

The influence-peddling of Grupo Gema

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When Pope Benedict XVI visited Angola in March 2009, President José Eduardo dos Santos made a speech in which he proclaimed the virtues of private economic initiative. He called on Angolan businesspeople and shareholders to invest in projects of national interest “that seek to combat unemployment, poverty, and homelessness, and to improve the goods and services on offer”. Dos Santos nevertheless emphasised the need to keep private business separate from state business. He said he was ready to fight against the misappropriation of public goods by state functionaries.

Grupo Gema has been one of the fastest-growing private initiatives over the past few years in Angola. It controls part of the drinks market in Angola through its partnership with SABMiller in Coca-Cola Luanda Bottling, and through its role in Ucerba, which is a major shareholder in the country’s biggest breweries: Cuca, Nocal and Eka. In the petroleum sector the group, through its subsidiary Geminas, is in partnership with the Brazilian multinational Petrobrás, the Sino-Angolan Sonangol Sinopec International, Falcon Oil and the Angolan state company, Sonangol, in the exploration of Block 18/06. In construction, Grupo Gema is a partner with Edifer, one of the biggest Portuguese firms in the sector, in EdiferAngola and Construções Fortaleza; it also has a joint-venture with the Portuguese company Escom, part of the Espírito Santo group, and with Camargo Corrêa in the Palanca Cimento project. Grupo Gema also has stakes in the automobile market, through its company Vauco, which represents General Motors, Peugeot and Honda in Angola.

The company is composed mainly of public office holders and their families whose positions have allowed complete access to state resources, and have allowed them

to have a say in the government's decisions on privatisation, foreign investments and support for the private business sector.

This investigation deals first of all with the group's shareholding structure, detailing the blending of state power and private interests by its shareholders. Second, it situates the growth in Grupo Gema's interests with various decisions by the Council of Ministers, whose secretary is a shareholder in the group, as well as with various laws that define the relationship between public duty and private interest.

This research does not claim to have a judicial character, and nor does it claim to be an exhaustive treatment of the legal, political and socio-economic questions surrounding Grupo Gema and its shareholders. It does, however, call attention to the ample provisions in Angola law to ensure a clear separation between public duty and private interest. Grupo Gema is the first of a series of companies that will be researched in this way.

Grupo Gema's shareholders

Ever since its formation on 16 March 1994, Grupo Gema has been fortunate enough to have either one of its shareholders or a shareholder's close relative in the position of secretary of the Council of Ministers and / or of the chief of Staff of the President of the Republic. The table below shows the formal structure of Grupo Gema, who exercises positions of responsibility in the company, and their past and present state functions.

Name	Previous role	Present role
Joaquim António Carlos dos Reis Júnior	Manager of businesses linked to the MPLA and to Grupo Gema.	Secretary of the Council of Ministers
Paulo Gaspar de Almeida	Commander of the Economic Police	Second in command of the National Police
António Gomes Furtado	<ul style="list-style-type: none"> • Governor of the National Bank of Angola • Chairman of the Board of Gestão de Fundos, 	<ul style="list-style-type: none"> • Chairman of the council of auditors of the National Bank of Angola • Advisor to the Prime

	S.A.	Minister on economic affairs
Sónia Moisés Nele	Medical doctor, Lunda Norte	MPLA parliamentarian
Francisco Simão Júnior	Bureaucrat at MPLA Headquarters	Businessman
Estêvão Paulo Pereira da Costa	Human resources director of TAAG Angola Airlines	Director of Kilamba Cultural and Leisure Centre
Ângelo Maria Feijó		Official in the Office of the President's Military Adviser (Casa Militar)
Pedro Januário Macamba	Public Relations, Council of Ministers	Public Relations, Presidency of the Republic

However, the shareholders' family and other personal links are equally relevant:

José Leitão, current chairman of the group's administrative council, successively occupied the following government positions between 1988 and 2003: secretary of the Council of Ministers, director of the President's Office (minister in the Presidency), and chief of Staff of the President (minister in the Presidency). Leitão himself has at least taken some legal care over his public functions and private interests. **Francisco Simão Júnior** and **Pedro Macamba** have fronted Leitão's formal business interests. He took on the role of shareholder and director of Grupo Gema after standing down as chief of Staff of President Dos Santos in 2003.

Paulo Gaspar de Almeida has government connections that go deeper than his own senior positions in the National Police. He is the gatekeeper for his brother Generoso Gaspar de Almeida, who was the powerful governor of the Angolan National Bank at the time when Grupo Gema was formed.

Sónia Moisés Nele, a member of parliament, was previously director of the Chitato Hospital in the diamond-rich province of Lunda Norte. At the time when Grupo Gema was formed, her brother, Moisés Nele, was governor of that province.

Estêvão Paulo Pereira da Costa is the brother of António Domingos da Costa Pitra Neto who has been the minister of Public Administration, Employment and Social

Security, and thus a member of the Council of Ministers, since 1992. Pitra Neto was also vice-president of the MPLA party from 2003 until 2008.

Ângelo Maria Feijó is the brother of lawyer Carlos Maria Feijó, who was secretary of the Council of Ministers at the time when Grupo Gema was founded. Carlos Feijó subsequently held two senior positions within the Presidency, including chief of Staff of the President.

