

ANGOLA 2014

ECONOMIC GROWTH IN SOUTHERN AFRICA'S NEWEST STAR IS FUELLING A BOOM IN THE NON-OIL SECTOR

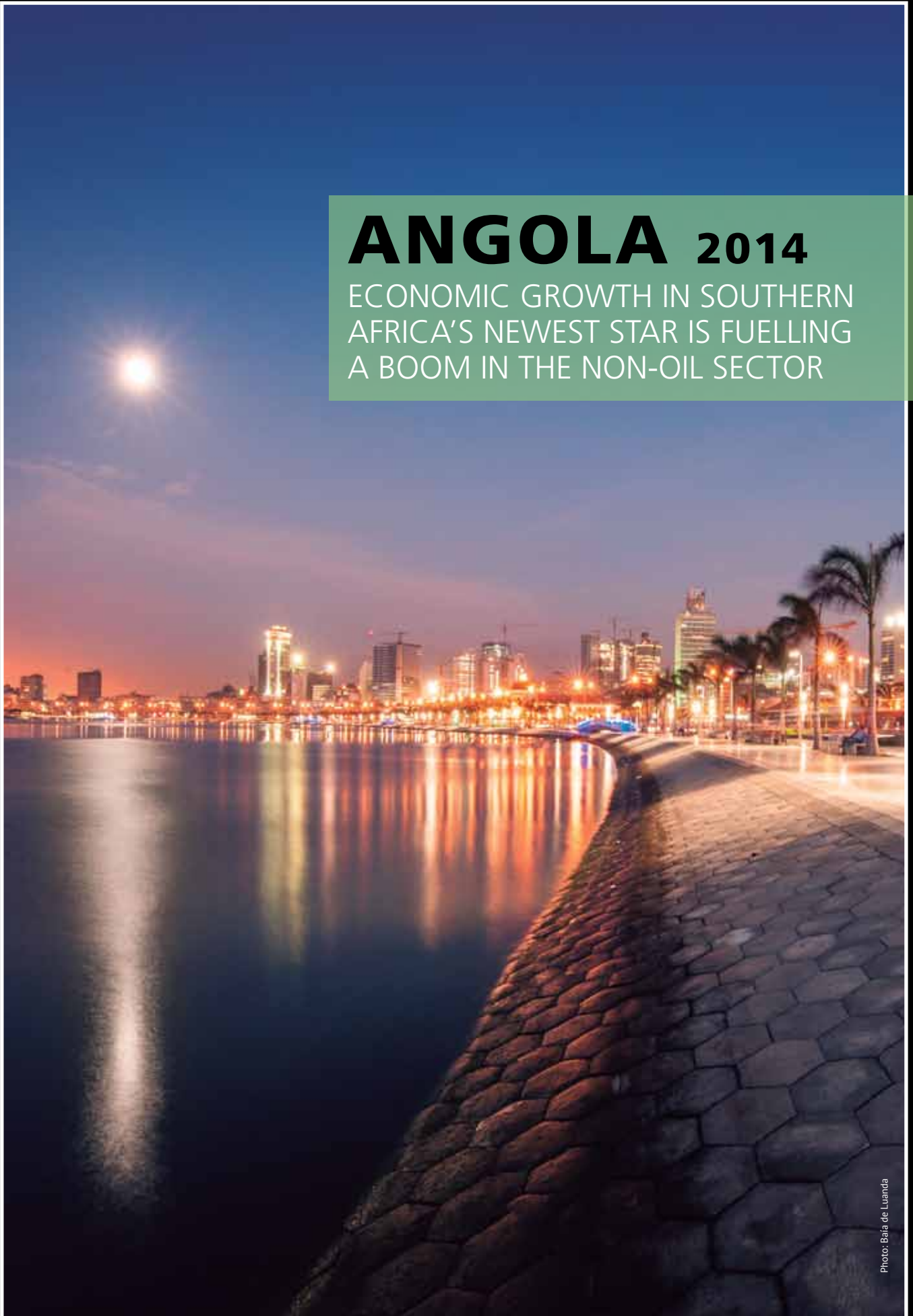


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CONSTRUCTION & REAL ESTATE

THE BOOM IN ANGOLAN CONSTRUCTION IS BENEFITING BOTH PUBLIC AND PRIVATE COMPANIES



Angola's construction sector, both public and private, is rebounding strongly after several stagnant years triggered by the global financial crisis which caused a fall in oil prices and the resulting decline in government expenditure.

Now, higher petroleum prices, surging GDP growth and healthy government revenues are fuelling public spending with a resulting knock on effect on construction.

In their bid to diversify Angola's economy away from its almost total reliance on the oil and gas sectors, government authorities are pouring billions of dollars into transport infrastructure around the country as the provinces begin to play a more important role in the country's commercial life.

This fiscal year's \$55 billion budget calls for a third to be spent on infrastructure and social projects such as low-income housing, schools and hospitals with a resulting 12% average annual growth predicted for the construction sector from now until 2018.

At the same time, ambitious privately funded construction projects are transforming the country with large-scale housing developments, industrial parks and shopping centres springing up around the capital and around the country, along with office buildings, hotels and factories.

Public Involvement

Deeply involved in this mammoth effort

is Empresa Nacional de Elaboração de Projectos, or ENEP, the state-owned consultancy active in architecture, engineering, technical assistance and work supervision.

The product of a merger of two state companies with 30 years of combined experience in the sector, ENEP bills close to \$5 million annually.

"We currently employ more than 100 people, 70 per cent of whom work on the technical side as engineers, architects and technical designers," explains general director José Carlos Fernando Malheiros.

"ENEP is fundamentally involved with public and social construction projects and the company has the most technical assets of any government enterprise.

"We are widely respected and active all over Angola. For example, of all the projects implemented in the central province of Bié, 47 were the responsibility of ENEP," he says.

Angolan officials are planning to launch major new infrastructure projects this year in the country's outlying provinces and Malheiros says ENEP will play a big role, primarily in communications infrastructure, social projects and education.

"Cooperation with international partners is very possible in all of this activity and there are particularly interesting opportunities in areas like government-provided housing, both in and outside of Luanda," he says.

"There are also opportunities in other

social projects, secondary and tertiary roads and even major highways. ENEP's sphere of activity is so vast that we can search out partners for all of this and more because as everyone knows, Angola still lacks infrastructure in many areas."

Although owned by the state, ENEP is a self-financing enterprise and has wide autonomy in its management, operations and other aspects. This gives it a flexibility which is very attractive to potential foreign partners.

ENEP has worked on various projects with companies from Portugal and France and the general director says he is open to cooperation with others in any activity that benefits Angola.

"What is important is that the partner comes here to negotiate, do business and make money. But above all the partner must have respect because we have dealt with some who still have that colonial attitude."

