



# The Angolan Presidency: The Epicentre of Corruption

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## Introduction

This report shows how the Presidency of the Republic of Angola has become the site of shady business deals, a fact that has consequences for citizens' freedom and development, as well as for the country's political and economic stability. The text responds President José Eduardo dos Santos's call, on 21 November 2009, for a zero tolerance policy against corruption.

For the sake of clarity, this investigation limits itself to a small demonstration of the business practices employed by the minister of State and head of the Military Bureau (*Casa Militar*) in the Presidency, General Manuel Hélder Vieira Dias Júnior "Kopelipa". This is the man responsible for co-ordinating the defence and security sectors of the state. General Kopelipa is one of the triumvirate that today dominates Angola's political economy, along with General Leopoldino Fragoso do Nascimento "Dino", the presidency's head of telecommunications, and Manuel Vicente, the chairman and CEO of the national oil company, Sonangol. Their dealings acknowledge no distinction between public and private affairs. Manuel Vicente is the link that connects the considerable powers accumulated by the generals, to Sonangol and to his own position as one of the most powerful members of the MPLA Political Bureau, for being the president's protégé, and in charge of overseeing the private business dealings of the ruling party.

Sonangol is the biggest company in the country and the state's major source of revenue. Several analysts have viewed Sonangol as the most important factor in ensuring the survival of President Dos Santos's regime – in the worlds of finance, politics and diplomacy as well as the main source of illegal self-enrichment for the top state officials.

In some instances the report refers to the relationships of mutual interest and complicity with other members of the government and public officials in carrying out

business, that involves the looting of state assets, and other acts that go against the law of the land.

Key sectors such as petroleum, telecommunications, banking, media and diamonds form part of the business empire built by these figures. The firms involved include Movicel, Biocom, Banco Espírito Santo Angola, Nazaki Oil & Gás, Media Nova, World Wide Capital and Lumanhe.<sup>1</sup>

The report frequently refers to the Law on Public Probity, even in cases that date from before it was signed into law in March 2010 and consolidated various anti-corruption provisions that had been in force since 1989.<sup>2</sup> All of the articles contained within the Law on Public Probity can be found among this earlier body of law. In the interests of greater clarity, this text therefore refers to the Law on Public Probity as an overarching reference to the laws in force since 1989. For instance, the Law on the Crimes Committed by Public Office Bearers (Law 21/90) prohibits public office bearers from entering into business deals over which they would have influence or decision-making powers in the course of their official duties (art. 10, 2).

## **Movicel**

There are currently only two mobile phone operators in the country, Unitel and Movicel. As a private operator, Unitel started its services in 2001, as a joint-venture between Sonangol, Portugal Telecom and two Angolan private companies GENI and Vidatel, each one with 25% of the shares.

Last year, through Resolution 67/09 of 26 August, the Council of Ministers ordered, without a public tender process, that Movicel be privatised and sold off to a

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<sup>1</sup> The cases disclosed in this paper are based on official records in my possession. Otherwise, the secondary sources used are identified in the footnotes.

<sup>2</sup> The Decree 23/90 (On the Patrimonial Benefits of Public Office Bearers), the Decree 24/90 (On the Rules for Gifts to Public Office Bearers), the Law 22/90 (Law on the State Discipline), the 13/96 (Statutory Law for Members of Government and their Salaries) constitute the body of legislation harmonised in the Law on Public Probity, and thus by the latter revoked.

consortium of Angolan businessmen at a cost of US\$200 million. The Council of Ministers tried to justify the decision by referring to the difficulty in finding investors for the privatisation of the company, and to the urgency to raise funds for the government coffers “in the face of the global financial crisis”. This decision, according to the government, had been made possible by the identification of “national private investors who can guarantee the essential financial resources for the immediate implementation of Movitel’s investment plan, and to boost the financial reserves hoped for by the national treasury”.

In the meantime, 59% of Movitel’s capital was transferred to two companies formally belonging to high-ranking officers subordinate to General Kopelipa: Portmill and Modus Comunicare. On 10 June 2009, General Kopelipa, General Dino and Manuel Vicente, formally left Portmill Investimentos e Telecomunicações, of which they had been the owners with 99,96% of the capital, split evenly among themselves. They gave up their shares, through Portuguese business manager Ismênio Coelho Macedo, to a group of high-ranking officers in the Presidential Guard. This is a unit which falls under the Military Bureau. Regarding Portmill, Lieutenant-Colonel Leonardo Lidinikeni, officer of the president’s security detail, holds 99,96% of the shares in the company. Lieutenant-Colonel Tadeu Agostinho dos Santos Hikatala, officer of the presidential security detail, holds 99.92% of the shares in Modus Comunicare.

Ismênio Coelho Macedo also had the task of buying and restructuring a small communications, advertising and marketing company Modus Comunicare – Comunicação e Imagem Ltd, whose shares were never sold publicly, but rather divided out among top officers in the Presidential Guard. On 14 August 2009 the company was transformed into a limited company dedicated to telecommunications. This date shows that the legal process to change the company’s status was concluded only two weeks after Dos Santos’s government had granted it 19% of Movitel’s capital.

