ANIP

Japan-Africa Business Forum

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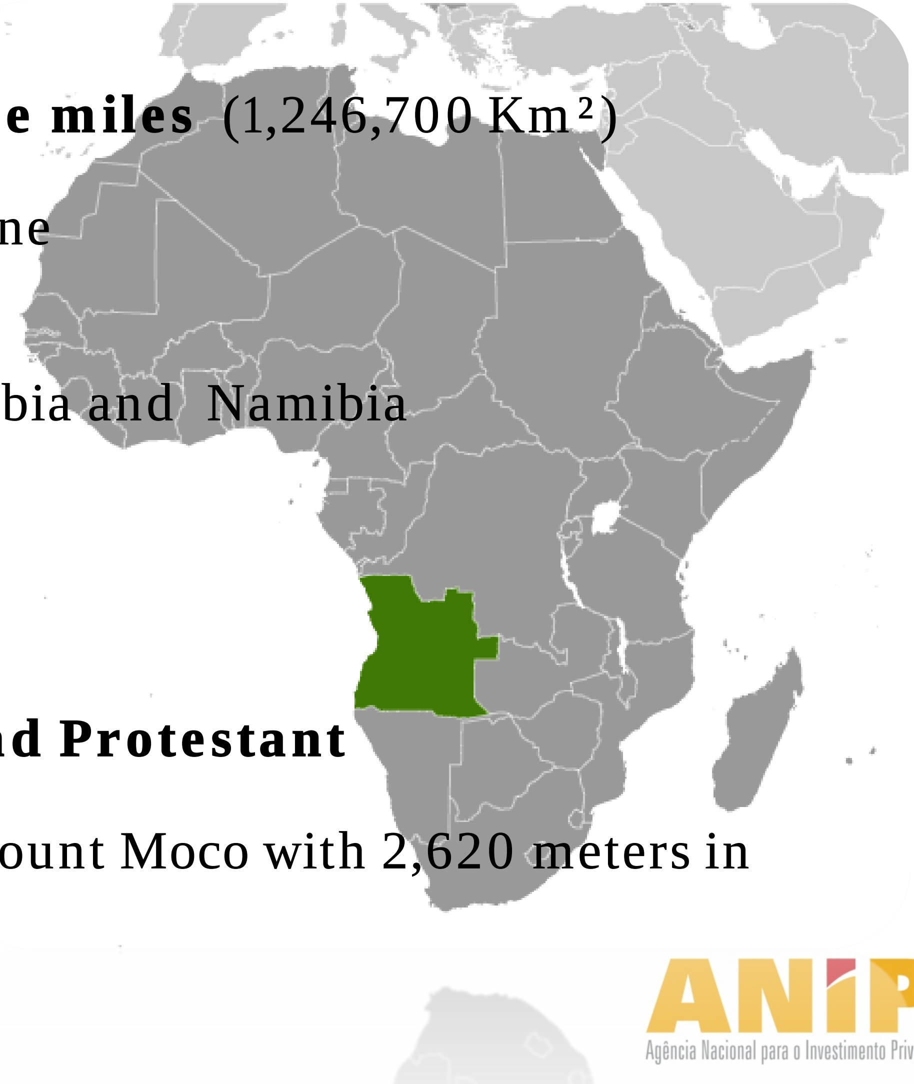
Secretary of State and CEO of ANIP

ANIP – Angolan National Private Investment Agency

ANIP is the only government entity responsible for the execution of the national policy on private investment, its promotion, evaluation, approval and supervision.

Angola

- **Angola lays on the west coast of Southern Africa and it is bathed by the Atlantic Ocean**
- It covers an area of **481,354 square miles** (1,246,700 Km^2)
- **1,025 miles** – (1650km) of coastline
- Borders with: Congo Brazzaville, Democratic Republic of Congo, Zambia and Namibia
- **20,9** million inhabitants (est.)
- **Portuguese** is the main language
- The main religions are **Catholic and Protestant**
- The highest geographical point is Mount Moco with 2,620 meters in height in the province of Huambo.



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Advantages of Investing in Angola

- **Angola holds approximately 12% of Africa hydrographic network**
- The main rivers are Kwanza, Zaire, Cunene and Cubango
- The Maiombe forest in Angola that has an extension in Gabon is one of the largest in the world after the Amazon forest
- Until 1975, Angola had the 3rd biggest forest of artificial eucalyptus of the world, with 74 hectares
- **Rich in flora and fauna**
- **Diverse mineral ores** : diamonds, iron, gold, phosphates, manganese, copper, lead, zinc, tin, wolfram, tungsten/vanadium, titanium, chrome, beryllium, kaolin, quartz, gypsum, marble, granite and uranium
- **7.4 million hectares of arable land and pastures**, from which **only 10% are cultivated**
- ***Microclimas***
- **Political and economic stability since 2002**
- **Angola is member of MIGA- Multilateral, Investment Garanty Agency from the World Bank.**

Advantages of Investing in Angola

- Angola is strategically located on the Atlantic Coast of West Africa, acting as a gateway to Southern and Central Africa by road and railroad networks.

