

Center for Strategic and International Studies

TRANSCRIPT  
Into Africa  
**“Angola’s Paradox of Abundance”**

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FEATURING  
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Mvemba Phezo  
Dizolele:

Welcome to Into Africa my name is Mvemba Phezo Dizolele. I'm a senior fellow and the director of the Africa Program at the Center for Strategic and International Studies. This is a podcast where we talk everything Africa: politics, economics, security, and culture. Welcome.

Angola is rich in valuable resources such as oil, diamonds, and has an extensive network of waterways. According to the Organization of Petroleum Exporting Countries Angola is Africa's largest oil producer behind Libya and ahead of Nigeria. However, the country has struggled to fully capitalize on its natural wealth. Historical factors, including the 30 year civil war, have contributed to economic challenges and resource mismanagement. Since the end of the civil war in 2001 Angola has undergone significant transitions. It has shifted away from its communist economic model, opening its doors to new investors and relying on substantial Chinese investment to rebuild its infrastructure. Additionally in 2017, President João Lourenço initiated an anti-corruption campaign to recover stolen public funds and improve relations with the United States. Critics, however, argue that the anti-corruption efforts have not gone far enough and some economic reforms face resistance from entrenched bureaucracy.

Despite these changes, Angola faces ongoing challenges including the demands of the enclave of Cabinda, a region with significant oil reserves. Cabinda has seen political and armed movement advocating for cessation or autonomy, requiring the government to deploy military forces and establish surveillance to maintain unity. The resolution of this conflict and tensions will greatly and positively impact Angola's economic prospect and stability. While its partnership with the United States has faced challenges in combatting financial misconduct. Overall, Angola's future development hinges on its ability to navigate these complex issues and enact meaningful reforms.

Angola is a fascinating country with tremendous potential that faces great challenges. Joining me to discuss the situation in Angola are Sérgio Calundungo, the coordinator of the Observatorio Politico Associa do Angola, and Carlos Rosado de Carvalho, journalist and host of the daily show Economy Without Problems on MFM Radio. They are both joining us from Luanda, Angola. Greeting gentlemen, and welcome to Into Africa.

Sergio Calundungo:

Thank you a lot. It's a pleasure to interact with you in the conversation.

Mvemba Phezo Dizolele: Thank you for joining us. So how is the complex political and post-conflict dynamics effect investors in Angola today?

Sergio Calundungo: From my side, I think that after war, I just mentioned it's the war even though the war finished in 2002, we have three big challenges in Angola. One is the democratic process. As you know that you cannot be democratic just because we become a multiparty country, because we had elections. I think that I'm talking about deep democracy. The second big challenge is the economical model. You know that our economy is based on the [inaudible 00:03:58] industry and historically the country we had the good examples about the paradox of abundance. And the third one is the reconciliation process. So, of course that we had signed the peace agreements on 2002. But I think that reconciliation is a process. Our war ending, but because they was a military veto more than different parts of Angola decide to be together. So, we tried to be together, but at the end of war was based on the fact that one of contenders was win the war simply. So, that is... it's make more challenge about our reconciliation process. Because the deep cause of the war was not solved yet.

Mvemba Phezo Dizolele: The deep cause of the war was not... has not been solved yet, you say Sergio. What do you mean by the causes have not been resolved.

Sergio Calundungo: I think that-

Mvemba Phezo Dizolele: You mean-

Sergio Calundungo: ...the main-

Mvemba Phezo Dizolele: .. 23 years since you first came... the Angolans came... first came together to usher-

Sergio Calundungo: I... I-

Mvemba Phezo Dizolele: ... process.