"Those who want to come here to lend us their expertise and help us achieve the level of a developed country are more than welcome," he says, adding that foreign partners could aid ENEP in its goal to go international.

"Within five years I would like to see this company working in other countries, not just in Angola. There is a huge market in this continent and partners could certainly be instrumental in ensuring that ENEP moves from being a national company to an international one."

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Private Thrust

In the private construction sector, companies like Uniprev Group are also doing their best to advance the country's development and in this firm's case it is housing aimed at Angola's growing middle class.

One of its prime projects is the Jardim de Rosas residential complex near Luanda, a gated community with single homes, semi-detached homes and townhouses, luxury apartments, shopping area, clinics, schools and residential areas.



JOSÉ ARSÉNIO
MANUEL

PRESIDENT OF
UNIPREV GROUP

"THE ANGOLAN BUSINESS COMMUNITY HAD TO LEARN ENTREPRENEURSHIP ON THE GO"

"Our whole concept is property development with an assured maximum quality," explains board chairman José Arsénio Manuel who studied in what was then Leningrad before returning to his homeland to start a business.

"I trained as a telecommunications engineer but the beauty of St. Petersburg inspired me to go into property development. So I gathered some friends to form the company and we saw our chance when peace came in 2002," he recalls.

But it wasn't easy. Arsénio Manuel says obstacles included access to land purchases, legalising the company, and several false starts with partners that didn't work out.

"Uniprev Group began in a nine-square-metre room in my small house in Luanda and now we have a 1,200-square-metre office. We started as a housing cooperative because our purchasing power was low and that was one key to our early success."

Since then, Uniprev Group has worked with companies from China, a country which is active in investments all over Africa and the chairman says the Chinese are great partners.

"They brought capital to invest in infrastructure projects like ours and while there were and still are problems with the language barrier those have been largely overcome and now there are no major difficulties," he says.

Uniprev Group has worked with a Chinese company on three major residential

developments in Luanda – Parque das Acácias, Tempo-21 and Tulipa Negra – and the 470-hectare housing complex Rosa de Chela in Lubango, province of Huíla.

There are also projects pending in the provinces of Cabinda, Benguela and Huambo.

"Our housing units are good quality at a good price and while they are more expensive than those built and sold by the state, they are within reach of those Angolans who enjoy an average purchasing power," says Arsenio.

The executive is confident that the country's current economic stability will continue for the foreseeable future, citing the improving economy in Europe which is a major purchaser of Angolan petroleum as one encouraging sign.

"You also have to consider that the Angolan business community is now more experienced and learned a lot during the financial crisis which began for us in 2009.

"We had to learn entrepreneurship on the go, it wasn't ingrained in us as it is in Europeans. We are gradually gaining confidence, our children are already learning a new work ethic and that tells me that in five or ten years things will be totally different."

Market Rebound

Supplying the construction sector in Angola for its heavy equipment needs is MTA, an Angolan company which is the exclusive dealer for one of the world's major manufacturers of such machines, JCB of Britain.

"Our machines are ideally suited for the rising demand from the infrastructure sector," says MTA general director Pedro Salbany. "And there is ample room for more growth."

But things were not always so rosy. Shortly after its founding in 2009, the construction industry went into a tailspin due to the global economic crisis and MTA struggled through some difficult times.

"Everything turned around in 2012 and 2013 when we had two very successful years. Our turnover now is around \$9 million which compares very favorably with

the figure from 2011 which was just under \$6 million," he says.

Salbany says that growth aside, there are some difficulties for companies, foreign and domestic, operating in the Angolan market, mostly having to do with government red tape.

"One has to have patience, lots of patience. One of the major obstacles in establishing a business here is the whole start up procedure and all the various processes.

"There is a lot of rubber stamping, lots of delays between different requirements such as investment approval which can take a long time. But once that is obtained, the rest of the documents and permits can be sorted fairly quickly," he explains.

One of Salbany's other complaints is the slow and expensive import process. He notes that as a trading company, MTA relies heavily on an efficient import structure as delays and bureaucracy impact on the company's final price and therefore its market share.

And despite the government's commitment to expand, improve and streamline Angola's port infrastructure, it can still take up to 20 days to import goods.

"There is always a valid reason for the delays but nothing happens quickly. Still, there is no doubt that there are profits to be made."

One of MTA's best-selling products is the JCB backhoe loader which the general director says accounts for 40 per cent of the world market in that machine. And it is key to the Angolan company's future.

"We expect to be the local market leader in backhoe loaders and for other machines for which we have a scant presence at the moment because the growth potential is there.

"I've been in Angola through the years of disorganised chaos, organised chaos and now when things are going right. It's a hell of a revolution this country is going through and there has been magnificent change. It's simply one of the best exciting markets to be in right now!"

INTERVIEW WITH JAIME FREITAS
CEO of COSAL GROUP

Unique management skills and the total ownership of its assets have made COSAL Group the largest player in Angola's new automotive distribution sector. COSAL's experienced CEO Mr Freitas explains where he sees the future for his diversified conglomerate and the whole country, which he sees bound to become Africa's bread basket thanks to its unexploited water resources



QMP- In which areas is Cosal Group currently investing?

J.F.- The core-business of the Cosal Group is linked to the automotive distribution business, we work with several brands. Additionally we are working with Hyundai Heavy Industries and Castrol. We also have some investments in construction materials and construction itself. Additionally we are active in the tourism and hospitality business, but we believe the government has not done enough for these sectors.

QMP- Is the automotive market in Angola still growing strongly like before the 2009-10 crisis?

J.F.- Not as much as in the past. But we do not have enough statistical information regarding the size of the market, the government still suffers from some old centralist habits where statistical information is not released to companies, so we do not have reliable and up-to-date information on the size and composition of the automotive market. As official dealers of foreign auto-makers we are at a disadvantage from a tax perspective compared to parallel imports who can fiddle with the invoices to avoid taxes.

In any case, after the 2009-10 crisis the market has been growing at about 10% a year, but this year it should remain stable.

"ANGOLA COULD BECOME THE 4TH "A" IN THE LIST OF THE LARGEST WORLD FOOD PRODUCERS: AMERICA, ARGENTINA & AUSTRALIA"

QMP- Are there still good opportunities for FDI in Angola?

J.F.- The market is full of opportunities, everything is yet to be done. The population is growing at 3% a year, with over 70% under 30 years of age. So the potential is real, but we need to realize it! For many years we developed the oil industry, where I worked for over 20 years, where we created legislation, trained the workforce and hence the investment opportunities were there. Yet the oil industry has been an island and now we need to develop the other sectors as well, but it is happening at a slow pace.

QMP- So you believe the right circumstance are not here yet?

J.F.- I believe that our government has not yet understood the conditions that are necessary for an investment to happen. Being a country rich in resources the country has not yet understood that it needs to compete with other countries. Investment is like water, it runs where it finds less obstacles. Since in Angola there are lots of hurdles, investment finds it difficult to come here.