Gema's vast investments

In 2008, Grupo Gema was worth \$2 billion dollars. According to the chairman of the board, José Leitão, the group hopes to expand further through its participation in oil drilling in Block 18/06, as well as its various property and construction interests. These include an investment of \$640 million in the country's biggest private building project, Empreendimento Comandante Gika, and \$629.9 million in various building projects through Edifer Angola – a large part of these being state contracts.

The residential developments that Grupo Gema has been involved in, through EdiferAngola and others, are extremely exclusive. In these developments the lowest price for a two-bedroom apartment is \$1.2 million, in Torres do Carmo. The more expensive homes, in the V-Gardens condominium, cost \$5.1 million and, according to one of the sales staff, are aimed at “ministers and top generals”.

Conflicts of interest

Grupo Gema's major projects are subject to the approval of the Council of Ministers. All investment proposals valued at five million US dollars or more are considered by the National Private Investment Agency (ANIP) and by the Council of Ministers, which has the final say. Once approved, projects are subject to contractual scrutiny by the state, represented in this case by ANIP. This requirement raises certain legal questions, since one of Grupo Gema's main shareholders is Joaquim Carlos dos Reis Júnior, who has been the secretary of the Council of Ministers since 2004.

This article can reveal the transfer of shares from the state to Grupo Gema, as well as the approval by the council of some of Grupo Gema's projects and the implications of this in terms of the law.

According to the law governing the Council of Ministers, it is the responsibility of the secretary of the council to consider projects that are submitted to him, after which he may circulate them to the other members of the council, or return them to the applicant if he feels that necessary conditions have not been met. The secretary's duties also include setting the agenda for council meetings, "except for questions of strictly political nature".

Another law, the Law on Crimes Committed by Office Holders, prohibits holders of public office from using their positions to advance their private business interests. This law applies to the secretary of the Council of Ministers, who is thus prohibited from participating in any business activity for which responsibility rests in his hands. This appears to include any business on which the Council of Ministers takes a decision. Four cases illustrate this well:

Oil drilling: In 2006, the government ratified the award to Grupo Gema of a 20% share in the Block 18/06 oil concession, operated by the Brazilian Petrobrás. This action disregarded the legal framework on conflicts of interests, since the Council of Ministers' secretary, Joaquim Reis Júnior, is a shareholder in Grupo Gema.

Breweries: The Council of Ministers also had to approve the privatisation of Angola's biggest breweries. Ucerba, which is part-owned by Grupo Gema, received a 50% share of both the Eka and the Nocal brewery, and a 36% share in the Cuca brewery.

Property development: In 2003, the Council of Ministers authorised the formation of a private company to which it transferred title to the land that was previously used by the Comandante Gika military base in Luanda. This was done without public consultation, in the name of the rezoning of land for construction. Because the land belonged to the Defence Ministry, Resolution 40/03 by the Council of Ministers

ordered that the Defence Ministry and the Public Works ministry negotiate with the developers on the price to be paid for the site. However, the resolution did not say who the developers were. At that time, the current chairman of Grupo Gema, José Leitão, was chief of Staff of President Dos Santos, while Carlos Feijó was a presidential advisor, and Pitra Neto was a member of the Council of Ministers. The mystery of the developers was solved in November 2009, when José Leitão announced on TV Zimbo that Grupo Gema's largest investment was now the \$640 million Comandante Gika project on the former military site, including "Angola's biggest shopping centre, the biggest hotel, two residential blocks and two office blocks".

Soft drinks: In 1998, the government approved a joint-venture between Coca-Cola and the Angolan state for the production, distribution and marketing of Coca-Cola branded products. Three years later the Council of Ministers approved the privatisation of 35% of the state shareholding in Coca-Cola, through Resolution 23/01. Without public tender, these shares were transferred to two Angolan companies: Grupo Gema, and Coerm, which is linked to the MPLA's holding company, GEFI.

All these cases represent the transfer of state assets directly to high state officials, which, according to laws currently in operation, constitutes influence-peddling, active and passive corruption. The case of Joaquim Reis Júnior is a particularly clear illustration of how the blending of public duty and private interests is institutionalised and approved right up to the highest levels of the state. When he was appointed secretary of the Council of Ministers in 2004, Joaquim Reis Júnior was CEO of the Consórcio de Explorações Mineiras: a consortium linked to the diamond industry that was created by Grupo Gema and operates on Grupo Gema's premises. Currently, as well as representing both the interests of the government and those of his business partners, Joaquim Reis Júnior also represents the MPLA's private business interests. It is in this capacity that he holds 20% of the shares in Planar, an aviation company owned by the MPLA's holding company, GEFI. Planar, in partnership with the British company Lonrho, founded the airline Fly540 Angola, which will soon be operating flights in Angola.

Foreign partners

The foreign companies that this article has identified as being associated with Grupo Gema, namely SABMiller, Coca-Cola, Edifer, General Motors, Petrobrás, Sinopec, Escom, Camargo Corrêa and Brasseries Internationales Holding Limited (Group Castel), are involved in peddling influence with an Angolan public entity. The United Nations Convention Against Corruption, which has been incorporated into Angolan law, defines influence-peddling as a corrupt act. Similar definitions can be found in the SADC Protocol Against Corruption, and the African Union Convention Against Corruption, which have also been incorporated into Angolan law. Articles 318 and 321 of the Angolan Penal Code have the same aim as the international conventions in question, namely the criminalisation of corruption. These articles ensure that any infraction of these conventions is punishable under Angolan law.