Sergio Calundungo: ... I think there are the dynamic causes what we... we are well known, but sometime we neglect that... what was the reasons why that after 14 years fighting against colonialism with 75 ways started by a civil war. I think first one was intolerance. So, we are not able to... to deal with different political perspective in a passive way. We are not able to... to deal with the... conflict is normal but how we manage when the conflict set up among us, we are a inequality country. So, these kind of issues in my point of view, yeah, affect

the... or influence the war. The question is, those issues weren't solved yet after 20 year, or I don't think, no. So, I think that we continues to be a country where there are difficult to dealing with the different political perspective. I think that I don't believe that paz... peace without justice is not justice and is not peace. And it is influenced a lot the... the cause... and the... the deep cause of the war, some of them unfortunately, still remain.

Mvemba Phezo  
Dizolele:

Carlos, an abundance... a paradox of abundance, intolerance, conflict that is noble but that ran wild because the system does not allow for the diversity of thought and views, inequality, peace without justice. How do you see this development taking place? After all, Angola is a peaceful country now, overall. What's happening?

Carlos Rosado de  
Carvalho:

I agree with Sergio. So, in political side I agree with him. And in the economic side, our problem is that formerly we are a market economy, but in reality we are not a market economy. We have a big intervention from the state, and I think that this is the main reason that the foreign investors didn't... don't came to... to Angola. We still are not independent economy and big problems in foreign exchange market. And I think this is the reason that the foreign investors don't come to Angola, don't invest in Angola. Even you says that, for instance, that China is investing in Angola. China is not investing in Angola, China is financing Angola. It's totally different.

Of course we know that we need finance, but in first of all we need investment directly foreign direct investment. And I feel sad when we start to have relations with the... with United States. And I think that the model that United States want for Angola is the same of China. They are financing us, and what we need is direct investment. The credit lines that we are signing with United States, as we do with China, they don't work for Angola. I repeat, we need investment, direct investment. We need transfer of capital, transfer of technology, transfer of now... or of management. That's Angola needs from United States and China, unfortunately, we are not to having this.

Mvemba Phezo  
Dizolele:

So how do you differentiate that, Carlos? After the war Angola had been wanting help from the IMF and the World Bank. There were so many conditions. Angola was left with one option really, is to turn to the Chinese so the Chinese can give them the type of financing they needed to rebuild the country. I visited your country recently and in some places, places like Luanda, you see that the infrastructure boom. You see that money was put into this infrastructure, some of the roads and so on. Then now, you have, of course you [foreign language 00:09:04] with the United States which has been about 30

years, I think that's, since embassies open on both sides. You also have American companies there. You have Sun Africa that is working on solar energy to help Angola move its renewable energy program forward. You have Africell that, so far, is inching its way into the telephony market. Now they have acquired about 27% of the market. They are putting in new towers for communication, some challenge still there. You don't consider that as FDI?

Carlos Rosado de  
Carvalho:

No. In the case of Sun Africa, it's not at all FDI. Because what Sun Africa is doing is they are building a solar plant, but the risk is really to the Angolan government. They are just building this solar plant. So, they are. The... the finances from the United States and, of course as you know, the credit lines... the constructors are from the country who lend the money. In this case, it's the United States and the... and Sun... Sun Africa, so there is no direct investment. In the case of Africell we can say it, in this case, is direct investment. But even Africell is not investing too much in Angola because they are in the telecommunications sector. And in the case of the telecommunications sector, the Africell is investing in the big cities in the big provinces like Luanda, like Benguela, like Luele. But the kind of investment that we need, they are not doing this kind of investment.

I don't blame United States, I don't blame China for this. The problem is with Angola. It's not with China, it's not with the United States. Even with China you said that you see a lot of infrastructures here in Luanda. It's partially true. When you go in the main roads you don't... you see that, but if you go out of these main road... main roads we have no infrastructures in Angola. We have no infrastructures in... in Luanda. For instance, the kind of infrastructures that we need more is sanitation. But we don't have sanitation in Angola, for instance. We had a... a... a lot to do and I think that in the case of China the problem... with have a big debt to China, but the problem for Angola is not the... the level of indebtedness. The problem of Angola is what we... we have done with all this money from China. And what we see is that results that to... we... we have with the... all these investment they are not good enough for foreign people. And that's why I am afraid that... and I hope that with United States we can use better the resources that we are having from... from the United States.