On 29 July 2009, the Council of Ministers approved the privatisation of 80% of Movitel's capital by the Angolan companies Portmill Investimentos e Telecomunicações (40%), Modus Comunicare (19%), Ipang – Indústria de Papel e Derivados (10%), Lambda (6%) and Novatel (5%). The remainder of Movitel's capital is held by the state enterprises Angola Telecom and Empresa Nacional de Correios e Telégrafos de Angola, with 18% and 2% respectively.

These tables show the companies that benefited, and their shareholders.

### **Portmill, Investimentos e Telecomunicações (40%)**

<b>Shareholder</b>	<b>Role</b>
Lieutenant-Colonel Leonardo Lidinikeni	Officer of the President's Security Detail, Presidential Guard
Francisco Ndeufeta	
Manuel dos Santos	
Rodrigues Cardoso	
Nelson Paulo António	
Lieutenant Colonel Francisco Mbava	Psychological Action Department Military Bureau of the Presidency

### **Modus Comunicare - Telecomunicações (19%)**

<b>Shareholder</b>	<b>Role</b>
Lieutenant Colonel Tadeu Agostinho dos Santos Hikatala	Officer of the President's Security Detail, Presidential Guard
João Ricardo Belarmino	
Lieutenant Colonel João José António Soares	Adviser to the head of the Presidential Guard, General Alfredo Tyaunda
José Kakonda	
Colonel José Luís Alves	Military Bureau of the Presidency

## **Ipang – Indústria de Papel e Derivados, Limitada (10%)**

<b>Shareholder</b>	<b>Role</b>
N'datembu – Comércio Geral, Importação e Exportação Ltda.	

Ipang is the only beneficiary company that has businessmen in its shareholding structure. These are Miguel Domingos Martins and his three children, lawyer Ildeberto Manuel Teixeira and the Portuguese national José Mamade Etbal. Another businessman associated with Ipang is Spanish national Óscar Ouersagasti Soraluze. Ipang's only publicly known business activity is its shareholding participation in Movicel.

More information about Ipang and its other potential investors will be updated in due time.

## **Lambda (6%)**

<b>Shareholders</b>	<b>Role</b>
José Carvalho da Rocha	Minister of Telecommunications and Information Technologies
Aristides Safeca	Deputy minister of Telecommunications
Zulmira Mitange da Rocha	Wife of minister José Carvalho da Rocha
Arminda Vireya Safeca de Sá	Relative of deputy minister Aristides Safeca
Antónia Dias dos Santos Caxinda	

While serving as National Director of Telecommunications, Aristides Cardoso Frederico Safeca took part in Movitel's Privatisation Board, in accordance with Despach 67/07 by Finance Minister José Pedro de Morais, dated 19 January 2007. This commission was headed by the then economic advisor to President dos Santos, Archer Mangueira.

Since October 2006, Aristides Safeca has also been chairman and chief executive of a Belgian company Parisa. Aristides Safeca and his brothers Alcides Safeca, who is secretary of State for the Budget in the Finance Ministry, and Amílcar Safeca, the director of the mobile phone operator Unitel, hold a majority share in Trans Omnia, where they are in partnership with General Fernando Vasquez Araújo, head of the Chief Directorate for Weapons and Technology of the Joint Chiefs of Staff of the Angolan Armed Forces (FAA). Trans Omnia has benefited from multimillion-dollar contracts for supplying foodstuffs to the FAA, a topic that will be dealt with on another occasion.

In spite of the new Law on Probity, Aristides Safeca still enjoys impunity as he muddles up his public duties with his private affairs. While deputy minister of Telecommunications he is also chairman and administrator of Parisa, a foreign enterprise, and continues to do numerous business deals with the state to his own self-enrichment and that of his family and associates.

### **Novatel (5%)**

<b>Shareholder</b>	<b>Role</b>
Hélder Bruno da Gama Bento	Former head of Movitel's legal department
Paula Sammer Pinto Jorge	
Aurélio Vimbuando Muelecumbi	
Onezandro Catinhe Mauro	
Santos Piedade	
Marília da Conceição dos Santos Kissuá	



The transfer of 5% shares of Movitel to Novatel is yet another example of the misappropriation of state property. Novatel was created on 29 April 2009 after the report from Movitel's Privatisation Board and three months before the Council of Ministers announced the beneficiaries of the privatisation process.

At the time Movitel was formally privatised, the shareholders of Novatel had no private or collective assets which could have qualified them as entrepreneurs. One person involved with Novatel denied being the real beneficiary. However, even though there are legal loopholes to conceal the names of beneficiaries, the names stated above are of the registered shareholders who, in accordance to the statutes of Novatel (art. 5, 1) are the real owners. Thus, by all means, these individuals are formally responsible for the legal rights and obligations entitled to the registered shareholders.

## **Notes on Movitel**

The names among the shareholders in the businesses that were granted shares as a result of the privatisation of Movitel clearly illustrate the government's dishonesty. Contrary to the official explanation, this was not a deal that involved a group of national private investors, and certainly not one with the kind of financial resources that the treasury so needed in the light of "the global financial crisis". There has been no public or official confirmation that the sum of US\$200 million has been paid to the state. Moreover, several economists have estimated that Movitel is worth a few times more than that sum. The deal was simply a case of handing out state assets to individuals, in which General Kopelipa, with the connivance other influential bodies close to the presidency, and the Telecommunications and Information Technology Ministry are the main beneficiaries.