- Angola is one of the fastest growing economies in the world.

- The IMF has stated that Angola's governance and accountability are good.

- The international revenue reserves stand over the 30 million recommended by the IMF, helping to stabilize the inflation rate of Angola's currency, the Kwanza

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Advantages of Investing in Angola

- The Angolan government's main goals are to revamp and develop the economy by diversification, prioritizing the rehabilitation and construction of basic infrastructure, to enable the circulation of people and goods, as a result of private investment in agriculture, agri-business, industry and fisheries
- The Executive created the "Angola Investe" program to support micro, small and medium-sized business with subsidized financing
- The target is to reduce poverty and regional asymmetries.

Advantages of Investing in Angola

- From 2000 to 2011, the Angolan government invested an average of USD 4.7 billion per year in order to rehabilitate infrastructure.

- From 2002 to 2012 the Government rehabilitated 11 Airports and is currently constructing the new Luanda International Airport extending over an area of 1,324 hectares, having also rehabilitated 552 bridges, 7,829 km of roads, and 2,000 km of railroads.

- Five damns were rehabilitated, namely:
  - Mabubas
  - Gove
  - Matala
  - Lomaúm
  - Capanda (1st phase).

Main Government Projects 2013-2017

Sector	Number of Projects	Billion USD
Power and Water	Subtotal 65	14,4 subtotal 29,1 total
Agriculture and Livestock	57	2,8
Transportation and Logistics	123	24,3
Civil Construction	-	6,4
Total		**62,6**

Estimated PIP (2014): 1 trillion, 380 billion AKZ equivalent to USD 14 billion
Source: National Develpment Plan 2013-2017

Macroeconomic Indicators

	2011	2012	2013	2014
Premises of the Economic Policy:				
° Annual oil production (million/bbl.)	605,9	657,3	673,5	641,7
° Oil Price (USD/bbl.)	110,1	103,8	96	98
Goals of the Situation:				
° General rate of growth of GDP %	3,9%	5,2%	5,1%	8%
° Non- Petroleum GVA growth rate %	9,7%	9,1%	6,6%	4,5%
° Petroleum GVA growth rate %	5,6%	4,3%	7,3%	9,7%
° Annual inflation rate %	11,4%	9,02%	7,32%%	7% or 9%
Fiscal (Percentage of GDP):				
° Revenue	42,2	43,3	38,2	-
° Expenditure	33,4	35,6	41,6	-