Mvemba Phezo  
Dizolele:

Sergio, we hear push back there from Carlos that Angola has not benefited from FDI. Angola has benefited from some sort of finance, particularly in the infrastructure space. On my trip I learned that there had been some changes in law particularly in the past year to have an Angolan investor partner for you to open business in

Angola, for foreigners. Now, apparently, the law has changed so that you don't need... a foreign investor doesn't need an Angolan partner. You can have a fully foreign company. You can have a fully Angolan company. You can have a mixed company. Where is the big challenge? Why, after all this change in law... right? Legal changes have taken place, why is it that Angola cannot still attract the kind of investors that Carlos is talking about?

Carlos Rosado de  
Carvalho:

As you know, the World Bank is annually aware... annually a study called, Doing Business. The last one was in 2020. And in the last study from World Bank, Angola... between I think 190 countries, Angola was 177. So, we have one of 20 poorest business environments in... in Angola. So, of course, this kind of change, these kind of laws, they are important But they are not enough. We need a friendly business environment. And the main problem probably is the infrastructures. We... we had a lot of money from China, but we don't have roads. We don't have a lot. We... we don't have energy and we don't have water. We don't have telecommunications. So, we must continue to invest in... in these fields in order to have a better business environment.

The other problem, you... you know, in Angola, our ministers, they are businessmen also and we must change that. This is not only in Angola. In Angola and in Africa, if you want to become rich you must be a politic. And this is not the... the case in the... the developed countries. If the politics, if they wanted to be businessmen they can't go to the government, they can't be ministers. And this is a big problem for Angola. Of course, some changes in the law, for instance now it's easy, it was very difficult to get... to... to visit Angola. Now, it's better because you don't need visa to come to Angola. This is an improvement, of course this is an improvement. But the... the main problem is that the big intervention of the state in the economy. They big intervention of the ministers in the economy. We... we need to change that in order to attract foreign direct investment. Now the... the only investment that we have here in Angola is in trade. We must have agriculture. We must have industry. And we are not having this kind of investment for now.

Mvemba Phezo  
Dizolele:

Sergio, how do you see it?

Sergio Calundungo:

I think that we have to recognize that the Angolan government in the narrative or the flag was, "Okay let's improve our indicators in doing business. Let's improve the environment for investors." And if you pay attention in the beginning of the... in the first mandate of President João Lourenço, he made a lot of trips around world try to

attract the investment. I think that all of these things are necessary but really was not sufficient. Because, I think, that a part of the improvement in the law, there are another elements where to are important. One is the infrastructure, the other one is the rule of the law. You know that we had some crisis relating to our justice state system. The people internally, but I think that also externally that... that didn't feel confident with the rule of the law on this country. I think that do these circumstances... of course yes, you can attract some kind of external investment, foreign investment. But, it is often said that the devil fish in the troubled waters.

So normally, those investments which come here, they're feeling that they have to be doing it with a strong political connections. Which is not very healthy even for the country, even for those competitors who want to work in a good environment. That is the good point in Angola. I think that we have not to neglect the efforts what was made, but we have to recognize that it is clear and sufficient on that point of view.

Mvemba Phezo  
Dizolele:

Clear and sufficient and the devil fishing in troubled waters. We see that the Lobito Corridor has attracted a lot of attention from your partners in the West, United States, also the allies of the United States in the European Union. The United States will be financing a major project in the Lobito Corridor promoting regional interconnectivity between Angola, DRC, and Zambia. And bringing in a consortium of companies like Trafigura, Monte Nigel, and Vector. Carlos, is that a good start? What does that mean for Angola and what does that mean in attracting FDI?