In terms of the Law on Public Probity, members of the government and high officials in the presidency are breaking the law in various ways. The principle of public

probity prohibits any public servant from accepting loans, favours or gifts that might affect “the independence of his or her judgement and the credibility and authority of the public administration and its institutions and services”.

The privatisation of Movitel can be seen as an unscrupulous act by the head of government, President Dos Santos, in granting favours to his subordinates. One lawyer, who preferred to write anonymously, describes the privatisation of Movitel as “an administrative act suffering from the vice of abusing power for the sake of private interest”. According to the lawyer, this abuse of power occurs “when the administration does not pursue the ends of public interest but rather of private interest, for reasons of family relationships, friendship... corruption, or any other motives of a private nature”.<sup>3</sup>

Movitel under public ownership was one of the most profitable and well organised of the state businesses, with more than 2.5 million customers. The privatisation of Movitel did not make it more efficient, or bring in more money for the state. At the same time the privatisation undermined market competitiveness and further weakened the standing of the private sector, by strengthening the grip that government officials, doubling as businessmen, have over the private sector as a result of the plundering of state assets.

The same lawyer discusses the legal invalidity of the privatisation of Movitel. “The absence of public tender, as required by the law, renders null the procedure and subsequent contracts, owing to the omission of an essential element” (Articles 76(2) line f and 127 of Legal Decree 16A/95 of 15 December).

According to the lawyer’s arguments:

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<sup>3</sup> See *Semanário Angolense*, “A (i)legalidade do processo de privatização da Movitel”, [http://semanario-angolense.com/home/semanario\\_angolense\\_333.pdf](http://semanario-angolense.com/home/semanario_angolense_333.pdf), Number 333, 12-19 September 2010, page 29.

Article 77 of the same law establishes that: 1. A null act has no judicial effect, independent of the declaration of nullity. 2. Nullity may be invoked at any time by any interested party, and can be declared at any time by any administrative body or by any court.

Likewise, the public servants who benefited from the privatisation of Movitel are committing an act conducive to illegal enrichment in terms of the Law on Public Probity (article 25, a), by receiving percentages in a private business deal with the state. The same public servants are committing deeds harmful to public patrimony, in terms of the Law on Public Probity (article 26, 2, a) by incorporating a public business into their private portfolios.

Another serious question with respect to the privatisation of Movitel has to do with the nature of the regime that is highly dependent on the security services, contrary to the precepts of the rule of law. Telecommunications are a very sensitive area for the intelligence services and are fundamental to the process of keeping watch on relationships between citizens. Through its private control of both the mobile phone operators in the country, the presidential inner circle is in a position to arbitrarily spy on citizens and limit their freedom of expression for private ends. General Leopoldino Fragoso do Nascimento, the head of the president's telecommunications, is a shareholder of Geni, which controls 25% of shares in Unitel.

## **Banco Espírito Santo Angola**

On 10 December 2009, the company Portmill, Investimentos e Telecomunicações, headed by high-ranking officials of the Military Bureau of the Presidency and the Presidential Guard bought 24% of the shares in Banco Espírito Santo Angola (BESA) for US\$375 million.<sup>4</sup> Banco Espírito Santo (BES Portugal), the seller, retains the majority shareholder, with 51.94% of the shares.

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<sup>4</sup> See statement by Banco Espírito Santo: <http://web3.cmvm.pt/sdi2004/emitentes/docs/FR26301.pdf>

The Portuguese bank has so far avoided commenting on its relationship with Portmill's shareholders, and it has not replied to questions submitted by the Portuguese daily newspaper *Público* on the subject.<sup>5</sup> On July 19, after a brief phone call the author emailed the following questions to BES media department: "How could BES accept a business deal worth 375 million dollars tabled by military officers on duty? Did it question the source of the funds involved and the legality of the act?" BES media office replied that the questions should be directed to BES Angola, as it is an autonomous institution. However, the author insisted with BES, without success, because the holder of the shares sold to Portmill was BES, as reported in the statement the latter sent to the Portuguese regulation authority (CMVM) and public statements by BES CEO, Ricardo Espírito Santo Salgado.<sup>6</sup>

This deal raises two pressing questions about the origin of the funds that serving soldiers, as the legitimate owners of the business, paid as part of the transaction. Second, it means the Portuguese bank, headed by Ricardo Salgado, is effectively laundering money acquired illegally through the plunder of Angolan state assets.

The officials of the Military Bureau and the Presidential Guard have two ways of raising capital: through holding private assets, or through a bank loan. From the legal point of view these two options call attention to the limitations prescribed in law. Public servants are prohibited from soliciting or accepting loans "that might call into question their liberty of action, the independence of their judgement and the credibility and authority of the public administration and its institutions and services" (Law on Public Probity, article 5).