Source: http://www.minfin.gv.ao/docs/dspOrcaCorren.htm

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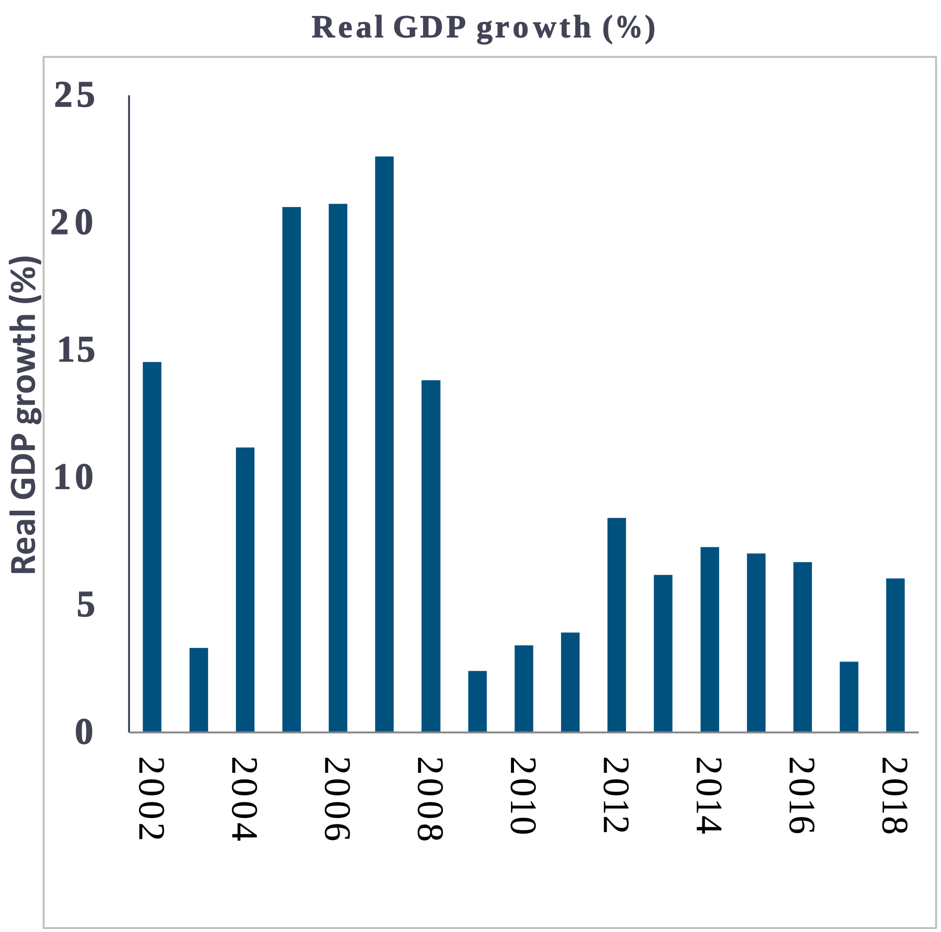
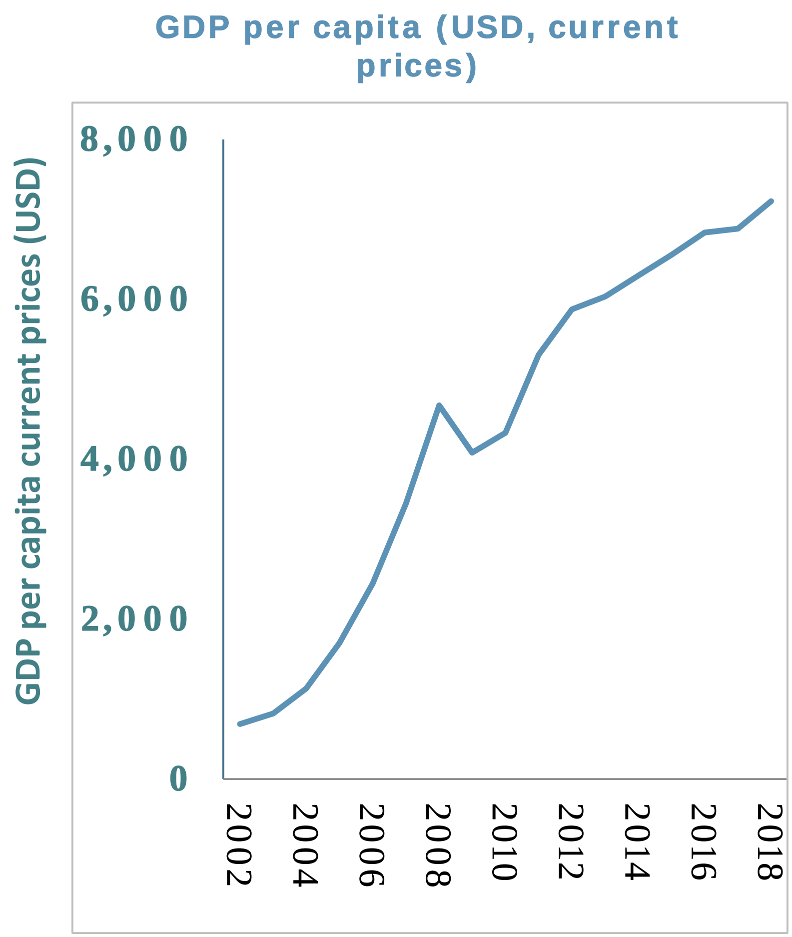
Real GDP and income per capita have shown robust growth.

In 2012 GDP was USD 114.14 billion
In 2012 GDP per Capita was USD 6,200 per year



Source: IMF World Economic Outlook Database, real GDP growth from 2011 is based on IMF staff estimates.