QMP- Where do you see the Cosal Group in the next few years?

J.F.- I see the group evolving thanks to the fact that it was one of the first groups linked

to the automotive world, and that our policy has always been to own our facilities. We have a large and diversified array of assets which allow us to cover eight or nine provinces in a very solid manner.

QMP- So there are not many similar competitors currently...

J.F.- Exactly. That is why, even if we work with small margins, as long as the company has a good management, with me or without me, as I am of a certain age, I believe that Cosal is founded on good brands and should have no problems in the future. So I see a company constantly evolving, not only in terms of size but in its initiative, its organizational structure, its available management skills, as it is known that the biggest problem we have in Angola is the lack of skilled people. We need people with professional and technical experience, I do not see any problem that can not be overcome through people.

QMP- Any other sector where you intend to invest in the future?

J.F.- Angola has opportunities in many sectors, but I see great opportunities the agricultural sector. We have some investments in that area, quite small as we do not yet have the management capacity to expand our activities at the moment. Angola has indeed potential in that sector, agriculture can be Angola's future, as the future is not in oil and gas. This country holds 20% of the water resources in Africa, so Angola could become the fourth A in the list of the greatest food producers in the world, together with America, Argentina and Australia, and then Angola.

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INTERVIEW WITH HUSSEIN MOUSSA

General Manager of O-INDEX

Where the construction industry goes, the distribution companies follow. As Angola undergoes a second construction boom, new savvy entrepreneurs are finding that quality, organization and transparency are keys to success. The general manager and founder of the O-INDEX Store in Luanda explains his recent experience and success

QMP- O-Index works from 2010, why was it founded a year right after the crisis?

H.M.- *Simply because the whole of Angola is at work, thanks to the local and international companies that are helping in the reconstruction of the country's infrastructure and other works. We intend to be part of that business and grow as a distributor and wholesaler of construction material.*

QMP- Are you active only in construction material?

H.M.- *We are present in construction material, electric material, anything related to construction. We are also present in construction itself, and we are active in several projects, such as the Perola Verde, a housing project, where we have already delivered several housing units.*

QMP- How difficult was to set up a company from scratch?

H.M.- *My experience is that it was much easier for me than it is for the new comers. I have been in Angola since 1999, that is fifteen years of experience in most sectors, industry, distribution, construction. Those years were not easy, as the infrastructure was mostly destroyed. It is very different now, thanks to the government's effort to develop the country, and we as entrepreneurs must be part of it and contribute with our personal effort.*

QMP- How did O-INDEX develop in these first years?

H.M.- *We founded the company in 2010 and started our activities in 2011, with a small store, while we finished building the current premises, which belong to us. In 2012*

"WE ARE INTERESTED IN FURTHER INTERNATIONAL PARTNERSHIPS TO TAP NEW BUSINESS OPPORTUNITIES"

we moved here. We are looking at achieving a turnover of about eight million USD in 2014. In this sector we are looking at doubling or tripling our current activity for 2017.

QMP- How important were international partnerships for O-INDEX? Where are they from?

H.M.- *Most of our international contacts are in Europe. We are committed to high quality products, that was part of our success. We prepared extensively for that, because few companies here are dedicated to that part of the market that is looking for high quality construction and electrical material. We sell mostly European equipment, and some Japanese equipment that we import from Dubai. Particularly we import lots of material from France. We are interested in further partnerships with international companies, in order to gain more experience and tap new business opportunities.*

QMP- The new and recently approved customs duties are affecting the construction sector?

H.M.- *I believe the recent changes in the customs duties are fair. In construction materials I believe that more than 90% of the products have not been affected. There has been increases for some lines of products already being made here, such as PVC and PPR plastics. In my opinion it was a correct decision*



from the Government in order to promote local production and help the Angolan industry. I think it should have happened before, and not only is helping the Angolan industry but created many new jobs.

QMP- What's the key to success in the Angolan market?

H.M.- *The key to success is organization and transparency. In any work, with an organized team of professional working in transparent manner success can be achieved.*

QMP- Where do you see O-INDEX in the next few years?

H.M.- *If we met in five years then I would like to tell you that we have achieved our dream of a larger and more relevant company, which I am convinced is an achievable goal.*

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INDUSTRY

AFTER MANY YEARS OF NEGLECT BASIC INDUSTRIES ARE NOW FLOURISHING IN ANGOLA

Angola's oil and gas industry has been, and will remain for decades to come, a blessing for the country and its 20 million people as the government ploughs the billions of dollars in annual earnings back into the country.

A massive outlay of spending on new transport infrastructure, agricultural development, education, housing, government services and a host of many, many other projects will benefit Angolans and at the same time attract savvy foreign investors looking for a smart return while helping to develop the nation.

All well and good. But the Angolan authorities are also keen to make sure that the country does not become too dependent on its lucrative natural resource industries which also include minerals, gem mining and fishing.

In its bid to foster sustainable and high-employment economic growth, the government is promoting light industry through incentives and other measures.

And investors, both foreign and domestic, are enthusiastically establishing a range of manufacturing facilities to meet the growing private and public sector demands for goods as consumer and government spending is expected to remain high.

Branded Growth

IMEX INDÚSTRIA, based in Viana near the Luanda, is a perfect example of such a company that is targeting both the booming

construction sector and private consumers as incomes rise.

Founded more than a decade ago as a mattress manufacturer under the brand name Smartflex, the company now also turns out a wide selection of polyethylene products with industrial, government and private applications under the HIPO brand name.

"We began manufacturing foam mattresses in old plants which we leased in Luanda, then we started producing plastic tanks for water and opened a branch in Lobito," recalls CEO Ramzi EL-Houchaimi.

"In 2009, the market began to grow and we decided to make this huge investment in modern machinery with the latest technology and expanded to Huambo and Cabinda."

With a payroll of around 200 local Angolans and 25 ex-pat staff, IMEX Indústria has an annual turnover of some \$17 million, with growth recovering well after a brief setback four years ago.

"The global economic situation put a brake on our earnings in 2010, but a year later we began to recover and it's been great ever since. Last year was better than 2012 and we hope this year will be even better yet," he says.

Smartflex has become one of Angola's leading spring and foam mattress brands while HIPO is a major player in the local rotational moulding plastics industry with its special tanks for water, chemical and diesel fuel tanks, septic sumps, pallets, waste containers and road dividers and traffic cones.

And Hipo's polyvinyl chloride (PVC) and high-density polyethylene (HDPE) piping systems for sanitation, potable water supply, chemicals and corrosives, key to the country's booming construction industry, are also driving the company's growth.

Demand remains strong for IMEX's construction products despite competition from abroad and the executive says that it fell slightly when the building sector slowed recently.



