

# Rebuilding Angola's Infrastructure

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Angola has been one of the fastest-growing economies in the world in the last decade. Thanks to its success as Africa's second biggest oil exporter, the country's GDP expanded at an annual 11 per cent and per capita income rose more than eight-fold during this period. Today, GDP per capita stands above US\$5000, which is considered a middle-income level.

Angola's GDP structure has slowly changed in the last decade. However, the oil and gas sector remains the largest contributor to GDP, accounting for 46 per cent of the total in 2012 (vs. 56 per cent in 2002). It also represents more than 95 per cent of Angola's exports and 80 per cent of its fiscal revenues. This picture is not likely to change significantly any time soon, but other sectors like mining and agriculture are expected to advance more rapidly in part due to the government's increased efforts to diversify the economy away from oil.

Angolan authorities are focused on implementing a development strategy that will ensure stability, growth and employment in the long-run. The so-called "Angola 2025" plan is also targeted at reducing the poverty levels and improving the literacy and skill levels of the local population.

A major obstacle for the development of Angola remains the poor quality of its infrastructure, as it significantly hinders the movement of the population and goods in the country. Angola has not only the financial resources and the political will to tackle these issues, but it continues to attract increasing levels of international interest. Private sector involvement is also gradually increasing in areas like rail, sea and air transport. Although a lot has been done in this last decade of peace, the country still faces tremendous challenges ahead in terms of rebuilding its infrastructure.

## **The current picture**

Angola's population of around 20 million is unequally distributed across the country. The most densely populated areas are around the capital (Luanda) and a few other major cities (Cabinda, Benguela, Lubango and Huambo). Overall, the coast and the southern and eastern parts of the country are less populated than the interior highlands. The distribution of the population is influenced by the presence of vast natural resources and agricultural potential.

The interior highlands are abundant in water resources and are therefore well suited for agriculture. The south and southeast are dry savanna while the far north is covered by rainforests. Angola's oil fields are located in the coastal region in the north and west. Angola is also rich in various minerals that are found in the western and central parts of the country. The distribution of Angola's infrastructure networks largely follows the pattern of its population and natural resource distribution, with a greater density of transport and power as well as information and communication technology (ICT) infrastructure along the western half of the country.

Angola's transport infrastructure suffered extensive damage during the civil war years, with destruction and neglect leading to the closure of most of the road and rail networks. However, over the last decade, the Angolan authorities have undertaken huge investments in the rehabilitation of the road, railway, port and air infrastructure, most of it financed by Chinese loans and credit lines that are transforming the country's infrastructure.

## **Road Transport**

The Angolan authorities have invested a tremendous amount of money over the last few years to reconstruct its dilapidated road infrastructure. Specifically, the level of public spending for roads and bridges has amounted to US\$12.7 billion in the last decade, or over 30 per cent of total public investments. Angolan authorities also expect to spend US\$22.6 billion during 2013-2025 in the construction of new roads and the rehabilitation and maintenance of existing ones. This makes the country one of the highest spenders on road infrastructure in Africa.

Angola has quite an extensive road network that, according to the World Bank, covers 62,560km. Of this distance, the classified network (primary, secondary and tertiary) accounts for 58 per cent, or 36,399km. The rest is the urban network of 11,057km and the unclassified network of 15,104km. The main links in the western half of the country appear to be in reasonable condition, while roads on the eastern side are scarcer and more dilapidated. In terms of regional integration, Angola's most salient international road corridor connects the country to the Democratic Republic of Congo (DRC) and Zambia in the east.

The country's road infrastructure is in very poor condition. Most of the traffic is concentrated in the area surrounding Luanda, but overall traffic levels are comparatively low. The inadequate condition of the roads caused by years of destruction and lack of maintenance is one of the factors contributing to the low traffic levels. Only about 17 per cent of classified and urban roads are paved, which compares poorly with other countries in Sub-Saharan Africa. Poor road quality, combined with very low road density and lack of bridges (as many were destroyed or imbedded with mines during the war) makes some of the provincial capitals impossible to access by road.

The quality of the country's road corridors is also rather poor, making regional connectivity with the broader Southern Africa Development Community (SADC)

economic area difficult. This situation both prevents Angola from developing regional trade with surrounding countries and limits these countries from making greater use of the Ports of Luanda and Lobito.

