the diamond-rich Cuango River valley and other guerrilla strongholds, visitors wishing to take advantage of the country's tourist facilities are advised to seek out strife-free areas such as the peaceful province of Namibe.

Mother Nature has blessed Namibe with a mild Mediterranean-like climate despite its geographical location far down along the Atlantic coast in sub-Saharan Africa. The province also boasts a wide variety of landscapes that feature some of the world's most fascinating flora and fauna.

Adventure enthusiasts who appreciate wide-open spaces have the world's oldest desert, the mythical Namib Desert, right at their doorstep. Also to be found in Namibe is the lona National Park, Angola's largest and a reserve for endangered wild animals, which has become one of the government's top priorities. As for tourism development, the province offers countless and varied investment opportunities.

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A province of spectacular tourism potential, Namibe is counting on natural wonders such as the Serra da Leba to attract investors and tourists alike.

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"For us, tourism is a socio-economic development issue.

homes he can come down here more often as a tourist."

The governor also likes to point out that Namibe possesses a natural environment ideal for a resort similar to the one in South Africa called Sun

setting up the infrastructure with development capital," Mr. Xirimimbimbi explains.

"The province of Namibe also has several sites that would be excellent locations for casinos. The Baia Dos Tigres, for example, is on a corner of an island just off the coast. It is an isolated area that could easily be turned into a sort of Angolan Las Vegas or a luxury resort complex," the governor says.

Promotion has been one of the biggest barriers to the development of Namibe's tourism industry, he notes, but measures are underway to remedy the shortcoming.

"We are working to set up an Internet website for the province. This would make it much easier for us to relay our message to the world. We are also preparing conferences and workshops to be visited by key players in the international tourism industry. All this will make it much simpler for the U.S. investor to become informed on the opportunities the sector offers in Namibe," Mr. Xirimimbimbi points out.

City, which was built and developed by several American companies.

"Here we have an area known as the Zone of Arco, which is a Sun City-like location, but it is all natural. So it would not be necessary to build a Sun City here because one has already been built by nature. What remains to be done is

setting up the infrastructure with development capital," Mr. Xirimimbimbi explains.

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"We are working to set up an Internet website for the province. This would make it much easier for us to relay our message to the world. We are also preparing conferences and workshops to be visited by key players in the international tourism industry. All this will make it much simpler for the U.S. investor to become informed on the opportunities the sector offers in Namibe," Mr. Xirimimbimbi points out.

City, which was built and developed by several American companies.

"Here we have an area known as the Zone of Arco, which is a Sun City-like location, but it is all natural. So it would not be necessary to build a Sun City here because one has already been built by nature. What remains to be done is

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SPECIAL OPPORTUNITIES ABOUND IN A REGION WITH A FAVORABLE GEOGRAPHICAL LOCATION

BENGUELA



Dumilde de Chagas Simões Rangel, Governor of Benguela, sees the potential in his province and appeals to the private sector to spur development

ONE OF THE most remarkable things about the Angolan province of Benguela, says its popular governor Dumilde de Chagas Simões Rangel, is its geographical location. "It is situated on the coast in the southern-central part of the country and it is a province crossed by virtually all the main routes from the south. So roads from South Africa, Huila province, Bie and Huambo run through our province. Roads from Namibe also run through Benguela leading to Luanda."

And most of those routes find their way sooner or later to the province's Port Lobito, which is one of the country's most active deep-water ports and "is the most important in Portuguese Western Africa, some 1,300 kilometers (815 miles) of coast," notes governor Rangel, who is equally proud of Benguela's railway system and its function as a means of distribution of goods arriving at Port Lobito.

"This railway is important because the port has a huge working capacity of 1,300 metric tons of goods-movement per day. It also has container storage with a capacity of about 100 containers with complete facilities, including virtually unlimited container parking space. The port is open 24 hours a day without any problem or diffi-

culty, making it extremely important for the economy of the province of Benguela and the nation as a whole."

Benguela province has an estimated population of two million, with about 1.3 million of those living in the coastal areas of Lobito, Catumbela Village and Baia-Farta. "The province constitutes a significant potential market on the one hand, while on the other it requires a strong social policy in terms of education, health and social assistance, all of these are issues that the government is trying to address," the governor acknowledges.

While governor Rangel has his work cut out for him, he also has it easier than most of his colleagues from the other 17 provinces. Benguela is one of the country's wealthier provinces with an abundance of oil, fishing and farming, while the outlook for developing other industries is more than promising.

"Benguela's coastal area alone has irrigable valleys of more than 30,000 hectares, and then there are the vast arable areas in the interior," Mr. Rangel notes. "And at Colonial Rule there is a cattle park with more than one million head of cattle, aside from many other types of livestock. Therefore, factories have been set up

for meat and fruit canning and juice production."

Currently, however, those installations are operating below capacity due to a lack of investment capital, the governor says, but in other areas, heavy and light industries are flourishing. "In general our food industry is quite significant, not only cattle and farming but also fishing. Over the past several years we have led the nation in net-fishing, capturing about 30,000 metric tons as an annual average."

But not all factories in the province are functioning, the governor laments. "Establishments were privatized and now the owners find themselves in financial difficulties and are unable to rehabilitate them."

Much hope is being placed on future oil revenues. Blocks 31, 32 and 33 are located in waters belonging to the province of Benguela, and in a few years they are expected to produce enough to help make up for the lack of capital.