Carlos Rosado de  
Carvalho:

I think that Lobito Corridor is very important for... for Angola. It's very important also for RBC and also for Zambia. But you know, the problem is that I think that the future of Africa, including the law of course, the future is regional integration. I give you the example of SADC, South African Development Community. Until now Angola is not part of free trade zone of SADC. LDC is not part of SADC free zone, also. In these... three countries only... only Zambia is in free trade zone. The problem of the... I think that African countries, African governments, for integration you need to give away some of your power. You... you must lost some of sovereignty and this is the problem that we have in... in Africa. Our leaders, they don't want to give away from some power for central... but because we are not in free trade zone.

And I think that the trade between... officially, the trade between Angola and LDC is only maybe \$90 million. This is nothing. Most of the trade is informal. And you know if... if those countries go to the

SADC free trade zone, we will have rules to regulate the trade between the two countries. That is, most of trade is informal. Because our leaders, they... they don't want to give away their power. You know? We have a lot of agreements, we learn a lot of things but in... in practice they don't work. We are always talking about the African free trade zone. In my view, I think that this is the wrong strategy. I think that we must concentrated for now in regional integration. In SADC, in Central Africa, West Africa, East Africa, and Southern African.

In the case of Angola, we are lucky because we are in Southern Africa. It's the most developed area in Africa, and I think that our leaders, they must bet in SADC in the free trade zone of SADC. And Angola is not part of free trade zone of SADC. We must open our economies. We must increase the trade between our countries, and of course I think that the Lobito Corridor would promote this kind of trade. But for this, I think that it is necessary that Angola start with both hands in the free trade zone that we are not far developed.

Mvemba Phezo  
Dizolele:

Sergio, is Lobito Corridor a game changer? How do you see it?

Sergio Calundungo:

Of course, Lobito Corridor is a big opportunity and can fill one big gap on that zone where which we are infrastructure, or transport infrastructure. I think that for this point of view is... is the... an opportunity for that. But if I can draw the parallel with the computer, we have no hardware and software. So I think that if the... if we invest in Lobito Corridor, we have to ensure that we invest in our hardware but in some time we have to create conditions for the software. Because otherwise, they add the risk that we get a very modern machine as a computer, but we don't use the software or the software is too old. So, when I mention software, I mention institutional rules and others capability, which I think that normally we neglect when we put only emphasize the infrastructure point of view. That is my question when I am hearing about the Lobito Corridor.

The other issues what I think is very important to take into consideration is the social and environmental impact of this kind of investment and the kind of investment what the problem of the project we will attract. We have to ensure that, yeah, we made the... a very good and very comprehensive social and economical and environmental risk impact assessment when we decide to go to these kind of projects.



Mvemba Phezo  
Dizolele:

This project of the Lobito Corridor will create opportunities along the railroad tracks, right? Communities, hopefully, will get feeder roads to promote agriculture, to tap into the corridor itself beyond critical minerals. Our civil society organizations involved in helping design the bigger involvement of, what we call, "force vivre" of Angola.

Sergio Calundungo:

I think one... one of issues what I feeling was missing, they... they assigned an investment which like World Bank had considered that, but not all of them, is the stakeholder engagement. I think that since the begin it is important to have a... a very good stakeholder engagement plan. I don't feel that all those investors would appear, for instance United States government and the European... European Union, have talking so much about the stakeholder engagement. I don't think that they have very good stakeholder engagement plan. Which is be very necessary, absolutely necessary, in order to ensure that the acceptance ensure that the people can raise they voice and the... they needs also taken account. What many people try to sell the idea that the... if the Lobito Corridor would be a reality, I hope soon as possible, it's... it'll improvement... necessarily automatically it'll improve the access to this corridor for small scale agriculture, for informal business. But not necessarily it's happen. Maybe at the top of the head of the people are just how to bring the mineral to... from the Zambian RDC to the little out, to the part of Lobito.

So without comprehensive stakeholder engagement plan, I think that they... they... they are at continuous risk that the Lobito Corridor was made just in the perspective to the bring the commodities and without to bring people. There are a lot of experience in Africa where those kind of corridor, it's easy to circulate commodities rather than people. The expectancy, they culture, and other issues that is important to consider the stakeholder engagement plan.