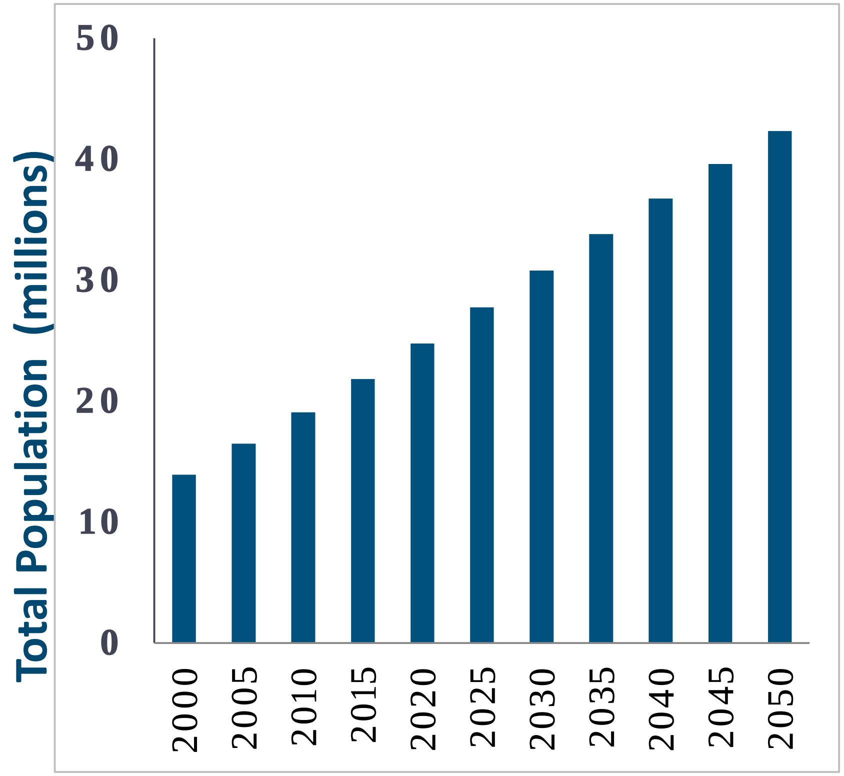


Source: IMF World Economic Outlook Database, GDP per capita data from 2000 and onwards is based on IMF staff estimates

Strong population growth

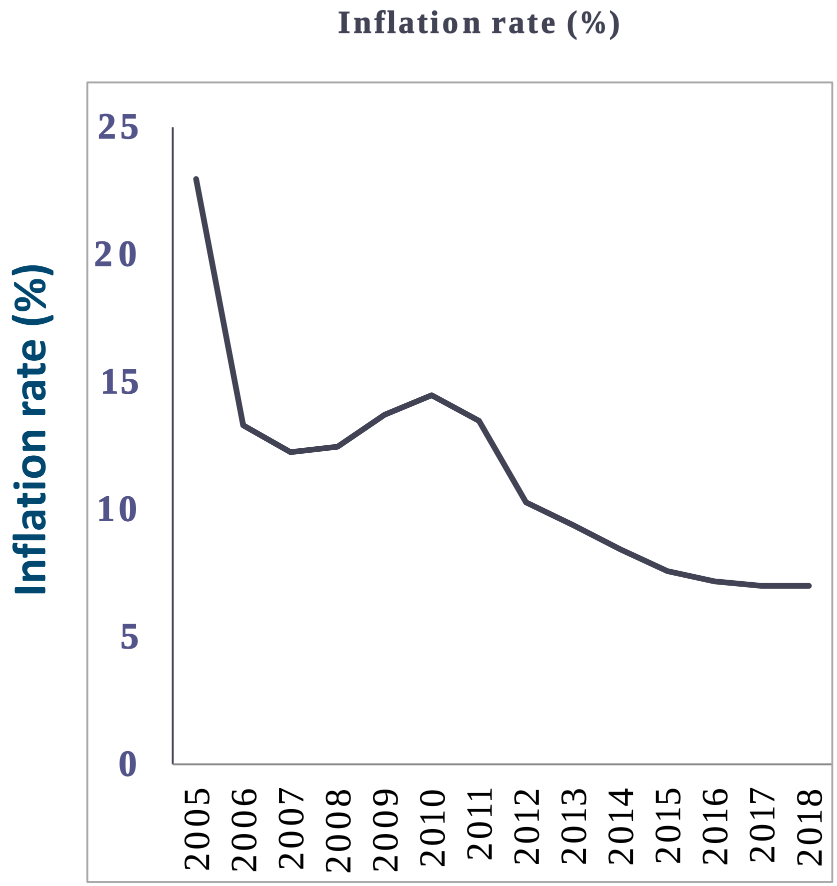
Angola has a growing middle class with good purchasing power

Total population (millions)



