Angola graft rebuke

Angola’s minister Manuel Vicente dismissed fears over corruption.
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Man at centre of dash for African resources rejects corruption fears

Manuel Vicente shrugs off concerns about a business model that concentrates power in the hands of a small ruling class, writes Tom Burgis

High above the relentless traffic of Luanda, Angola’s capital, the man at the centre of the scramble for Africa’s natural resources is just back from his morning jog.

Manuel Vicente has spent the past decade stewarding an oil industry that now accounts for one in every 50 barrels of world production, forging Angola’s ties with China and building a personal portfolio that includes interests in banking and real estate. During 12 years as head of Sonangol, he transformed the state-owned oil company from the economic engine of the government’s military campaign during three decades of civil war into the continent’s foremost energy group, with assets from Iraq to Cuba and annual revenues of $3bn.

Mr Vicente graduated to Angola’s political inner sanctum in January when he was appointed minister for economic coordination – fuelling expectations that he is the chosen successor of José Eduardo dos Santos, the country’s authoritarian ruler since 1979.

To the government’s critics, Mr Vicente embodies what Ricardo Soares de Oliveira, an Angola expert at Oxford university, calls “the privatisation of power”. It is a model that fuses personal and state interests in the hands of a small ruling class that brooks little dissent. And it has brought the business interests of Angola’s elite to the attention of US authorities. A corruption investigation has drawn attention to the role of little-known local partners with political connections in multibillion dollar Angola oil ventures – as well as the role of Mr Vicente himself.

In a rare interview, Mr Vicente says the local partner policy is here to stay. He shrugs off concerns that it could leave US and European companies on the wrong side of their domestic anti-corruption laws.

“It is their problem, they have to resolve it,” he tells the Financial Times. But he adds: “There is no corruption in that. It’s important that the world understands. The idea is to empower this local and we’ll keep doing that surely, within the [Angolan] law.”

A genial engineer who studied at London’s Imperial College before joining the oil ministry, Mr Vicente’s leadership of Sonangol earned him a reputation for competence among the energy groups that pump Angola’s 1.8m daily barrels of crude. Total, BP, Chevron, ExxonMobil and others have invested tens of billions of dollars to double Angola’s output. It is a key source of crude for China and the US.

Since November, however, the US Securities and Exchange Commission and the justice department have been formally investigating the Angolan operations of Houston-based Cobalt International Energy.

In February Cobalt, whose biggest shareholder is US investment bank Goldman Sachs, made one of the most promising oil finds of recent years deep under Angolan waters. In April the Financial Times revealed that Mr Vicente and two senior generals had helped previously concealed stakes in Nazaki Oil and Gás, Cobalt’s local partner. At the time the venture was launched in 2010, Mr Vicente was running Sonangol, which awarded Cobalt its concessions. US anti-corruption laws make it a crime to pay or offer anything of value to foreign officials to win business. Mr Vicente says he was unaware that his investment company, Grupo Aquatro Internacio-
nal, had a stake in Nazaki. Aquattro pulled out of Nazaki after he realised this, he says. Nazaki, which has four other shareholders, did not respond to questions about its ownership.

“We are serious people,” Mr Vicente says. “We know very well our job and we know very well our responsibility. And we’ve never worked against the law.”

The minister concedes that, had he known about it, his indirect stake in Nazaki would have represented “a conflict of interests” with his leadership of Sonangol.

Michael Goldberg, a lawyer with Baker Botts representing Cobalt, says his client, has spoken with Mr Vicente since the FT’s revelations. The details of that conversation will be passed to US agencies investigating the matter, he adds. “Based on our investigation into this entire matter, including our most recent findings, we are more convinced than ever that Cobalt has not violated any US or Angolan laws,” Mr Goldberg says.

The SEC declined to comment on the progress of its investigation.

With the US and EU separately preparing rules that would oblige companies to disclose details of tax payments to governments, Angola’s culture of secrecy poses a dilemma for foreign oil groups. “We’re not forbidding people to do that [disclose details],” Mr Vicente says. “What we are telling the people [is]: ‘Let’s do it together.’”

Just as the US probe raises delicate questions for western investors, the alliance that Mr Vicente has forged with suitors from the east appears to be growing only stronger. Mr Vicente is a chief architect of a network that melds state and private interests from Angola and China into what analysts describe as the emerging force in the race for Africa’s rich stocks of crude, metals and minerals.

Until recently Mr Vicente chaired China Sonangol, a Singapore-base joint venture of Sonangol and a band of private Hong Kong investors, known as the 88 Queensway group. The 88 Queensway group owns Chin International Fund, which spearheads Angola’s vast infrastructure programme. The terms of CIF’s contracts with the Angolan state are not publicly known. Mr Vicente has played a role in CIF’s expansion, helping it secure its multibillion dollar minerals and infrastructure deals with.....
2009 with the repressive junta that ruled Guinea at the time. Mr Vicent says the CIF is “completely separate from Angola’s $10bn oil-for-infrastructure programme with the Chinese state.

China Sonangol, alone or in partnership with China’s state-owned oil group Sinopec, has amassed Angola oil interests. Most recently, it was granted minority stakes in two new oil exploration blocks awarded to Cobalt and BP in December, according to company announcements.

The joint venture’s position outside Sonangol means that it is subject to even less scrutiny than the opaque state oil group.

For all the clamour from foreign investors seeking a slice of Angola oil wealth, the UN estimates that more than a quarter of the country’s people still live in extreme poverty, a decade after the civil war ended. Mr Vicente acknowledges what observers see as the most troubling development of Angola’s post-war years: the widening gulf between super-rich elite and the rest.

“The government is really serious engaged in combating poverty,” he says. “I’m a Christian guy. It doesn’t work if you are OK and the people around have nothing to eat. You don’t feel comfortable.”

‘It is important the world understands. The idea is to empower the locals’

Manuel Vicente
An oil rig in Luanda harbour (left); the headquarters of state oil company Sonangol (above), and economic co-ordination minister Manuel Vicente (bottom).