

# Investing in Angola Forum: Taking a longer-term view

Angola is attempting to shift its economic focus to attract larger and longer-term investment but businesses need to find the right local partner and to have sufficient legal comfort



Just a few days before Iberian Lawyer's second annual Agenda Africa: investing in Angola Forum, its capital, Luanda, topped the rankings as the most expensive city in the world by Mercer's annual cost of living index, despite it being one of the poorest countries. The positioning sums up the contrasting opportunity and challenge that investors face in Angola, say many.

The Forum, held at London's Institute of Directors, was attended by over 60 senior financiers, corporate and legal advisers. As businesses look to new and emerging markets Angola is within the sights of many.

Banco Espírito Santo de Investimento is among them, having applied for an investment banking licence as businesses in the country seek more sophisticated finance, explained José Ramos Horta, a Director of the bank in Luanda. Jose Buera, who leads Lusophone African investment at Renaissance Partners, explained also how his organisation is looking to expand its portfolio within the country.

Angola remains an attractive but difficult investment destination, participants heard. "To date we have not invested there directly but rather through other pan-African and Brazilian holdings," explained Mark Richards, a Partner with Africa-focus private equity fund Actis. "We want to invest, but would likely stay away from Luanda and the oil and gas sectors, preferring consumer-focused opportunities that reflect the country's changing demographic."

Law firms too are increasing their investment in the country, with a number of Portugal's leading firms already now established in Angola or looking to expand their local capabilities, albeit where they must operate through local associations. Lawyers report however the same business challenges that their clients face, including the recruitment and retention of qualified staff. "There is a need for good lawyers in Angola, and there are some, but they can be hard to find," explained Tiago Medonça de Castro, who leads the Africa practice at PLMJ, which operates in the country through GLA-Gabinete Legal Angola (a member of PLMJ International Legal Network).

## Investment structures

Major uncertainties do though remain for Angola including the country's political

structure. Central to this is next year's Presidential election with long-standing incumbent José Eduardo dos Santos apparently undecided on his future. There are also legal uncertainties, not least the enactment of a new Foreign Private Investment Law, which has raised the minimum investment thresholds for companies wishing to enjoy tax and profit repatriation incentives.

"The new law was initially seen as a blow for foreign investors, increasing the threshold for investment from \$100,000 to \$1m and so was perceived by some as restricting access. But the change has to be seen in context," said João Robles, co-Head of the Angola practice at F Castelo Branco & Associados, which operates in Luanda through Vera Cruz Abogados.

The legislation, at least from the Government's perspective, is intended to increase the quality if not the quantity of investment, he says. The focus is on longer, more sustainable investment.

Even so, Paulo Trindade Costa, a Partner with Miranda, which has operated in Luanda for two decades in association with local firm Fátima Freitas Advogados, notes that while the law is a move in the right direction the practical impact of its implementation has yet to be seen. "It will take months to see the exact benefits and there are now issues around those investment applications that were still 'pending' when the new law was enacted."

While the law represents an attempt to make the investment regime more transparent, the perception of corruption remains a recurring issue, noted some.

There are however four key things foreign investors require to be successful in Angola, said Fernando Veiga Gomes, Partner with Abreu Advogados which operates exclusively with local firm FPL. "They must have the right level of investment, recruit the right people, be able to do business in Portuguese, and form a credible local partnership."

Angola's ambition to be a regional economic power has therefore yet to be fully aligned with the levels of investor comfort many demand, while finding the right kinds of assistance also remains a challenge. "We have money to invest and we are investing elsewhere in Africa. In Angola, we need help to be shown how to do it the correct way," concluded Richards at Actis.

Según los participantes de la segunda edición del forum "Agenda Africa: Invertir en Angola", celebrada recientemente en Londres y auspiciada por Iberian Lawyer, el país está intentando cambiar su estrategia económica para atraer inversiones mayores y a más largo plazo. Sin embargo, las empresas necesitan encontrar un socio local fiable con el fin de garantizar el buen funcionamiento de sus operaciones.