

Angola's Financial Sector: A Roundtable Report

June 2015



Angola is currently the third largest economy in sub-Saharan Africa. Its rapid economic growth over the last decade has been driven almost exclusively by the oil sector: 98% of Angola's exports are linked to this sector. Yet, Angola has also seen explosive growth of its financial sector. Banking sector assets have grown from US\$ 3 billion in 2003 to an estimated \$60 billion in 2013.

To analyse these developments in Angola's financial sector, the Global Economic Governance Programme, at the Blavatnik School of Government, University of Oxford, and the Chr. Michelsen Institute, convened a daylong inter-disciplinary roundtable of experts in June 2015. The roundtable explored the drivers of the rapid growth of the financial sector; the links between the oil and financial sectors; and the interface between Angola's financial sector and the global economy. This report summarises the key findings that emerged, and includes a background analysis on Angola's financial sector, written by leading experts.

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Key questions for the Roundtable

Session 1: Why has the Angolan financial sector grown so rapidly? What were the economic and political drivers? How has growth in the financial sector impacted the rest of the economy? How have regulators responded, and how effective has this been? What are the lessons for other economies?

Session 2: How are Angola’s natural resource sector and its finance sector linked? What role can and does the financial sector play in moderating or exacerbating the economic vulnerabilities and risks from the extractives sector? What regulatory initiatives has Angola pursued to manage these risks and how effective has this been? What are the constraints to more effective regulation?

Session 3: How does Angola’s financial sector interface with the global economy?

The Angolan Government has taken important steps to improve the governance of banks and regulatory entities. However, as the Angolan financial system deepens and broadens, new challenges arise for regulators and supervisors. What are the consequences of global regulatory initiatives such as the Basel standards, as well as Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) standards for Angola? What have been the ‘spillover’ effects from macroeconomic policy and new regulatory initiatives in Europe and North America? How have Angolan banks and regulators responded? What weaknesses and gaps remain in the local financial system that need to be addressed?

List of participants

Hosts

Dr Emily Jones is Associate Professor at the Blavatnik School of Government and Deputy Director of the Global Economic Governance Programme

Dr Ricardo Soares de Oliveira is Associate Professor of African Politics in the Department of Politics and International Relations

Professor Manuel Alves da Rocha is Professor at the Universidade Católica de Angola and Director of the Centro de Estudos e Investigação Científica (CEIC) in Luanda, Angola

Dr Massimo Antonini is Fellow and Lecturer in Economics at St. Peter's College, University of Oxford

Mr Mamadou Cellou Bah is studying for the Master's in Public Policy at the Blavatnik School of Government, and working as Deputy Inspector at the Central Bank of Guinea

Ms Rebecca Engebretsen is a DPhil candidate in the Department of Politics and International Relations at the University of Oxford, focusing on natural resource governance

Professor Manuel Ennes Ferreira is Professor at the Instituto Superior de Economia e Gestão in Lisbon, Portugal

Dr Odd-Helge Fjeldstad is Senior Researcher at the Chr. Michelsen Institute in Oslo, Norway, focusing on public financial management

Dr Edward George is Head of Group Research at Ecobank

Dr Hazel Gray is a Fellow at the Department of International Development at the London School of Economics

Dr Adeel Malik is Research Fellow in Economics at the Oxford Centre for Islamic Studies

Dr Aslak Orre is Senior Researcher at the Chr. Michelsen Institute in Oslo, Norway, leading their cooperation with the Angolan institute Centro de Estudos e Investigação Científica (CEIC)

Ms Alexandra Zeitz is the Research Officer at the Global Economic Governance Programme

Roundtable summary

Rebecca Engebretsen and Alexandra Zeitz

I. Introduction

Angola is currently the third largest economy in sub-Saharan Africa.¹ Its rapid economic growth over the last decade has been driven almost exclusively by the oil sector: 98% of Angola's exports are linked to this sector. Yet, Angola has also seen explosive growth of its financial sector. Banking sector assets have grown from US\$ 3 billion in 2003 to an estimated \$60 billion in 2013.²

On June 18, 2015 the Global Economic Governance programme and the Chr. Michelsen Institute convened a daylong inter-disciplinary roundtable of experts to analyse these developments and probe the political economy of the Angolan financial sector. The roundtable concentrated on three questions:

- **What have been the drivers of the financial sector's rapid growth?**
- **How are Angola's oil sector and financial sector inter-linked?**
- **How does Angola's financial sector interface with the global economy?**

In the roundtable discussions, two themes emerged. The first is that the *elite dominance of the financial sector* means that a clear distinction between the public and the private does not hold in Angola. This poses difficulties for analysts of Angola's economy, since what appear to be 'private sector' developments are instead often an extension of the interests of the governing elite. It is also a challenge for international corporations operating in Angola, who may find themselves on uncertain terrain in an economy where ownership structures are often deliberately opaque and obfuscating.