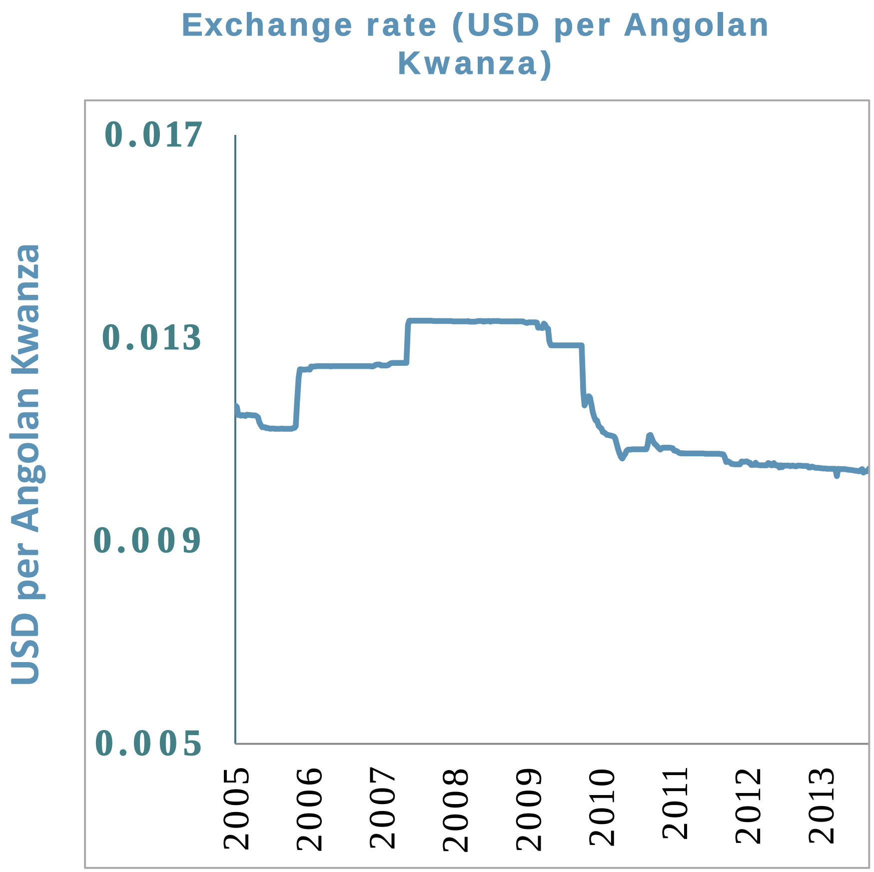
Source: UN Department of Economic and Social Affairs

Decreased Rate of Inflation



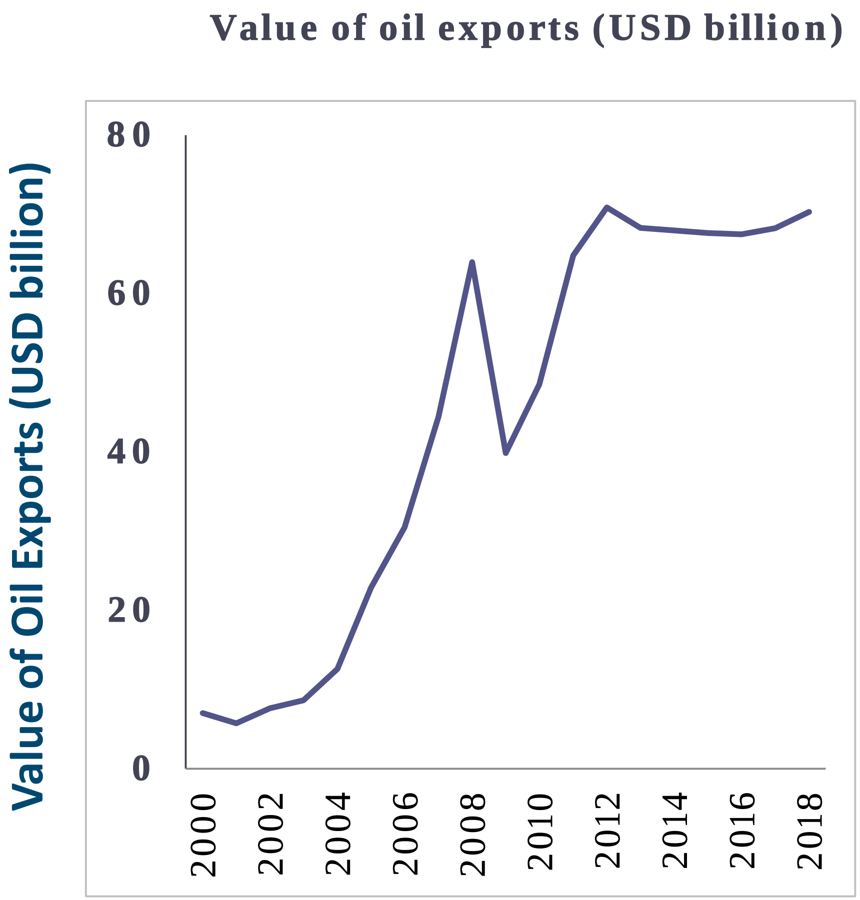
Source: IMF World Economic Outlook Database, inflation data from 2012 and onwards is based on IMF staff estimates.