"Our outlook is positive but manufacturing is not always easy," EL-Houchaimi explains. "A reliable electricity supply, sufficient water and efficient transport are vital to this industry and there could be improvements in all of those, a task which the government is now undertaking.

"However, we still see no obstacle to developing our brands through expanding our line of products as there is still a lot of room to grow in, for example, the PVC pipe sector. And there are some interesting opportunities in the mattress sector. But everything needs time and money"

Introducing new products while maintaining IMEX's sterling reputation and creating jobs are the overall goals of the CEO, who stresses the fact that Angola is a great place for foreign investors who know how to make the right moves and take the correct attitude before jumping in.

"Investors need to visit Angola and study the markets as there are many opportunities. The government is now keen to help industry and we see evidence of those efforts more and more.

"There is a bright future here for any foreign company that knows what they are doing with their product in their particular market," EL-Houchaimi says.

New Investments

Attracting an international partner is the

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goal of another local player in the mattress manufacturing industry, Ninhoflex, whose CEO, Luvualu Ndembo, argues that such a move would help his company develop expertise and add value to its product range.

"Ninhoflex has its origins in the country's ambitious reconstruction and reindustrialisation policies launched after the end of the civil war with two very important goals: recover Angola's industrial heritage and provide jobs for those former soldiers returning to civilian life," he says.

A trained chemical engineer, the CEO returned from training abroad and went to work for the National Plastics and Foam Company before becoming administrative director of the sole mattress factory in the country at the time, Polian.

"Then I moved to Ninhoflex, the purpose of which is to employ those who need a hand up to enter the labour market in the industrial sector," he says.

"Following a year of training, the plant started production in 2012 and last year we improved substantially. Our immediate goal now is to produce around 500 mattresses per day."

Ndembo says that sales are going well and that over time Ninhoflex will boost quality through experience and state-of-the-art technology, allowing it to better compete with imported mattresses.

"Securing a partner is among top management's strategic visions and such a move would certainly help us in securing a good position in the market," he explains.

The CEO argues that once the company's mattresses are firmly competing with imported products, Ninhoflex will have a clear advantage as a local manufacturer.

"We make a product that the customer must order and for imported mattresses that can take as long as three or four months to arrive in Angola.

"However, if our quality is the same and the customer can have immediate delivery, then of course the customer will choose to purchase from Ninhoflex," he says.

Ninhoflex was one of the first companies to open a production facility in the Luanda-Bengo Special Economic Zone (ZEE in its Portuguese form) which Sonangol Investimentos Industriais - SII-established two years ago to develop and coordinate light industry.

Eventually, the zone's managers say they plan to have 53 industrial units operating under special incentives which will boost the country's exports and provide employment.

"Our presence in the Luanda-Bengo Special Economic Zone has provided us with immeasurable advantages such as sharing infrastructure and services which have made it so much easier for us and for our customers," Ndembo says.

"Within five years I believe Ninhoflex will be a market leader as we are firmly committed to applying strict professionalism and expertise, investing capital and taking the quality of our product to a competitive level."

While Angola's fossil fuels industry is by far its leading natural resource followed by diamonds, other treasures beneath the earth also help contribute to the nation's rising prosperity such as granite and marble, while underdeveloped extractive materials include copper, zinc, gold, silver and uranium.

Family Tradition

And then there is salt, which Ango-Sal Ltda. is extracting for the domestic market and has plans for export after almost a decade as a private company, according to director Odilio Silva.

"Getting into the salt business was actually my mother's idea as she came up with the plan to privatise a state-run company which

was put up for sale as the government set out to switch from a command to a market economy," he recalls.

Silva says he signed on to the idea when he realised how important salt was, not only for humans but also for Angola's evolving economy.

"It's not just the food industry that needs salt, but also animal feeds, the oil industry, soap manufacturing, etc. All of these will require increasing salt production."

Currently, Ango-Sal Ltda. employs almost 100 employees at its production facility in the province of Namibe and may double that number when it reaches full production capacity.

"In terms of revenue we have an average gross billing of \$3 million," he says.

Several Spanish firms involved in the salt industry have taken an interest in Ango-Sal Ltda.'s prospects and are cooperating with the Angolan company.

One area which needs improvement before the company can realise its full potential is electrical power supply. At the moment, the company relies on generator power for its water pumps which boosts operating costs. But Silva says that should soon change.

"Government-supplied electrical energy has now reached a point just 12 kilometres from our plant so we believe we should have it sometime this year."

Along with the salt extraction sector, the director is also involved with a new company created three years ago, Nonkanos Ltda., which services industrial electrical and hydraulic equipment.

"Right now opportunity is knocking in the market to provide technical assistance as there is a huge deficit in this area and with all the infrastructure work now taking place and into the future, it's a good bet," he says.

"But then all of Angola is a good bet, whether in Luanda, the provinces or especially here in Namibe. As a businessman, I would not abandon this region for anything."

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INTERVIEW WITH ROGÉRIO SANTOS
GENERAL DIRECTOR of EPALMO

From its home base in northern Portugal the human resources specialist Epalmo is capitalising on the lack of qualified human resources to continue expanding internationally and become the UK and international partner of reference in the Angolan market. As its general director and founder explains the opportunities are now nation-wide rather than located only in the capital city of Luanda

QMP- At what time did Epalmo become interested in Angola?

R.S.- We started working in Angola right after the company was founded, in 1990. I am Angolan, my partner is also Angolan and Epalmo Angola is 100% an Angolan company. In 1990 we started working at the Luanda Refinery, where we continue working as of today.

QMP- How large is the current operation of Epalmo?

R.S.- Our Angolan company has about eighty expatriates at the moment working within in our clients, plus about 250 Angolans. All this represents a turnover of about 20 million USD.

QMP- How would you define the activity of the company?

R.S.- We consider ourselves a human resources company in a very specific sector, which is the energy sector. We provide specialists for the oil, gas and in general energy companies, and we cover all areas associated traditionally with human resources.

QMP- So you work both for multinational and Angolan companies.

R.S.- Yes, and both directly and indirectly for the Angolan State. As you know the Angolan state has several companies in the sector, yet mostly we work for energy-related multinational companies.

QMP- How different is to work now in Angola than in 1990?

R.S.- The main difference is the opening of the country to the world. Also, due to the civil war, most of the works were concentrated in Luanda and the coastal zone. Today working in Angola includes working in the provinces. Angola is a huge country, with an enormous potential to grow, and that brings us a lot work. That is the biggest difference.

QMP- Is it easy to place specialised workers in the provinces?

R.S.- There's one very important aspect that one must understand about Angola. Angola is a very large country which suffered a long political strife, but it never was a religious war, and will never have one, as 90% of the population is Christian, and 80% of those are Catholic. Whether you are in Luanda,

"WHETHER YOU ARE IN LUANDA, MOXICO OR CUANDO CUBANGO EVERYBODY SPEAKS PORTUGUESE"

in Moxico or in Cuando Cubango everybody speaks portuguese. So I would say that placing workers outside of Luanda is not a great problem in that respect

QMP- How do you see Epalmo evolving in the next few years?