Mvemba Phezo  
Dizolele:

So a failed stakeholder engagement may lead to the old system where it's just about exploitation and there is no trickle down, positive trickle down, effects for the local populations from what I heard that you saying. I hope it's not too late, though. I mean, the Observatorio, Carlos, and other force vivre of Angola, and the corridor is still in the planning stages. That's, you know, jointly discussing what it look like. You still have time to... to ask for greater stakeholder engagement. Is it too late Carlos?

Carlos Rosado de  
Carvalho:

You know, in Angola literally, in Africa in general, there is a lack of transparency. We don't know what who will be to the Lobito

Corridor. How much they will invest, what kind of projects they have to the Lobito Corridor. I am a journalist and I ask the ministry, I ask the leader of the traders, and I don't have any answer from... from them. So even me, I am a journalist, I am a more or less informed people, and I don't know nothing about Lobito Corridor. We hear recently, I think in the G7, President Biden talking about the Lobito Corridor, but we don't know nothing about that. If I don't know, imagine the civil society. They don't know nothing about Lobito Corridor and we must engage the people in this kind of... of projects, And we are not doing... doing so. The degree of secrecy of this kind of projects, these kind of investments is big in Angola and we must change that. If we want to engage people, engage civil society, engage the economic agents, we must be more transparent and we are not doing so.

Mvemba Phezo  
Dizolele:

Is that a question of secrecy or is this a question of lack of communications?

Carlos Rosado de  
Carvalho:

It's a secrecy. We inaugurated recently the Angola International Airport... and for many years we didn't know nothing about Angola International Airport. We inaugurated the airport-

Mvemba Phezo  
Dizolele:

Oh, the one that just was inaugurated a week ago, yes.

Carlos Rosado de  
Carvalho:

Yes, a week ago. But, if you want to go to the airport now it's not permitted. The airport is... was inaugurated, but if you go to visit... if you want to visit the airport, if you had no occasion to... to be there in the inauguration or something like that, if you want to go with your friends to visit the airport it's not permitted. And for many years it was not permitted to go to the airport. It's usually in Angola, it's usually in Africa, this lack of transparency. This secrecy about the big projects.

Mvemba Phezo  
Dizolele:

Now Sergio, secrecy or we need to improve the way government communicates about this project?

Sergio Calundungo:

Yeah. I... I want to believe that it is more the lack of communication and the... I... I feeling that according to the always... the usual practice, there are a lack of recognize that the importance of open and transparent stakeholder engagement process. I think that many people, many decision maker, doesn't believe that the open transparent stakehold engagement process is essential element. Men... men, often, when you talk for them. They look like, "Oh, yes. Maybe it is interesting. It is good practice." But they didn't... they never think that it is essential to be effective. Because effective

stakeholder engagement can... yes the environmental and social sustainability of these kind of projects.

But I think that... sometimes I don't think, Carlos, it's just a question of willingness. I think sometimes the people doesn't... those who are decision make, are in a decision make position, according to the historical they don't believe that it is essential. That don't believe that it is essential. That for me, sometimes it's like that. Doesn't make sense to make a secret in the project with those dimensions. You need the public support and you will not win the public support just to do propaganda or to do publicity. You need to really engage people, and you have to get support to get suggestions to get a different perspective. But I don't think that they believe it is important. It is according to what the started, they practice in they previous experience.

Mvemba Phezo Dizolele: Sounds like that's a tradition needs to be changed. Especially when it comes to a major project like this.

Sergio Calundungo: Yeah.

Mvemba Phezo Dizolele: That's-

Sergio Calundungo: I think that it's a question of mindset, yes.