Stable Exchange Rate



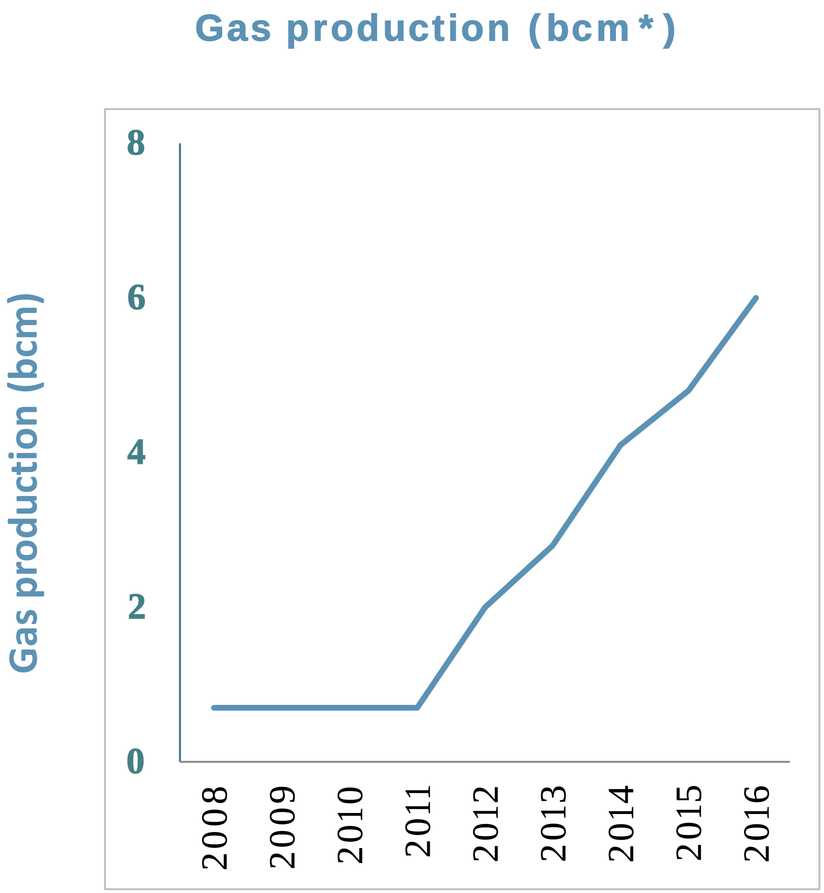
Source: Thomson Reuters Datastream

Stable Oil Exports



Source: IMF

Rising Gas Production



Source: EIA, Business Monitor International (BMI), Angola Business Forecast Report Q4 2012 - *BCM refers to billion cubic meters

The Main Commercial Partners of Angola

Angola	2011	2012	2013	Products	Main Commercial Partners
Imports	USD 5,6 billion	USD 11 billion	USD 8,3 billion	Machinery, Electric Equipment, vehicles and parts, medicines, food products, textiles, military goods.	China 11%, Portugal 16%, USA 5%, South Africa 4%, Brazil 4%, UEA 4%, UK 4%, Belgium 4% Others 12%
Exports	USD 17,3 billion	USD 17,8 billion	USD 16,6 billion	Oil, diamonds fish, timber	China 54%,USA 5%, Taiwan 5%, India 9% Netherlands 3%, Canada 3%, Others 8%

Source: INE

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Angola Needs

- Rehabilitation and construction of basic infrastructures
- Development of the network of water and energy
- Construction and reconstruction of roads, bridges, railways, ports and airports
- Modernization and increase agricultural production
- Creating jobs through the implementation of new industries
- A good educational system
- An efficient Hospitality Infrastructure
- A good network of Hospitals and Clinics
- A Strong Financial institutions
- The main target is to reduce poverty and regional asymmetries.

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How to Invest in Angola

Incentives are Given to Priority Areas

Infrastructures

Industry

Transportation;

Agriculture and cattle breeding;

Energy and water;

Telecommunications;

Fishery

Industrial hubs and free zones;

Education and Health

Hotel and Tourism

Reserved for the Government

- Production and distribution of war material;
- BNA (central bank) and currency
- Ports and airports
- Basic infrastructure for telecommunication networks

Government must be major shareholder

- Basic Telecommunications System
- Postal Services

Requirements and Process

From 1 million dollars

ANIP's Application Form

USD 250

APPROVAL

CONTRACTUAL SCHEME

(ANIP)

Up to USD 10 million (60 days maximum)

APPROVAL

CONTRACTUAL SCHEME

(Cabinet Council)

Over USD 10 million (75 days maximum)

Exception**: It is not considered (or applied) the private investment regime when Private Companies have shares in Public Companies where the State owns 50% or more of the share capital (stock capital).**