It is not publicly known whether the new partners in the Banco Espírito Santo are the heirs to family fortunes or whether they have got rich through private careers. Assuming they do not have assets of hundreds of millions of dollars, the other

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<sup>5</sup> The article *Chefe da Casa Militar de Eduardo dos Santos é o novo accionista do BES Angola*, printed by the daily *Público*, Issue 7197, pp. 23, refers to BES' unresponsiveness to comment on the deal.

<sup>6</sup> See Ricardo Espírito Santo Salgado's editorial at <http://www.bes.pt/sitebes/cms.aspx?plg=46f992b2-8aa2-48ba-9469-d9495957dc95>

possibility is a loan. According to the legal provisions mentioned above, the granting of a bank loan to high officials of the Angolan army, whose task is the physical protection of the President of the Republic and of the Presidency in general, raises serious questions about national security and the physical security of the nation's highest official. This question deserves further consideration in this article's conclusions.

The Law on Public Probity (article 25 g) defines illegal enrichment as "acquiring for oneself or for another, in the exercise of one's duties, responsibilities, employment or public function, goods of any nature whose value is disproportionate to the capital gains or income of the public servant."

Neither Banco Espírito Santo, an institution of international repute, nor the Military Bureau of the Presidency are in a position to explain the proportionality between the earnings of the military officers in question, and the size of the deal that was signed.

Nevertheless, General Kopelipa, General Dino and Manuel Vicente must respond publicly to the question of the transfer of the Portmill shares. For what reason did they, as the owners, transfer title in Portmill to members of the Presidential Guard? Also worth noting in this operation is the executive role of Ismênio Coelho Macedo, who is also chief executive of Banco Privado Atlântico (BPA), a private institution in which Sonangol has a 19.5% shareholding. Until the year 2000, Macedo was the director in Angola of Banco Português do Atlântico (BPA).

At the same time it should be noted that the Presidency and the presidential family have perfected the practice of promiscuity between public duty and private interests. For example, in 2004 President dos Santos allowed the setting up of the business management company Luzy, involving his daughter Tchizé dos Santos, the head of the Presidential Guard, general Alfredo Tyaunda, and the then presidential advisor, general Clemente Cunjuca. The latter is currently deputy minister for War Veterans.

Similarly, on 30 May 2001, Generals Kopelipa, Alfredo Tyaunda, and Clemente Cunjuca, set up a company called Lunha Imobiliária, with José Leitão who at the time was the chief of staff of President Dos Santos. This group of high officials brought in other shareholders in the persons of the president's uncle (godfather) and nephew, José Pereira dos Santos Van-Dúnem and Catarino Avelino dos Santos. In 2002, Lunha partnered with four offshore companies, namely Valuta Investimentos, Landon Holdings, Oakleigh Holdings e Osmond Investimentos, in the creation of Lunha Investimentos. The latter recently built a condominium with 58 luxury residences, priced at up to four million dollars per unit, on a site linked to the Military Bureau in the Morro Bento neighbourhood of Luanda.

### **Biocom – The Angolan Bio-Energy Company**

On 24 July 2009 the Council of Ministers approved the Unidade Agro-Industrial de Cacuso project in Malanje province, to grow and process sugar cane. Valued at US\$272.3 million, the project aims to produce sugar, alcohol and biofuel.

Companhia de Bionergia de Angola (Biocom) had already been set up on 25 October 2007, by the Brazilian multinational Odebrecht, the Angolan private company Damer Indústria S.A., (each with a 40% share) and Sonangol Holdings (with 20%).

Odebrecht Angola offered to respond to questions about its dealings in Biocom, but could not do it on time as its director in charge of the project was on holiday.

As has become normal with the investments approved by the Council of Ministers that involve partnerships between foreign multinationals and Angolan private companies, a considerable amount of the shareholding was allocated to political leaders. Damer Indústria, created on 26 July 2010, is owned jointly by General Kopelipa and General Dino in partnership with Manuel Vincente of Sonangol. In the document that officially approved the project, Resolution 63/09 of 18 August, the

Council of Ministers once again spoke of the desire to promote Angolan private business initiatives. Damer was created three months before Biocom, and its owners are not entrepreneurs but public servants. The Law on Public Probity defines a public servant as “a person who exercises duty, responsibility, employment or function in a public entity, by virtue of election, nomination or contract (...)”. The law explicitly applies to members of central government (article 2 d), those who control the public assets of the armed forces (article 2,h) and the managers of public enterprises (article 2,i) as public servants.

So, the Biocom project involves various acts of corruption. First, Odebrecht is involved in influence peddling and the corruption of Angolan officials. The bribery and corruption of public officials are defined and criminalised in articles 318 to 323 of the Angolan Penal Code, with penalties laid down in the Law on Economic Crimes (Law 13/03).

The Conventions against Corruption of the African Union (article 4, 1, f) and the United Nations (article 18, a, b) as well as the SADC Protocol against Corruption (article 3, 1, f) all clearly define influence peddling as an act of corruption. These international agreements were incorporated into Angolan law and transgression of their provisions was made punishable by article 321 of the Angolan Penal Code.