### **Rail Transport**

Angola has three railway systems run by public companies which comprise a total network of 2,722km. These were built eastwards from the coast in colonial times, linking the country's key Atlantic ports (Luanda, Lobito and Namibe) to the interior. First, Luanda Railways connects Luanda to the inland province of Malange (424km). The line is fully operational, with access to the Port of Luanda. Luanda Railways operates an extension line (55km) from Zenza to Dondo, which are cities in the Kwanza-Norte province. This railway is used for the transport of container cargo from the Port of Luanda to the dry Port of Viana. The company is also focused on the transport of petrol and gas to Dondo and Malange, while also transporting other goods such as cement, construction material, machinery and vehicles. Passenger suburban trains also run on this railway, with authorities aiming to increase the number of passengers that are transported in the suburban train service of Bungo/Baia.

Second, the Benguela Railways connects Lobito to the eastern border-town of Luau (1,300km) and to the rail networks of south-eastern DRC, Zambia and beyond. This line was recently rehabilitated and is now fully operational. It is expected to be mostly used for the transport of minerals coming from DRC and Zambia to be exported through the Port of Lobito.

Lastly, Moçamedes Railways links Namibe to the eastern province of Kuando Kubango. This line was rehabilitated and has been operational since the second half of 2012. It is expected to be mostly used for the transport of iron coming from Cassinga and to be exported through the Port of Namibe.

The rail network is extremely important as a means to reach the interior of the country, as the inland towns and cities have been cut off from the developments that have been taking place in the coastal regions for many years. Sectors like agriculture and mining, which is focused in the interior of Angola, will clearly benefit from a functioning rail system. Transporting imports (like equipment and goods) to the interior will also be easier.

Meanwhile, the government of Angola has introduced new legislation for the railway sector. This includes plans to promote greater private sector involvement in the rail network system as it intends to merge the three railway companies into one and to offer on a concession basis their operation to the private sector. The commercial and operational aspects will be sold to private companies whilst the state will keep a controlling stake in the new company called Caminhos de Ferro de Angola. The public sector would retain ownership of the infrastructure.

The Angolan authorities also plan to extend the northern and southern lines further east as well as build three new north-south lines that interconnect those three east-west lines. A new Congo Railways is also planned to be constructed, which will link the Luanda Railways line from the Baía Station to the provinces of Uíge, Zaire and Cabinda.

All in all, this will represent an ambitious plan by the government to build about 5,144km of new railway lines that would leave Angola with the second largest railway system in Africa and would make the country a true hub in the SADC region.

### **Sea Transport**

Luanda, Lobito, Namibe and Cabinda are the main cargo ports in Angola, although the Port of Soyo (located in the Zaire Province) has become relevant as well since LNG has been exported via this port since mid-2013. In particular, the Port of Luanda is the main route for international trade, handling over 80 per cent of Angola's imports. It is also the main center for ongoing food product import operations, the energy industry and general-cargo and container operations. As a major transit port not only for Angolan goods but also for the DRC, Zambia and Zimbabwe, Luanda is one of the fastest-growing ports in Africa. This growth created handling constraints leading to port congestion for both general cargo and container traffic.

The Port of Luanda offers natural deep-sea access to Angola and consists of 1,150 meters of quays (six berths), with an additional five berths on a finger pier. The current draft at the port is 10.5 meters, allowing a maximum vessel size of about 30,000 deadweight tons. However, the depth in Luanda exceeds 20 meters, which potentially allows vessels larger than 150,000 deadweight tons to enter the bay as long as dredging activities are sustained.

In recent years, the Port of Luanda has benefited from investments in rehabilitation, expansion and upgrading financed by a number of investors. This has eased some of the congestion pressure the port suffered in the past and improved competitiveness and efficiency. Nevertheless, the Port is still known for the long delays and poor performance relative to other ports in Africa.

### **Air Transport**

Angola's main international airport is located in Luanda and is served by several international and regional airlines. Flights from and to Portugal and Brazil are very common and reflect the cultural ties between these countries.

The international terminal of the Luanda airport was renovated in 2010 before the African Cup of Nations, which was hosted by Angola. According to the Angolan authorities, the newly refurbished airport can handle about four million passengers per year. Many provincial airports have also recently been renovated or are undergoing renovation.

Meanwhile, work continues on Luanda's new international airport located 40km east of the capital. Although its opening date remains uncertain, the new airport will reportedly have a 160,000 squared-meter terminal with total capacity of 13 million passengers annually. It will also have a 6,200 squared-meter cargo terminal

able to handle 35,000 tons of cargo per year.

### Conclusion

Economic activity in Angola should continue to expand at a healthy pace mainly on the back of a more pronounced improvement in non-oil sectors. However, the country faces tremendous challenges ahead, namely in terms of improving its infrastructure.

The Angolan authorities are well aware that continued efforts to rehabilitate and expand roads, railways, ports and airports will be crucial both to achieving sustained economic growth and making Angola a more relevant player in Southern Africa.

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