The second theme emerging was the *relative uniqueness of Angola's financial sector and economy* in Africa. Angola's financial sector has grown incredibly rapidly, but remains highly concentrated in five banks and has weak links to the remainder of the economy, failing to act as a catalyst for diversification. While Angola's financial sector appears like an outlier when compared to its sub-Saharan African neighbours, experiencing a *sui generis* trajectory due to its political structure, it is more similar to the financial sectors in other oil rich economies such as the Gulf states.

II. The financial sector in Angola: drivers of expansion, trends and linkages to the economy

The growth of Angola's financial sector has been a key part of the government's depiction of the country as a modern economy. The growth is almost exclusively concentrated in banking, while the insurance sector and capital markets remain underdeveloped. The

¹ Angola's GDP PPP (in constant 2011 international \$) was \$160 billion in 2013, ranking it third in sub-Saharan Africa, behind Nigeria and South Africa. World Bank, Databank

² George, Edward, "Angola's financial sector: An Overview," Presentation, June 18 2015.

expansion of Angola's banking sector occurred at a time of unprecedented GDP growth (between 2002 and 2008 annual GDP growth stood at 14,9%).³

Despite its expansion, however, the banking sector in Angola remains highly concentrated. Whilst there are over 20 commercial banks operating in the country at present, the country's top five banks control over 78% of total bank assets.⁴ These leading banks enjoy close connections to the country's elite. International banks seeking to enter the Angolan market struggle to compete with the well-connected domestic banks. The expectation that foreign companies establish joint venture with domestic partners also extends to the banking sector, further strengthening the control that the country's dominant banks possess over the economy. Currently, the majority of foreign banks operating in the country are Portuguese subsidiaries. However, the relationship between the two countries' sectors is made complex by large Angolan stakes in Portuguese banks. Processes of consolidation in the Portuguese banking sector may also drive consolidation in the Angolan market.

The growth of the banking sector in Angola has, in contrast to the broader sub-Saharan experience, not resulted in greater access to credit for the broader population. Rather, access to credit remains restricted for those outside of the elite circles. Anecdotal evidence suggests that even highly creditworthy individuals and bankable projects struggle to access credit. Lending has tightened further in light of the rising non-performing loans (NPLs), which have grown from a ratio of 9.8% at end-2013 to over 14% in December 2014.⁵

Political influence over the banking sector also means the sector has failed to act as a catalyst for investment and development in other sectors. Investments have been funnelled towards a real estate boom, and diversification projects by the government often turn out to be non-productive 'white elephants'. Further, capital flight is estimated to have amounted to 11% of GDP annually over the period 1990-2008, draining potential resources for private sector development out of the country.

III. The financial sector and oil sector: interdependencies and vulnerabilities

The expansion of Angola's banking sector, following the end of the civil war in 2002, is inherently linked to mounting income from oil. 450 billion dollars of oil revenues entered the Angolan economy between 2002 and 2013. The close connection between the country's oil and financial sectors mean that it shares some characteristics with other countries reliant on natural resource wealth: the high concentration of the banking sector, high rates of NPLs, limitations in financial inclusion and access, and a predominance of short-term financing.

The recent drop in the global oil price has demonstrated the vulnerability arising from the Angolan economy's overreliance on oil: GDP growth is slowing, and the value of the Kwanza has declined by 13% since prices began falling in mid-2014.⁶ Angola has previously faced oil price downturns, which then, like now, have led to calls for economic diversification. But this

³ Rocha, Manuel Alves da, 2012. "Economic Growth in Angola to 2017: The Main Challenges." *Angola Brief 2*(4). Bergen: Chr. Michelsen Institute and CEIC

⁴ AllAfrica. 2013. "Angola: Five Banks Concentrate 78 Percent of Banking Sector's Assets"

⁵ Wise, Peter, "The spark amid the slump: Will Angola's banks emerge from the oil price dip stronger?" *The Banker*.