Secondly, Sonangol’s chairman, Manuel Vicente, is using its subsidiary Sonangol Holdings and public funds in establishment of Biocom, in which he is a private shareholder: an act contrary to the law. Moreover, according to the weekly newspaper *O País*,<sup>7</sup> the Banco Africano de Investimentos (BAI) is at the head of a syndicate that is to finance the project to the tune of US\$168 million. BAI is a private bank whose main shareholder is Sonangol, a public entity, and which has Manuel Vincente as its vice-chairman. Manuel Vicente is also a private shareholder in BAI,

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<sup>7</sup> <http://www.opais.net/pt/opais/?det=4818>

holding 5% of its share through his offshore company ABL.<sup>8</sup> By using his position in Sonangol to gain control of 5% of BAI's shareholding for his own personal enrichment, Manuel Vicente is involved in an act of corruption as defined in article 321 of the Angolan Penal Code.

Thirdly, the deal involves President dos Santos himself. During his visit to Brazil from 22 to 25 June 2010, Dos Santos met the chairman of Odebrecht, Marcelo Odebrecht. They discussed Biocom and Odebrecht's desire to expand its investments in Angola. In his official speech during his meeting with President Lula da Silva, Dos Santos asked for Brazil's support for "projects that seek to create alternative sources of energy, both solar and from biofuels, for which Brazil's already significant experience in these areas may be of great help". His concern for a deal that was made possible by the corruption of the two generals closest to him and on whom the security of his continued rule depends, puts Dos Santos in the dubious position as either the patron of these acts or a hostage of his generals.

## **Nazaki Oil**

Through Legal Decrees 14/09 and 15/09 of 11 June 2009, the Council of Ministers granted to Sonangol, as national concession holder, "the mining rights for prospecting, research, development and production of liquid and gaseous hydrocarbons" in the deepwater blocks 21 and 9, respectively. This decision was taken in accordance with Law 10/04 (article 44, 2) according to which all such rights shall be granted by the State to Sonangol.

To this end, the government ratified the consortium set up between Sonangol, the Angolan private company Nazaki Oil & Gas and the American company Cobalt International Energy, the latter being designated as the operator of blocks 9 and 21.

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<sup>8</sup> See *Angola Case Study: Exploiting Poor PEP Controls*, page 310, section inserted into the report of the US Senate Permanent Subcommittee on Investigations, titled *Keeping Foreign Corruption out of the United States: Four Case Histories – Angola Case Study*, published 3 February 2010.



Cobalt International Energy's founders and main shareholders are Goldman Sachs, and a partnership between the Carlyle Group and Riverstone Holdings, with an initial investment of US\$500 million in 2005.<sup>9</sup> To a certain extent, these latter two shareholders are investing Angolan public money in the business, since Sonangol has invested about US\$500 million in the Carlyle Group and Riverstone Holdings energy fund.<sup>10</sup>

According to Global Witness, Cobalt has refused to name the owners of Alper Oil – which became involved in the deal at a later stage – and Nazaki, arguing that this would “involve selective disclosure of non-public company information and, in some cases, to do so would also be a breach of the confidentiality provisions of agreements by which [Cobalt] are bound”.<sup>11</sup> This argument is fallacious since Angolan law does not provide for corrupt acts to be protected by confidentiality or by any other juridical mechanism, since corruption is clearly defined as an illegal and criminal act.

Cobalt has gone ahead with the deal, which was executed at the end of February, even though it warned in its own U.S. regulatory filings: “We have not worked with either of these companies in the past, and, therefore, our familiarity with these companies is limited. Violations of the FCPA [Foreign Corrupt Practices Act] may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our business, operating results and financial condition.”<sup>12</sup>

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<sup>9</sup> See The Carlyle Group (2005) “Carlyle/Riverstone and Goldman Sachs to invest \$500 million in Cobalt International Energy, a New Oil & Gas Exploration and Production Company”

<http://www.carlyle.com/media%20room/news%20archive/2005/item7059.html>

<sup>10</sup> See the column referring to other active financiers in Sonangol's Financial Statements (*Demonstrações Financeiras da Sonangol*) mentioned in the Ernst and Young Auditor's Report, 2008.

<http://www.sonangol.co.ao/wps/wcm/connect/a996d180424f8abe883c9ad909a3036f/SEPFinancialStatements08.pdf?MOD=AJPERES>

<sup>11</sup> See Global Witness press statement on the risks of corruption in the negotiations around blocks 9 and 21

[http://www.globalwitness.org/media\\_library\\_detail.php/970/en/goldman\\_sachs\\_backs\\_angolan\\_oil\\_deal\\_despite\\_corruption\\_risks](http://www.globalwitness.org/media_library_detail.php/970/en/goldman_sachs_backs_angolan_oil_deal_despite_corruption_risks)

<sup>12</sup> Cobalt International Energy. 10-K filing for 2009. Page 51.

In fact, Cobalt's top executives, including its director general Joseph Bryant, have plenty of experience of working in Angola as managers for BP in the country, and their argument appears like an attempt to justify themselves in terms of American laws, and demonstrates arrogance in relation to Angolan laws.