Mvemba Phezo Dizolele: Mindset, okay. The other issue that is apparent in Angola, and this is not an Angola problem only. You go to a place like Cabinda, which for a long time sustained the economy. It's a... it's a region that produced the largest amount of oil for the government. I know that has shifted a lot over recent years. But when you go to places like Cabinda, you don't see an investment in public infrastructure to raise the level of social welfare. You know? That start from the moment you land at Maria Mambo Café Airport. You don't see that, yeah? I talk to people and they say it's similar in places like Lunda that produce a lot of diamond. What is happening there? We get a sense like a lot of the infrastructure, and as much as they exist, are in Luanda not in the provinces. And this feeds public discontent as well. Is there a movement to change that within public policy?

Sergio, start with you.

Sergio Calundungo: It feels so. Cabinda historically, there are a lot of insatisfaction in the Cabinda society about the... this fact. I think that there are some

change if you see the... Angola is a very centralized country. If you see our national budget, in comparing what amount of money what they... they put in Cabinda, it's clear less is insufficient but compared to the other province. So they tried to make... start to make some... I... I cannot tell you as a privilege, but some difference in the way they treat the issues, Cabinda with others. But it is clear and insufficient because even if you channelize money, if the power to take decision remains centralized in one that's so it's difficult to ensure that the interests of the Cabinda, the people who live in Cabinda, who you take first? I think that there is a lot of pressure to Angola to become more decentralized. The people start to talking the local power more than before because they realize that it is important to... to the people who are well positioning to defend the... the interests of the regions are the people who live there.

And the many of the decision maker, many of decision, are not sitting in Cabinda. Are sitting in Luanda. I think that is the big problem, but I feeling that they are a lot of insatisfaction in the... in the dialogue in Angola about that, the Cabinda is a good example but the paradox of abundance or the problem of oil economy.

Mvemba Phezo  
Dizolele:

Carlos, the problem of paradox of abundance, Lunda produce a lot of of diamonds, Cabinda produce a lot of oil, and there's nothing to show for it. You know, in Cabinda the biggest infrastructure is the governor's office. Everything else doesn't reflect any abundance, which is kind of interesting. Right? Because they... the office of the government is a high rise and it dwarfs everything else around.

Carlos Rosado de  
Carvalho:  
Mvemba Phezo  
Dizolele:

Yes.

You are a journalist, you study economy... the economy obviously making. Why is this lingering? Why can't Angola have a policy that is reflective of the needs of the people, particularly in regions that sustain the economy?

Carlos Rosado de  
Carvalho:

First of all, I would like to clarify that maybe we are rich in diamonds but we are not producing diamonds. You know the diamonds are a small part of our economy. It accounts for 2% of a... of our GDP, 3% of our export. So diamonds, in fact, are not important for the Angolan economy. Oil is 96% of our exports. The country would be more than 60% [inaudible 00:33:49]. The country would fall 30% off our... our GDP. So... diamonds, in fact, they are not important for Angola. Of course they are important for Lunda, but for Angola as a whole they are not important. But in... in terms of... we need decentralization in... in Angola. 90... 90%, nine oh percent, of the budget is decided in Luanda. The other 10% are in the

provinces and the municipalities they manage only less than 4% of the budget, so that explains everything. And what we need in Angola and we are fighting for... for that for many years, are the... the local elections that we don't have here in Angola.

Of course it will not be the solution for all problems that we have in Angola, but the local elections will be very important in order to reduce these kind of things in... in... in Angola. To give power to the provinces. To give power to the municipalities that we don't have for the moment.

Mvemba Phezo  
Dizolele:

On that note, decentralization, municipal elections, and a budget that also takes into account the feedback from the provinces seem to be the ingredients that will determine how Angola helps get itself out of some of these challenges. But including, of course, even most importantly stakeholder engagements, the stakeholder engagement that Sergio has mentioned.

On this note, I'd like to thank you gentlemen for joining us today to help our audience understand a little bit the potential and the challenges that are the lot of your country, the fascinating country Angola. Thank you.

Sergio Calundungo:

Thank you very much.

Carlos Rosado de  
Carvalho:

Thank you very much.

Mvemba Phezo  
Dizolele:

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(END.)