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Required Documentation

1.1. Bylaws
If investor is shareholder of an already existing company

1. **Presentation of Proposal: Form** (description of investment, inventory of equipment)
2. **Draft Articles of Incorporation** for Creation of Company
3. **Certificate** authorizing **company name**
4. **Annual Financial reports** for the last 3 years
5. **Power of Attorney** (if necessary)

Investments in individual name :
4.1. Certificate of financial capacity
4.2. Certified criminal record

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After Approval

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Issues CRIP and sends it to:

BNA

Authorizes foreign capital transactions,

National Custom Authorities

Authorizes the reduction or exemption of customs duties;

National Taxes Autorities

Which monitors taxes;

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Final Step

Investor should: **Register company**

Publish bylaws in State Gazette (*Diário da República*);

Obtain business activity license (Ministry of Commerce)

Register with tax authorities (Ministry of Finance).

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Tax Incentives				
Economic Zones	**Industrial Tax**	**Capital Gains Tax**	**Property transfer Tax**	**Criteria for Applying Maximum Limits**
Zone A Luanda, main municipalities of Benguela, Lobito, Huila and Cabinda	1 to 5 years	Up to 3 years	For the acquisition of land and real estate connected to the project	Investments ≥ USD 50 million; Investments which generate ≥ 500 jobs;
Zone B remaining municipalities of Benguela, Cabinda, Huíla, Kwanza Norte, Kwanza Sul, Bengo, Uíge, Lunda Norte and Lunda Sul	1 to 8 years	Up to 6 years	For the acquisition of land and real estate connected to the project	Investments ≥ USD 20 million; Investments which generate ≥ 500 jobs;
Zone C Huambo, Bié, Moxico, Kuando Kubango, Cunene, Namibe, Malange and Zaire	1 to 10 years	Up to 9 years	For the acquisition of land and real estate connected to the project	

In Zone C the subcontracts could also be eligible for tax exemption and reduction.
The tax incentive is granted after the implementation of the project and at least 90% of the estimated work force being in place. The reduction in the percentage of the rate of tax may not exceed 50%.

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Tax Incentives

Tax incentives and benefits do not constitute a rule.

They are not granted automatically or for an indeterminate period of time.

When considering the proportion and scaling of tax and customs incentives and benefits to be granted, criteria must take into account:

a) The type and value of investment.

b) The investment's insertion into the country's economic development strategy.

c) Perception of direct and indirect capital gains.

d) Complexity of investment.

e) Estimated time required for a return on capital.

f) Type of technology to be utilized.

g) Commitment to reinvestment of profits.

h) Volume of goods or services to be produced.

i) Creation of production lines.

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Tax Incentives

Tax incentives or tax reductions are granted after negotiation on a case-by-case basis.

An extraordinary tax incentive could be granted to:

a) Investments declared highly relevant for strategic development.
b) Investments capable of creating at least 500 jobs.
c) Investments capable of contributing to a major boost in technological innovation and scientific research.
d) Annual exports that could exceed USD 50 million.
e) Investment projects evaluated at above USD 50 million.

Dividends

Liabilities:

The dividends or profits can be transferred after the payment of taxes;

- **Corporate Tax Rate 35%** and a reduced rate of **25% for rural areas**
- **Sales Tax / VAT Rate 10%** and,
- **Property Transfer Tax Rate (SISA) 2%** to **10% .**

The repatriation of dividends is proportional to the:

a) Investment value;
b) tax reduction or tax exemption concession period;
c) customs incentives and benefits;
d) investment period;
e) profits effectively realized;
f) socio-economic impact of investment;
g) influence on the reduction of regional asymmetries;
h) impact of the repatriation of dividends on the balance of payments.

Transfer of Dividends

Zone A: Luanda, principal municipalities of Benguela, Lobito, Huila and Cabinda	**From USD 1 million up to USD 10 million,** transfer of dividends upon third year. **From USD 10 million up to USD 50 million,** transfer of dividends upon second year. **From USD 50 million**, transfer of dividends upon first year.
Zone B: Remaining municipalities of Benguela, Cabinda, Huíla, Kwanza Norte, Kwanza Sul, Bengo, Uíge, Lunda Norte and Lunda Sul	**From USD 5 million,** transfer of dividends upon first year. **From USD 1 million to USD 5 million,** transfer of dividends upon second year.
Zone C: Huambo, Bié, Moxico, Kuando Kubango, Cunene, Namibe, Malange and Zaire	To be Negotiated

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Investors Protection

- Access to courts and right to defense

- Monetary restitution in event of expropriation

- Private investments are not nationalized; if this occur, the Government ensures all investor rights

- The law guarantees professionalism, privacy and confidentiality

- Reciprocal Protection of Investment Agreements (based on Bilateral Cooperation Agreements)

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Corporate Structure

- Branch
- Unlimited Company
- General Partnership
- Limited Partnership
- Private Limited Company

Foreign investors are allowed to create 100% (one hundred percent) private company except in the diamond and oil industries.