R.S.- It is our goal a company to grow and deepen our relationships with our current customer. Also we are working in developing new branches of the affiliates of the company in Brazil and Mozambique.

QMP- In Angola in particular what do you want to achieve?

R.S.- In the next four or five years we intend to become Angola's largest company



dealing with human resources. That is our great dream: to become more international but with a great presence in Angola. Also we want to stress our position as company of reference in the UK market, as a gateway between Angola and the UK, we want to reinforce that position. In the long term, we want to turn the piramide upside down: from Angola to the world, the contrary of what is the norm now.

INTERVIEW WITH CLÁUDIO FRANCISCO

Partner of ENGCONSULT

Young and highly motivated new companies are mushrooming as the economy picks up and the markets become more discerning. A founding partner of one of the new and upcoming consultancy companies explains what it takes to succeed in Angola today and where the construction sector is heading, while he expresses confidence in the capacity of the provinces to generate more business

QMP- How was of Engconsult founded?

C.F.- EngConsult is born out of the desire of its two founding partners. We were both working in another company and we did not feel that we could apply there our commitment and experience to the customers. Once we identified this need we felt the time was right to satisfy that need, so we set up Engconsult. This company was created as a consulting company in the area of project management, and also in the areas of environment and energy.



QMP- How did the market react to your value proposition?

C.F.- The reaction has been good, since some of the defining features of our business model are our relationship with our customers, our proximity, and the quality of our services, that is, we want to deliver a service with a real added value. It was difficult opening the first doors, yet we have been increasing our customer base and our turnover lately.

QMP- How do you expect to finish the year 2014?

C.F.- We expect to achieve a turnover of about two million USD with a current staff of 15 employees.

QMP- How would you describe the current business climate in the construction industry?

C.F.- I believe that there are signs of recovery, although I do not see 2014 as going back to the golden years before the crisis, regarding the dynamics of the country, the prices that were common then and the way business was conducted. The crisis did scare

"THERE IS A GREATER LEVEL OF LOCAL AUTONOMY, BUT A MAJORITY OF THE LARGE PUBLIC PROJECTS ARE STILL DECIDED HERE IN LUANDA"

a lot of people. So things are moving ahead, I believe on a more sure footing. That boom will not return, but not because there's a lack on willing customers, but because things need to be done with time, with certain guarantees, well done, so all the business are viable. The truth is that we have not felt the crisis like in other places, as everything is still to be done in this country. There's always public works and infrastructures that after the war need to be rebuilt.

QMP- Do you work mostly for the public or private sector?

C.F.- We work both in the public and private sector, one of our goals in 2014 is to increase our share of businesses with the private sector.

QMP- Is the center of the decision making still Luanda, or do you see more deci-

sions being taken at the province level?

C.F.- We have our base in Luanda, but we have representatives in six provinces: Namibe, Huambo, Lubango, Cunene, Zaire and Luanda. My impression is that there's a greater level of local autonomy. The more competent the local authorities become, the more they take care of the decisions. Still, the major projects are still decided in Luanda.

QMP- What do you expect to achieve in the next five years?

C.F.- We want to become one of the reference companies in the Angolan consultancy sector. We are convinced about the value of what we do, so there's very reason to believe that we will become a reference in the market.

Regarding where Angola as a country will be, I believe that the country will have a much greater number of its infrastructures rehabilitated or many other will be on its way and if the country's economy finally turns to agriculture and tourism I believe that we will be witnessing some major projects such as major hotels, resort and industrial agroconcerns taking place in Angola.

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HEALTH SECTOR

PORTUGUESE HEALTH FIRMS TAKE ADVANTAGE OF CLOSE CULTURAL TIES

One of the Angolan government's key goals and challenges is to fund and manage a massive improvement in the country's health care sector. There is universal health coverage for all Angolans and a huge effort is being made to ensure that every citizen is able to receive the best care available.

But it won't be easy. Infant and under-five mortality rates are declining but still unacceptable, malaria and other tropical diseases are prevalent throughout the country and even access to clean drinking water is a problem in many areas.

Another problem is retaining trained medical staff as many Angolan doctors emigrate.

However, the government has made and is making giant strides towards remedying the situation with billions of dollars earmarked for health infrastructure and services.

Clinics and hospitals are being built around the country, modernisation projects such as new, state-of-the-art IT systems for the sector are planned, and universities and special training schools for aspiring medical technicians, nurses and doctors are opening up.

And the results from all this investment are impressive. Access to free medical care has improved dramatically for most Angolans, more qualified medical staff and health system managers are graduating and international investment and technical assistance to the sector is increasing.

At the same time, new private health care insurance and facilities are providing care to those who can afford it.

Growth Ahead

Vital players in all of this are those companies involved in the industry such as Unimed, an Angolan firm started eight years ago and which supplies services and products to the growing medical sector.

"We began in 2006 when a group of us with experience in the health field got together and noticed that there were gaps in the market such as hospital design, turnkey projects, retrofitting current facilities and health care consulting," says Unimed CEO Luís Saraiva.

"Our company started with five employees and with an annual turnover of close to \$1 million. Today we employ 30 staff and our turnover ranges between \$7 million and \$10 million."

Along with providing turnkey projects for hospitals and retrofitting, Unimed's services include care and maintenance for its products which range from equipment, materials and reagents to consumables and expendables.

Unimed's product line covers equipment for every type of medical analysis, forensic and pathology laboratory, as well as x-ray, CAT, MRI, and ultrasound imaging. It also handles surgical, haemodialysis, ophthalmology and dental equipment and materials, defibrillators and anaesthesia machines. In short, almost everything needed to fit out a hospital.



"IT IS HARD TO COMPETE FOR TALENT WITH THE OIL AND GAS INDUSTRIES"

"In our portfolio, sales and distribution of hospital supplies is the leader, followed by hospital equipment and then our care and management services," the CEO says.

Even though the government and some private concerns are investing in health care, Saraiva argues that there is still a vast need.

"Much more should be done, both by the state and the private companies looking to devote their assets to health care and the provision of quality services needs a boost. And it can't be a timid investment.

"We also need to extend the range of

diagnosis and treatment because we know there are some conditions for which patients have to go abroad, especially in oncology as not all cancers can be treated here in Angola."

In such a high-tech sector, foreign participation is one answer. Unimed already works with international partners by importing foreign-made health care and medical products as well as in consulting, cooperating on hospital projects and employee training.

"Our technicians are highly skilled in electronics and computers because these days so much hospital equipment is electronic and operated by software. But when it comes to hiring graduate electrical engineers or those from other disciplines it is hard to compete with other industries, primarily the oil and gas sector," he says.