⁶ George, Edward, "Angola's financial sector: An Overview," Presentation, June 18 2015.

diversification has yet to materialize, and participants were sceptical of the government's commitment on this issue.

As a result of the latest decline in oil prices and the subsequent slowdown in the Angolan economy, the financial sector is currently facing liquidity and foreign exchange constraints. However, the impact from the shortage of foreign exchange is not uniform. Informal discrimination means that those with political connections enjoy greater access to scarce dollars.

The major banks are absorbing the shocks from the present downturn but may suffer if the cash flow tightens further. Participants speculated whether the economic trends could lead to consolidation in the banking sector, since smaller banks will suffer disproportionately from liquidity constraints.

IV. Angola in the global financial architecture: regulatory challenges, global standards and international financial links

The explosive growth of the Angolan banking sector comes with particular regulatory challenges. Participants pointed to recently introduced regulations on audit, disclosure and risk management as examples of the central bank's response to risks posed by the expanding financial sector. Yet, the ultimate effectiveness of those rules may be undermined by a political structure that gives regulators very little independence. As one participant put it, "the main regulator is the president".

In Angola, the divergence between adoption of regulations and their actual implementation has been most scrutinized with respect to anti-money laundering (AML) provisions. Angola was included in a 2010 Financial Action Task Force (FATF) list of non-compliant jurisdictions. In the same year, a US Senate detailed the opaque ownership structures of BAI, Angola's largest bank, highlighting HSBC's lack of due diligence about BAI's anti-money laundering provisions. Since then, there have been efforts to reform domestic AML provisions. In January 2014, laws were introduced to facilitate the confiscation of funds related to money laundering.

However, participants stressed that implementation of any improved standards will again be weakened by the interference of the political system in the banking system. The incompleteness of the Angolan regulatory regime may impede its international financial integration. Recent high profile fines have made global banks wary of providing correspondent banking to perceived 'high-risk' jurisdictions. The opacity of Angola's financial sector puts it in danger of being isolated in the global banking network.

The Angolan experience with implementing international standards on money laundering reveals the multi-faceted nature of regulatory capacity. Global standards are frequently difficult to implement in developing countries because their complexity strains limited human and financial resources. But in Angola, these resource constraints are not the main impediment to regulatory effectiveness: lack of independence from elite political influence is.

The nature of Angola's global financial integration reveals both particularities of the Angolan economy and changes in international financial relations. Angolan ownership of Portuguese banks is largely aimed at attaining legitimacy and credibility, with Portugal acting, as one participant put it, "as the launchpad" for Angolan entry into the world market. These South-

to-North flows are a consequence of the unique relationship between the two economies. Patterns of Angolan capital flight, on the other hand, reveal the rising importance of new financial centres: increasingly funds are flowing to Dubai or Singapore rather than traditional Western financial hubs.

V. Conclusion: open questions and further areas for research

Repeatedly at the June 18 Roundtable, participants emphasized that studying Angola's financial sector is different from studying the financial sectors of other transition or emerging economies. In Angola, the paucity of public information and the structures of elite control can impede analysis. Yet bringing experts from different disciplines together led both to the emergence of clear lessons and the discovery of intriguing new areas for research and investigations.

The top lessons learned were:

- While the Angolan financial sector has grown rapidly, it has *not yet acted as a catalyst for diversification* in the economy. Participants were sceptical about whether it would do so in the future
- The trajectory of Angola's financial sector development shares similarities *to that of other natural resource rich economies*
- In the dependent relationship between the oil and financial sectors, it's *price volatility that leads to vulnerability*, rather than just low prices
- Angola's international financial integration is directly shaped by *elite control of the economy*
- Regulatory capacity is *hampered more by insufficient autonomy* on the part of the regulator, rather than by resource constraints

Open questions for further research:

- Most immediately, how will Angola's financial sector be affected by the 'new normal' of enduring low oil prices?
- The changing geography of financial interconnection: what role are new financial centres in East Asia and the Gulf playing in Angolan globalization, especially as destinations for capital flight?
- What does Angola's relationship with China portend for the financial sector, especially in terms of promoting diversification?
- What is the role of the state-owned oil company Sonangol in the financial sector? Might Sonangol be providing financial services, such as trade financing, like other large international corporations?
- How does financial globalization affect the incentives of elites to foster development and diversification? Do existing models of economic transformation capture this?

