

# What are the challenges?

## The economy

Due to financial instability within the market, the Angolan authorities have taken a number of measures designed to contract the effects of foreign currency on the government monetary policy. For several years, the government has been trying to develop mechanisms to stop the intrinsic relation between the US Dollar and the Kwanza, the Angolan national currency, but this has proved to be quite difficult for many reasons, one of them being the number of payments made in foreign currency, which increases the demand for foreign currency.

As a result, new rules demanding that all payments be made in Kwanzas are being implemented. Getting paid can sometimes take some considerable time due to the new procedures in place. Banks are now closely supervised to ensure they comply with these new measures and companies selling or buying must present all the necessary documentation to the bank before the transaction takes place, especially when it requires transfer of funds to foreign countries. Companies must work together effectively, in order to produce the necessary documentation to the bank.

Problems are now arising from the recent global fall in the price of oil too, and this, coupled with the Angolan Government's wish to move away from the US dollar, has led to a shortage of dollars in the banks. These have combined to produce the 'perfect storm' in that payments are way behind both internally and externally.

There are currently difficulties given the above, but there are still many opportunities too, as Angola seeks to diversify its economy away from its current near total dependence on oil. Potential investors are therefore strongly advised to contact UKTI Luanda to seek the latest advice. (See the 'Contacts' section).

## Political and economic

Government and business are inextricably linked in Angola, and political interference is reportedly prevalent in some areas of the business environment. The government has signalled its intention to address this, and the push towards privatisation of some of the larger state-owned businesses should curtail this interference.

## Corruption

Along with many other African states, Angola suffers from allegations of corruption throughout all levels of society, particularly within the civil service and police. In December 2009 President Dos Santos announced a zero tolerance plan, reinforced by commissioning a transparency audit conducted by Ernst & Young.

In 2014 Angola was ranked 161 out of 175 in the Transparency International's latest corruption perception index [www.transparency.org/cpi2014/results](http://www.transparency.org/cpi2014/results). The dialogue that the IMF now have with Angola in connection with its stand-by arrangement, as well as the regular visits from commercial credit rating agencies that began in 2012 following Angola's first rating, have also had a positive impact. There have been a number of high-profile court cases against senior officials which have resulted in some custodial sentences and a slew of dismissals from the Central Bank.

## Bribery

Bribery is illegal. It is an offence for British nationals or someone who is ordinarily resident in the UK, a body incorporated in the UK or a Scottish partnership, to bribe anywhere in the world. In addition, a commercial organisation carrying on a business in the UK can be liable for the conduct of a person who is neither a UK national nor resident in the UK or a body incorporated or formed in the UK. In this case it does not matter whether the acts or omissions which form part of the offence take place in the UK or elsewhere.

The UK Government takes a very serious view on bribery and corruption, and any UK company considered to be involved in corrupt practices will feel the full weight of the law bear down on them under the UK Bribery Act 2010. The UK Department for Business, Innovation and Skills (BIS) has published a number of documents on their website

([www.gov.uk/government/organisations/department-for-business-innovation-skills](http://www.gov.uk/government/organisations/department-for-business-innovation-skills)) to assist companies in this area.

If you feel that you are in danger of becoming involved in bribery or corruption, please seek advice from UKTI in Luanda (See 'Contacts').

## Human rights

Angola's recent constitutional revision means that it has modern labour and employment laws including provision for the protection of employees' rights (including the right to join a trade union). In practice, the developing nature of Angola's economy and the inconsistent application of the law has resulted in disputes over payment of salaries, forcible resettlement and unregulated pollution, and reprisals have been known to occur as a result of complaints and strikes. Angola has ratified all of the eight fundamental conventions of the International Labour Organisation.

There are specific concerns which have been raised by opposition parties and international and national civil society and non-governmental organisations over alleged human rights abuses particularly in Lunda Sul, Lunda Norte and the enclave of Cabinda.

There are continued reports of forced evictions from homes in slum areas and land grabs in some provinces in Angola to make way for infrastructure projects. There are more frequent reports of the right to protest being undermined. There have been concerns raised around freedom of expression in Angola, and self-regulation occurs.

### Terrorism

The threat of terrorism is low in most of Angola, although separatists in Cabinda have in the past targeted foreign companies in, usually, the interior of the province.

### Security

Most international companies and organisations operating in Angola have strict security rules and regulations for their staff. If your company has such instructions they should be read in conjunction with the advice in these pages. There is a relatively high level of crime in Luanda. Muggings (particularly to steal mobile phones) and, occasionally, armed robberies can occur in any area at any time of the day or night.

### Intellectual property

Angolan laws are weak in this area and are almost never enforced. As part of your market entry strategy you will need to establish how you can protect your rights, how much it will cost and what other steps you could take, such as including IPR in due diligence checks and monitoring the market for possible infringements.

### Organised crime

Organised crime appears to be limited, although there is evidence of drug smuggling and reports of human trafficking that could well be linked to organised crime.

### Communications

Landline telephones are unreliable in Angola but as with most countries, mobile phones have become the norm. The landline system is run by the state and calls to the UK are expensive, and most hotels charge higher rates. The dialling code for Angola is +244 followed by the city prefix, which for Luanda is 222.

There are two mobile networks, Unitel and Movitel, and local sim cards and pay-as-you-go top ups are widely available. Mobiles on the UK networks can be used here. Almost everyone in business has a mobile phone, and having access to these

numbers, especially of the key players, is a useful bonus and once these are in your possession you will have been considered to have been accepted into the inner circle.

Voicemail is unusual and most managers will only take calls via personal assistants and secretaries. These support people are very important in that they often act as filters, allowing access (or not) to individuals.

The internet is very slow and unreliable. Most hotels provide a wireless service to guests. Mobile internet is available via a dongle, which is more reliable but, as with everything in Angola, provides an expensive solution. Data roaming tied to UK networks work erratically.

The post is unreliable in Angola and few people use it. For sending business documents a courier firm is recommended. Fax is still the preferred method of communication for setting up appointments and confirming meetings, mainly because it adds to the bureaucracy and utilises the pool of secretarial skills available to managers.

Email is becoming more widely used, although not everyone has a personal email address within an organisation. This is particularly noticeable with state organisations where the email is often central and not personalised. Many individuals, including senior officials in these organisations, will often have a personal email address (e.g. Hotmail or Yahoo).

Email is generally slow and broadband and wireless connections are not universal. The business centres in most hotels offer the best method to avail of these services, especially if data transfer is required. Most managers have a personal email address but will not volunteer it unless specifically asked. Often emails do go unanswered and require constant follow up by phone or even in person.

Angola is ranked 181 out of 189 in the World Bank's 2015 'Ease of doing business index'. See: [www.doingbusiness.org/rankings](http://www.doingbusiness.org/rankings)

Source – UKTI

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