Growing pains for an industry that has nowhere else to go but up. Saraiva notes that according to the United Nations, Angola's population in 2025 will hit 25 million people all of whom will require social services primarily meaning education and health care.

"I see Unimed keeping pace with this growth especially as some new projects we are planning now will be developed soon and into the future. So we'll be around and active in this vital sector for many more years to come."

Opportunities in Distribution

Also betting on growth in the local health sector is Farmogenerics, an Angolan-Portuguese company that imports and distributes pharmaceuticals and medical products from abroad. Founded by a Portuguese couple who were born in Angola in the colonial era, they returned to their birthplace to start



the company after identifying a definite need in the marketplace.

“When the war ended, we came back to study the situation here regarding pharmaceutical supply. I had worked in the medical and hospital field in Portugal for 40 years and I had contacts with the authorities here dating back to my childhood,” recalls co-founder and manager Vitor Calçada.

“We saw that there was a real scarcity of pharmaceutical products especially in the hospitals, there were no large distributors and the distribution system was very haphazard. So my wife, Izilda, and I were motivated to return here and we opened Farmogenerics in 2010.”

Today, Farmogenerics employs 30 people in Angola and Calçada expects a turnover this year of \$15 million. Operating from two warehouses near Luanda, the company now handles not only prescription medicines but also hospital equipment, medical devices and consumables.

Calçada says the company doubled revenue between 2012 and 2013 thanks in part to its sterling reputation as a trustworthy and on-time distributor which is not faint praise in a country of Angola’s size and road transport challenges.

One day the company may deliver a large consignment of medicines to a hospital 1,500 kilometres away and the next day to another at the other end of the country, reflecting the commitment to clients of which the executive is proud.

“Along with our sister company in Portugal called Lifeway, we have another partner in The Netherlands which is one of Europe’s largest pharmaceutical distributors and covers the entire African market,” he says.

“We have seen the big multinational

pharmaceutical manufacturers coming into Angola after they see that the country has now been at peace for 12 years and that now is perhaps a good time to get into the market.

“There are several of these companies here now but they work through local partners which is, of course, the best way to do it,” Calçada says.

Like others in the health care sector, the executive argues that steady growth is indisputable as the state builds new hospitals, clinics and other facilities or upgrades those that exist and fits them out with the latest equipment and materials.

“The Angolan people are basically poor and so will require government-supplied health care for the foreseeable future,” he says. “I can see demand increasing by 50% in the coming years and around 20% annually ten years from now. There’s no stopping us.”

Angola Specialist

Closely linked to Farmogenerics is Portugal-based LRC Invest, run by another member of the same family, Rui Calçada, who says his relative’s business in Angola is his biggest client.

“We facilitate the export of European and especially Portuguese products to this very interesting and increasingly lucrative market in Angola,” the manager explains. “LRC Invest is specialised and focused on the health sector but we are also active in educational supplies.”

Calçada says that the moment is ripe for this type of business as Portuguese companies are very focused on exports with the domestic market stagnant and Angola presents so many opportunities.

“And indeed the best way for these exporters seeking a foot in the door of this burgeoning market is through a local partner or com-

panies which have already establishing links, are up and running and that are familiar with local laws and the necessary good practices.”

The manager warns that Angola does have what he calls “its peculiarities” and that for many foreigners it is difficult to understand the local mentality in doing business.

“We have the advantage in that Portugal and Angola are very close culturally, so companies like ours have the knowledge and flexibility to bridge those different views and sensibilities.

“Africa is a very special continent, a very different place to do business. It’s best to work



RUI CALÇADA
DIRECTOR OF LRCINVEST

“OUR ADVANTAGE IS THAT PORTUGAL AND ANGOLA ARE VERY CLOSE CULTURALLY”

with those who know Africa and how to deal with it on a day-to-day basis.

For the moment, Calçada says LRC Invest will remain focused on the health care sector but if one of its partners wants to explore another industry, he is willing to listen.

“Other than our sector, I believe the construction sector is the most interesting and the one with the most growth potential over the coming years. But we’re involved in something completely different and there is plenty for us to do in health care and medical supply.”

TRANSPORT AND LOGISTICS

IMPROVED PORTS AND BETTER ROADS ALLEVIATE ANGOLA'S CHRONIC BOTTLENECKS

Angola's almost total reliance on exports for its income and on imports to meet the increasing needs of both its citizens and its burgeoning construction and industrial sectors, the country's sea trade is a vital lifeline which has grown rapidly over the past decade with many more years of predicted growth.

And many of Angola's landlocked neighbours also count on its ports for trade in both directions, making the ocean-borne commercial sector one of southern Africa's most important industries.

After years of this boom in regional economic activity, most of which passes through the country's four main international shipping ports - Luanda, Cabinda, Lobito and Namibe - the facilities have become notoriously saturated with shipping lines, agents, importers and other sector players complaining loudly about long delays and rising operating costs.

Those using the port of Luanda, for example, claim container dwelling times are twice as long as those of South Africa's port at Durban, as is its truck cycle time. In addition, crane productivity is said to

be only half of that of other ports in the southern African region.

Logical perhaps, at a facility which has seen traffic volume grow tenfold in recent years with no end in sight.

But relief is at hand, with the government and port operators pledging to spend \$8.8 billion on new and expanded port infrastructure to boost the efficiency, speed and safety of cargo loading and unloading, customs procedures and movement.

Indeed, since 2010 almost \$60 million has been ploughed into improvements at Luanda's port, the nation's biggest, over the past four years.

And a new dry port has been built at Viana, 20 miles inland from the capital, with new highway and rail connections and further expansion and improvements are under way at a total cost of more than \$200 million.

In Barra do Dande, 30 miles north of Luanda, a new container port is being developed on a 6,000-acre site along with a naval base for protecting Angola's offshore oil and gas projects as well as West African shipping lanes.

In recent years the government spent \$1.2 billion in upgrading the port of Lobito, the second most important in the country and vital to the mineral trade not only from Angola itself but also from the Democratic Republic of Congo and Zambia.

One veteran of the sector says that the country's efforts in all of this have been very impressive, lauding the government for its investments in port operation and related infrastructure and activities.

Profitable Investments

"We have come a long way but there is



still a long way to go," explains José Manuel Ferreira, president of Seatrade, a Luanda-based shipping agency where he has worked for close to a decade and a half.

Along with the obvious improvements one can see such as new quays, deeper channels, new cranes, etc. a lot has been done that is not so obvious such as smoother customs procedure and lower handling costs. But, the executive says, some problems remain.

"Existing inefficiencies in transport, delays, loading bottlenecks and remaining customs problems translate into higher costs for goods, which is something that Angola and its people certainly don't need," he adds.