But in the meantime, governor Rangel has opened up the province to domestic and foreign investors who want to get in on the ground floor. "Our doors are wide open to welcome investors and funding to develop our economic activity. There are special opportunities in the areas of education and health services where we hope the private sector can alleviate some of the government's obligations," Mr. Rangel concludes.

"The coastal area alone has irrigable valleys of over 30,000 hectares"

the province to domestic and foreign investors who want to get in on the ground floor. "Our



Benguela is home to Port Lobito which is one of the country's most active deep-water ports and is open 24 hours a day.

GOOD INFRASTRUCTURE AND POLITICALLY POWERFUL, BUT INDUSTRY NEEDS A BOOST

KWANZA NORTE

ANGOLA'S KWANZA Norte province occupies a special place in the heart of the central government and is considered a sort of economic model that Luanda would like to see repeated throughout the nation. The province is the power base of the ruling MPLA government, which "is a very important detail to take into account from a political point of view because it means that Kwanza Norte is the foundation of the current regime," says the governor of the province, Manuel Pedro Pacavira.

While its political clout provides the province with an influential position within national politics, it is Kwanza Norte's economic achievements and infrastructure improvements that really make the difference when comparing it to some of Angola's other provinces.

"From an economic point of view Kwanza Norte has many resources that have been developed, agriculture for example. We are important producers of rice, cereals, potatoes, bananas, pineapples and citrus fruits," notes Mr. Pacavira.

But Kwanza Norte is mostly known for its highly devel-

oped coffee industry and its position as the country's top producer, which is no small task in a nation that at one time was ranked third in the world in coffee production.

"We also have dense forests and a developed timber industry. Currently Kwanza Norte is the main supplier of timber to Luanda," governor Pacavira says proudly.

Livestock production has fallen off in recent years in the province, but measures are underway to regain its position as an important supplier to the nation.

"We think that as soon as the situation allows, we will restore the livestock population. That will mean that in the agricul-

ture sector alone, the province will have the resources to produce corn, any kind of fruit, cattle and goats not only to ensure food self-sufficiency, but also to produce surplus for Luanda and other neighboring provinces," explains Mr. Pacavira.

And while other provinces are struggling to upgrade their infrastructure, Kwanza Norte boasts more than 300 kilometers (190 miles) of asphalt roads and an important railway link.

"But the importance of this province lies in the fact that it is a crossing point for any trip by road to Kwanza Sul, Huambo, Bie, Cunene and Namibe. All is done via Dondo, and then Kibala, Wako Kungo and further south. To the east and

Zambia you must go via N'Dalatando. Therefore, the province of Kwanza Norte is - more than any other province in the country - most privileged in terms of road access to the provinces in the interior and abroad. That is why I say that the province has a strategic position from the political, economic and social points of view," governor Pacavira asserts.

And as the province moves to improve social, education and health services, through training and capital investments, which are limited, Kwanza Norte also identified certain sectors that governor Pacavira feels would be the most attractive to foreign investors.

"The sector that will immediately attract foreign investment is industry," Mr. Pacavira explains. "In the municipality of Cambambe there is a hydroelectric dam that supplies Lu-

Manuel Pedro Pacavira, Governor of Kwanza Norte, highlights industry as one of the most attractive areas for investors



anda and two important plants that need an influx of capital. One is an old textile plant that can be rehabilitated that has original Italian equipment. I would like to see that up and running in a year and at the same time set up a clothing factory to meet the increasing needs of our population in the province. There is also a plant for spirits and wine that needs rehabilitation so we can supply the part of the population that does not have the resources to purchase the more expensive drinks that have to be imported. Our province is open to investors for these and many other projects."

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Harvesting the potato crop on Vale do Cavaco farmland, in the agriculturally privileged province of Benguela.



With its strategic geographical position, Kwanza Norte has good infrastructure with better roads than other provinces.



Kwanza Norte is making moves to improve social, health and education services through training and investments.

An Angolan province of exceptional potential, **Benguela** is now looking to further diversify its economy by taking advantage of its strategically ideal location, bountiful natural resources and 2 million-strong population. Located on the western coast of Angola, with excellent transportation links to the rest of the country, Benguela's geographical diversity accounts for its range of economic activity. The province's mining and agricultural riches are yet to be fully exploited, while industry (both light and heavy) is transforming the province's economic landscape. Furthermore, the waters to be found off Benguela's extensive 200 km-long coastline are Angola's most plentiful in fish (30,000 tons a year), while the province also possesses world-class petroleum resources at the offshore blocks 31, 32 and 33. The strategic center of the province is Angola's second-largest port, Lobito, which provides the country's inland provinces with a vital outlet to the sea. **Now, with the active involvement of the private sector and using all the natural, technical and human resources at its disposal, Benguela is to continue playing a crucial role in Angola's development. Nowhere are the incentives as attractive. Nowhere are the opportunities as plentiful.**

Province of BENGUELA

ANGOLA'S GIANT

economic



Luanda our common- -Home

A truly buzzing, vital city, Luanda is also a prime spot for relaxation, leisure and sporting activities.

Located on the coast of the Atlantic Ocean, Angola's capital boasts fine sand beaches, hotels and tourist resorts such as Jembas—a fishing paradise on Mussolo Island—or Barra do Kwanza, from where relaxing river cruises can be taken.

The Government of the Province of Luanda is committed to the creation and maintenance of these attractions and is counting on the support of the international community to preserve their natural beauty.



Government of
the Province
of Luanda

Republic of Angola