The ownership of Nazaki Oil & Gas is shared equally among the same three men whose names have occurred repeatedly in this investigation: General Kopelipa, General Dino, the head of telecommunications at the presidency, and Manuel Vicente, the chairman and CEO of Sonangol. Four subordinates of General Kopelipa, who front the company, hold each 0,01% of the shares. They are namely Colonel José Manuel Domingos "Tunecas", his chief of staff, Colonel João Manuel Inglês, his logistics officer, Colonel Belchior Inocêncio Chilembo, his advisor, and Domingos Manuel Inglês, his private business assistant.

The company has three subsidiaries, created on 23 July 2008: Nazaki Distribuição – Sociedade de Distribuição de Combustível e Lubrificantes SA (distribution), Nazaki Refinaria – Sociedade de Refinação e Petróleo SA (refineries), and Nazaki Petroquímica – Sociedade Petroquímica SA (petrochemical).

On 24 February 2010, Cobalt International Energy signed the Risk Services Agreements for exploration, research and production in offshore blocks 9 and 21. The agreements were signed by Sonangol, Sonangol Pesquisa e Produção (research and production), Nazaki, and a further Angolan company, Alper Oil, which initially had not been expected to receive government authorisation. The shareholding structure is identical for blocks 9 and 21: Cobalt (40%), Nazaki (30%), Sonangol Pesquisa & Produção (20%) and Alper Oil (10%).

According to Cobalt, it "obtained a written approval from Sonangol dated March 3, 2010 for expenditures incurred for technical work on Blocks 9 and 21 offshore Angola as pre-RSA expenditures for future tax deductibility. As a result, Nazaki will

reimburse the Company for its share of the leasehold bonus and related pre-RSA seismic expenditures incurred on these Blocks".<sup>13</sup> Cobalt paid the US\$3.7 million signature bonuses owed by Nazaki (article 21, 1 of the contract for Block 21) plus 1.5 million (article 21, 1 of the contract for Block 9) to Sonangol.<sup>14</sup> How can a company listed on the New York Stock Exchange and which employs the services of two reputable legal firms justify making payments on behalf of a private company (Nazaki) that is owned by the inner circle of the Angolan presidency?

The allocation of Blocks 9 and 12 to the consortium led by Colbalt, without public tender, was ratified by the then Prime Minister and current Speaker of the National Assembly, Paulo Kassoma, and promulgated by President dos Santos. Both these men were therefore fully aware of who the beneficiaries of the deal were. From the legal point of view, these figures at the very top of government gave their assent to an act of corruption. Angolan law, as this article has already demonstrated, forbids political leaders and public officials from carrying out business with the state for their own personal benefit and enrichment.

Cobalt is also involved in criminal acts. What it has done can be described as influence peddling in terms of the Conventions Against Corruption of the African Union (article 4, 1, f) and the United Nations (article 18, a, b) as well as the SADC Protocol Against Corruption (article 3, 1, f), all of which define influence peddling as an act of corruption. These international agreements were incorporated into Angolan law and transgression of their provisions was made punishable by article 321 of the Angolan Penal Code. As an illustration, Cobalt was involved in a business deal with Manuel Vicente, who as the chairman CEO of Sonangol, is a representative of the state. Nazaki's partnership with Manuel Vicente and Generals Dino and Kopelipa – the latter extremely close to the president – amounts not only to

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<sup>13</sup> See Risk Services Agreement between Sonangol, Cobalt, Sonangol Pesquisa & Produção, Nazaki and Alper Oil for block 21 (pp. 33) at <http://sec.edgar-online.com/cobalt-international-energy-inc/s-1a-securities-registration-statement/2009/10/30/section63.aspx> and for block 9 (pp. 27) at

<http://www.secinfo.com/dVut2.r2t6.b.htm>

<sup>14</sup> Ibid.

influence peddling but also to active corruption of officials, according to the Angolan Penal Code (article 321).

The lack of transparency in Angola, particularly in the petroleum sector, has been brought to international attention by western governments and NGOs. The Soros Foundation and the Open Society Institute, founded by the American billionaire philanthropist, George Soros, have been particularly bold in persuading the government to promise better scrutiny in the sector. After months of negotiations, on 13 November 2003 Soros was expecting to sign an agreement with Sonangol and the Angolan government to guarantee transparency in government and in particular in the petroleum sector. However, at the last moment the government pulled out of the agreement.

Seven years later, Soros has emerged as a notable shareholder in Cobalt through Soros Fund Management, which holds 5.9 million Cobalt shares, valued at US\$81.1 million. Soros's proposed transparency agreement would have offered technical and financial assistance to the Angolan authorities and to Sonangol in exchange for the implementation of reforms. It would also have included measures to improve the government's and Sonangol's international image, to allow benefits that would have included greater access to international capital markets. In the last seven years, members of the government and the managers of Sonangol have become more transparent only in their continued corruption and the pillage of state assets, causing ever greater poverty and disillusionment among most Angolans.

The Soros example alongside many others, shows how the global powers are in thrall to the spells of petroleum and corruption in Angola. Soros is also one of the driving forces behind international initiatives such as Publish What you Pay, Revenue Watch Institute and the Extractive Industries Transparency Initiative, which oblige the corrupt governments of the weakest developing countries to be more transparent. His office did not reply to calls for comment.