Ferreira recalls that the local shipping industry has experienced two distinct periods: in 1991 when there was a brief period of peace and economic expectations triggered growth in the industry; and after 2002 when the civil war finally ended and once again optimism about the country's

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future spurred economic growth.

"Then there was a real boom in shipping activity in 2004 and 2005 and again in 2009 and 2010 when it really peaked as the country needed to import a lot of material and equipment for the government's massive drive to create and improve infrastructure."

And another boom may be in the cards. "I believe that these new port projects will certainly help the Angolan economy diversify a bit. Until now maritime trade has been largely limited to the oil industry, the food industry, machinery and raw materials.



JOSÉ MANUEL FERREIRA
PRESIDENT OF SEATRADE

"ANGOLA HAS MADE AN IMMENSE PROGRESS AFTER ITS 30 YEAR CIVIL WAR"

"What is really important in this sector is the quality of management so effective solutions can be found for any outstanding problems and costs can be reduced. More investment is needed and foreign partners will come in if they can be assured their investment is profitable," the company president says.

Ferreira advises intelligence and patience for foreign companies looking to invest in Angola, saying that they must understand that their return may not be as rapid as they would like.

"It can be a slow process, both learning about their market and getting back their investment. However, it will certainly be worth it and not only for the companies coming here but for Angola, too."

Concerning the future of Seatrade, which employs around 50 people and last year posted a turnover of \$45 million, the president says the company's main task now is to work on its infrastructure and human resources, which he describes as the "main concerns."

"We are extending and refining our information systems and management techniques which I believe are the building blocks of the development and future of the company.

"In human resources things are getting better, largely thanks to an improved national workforce. Education in Angola is evolving, the level of our universities is rising and vocational institutions are turning out qualified people.

"For a country devastated both physically and financially by 30 years of war, I think Angola has made immense progress although there are many things still to do. But Rome wasn't built in a day!"

Improved image

Driving Angola's progress, in part, is the country's improving international reputation as a place to business, says Fernando Marques da Silva, the president of CARGO CENTER LDA. Group, a transport, logistics, customs clearance and services company active in the sector.

"Angola's image has changed for the better and is well spoken of around the world," he argues. "Unlike in the old days when it was known just for its civil war, today the talk is all about development and how it could become one of the leading countries in Africa.

"We certainly hope so because it will be good for all of us and when I say 'we', I mean all Angolans and the companies which are working with the state to advance development and provide employment."

CARGO CENTER LDA. has a staff of 180 people in Luanda and Lobito with more hires planned as it expands operations, espe-

cially in the northern port town of Soyo on the Congo River delta which is undergoing rapid development as an off-shore oil and gas transshipment and refinery centre.

One of the United States' biggest construction firms has built a major liquefied natural gas facility there for Angola LNG Limited as part of an \$8 billion project. The gas will be shipped in liquid form primarily to a regasification plant in the U.S. state of Mississippi.

"But it is not just the oil and gas we are involved in. CARGO CENTER LDA. is a diverse company and we are always looking for new sectors to work with," Da Silva explains.

Company revenue has taken a hit from the recent recession in Europe and the president complains that earnings can vary greatly from month to month as imports and exports wax and wane.

"So our strategy is to maintain our current activity but also take advantage of new opportunities popping up that complement the areas in which we are already active," he explains.

More Opportunities

Diversity is also the key to the success of GPM-Holding which provides oilfield services to petroleum companies and has branched into mining. It's a small firm with fewer than 50 employees and annual revenue of \$1 million. But despite its size, it has attracted a number of international partners.

"We work with a Chinese group, a German company and now also a Moroccan firm and we are certainly open to partnering with other foreign companies, particularly in the oil sector," says founder and CEO João Feliciano C. Bifca.

"GPM-Holding would also like to expand our activities in mining where we have experience in industries such as diamonds, iron ore and copper. All areas where international partners would be interested."

Besides expanding domestically, the group has ambitious aspirations to seek out opportunities further afield in Europe and the Americas. But Asia is its biggest goal.

"This is logical as China is Angola's biggest international partner right now, largely replacing Europe," he says. "The Chinese are everywhere here, in oil, mining, construction and other sectors.

"Right now, the government is providing more opportunities for local entrepreneurs and companies to grow, along with foreign concerns and those opportunities will continue.

"Angola is on a roll and there is room for everyone to benefit."



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INTERVIEW WITH ANTÓNIO NUNES GENERAL MANAGER of Fitness Club Luanda

The sports and health sector is fairly new in Angola, but the entrepreneur behind the pioneer sports centre in Luanda, António Nunes, is very bullish on its future

QMP- How would you describe the beginnings of Fitness Club Luanda?

A.N.- *The beginnings, twenty years ago, were very difficult, being a pioneer in this sector was hard as there were no skilled people in this area, that was our biggest hurdle. From the beginning we made a huge bet in training our staff. In this time the market has evolved enormously, for many years we had no competition in the market, but today there are several companies with a similar objective, yet there is still a lack of investment in the fitness and sports area in Luanda.*

QMP- Is the company considering an expansion to the Angolan provinces?

A.N.- *At some point we considered it, but now we are concentrating in projects for shopping malls here in Luanda, and leaving the expansion to the provinces for a bit later, it is very difficult to find qualified people in the provinces to run a health and sports centre. So for now we are trying to develop partnerships with local and foreign investors wi-*

"THERE ARE NO MORE THAN A DOZEN SPORTS CENTRES IN THE COUNTRY, I THINK THE POTENTIAL IS CLEARLY HERE"

ling to use our brand, with our full support in market research training, equipment, and follow-up. That is our priority at the moment.

QMP- So these projects will use your brand?

A.N.- *Exactly. With our brand, our first project has just started in the south of Luanda.*

QMP- How do you envision the future development of the health and sports sector in Angola?

A.N.- *In Angola we must be around 12 million people, with perhaps 20% living in urban areas and with enough purchasing power to buy a house, we are talking about a potential market of over two million people. If 10% of them are active in sports, we are talking in excess of two hundred thousand*



people, which means a minimum of a hundred average-sized centres in Angola. At the moment there are no more than a dozen centres working in the country, so the potential is clearly there.

QMP- Where would you like to be in five years' time?

A.N.- *In five years we would like to have another four or five Fitness Clubs, so through partnerships we wish to expand into most Angolan provinces. We have identified the provinces of Benguela, Huambo, Lubango, Cabinda, and Malange as our first goals, where we want to have our brand and our concept present.*

INTERVIEW WITH ANTÓNIO NDONGO Owner of SOCOGOL-MOYO

A major exporter of food in the colonial era, farmers like António Ndongo are betting that Angola can regain its former place, thanks to great water resources and a good climate

QMP- How big is the farm that Socogol-Moyo is developing in the central province of Kwanza Sul?

A.N.- *My farm in the state of Kwanza Sul has an extension 7,900 hectares. We started working there in 2004, it was colonial era farm that was abandoned for 35 years so basically there was no infrastructure left.*

QMP- Its production is meant to reach other Angolan provinces?