Appendix I

Angola's financial sector since the early 2000s

Briefing note for June 18 Roundtable on Angola's Financial Sector

Manuel Ennes Ferreira and Ricardo Soares de Oliveira

Introduction

The trajectory of Angola's financial sector over the last decade is primarily concerned with the rise of its banking sector. Although a stock market has been in the process of being established for three years, it isn't currently operative. The insurance sector is the preserve of two state-owned companies, AAA and ENSA. A Sovereign Wealth Fund, the FSDEA, was created in October 2012, but its activities have been low profile thus far.

Although the 1991 Angolan Constitution and the 1999 Law of Financial Institutions⁷ liberalized the financial system away from exclusive state ownership that characterized the socialist period (1975-1991), by 2003 Angolan banks had barely US\$3 billion in assets. Yet by 2011 the Angolan banking sector had grown to US\$53 billion in assets and the sector ranked as Sub-Saharan Africa's third largest after South Africa's and Nigeria's.⁸ As of 2014, there are 24 commercial banks authorized to operate in the country, but the sector remains highly concentrated: approximately 70% of assets are held by the five largest banks.⁹

The rapid growth in the country's banking sector must be seen in the context of the ten-fold expansion of Angola's GDP from 2002 to 2012, making it Sub-Saharan Africa's third largest economy. This was primarily on account of the country's oil production, which nearly doubled from 2002 to 2008 to almost two million barrels a day. During the same period, the price of the oil barrel increased from about \$22 to \$147.

Composition and characteristics of the banking sector

In the early 2000s, Catherine Boone could accurately describe Angola's banking sector as an "ideal-type case of a statist regime".¹⁰ None of the banks had been privatized and the state-owned banks were erratically managed in line with the broader economic policy of the time. There were a handful of private banks such as BAI, now Angola's largest bank, but they were relatively small at this stage. Yet in a short amount of time the government promoted the creation of private banks, the most prominent of which are partly owned by the state (often through the national oil company (NOC) Sonangol) with ownership shares extended to elite constituencies. The NOC Sonangol proved to be key for this strategy as both shareholder and provider of capital: it was the country's oil revenues rather than external capital flows that

⁷ Lei das Instituições Financeiras, Lei nº1/99, 23 April 1999.

⁸ Jover, E., A. Lopes Pintos and Alexandra Marchand, *Angola: Perfil do Sector Privado do País* (Tunis: African Development Bank, 2012), p. 29.

⁹ Wise, Peter, "Angola: Banking – The Spark amid the Slump?" *The Banker*, 1 June 2015.

¹⁰ Boone, Catherine, "State, Capital, and the Politics of Banking Reform in Sub-Saharan Africa", *Comparative Politics* 37, 4 (2005), p. 408.

accounted for the rise of Angolan banks, a relatively rare trajectory in the broader dynamics of Sub-Saharan African banking since the early 2000s.

Table 1: Angola's five largest banks, as of 2013

Bank		Founding year	Percentage of banking sector assets in 2013
Banco Angolano de Investimentos	BAI	1997	15.7%
Banco de Poupança e Crédito	BPC	1976	14.9%
Banco de Fomento Angola	BFA	1993	13.1%
Banco BIC	BIC	2005	11.3%
Banco Privado Atlântico	BPA	2006	5.4%

Source: Deloitte, "Angola 2014 Banking Review".

In Angola itself, this development of the banking sector was not primarily about fostering private sector development. Angolan banks still often concentrate on short-term operations such as currency trading or trade finance and shy away from supporting activities such as industrial development. Financial inclusion remains a concern as access to financial services continues to be low: only 29% of those aged 15 or older reported having a bank account in 2014, compared to a sub-Saharan Africa average of 34.2%.¹¹ And for most clients, banking remains a matter of deposits, with the vast majority of individuals and SMEs unable to access formal credit. As a senior Central Bank figure admitted in July 2009, "about 85 per cent of Angolan credit goes to two hundred or so clients".¹² Rather, the expansion of the financial system is seen by the MPLA regime, which won the country's long civil war in 2002, as crucial to the expansion of Angola's politically controlled capitalism, and in particular to the expansion of elite interests at its centre.