## Media Nova

On 14 December 2008, TV Zimbo began broadcasting amid great publicity as the first private television channel in Angola, despite the fact that the necessary legal framework has never been set up. According to the Press Law (article 59), television broadcasting requires a licence that should be granted only after a process of public tender. The same law (article 60, 3) states that television broadcasting is subject to a “special law regulating the licensing mechanisms and other conditions.” This “special law” has never been passed, which leaves TV Zimbo’s activities on the margins of the law.

The lack of public information about the ownership of TV Zimbo has deepened the public’s suspicion and led people to speculate, correctly, that only the presidential circle could get away with flouting the law in such a way. Created on 27 December 2007, TV Zimbo has as its shareholders Manuel Vicente, General Kopelipa and General Dino, who between them hold 99,96% of the TV station’s shares. Kopelipa made a symbolic gift of the remaining 0,04% to his most loyal officers, namely Colonel José Manuel Domingos “Tunecas”, his chief of staff, Colonel João Manuel Inglês, his logistics officer, Colonel Belchior Inocêncio Chilembo, his advisor, and Domingos Manuel Inglês, his private business assistant.

TV Zimbo is part of the Media Nova holding. Also, Rádio Mais, which broadcasts in three provinces, namely Luanda, Huambo e Benguela is also part of the Media Nova group. The expansion of this radio has happened at the time when the government has blocked, for years, the Catholic-run Rádio Ecclésia to extend its signal to beyond Luanda, through FM repeaters installed in 10 provinces. Media Nova in turn plays a crucial role in the editorial control strategy for the private media sector in Angola, including in its ownership the weekly papers *O País* and *Semanário Económico*, the magazines *Revista Exame* and *Chocolate*, Media Nova Distribuidora (distribution) and Media Nova Marketing.

The journalist João Van-Dúnem, formerly editor of the BBC Portuguese for Africa Service, is chairman of the board of Media Nova.

As owners of Damer Indústrias the triumvirate of Kopelipa, Dino and Manuel Vicente, apportioned a public investment of up to 30 million dollars for the setting up of a state of the art printing press in the country, which is now part of their private portfolio as Gráfica Damer. This is the largest printing press in the country, and started operating in November 13 2008.

The Media Nova group began with an investment of over US\$70 million, and has the same shareholding structure as its subsidiaries. Once again, Manuel Vicente and Generals Kopelipa and Dino are equal shareholders. Kopelipa's four underlings, colonels José Manuel Domingos, João Manuel Inglês e Belchior Inocência Chilembo, and private assistant Manuel Domingos Inglês each have a token shareholding of between 0,01% or 0,02% as in the case of Nova Media Marketing, the company designed to control the advertisement market.

## **World Wide Capital**

General Kopelipa also holds a range of major investments outside the country, especially in Portugal, with funds of obscure origin. It is worth mentioning one of these investments for it shows the president's henchman also holding private office abroad.

To date, general Kopelipa is a member of the board of directors of World Wide Capital, S.A, a holding that shares the same address with the residence of his main business partner in Portugal, Filipe Vilaça Barreiros Cardoso, in Avenida da Liberdade, Lisbon. This company, in which the general is the main shareholder, is the fourth largest shareholder of Portuguese bank BIG, with 7,9% of shares. The chairman and CEO of Sonangol, Manuel Vicente, until recently personally held 4,9%

of the shares of the same bank, having transferred them now to his stepson Mirco Martins, according to the Portuguese daily Público, on May 20 2010. BIG holds, in custody, the 469 million shares Sonangol has in the largest Portuguese bank Millenium BCP, which corresponds to 9,6% of bank's total shares.<sup>15</sup>

The laws of the land do not allow for Angolan leaders to accumulate public duties with private ones for personal profit, lest in business ventures abroad.

## **Lumanhe**

General Kopelipa has made his mark on the diamond trade as well. On February 13 2004 group of six generals had to cede shares that they held in the mining company Lumanhe, in favour of General Kopelipa. This happened at a time when Kopelipa's power and greater personal control over the Angolan Armed Forces (FAA) was on the rise, and currently each of the seven generals holds 14.28% of the shares in the company.

Three of the generals concerned, Armando da Cruz Neto, Carlos Hendrick Vaal da Silva and Adriano Makevela Mackenzie, remain on official duty respectively as governor of Benguela, chief inspector of the Joint Chiefs of Staff of the Angolan Armed Forces (FAA), and head of the Directorate for Troops' Training and Instruction of the Joint Chiefs of Staff. The other three generals are currently in business only, and they are the former head of the Joint Chiefs of Staff of FAA, the chief of staff of the Army, and the head of commandos, namely João de Matos, and the brothers Luís and António Faceira.