A.N.- *A part of it does. At the moment we are increasing the corn fields. Yet we cannot export, as for that we would need machinery and other means that are not yet installed. We have some machinery working but it is not enough. Yet in our area there is plenty of water, a river, and no social strife whatsoever... We even have a waterfall in one of the private farms in the area!*

QMP- What other plans do you have in mind for the farm, other than agricultural production?

"WITH ONLY FIVE MILLION USD OF INVESTMENT WE COULD START EXPORTING"

A.N.- *Other crops as well. With time I intend to set up a tourist lodge in some of its land, as soon as I have the means. Not exactly a hotel but a resting lodge for people to spend some time, rest and enjoy the scenery of Kwanza Sul.*

QMP- Do you believe in future of the agricultural sector in Angola?

A.N.- *Yes, it will help create many jobs for the Angolan people, and once we have covered the local needs of the population we can start exporting.*

QMP- Can Angola regain its colonial status as a great exporter of foodstuffs?

A.N.- *Yes. Not only it can happen, with the help of the banks we are working to make that happen. We are already witnessing signs*



in that direction

QMP- What would you need to start exporting your produce?

A.N.- *We would need more machinery. We have some tractors, but we would need more. I have now a project to cultivate ten thousand hectares of corn. That is quite a lot.*

QMP- What kind of investment would that be?

A.N.- *We outlined a project of about seven million USD of total investment. Yet with only five million USD we could make it happen. We have already presented the projects to some local investors and we are open to foreign investors to participate in it as well.*

INTERVIEW WITH ELISABETE FREIRE

Director of CHARME TOURS

While the tourism sector is finding difficult to take off in Angola, business travel is experiencing a very healthy growth. Elisabete Freire, founder of one the largest TMC in Angola, explains the hurdles facing the sector and outlines her ambitious future growth plan



QMP- What is Charme Tours today in Angola and how did it become a leader in the business?

E.F.- I workd for twenty years in the travel business, and in the nineties, as the Angolan economy started to grow, at the time together with some partners we started Charme Tours. This year the company makes twenty years and this is already our third office. The company started with only two people, now we are fifty people and we are expecting an annual turnover of about twenty million USD.

QMP- Most of your customers are local or international?

E.F.- It is mostly local companies with many expatriates, as specially in the construction sector we have large numbers of expatriates that need to be relocated from time to time, so that is not

“CURRENTLY THE COST OF LIFE IN ANGOLA IS NOT COMPETITIVE WITH OTHER TOURIST DESTINATIONS”

properly tourism. So basically we have corporate customers that want us to deal with most of the needs of their staff, wheteher in Angola or abroad.

QMP- Incoming visitors are mostly for business then?

E.F.- Incoming visitors come mainly for business, tourism is only marginal. Outbound travel is mostly business oriented, but more and more people are traveling abroad for leisure.

QMP- What are the main hurdles for Angola to become a major tourist destination?

E.F.- The obtention of visas is the main hurdle. Also the government has not done much to promote the sector. Thirdly there are some environmental issues that need to be addressed and last there is the problem of the Angola high cost, currently the cost of life in Angola is not competitive with other tourist destinations.

QMP- Where do you want Charme Tours to be in three years' time?

E.F.- The market is changing, so we must change with it. Firstly my son Sérgio will be leading the company as a natural succesor. Some partnership that we have may need to be deepened, and mostly we are trying to become the leading TMC - Tarvel Managing Company-, in the Angolan market. For that we are currently in talks with several of the world leaders in the sector to be their representatives in Angola.



**BESA Oil & Gas
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INTERVIEW WITH RUI GUERRA
CEO of BANCO ESPIRITO SANTO ANGOLA

Ambition and confidence are words that define the recently appointed executive director of BANCO ESPIRITO SANTO ANGOLA. This well established Portuguese Bank is betting that Angola's economy will offer exciting new opportunities while is getting ready to be at the forefront of this new era of growth



QMP- How would assess the just published results of Banco Espirito Santo Angola in the year of 2013?

R.G.- 2013 has been a transition year for Banco Espirito Santo Angola, taking into account the implementation a new business plan. We want with this plan to be ready for a new era growth in Angola, in line with the recent forecasts of the government. It is expected that in the next three to five years Angola will undergo a very important period of economic growth, with new large investments, new infrastructures being built, the diversification of its economic base and the rise of a new middle class.

In 2013 BESA underwent a reorganization alongside the implementation of the new business plan, with great investments. We opened 31 new branches throughout the country which shows that Banco Espirito Santo is committed to be close to our customers, both in retail and corporate.

In the next three to four years it is our goal to quadruple our client base, with nearly 90 agencies in the whole country. Now we have 73 operational branches in fifteen Angolan provinces.

We can say we had a very positive year, in terms or reorganizing our team as well as the bank's governance. We were the first bank to set up a training center in Angola, in 2013 we recruited 226 employees, and 90% of those new recruits were trained by us.

Our new business plan was totally supported by our shareholders, who injected 500 million USD of new capital last December, which makes our bank the most capitalised in Angola.

"AT BESA WE ARE AIMING AT QUADRUPLING OUR CUSTOMER BASE AND EXCEEDING 90 BRANCHES IN ANGOLA IN FOUR YEARS"

QMP- Is BESA getting ready for a bigger participation of other European and African countries in Angola's growth?

R.G.- We are a very sought after bank by the foreign investors that come to visit the country. I will say this very morning I just finished a meeting with an Indian group that arrived this very week to Angola, and they are extremely interested in investing in Angola in different sectors, and this is one the largest multinational in the world.

I feel that these signs are representative of a new phase in the country, in terms of the diversification of the economy as well as about the investors themselves. I believe that in a way Angola is opening to the world, these signs are that there is a new thrust in Angola, the world is believing in Angola and there's a great deal of credibility in everything that has been done over the last few years.

We want to be bank of reference in this new phase of the economy and continue to participate in some of the most representative projects of the Angolan government. We are a very specialised bank, with a very strong customer service area and with an investment bank area which has been in existence for five years and is now being reinforced.

We therefore have unequalled conditions to find, together with the Angolan and foreign

investors, new platforms of understanding and partnership among the different players for the development of Angola over the coming years.

QMP- Where do you see Banco Espirito Santo Angola in the next five years?

R.G.- I hope to see a bank that has effectively contributed for the development of Angola and the Angolan people, be it private clients, companies and the Angolan state as well, and that the brand of Banco Espirito Santo is recognized throughout the country and a mark of excellence, and as bank close to its clients, serving them with a positive attitude and always available to create and develop tailor-made solutions.

We have very ambitious plans to grow in this new era in Angola's economy, and we are keeping an attitude of complete availability and commitment with all of our customers's goals.

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