Particular vulnerabilities in Angola's banking sector come from the high exposures to the oil sector and the government. As of September 2014, debt securities from the central government accounted for almost 20% of total banking sector assets, increasing from 13.6% in late 2012.¹³ Further vulnerabilities come from lending that took place during the years of high oil prices: the non-performing loan (NPL) ratio grew from 9.8% in late 2013 to more than 14% by year-end 2014.¹⁴

Foreign partners in Angola's banking sector

In line with their overarching role in Angola's peacetime economy, external partners were a key aspect in the expansion of the financial sector. Of the 24 Angolan banks in existence in 2012 (up from 13 in 2005), nine were partnerships with Portuguese banks (a highly particular trait of this financial sector, and central to any study of it) and one was a joint venture with Standard Bank of South Africa, which quickly conformed to the Angolan pattern of local-external partnerships by selling 49 percent of Standard Angola to AAA, NOC Sonangol's insurance arm.¹⁵ A number of other African and Western banks (HSBC, BNP Paribas etc.) have opened offices in Luanda and have recently received or expect to receive

¹¹ World Bank, *Global Findex: Angola*. Accessed 15 June 2015.

¹² Interview with Angolan banker, Luanda, July 2009.

¹³ IHS, "Falling oil prices raise banking sector and non-payment risks in Angola in one year outlook," December 16 2015.

¹⁴ Wise, Peter, "Angola: Banking – The Spark amid the Slump?" *The Banker*, 1 June 2015.

¹⁵ "Seguradora entra no capital do Standard Bank de Angola", *Jornal de Angola*, 26 July 2012.

licenses to operate in Angola. Although new players have recently entered the market, pan-African banks have not been an important part of the story thus far, another atypical dimension of the Angolan banking trajectory.

Foreign partners are needed for banking expertise but also on account of their (and their home jurisdictions') credibility, a major asset for fledgling financial institutions anti-money laundering and combating the financing of terrorism (AML/CFT) record.¹⁶ At the same time, these partnerships are formally (through Angolan majority ownership) or informally (a bank's dependence on the Angolan market) calibrated in ways that guarantee Luanda's preeminence. These partnerships, which are very rewarding for the foreign partners, have resulted in the acquisition of a relatively professional demeanor by top Angolan banks such as BFA¹⁷ and BAI.

A further development that has caught the attention of analysts is the internationalization of Angolan banks: by the end of the decade, the largest amongst these banks had taken over dominant stakes in leading Portuguese counterparts such as Millennium BCP, BPI etc.

Angola's regulatory regime

Like in many sub-Saharan African cases of financial liberalization, this massive expansion is happening in a context of poor regulation and next to no macro-prudential measures. There are serious limitations of human resources to cope with the burgeoning financial system and with the mounting demands set by global financial standards (a dearth of human resources, rather than financial costs per se, are central to Angola's frequent failures of compliance). But in addition to the technical challenges, would-be regulators do not have the political muscle to patrol the elite shareholders of the banks, who are in many instances current or former officials of the sector regulator (the Angolan Central Bank), the NOC Sonangol, and the Presidency. A team of central bank officials, incidentally headed by two former private bankers from BAI, Angola's leading bank, seems to have received a mandate for reining in some excesses between 2009 and 2015. These regulators understood that the Angolan financial sector had to adapt to evolving global financial standards and therefore implemented important, if partial, reforms to the system. But to say that regulators have a light footprint in the Angolan financial system would be an overstatement. As in all other systemically vital nodes of the Angolan system, the governance of the banking sector is ultimately at the discretion of the president.¹⁸

Angola's regulatory structures have attracted negative international attention particularly with respect to money laundering. A 2010 US Senate Report shed light on the opaque ownership structure of BAI, often dubbed "Sonangol's bank" and Angola's largest. BAI had refused to divulge the beneficial owners behind letterbox company shareholders to HSBC, its

¹⁶ In 2010, the OECD's Financial Action Task Force noted: "Angola's lack of a comprehensive AML/CFT [anti-money laundering and combating the financing of terrorism] regime poses a risk to the international financial system" (*FATF Public Statement*, Paris, February 2010). By 2013, Angola had an action plan to deal with these matters but the FATF still pointed out that "certain strategic AML/CFT deficiencies remain" (*FATF, Improving Global AML/CFT Compliance*, Paris, 18 October 2013).

¹⁷ BFA is a wonderful construct of Luso-Angolan finance: it is 50.1 percent owned by Portugal's BPI, while the rest is owned by Angola's UNITEL, whose main shareholder is Isabel dos Santos. In turn, Portugal's BPI itself is 19.5 percent owned by Isabel dos Santos' Santoro SPSP (she is BPI's second largest shareholder after Spain's La Caixa).