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<sup>15</sup> See Sonangol's Financial Statements (*Demonstrações Financeiras da Sonangol*) mentioned in the Ernst and Young Auditor's Report, 2008.  
<http://www.sonangol.co.ao/wps/wcm/connect/a996d180424f8abe883c9ad909a3036f/SEPFinancialStatements08.pdf?MOD=AJPERES>

On February 18 2004, five days later after General's Kopelipa admission as a shareholder, General Carlos Hendrick Vaal da Silva, signed, on behalf of Lumanhe, a joint-venture agreement with state company Endiama and ITM Mining for the establishment of Sociedade Mineira do Chitotolo, a profitable alluvial mining concession in the north-eastern province of Lunda-Norte. As an officer on active duty and inspector at the Joint Chiefs of Staff, General Vaal da Silva doubled his public duty with that of being Lumanhe's manager. Thus, the state through Endiama transferred 15% of the Chitotolo shareholding to the band of generals. Lumanhe also holds 21% shares in Sociedade Mineira do Cuango (SMC), in a joint venture with Endiama (41%) and ITM Mining (38%). SMC is responsible for systematic human rights abuses in the town of Cafunfo, in the Cuango Valley, where it holds a major alluvial concession. Killings, torture, destruction of farms, and arbitrary policing are part of the company's routine against the villagers and artisanal miners. SMC enjoys the same degree of impunity as the generals who profit from it, and a new report on these events is due soon.

The Portuguese government also finds itself entangled in the shady business procurements of the generals. On June 30 2009, the consortium formed between ITM Mining and Lumanhe, ended its contract for operating the diamond concession of Sociedade Mineira do Calonda, where it held 50% of the shares. As a concession-holder Sociedade Mineira do Lucapa (SML), held the other half of the shares. The Portuguese state, through Parpública SGPS, is the minority shareholder of SML, with 49% while the Endiama controls 51% of the stakes.<sup>16</sup>

## Conclusions

The consequences of the private control of the presidency reflects, to a certain extent, the manner in which President Eduardo dos Santos has systematically

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<sup>16</sup> See the 2009 Report and Financial Statements of Sociedade Portuguesa de Empreendimentos (SPE) available at <http://www.parpublicasgps.com/file/RC2009.pdf>.



weakened the state and its institutions to concentrate more power around himself. To assure his grip on power, President Dos Santos only gives real power to figures of his choosing, regardless of the post, and has encouraged a cult of personality that overwhelms the functionality of state institutions. An apt example of this is the excessive powers that have been granted to General Kopelipa.

The status of the the Military Bureau of the Presidency (art. 21, 1, d) confers on General Kopelipa the right to be able to represent the President of the Republic. Constitutionally, these are rights that belong to the vice president and the president of the National Assembly.

For years, General Kopelipa, through the Office of National Reconstruction, has been the chief negotiator for the Chinese oil-backed loans and contracts with its companies, which have been estimated to be around ten billion dollars.<sup>17</sup> General Kopelipa has been working closely with the chairman and CEO of Sonangol Manuel Vicente, whose responsibility is to ensure payments in oil. Both, as the cases above demonstrate, are business partners in several enterprises.

Until he was relieved of his duty, last April, as head of the Office of National Reconstruction, there is no public information about how this institution he was managing funds from the Chinese and other operations, either in the country or abroad, which also engage Sonangol.

The highly significant role of the Portuguese national Ismênio Coelho Macedo, in facilitating the illegal operations of General Kopelipa enables him to have much influence on the presidential decisions regarding Angola's political economy. Macedo also heads the Banco Privado Atlântico, in which Sonangol has 19,5% shares.

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<sup>17</sup> See Campos, Indira and Alex Vines (2007) *Angola and China: A Paradigmatic Relationship*. Working Paper Presented at a CSIS Conference, "Prospects for Improving U.S.-China-Africa Cooperation", December 5, Washington D.C. [http://www.csis.org/media/csis/pubs/080306\\_angolachina.pdf](http://www.csis.org/media/csis/pubs/080306_angolachina.pdf)

In reality, the zero tolerance policy against corruption that was trumpeted by President Dos Santos is nothing more than a mask covering up the plunder of the country by his inner circle. The official discourse against corruption has served as a window dressing for business to remain as usual while garnering more international legitimacy for the *status quo*. Thus the looting of the country by the ruling elite has international support.

This state of affairs stems from the lack of moral and political authority by the President José Eduardo dos Santos to restrain his closest aides, who have vulgarised the office of the president, and give it an image similar to that of a den of thieves.

The levels of corruption in the presidency are unsustainable, and the overwhelming involvement of the presidential security apparatus in the process poses a major threat to the sovereignty of the country and to the president himself. The state and the president, in this case, have become hostages to what the Cameroonian academic, Achille Mbembe, has described as private indirect government. In other words, the state apparatus and the civil service are all used for the benefit of private interests by private operators.<sup>18</sup>

Furthermore, the private control of telecommunications and media by the president's henchmen represents a serious blow to the possibility of democracy in the country, beyond the rubber stamping of elections.

The dealings of General Kopelipa, General Dino and Manuel Vicente can only thrive in a society where the public are fighting for basic survival, thus paying little or no attention to the functionality of the state. However, the distraction of society to the consequences of corruption and the privatisation of the Presidency of the Republic also has the potential to create a vacuum for institutional power.

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<sup>18</sup> See Mbembe, Achille (2001:80) On the Postcolony. University of California Berkeley.