Note : Representation Office only before the approval of the proposal and 50% of the employees must be angolans.

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Procedures

- Necessary registrations:
  - Tax I.D.
  - Commercial
  - License as importer or exporter;
  - Social Security (for employees)
  - Commercial and/or industrial operating license
- Bank account must be opened;
- Deposit funds required for capitalization;
- Proof of deposit must be presented to Notary Public when drawing up company's Deed of Incorporation

Reciprocal Protection of Investment Agreements

Africa	Europe	Latin America
Cape Vert	France	Cuba
Guinea Bissau	Germany	
Namibia	Great Britain	
	Italy	
	Portugal	
	The Netherlands	
	Spain	
	Switzerland	
	Russia	

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Success Cases

Case 1. KFC

- KFC started operating Angola in 2012.
- In the 1st quarter of 2013, 2 KFC restaurants recorded sales of 3.3 million Euros (some 4 million dollars); almost as much as the 18 restaurants it owns in Portugal.
- KFC invested in Angola through the Ibersol Group, which also operates in Portugal and Spain, and had a 5.2% drop in the overall sales as compared to 2012.
- Portugal and Spain recorded falls in income of 6.8% and 4.4%, respectively.
- Without its business in Angola, sales would have fallen by 6.1%.
- KFC is going to open 2 more restaurants in Luanda, before the end of 2014.

Caso 2. SHOPRITE

- Last year, five Angolan stores sold more cans of the energy drink than the chain of 382 stores in its country of origin.
- And, he added, those same five stores in Angola also sold more bottles of JC Le Roux sparkling wine than the whole South African chain.
- It is not by mere chance that Shoprite wants to open 44 stores outside South Africa this year, with its sights set on countries rich in natural resources, like Angola, Nigeria and Zambia.
- Thanks to the growth of business done outside South Africa, for the first time, Shoprite’s half-yearly sales reached 50 billion rand (455 billion Kz)

Case 3. Alex Thomson-Payan

- Alex Thomson-Payaness, a graduated from Babson College in Boston, arrived in Angola in 2007 with $200,000 raised from Swiss and American friends.

- Today the 29-year-old runs Thomson Group International, which earns monthly revenue of more than $2 million from selling mobile phones and supplying oil explorers with services.

- Thomson-Payan began by forming Electrix Telecommunicacoes SA to manufacture and sell mobile phones, including a unit with a 30-day battery.

Case 3. Alex Thomson-Payan

- He distributed through 25 stores, 20 of them in Luanda, and expanded to become the country's largest phone distributor by offering other retailers stock financing in exchange for a share in their businesses.
- Thomson-Payan said he's started a consulting side-line to offer advice, a $4 million investment fund offering an 18 percent return, and trade finance to give newcomers a leg up.

Case 4. Rupert Wetterings

- Another young entrepreneur, Rupert Wetterings, 25, used $250,000 raised from friends and family in South Africa and the U.K. to transform his company, Fides Mediador de Seguros Lda., also known as AIBA, into the market's largest insurance broker.

- Wetterings, who has a degree in management and finance from the University of Birmingham, England, said the company had gross written premiums of $30 million in 2013, mostly from oil and gas clients.

Case 4. Rupert Wetterings

- Wetterings benefited from having only two state-run insurance companies AAA and Empresa Nacional de Seguros e Resseguros de Angola had on the insurance market.
- In November, Groupe Saham, a Morocco-based investment company, paid an undisclosed amount for GA Angola Seguros SA, Angola’s largest closely held insurance company by revenue, to gain access to Angola’s $1 billion-a-year insurance market.
- “Angola is an exciting and challenging investment destination for those who have an abundance of enthusiasm and the resources that match your determination to succeed,” he said. “The start was very difficult, but through working very long hours and attracting the right people, we’ve been able to build up the business.”

Source: http://www.bloomberg.com/news/2014-02-04/babson-graduate-defies-angola-myth-to-make-millions-from-phones.html	Ranking
World Bank Ease of Doing Business Index 2014	179th of 189 countries
Transparency International's 2013 Corruption Perception Index	153rd of 177 countries
GDP Growth 2012 (World Bank)	6,80%
Expected GDP Growth 2013 (World Bank)	5,10%

Thank you!
Invest in the future, Invest in Angola!

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www.anip.co.ao
www.anip-angola-us.com

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