¹⁸ In its 2012 Article IV consultation, the IMF noted: "Angola's financial system faces vulnerabilities given the risky domestic and external environment in which it operates. This is due to capacity constraints in banking supervision, inadequate bank corporate governance, high dollarization, and liquidity shifts linked to large oil sector transactions."

corresponding bank, despite years of requests (the US Senate chastised HSBC for not rescinding the connection despite BAI's non-compliance). "HSBC", the US Senate report reads, "has allowed BAI to continue to send hundreds of millions of dollars each month through HSBC into the American financial system without providing written assurance of its [anti-money laundering] policies and procedures".¹⁹ Writing about BAI, Angolan activist Rafael Marques even labeled it "the regime's Laundromat".²⁰ In 2011, Portuguese authorities briefly named the then CEO of BESA (a banking partnership with Portugal's Espírito Santo Bank) a suspect of money laundering, although charges were later dropped.²¹ Recently, there appear to have been at least formal attempts to address international concerns around the AML/CFT regulatory regime. In response to issues identified by the Financial Action Task Force (FATF), Angola amended its AML/CFT law in January 2014, ensuring that the country met requirements for a legal framework that allows for the confiscation of funds related to money laundering.²²

The Angolan regulatory regime has attempted to address the foreign currency risks associated with the economy's reliance on the oil sector. In 2012, the Foreign Exchange Law for the Petroleum Sector was introduced, mandating that all oil sector payments be made through the Angolan banking system in Kwanzas in order to reduce the economy's dollarization. This measure reportedly enlarged the banking sector's capital by an extraordinary US\$20 billion.²³

Recent developments and predicted trends

Since 2012, the growth rate of the banking sector has declined and pressures were building for the reorganization and concentration of the sector through mergers and partnerships between existing players. The ongoing and apparently durable downturn in oil prices that started in mid-2014 seems to have firmly brought this decade of strong growth to a close. Consequences have included the following: 1) a halt in the number of new banks; 2) a severe decline in the profitability of existing banks; 3) the increased possibility of state intervention, including through nationalization as a way of preventing outright failure, as evidenced in the 2014 sovereign guarantee provided to BESA to protect it, and its Angolan elite shareholders, to exposure from the turmoil plaguing its Portuguese partner, the Espírito Santo Bank; 4) anxiety about the role and performance of new foreign entrants in the sector (which received banking licenses before the economic downturn).

In the last six months, the Angolan kwanza has depreciated rapidly, and inflation has begun to creep upwards (from 6.89% in June 2014 to an estimated 8.86% in June 2015). Analysts suggest that further depreciation in the kwanza is likely, with potentially destabilizing effects for the country's financial sector.²⁴ Devaluation of the currency is only one symptom of the country's struggles adjust to severely diminished oil revenue. Given a predicted fiscal gap of 7% of GDP, the Finance Ministry plans to borrow \$25 billion in 2015 to meet the shortfall. While a significant portion of this is to be funded through foreign debt (the government is

¹⁹ US Senate, *Keeping Foreign Corruption out of the United States: Four Case Histories* (Washington, DC: Permanent Sub-Committee on Investigations, United States Senate, 2010), pp. 316-17.

²⁰ Marques, Rafael, *BAI: The Regime's Laundromat* (Luanda, Maka Angola, 2011).

²¹ Joaquim Gomes, "Álvaro Sobrinho com caução de meio milhão de euros", *Expresso*, 11 November 2011.

²² IMF, "Angola Article IV Consultation," September 2014.

²³ Lei do regime cambial aplicável ao sector petrolífero, Lei no. 2/12, 13 January 2012; *World Bank*, Angola Economic Update, June 2013.

²⁴ Wallace, Paul, "Angola currency falls to record low as Central Bank devalues", *Bloomberg*, June 5 2015.

said to be negotiation a \$500 million loan with Societe Generale SA and a \$250 million loan with Goldman Sachs), this borrowing will also increase domestic banks' exposure to the government.²⁵

What seems non-negotiable, even in the current economic climate, is the "Angolanization" policy that dictates that foreign banks are able to operate in Angola only through joint ventures with local oligarchs and/or state-owned enterprises. The centrality of these partnerships seems like a perennial dimension of the Angolan financial sector regardless of the vicissitudes of its oil-based economy.

²⁵ McClelland, Colin, "Angola said to plan \$25 billion borrowing to fund budget gap," *Bloomberg*, June 3 2015.