

Angola's Economic Potential: Problems and Development Prospects Under the Current Conditions of the Global Crisis

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Abstract—the present article is dedicated to the study of the main internal and external factors, which influences the economic development of Angola. In this work are presents in detail the structural problems and significant advantages of the Angolan economy, taking into account the main changes occurring in the world arena, as well as the historical aspects of development of the countries integration of sub-Saharan African countries. The research work also analyzes the historical factor of integration of the countries that are part of SADC, whose main strategy is oriented towards the structural transformation of economies, greater macroeconomic stability, increasing levels of integration in member countries and the possibility of achieving political and social stability in the region. According to the results presented in the present work, it is observed that Angola has an economy very dependent on the oil industry, which, at present, presents serious problems in its structures. Even with the economic crisis scenario Angola is considered as the third country with the best GDP in Sub-Saharan Africa, thanks to its economic potential. Angola's GDP grew at a good pace, but with a slight reduction in 2009. Angola's highest real growth rate was 19.9% in 2005, and the second rate recorded was 16.7% in 2007. Angola despite having a negative value in 2019, according to the IMF study, the medium and long-term economic prospects are optimistic, reflecting on the rapid future growth of the population and a higher rate of urbanization, for in addition to an already large urban population.

Keyword—GDP, Sub-Saharan Africa, SADC, importation, exportation, development trends.

I. INTRODUCTION

Angola, although not very developed, as some experts claim, but nowadays it has shown significant steps, which provide new knowledge, technology and means to solve socio-economic problems, for example, the problem of

economic dependence. As we know, Angola's economic dependence is high and the rate of exploitation of natural resources and labor by foreign companies is significant. With the present reality, the highest rates of poverty and hunger in the world are registered in the world.

II. METHODS

Analysis of Angola's economic potential was based on theoretical scientific research on the main factors, which directly influence the development of its economy and its relationship with other countries in the world.

With the help of analysis methods and graphs, the dynamics of the Gross Domestic Products of the leading countries of Sub-Saharan Africa were studied over a period of 14 years.

III. MAIN PART

In the current conditions of global crisis, most African countries have faced serious problems in their economic structures, which seriously affect their development, since in the first decade of the 21st century there were structural changes in the world economy, which contributed to the transformation of development conditions of many countries in the world, including a notable acceleration in the economic growth of developing countries in the process of modernizing theirs economies.

With the trend of global economic growth, Angola is obliged to create mechanisms that can positively provide satisfactory answers to the challenges, related to the stability of its internal structures that will make it possible to face the external reality with great competitiveness. For that, it is necessary that the country has stable economic relations with

other countries in the world, mainly with neighboring countries.

With regard to the support of economic relations, it should be noted that Angola is an open country, as it maintains economic relations with the countries bordering it. In addition, it maintains good relations with some of the SADC (Southern African Development Community) countries, the South African Development Community, the successor organization to the South African Development Coordination Conference (SADC).

SADC was created as a result of the signing of the Declaration of Main States and Governments and the Treaty Establishing SADC in 1992. The main objectives of SADC: to achieve economic development and growth, to improve the standard and quality of life of the people of South Africa and support social protection through regional integration; strengthening general political and social values; promoting employment in production, rational use of regional resources and effective environmental protection; strengthening cultural ties between the peoples of the region [1].

Angola is considered a longstanding member of the countries that make up the Common Market for Eastern and Southern Africa (COMESA). This market was formed in December 1994, replacing the Preferential Trade Area that has existed since 1981. COMESA is one of the pillars of the Economic Community of the African Union, whose main objective is to promote regional economic cooperation in Africa, that is, it aims to achieve collective autonomy, raising the standard of living of its people and maintaining economic stability through harmoniously stable cooperation between member countries.

As we know, there is a slow and / or total deficit in the development of new technologies in Angola and in most African countries, as they export only 0.3% of high technology products. Because of this challenge, from 2015 United Nations report examines how countries on the African continent can improve their way of implementing science and technology policies. [2].

Despite several problems, Angola is taking important steps. As an example, the author of [3] considers Africa as "an innovation and land platform for the development of tourism and entrepreneurship", based on the development of several startups represented by Kenya and Nigeria.

Angola is very attractive to tourists. Tourists are attracted by its natural attractions - almost 1,600 kilometers of ocean coast, lush rainforest, picturesque savanna and the great Namibe desert in the south. In areas free from military and interethnic clashes, unique tribes survived, which still lead a lifestyle close to the Stone Age, which attracts countless ethnographic expeditions and fans of "ecological" tourism. There are few cultural attractions, which is associated with the long-lasting war, as well as the fact that, in five centuries, millions of local residents were taken to the American continent to be sold as slaves.

Luanda has been the capital of Angola since colonial times (it was founded in 1575). The city is famous for its colonial buildings and sidewalks paved with beautiful mosaics, as well as a charming mix of styles and times in the planning and development of the city. The Museum of Angola with a remarkable ethnographic collection and the Dundo Museum, as well as the colonial buildings of the University and the Portuguese Fortress of São Miguel (17th century), are highly sought after by tourists. Angola has important natural resources, including oil and diamonds, as well as iron ore, phosphates, copper, gold and uranium.

It is well known that Angola's economy is based mainly on oil production (85% of the country's economy). Thanks to the oil component, the country's economy is the fastest growing in Sub-Saharan Africa. Thus, in 2008, Angola's GDP growth was 15%, and Black African countries showed only 5% growth. According to capita in 2008 was \$ 5,020, which is a very high achievement for this region of the world.

In Angola, agricultural activity is developed through the cultivation of coffee, sugarcane, sisal, corn, peanuts, rice, cocoa, bananas, potatoes, cotton and tobacco. The industrial activity is based on the processing of oilseeds, cereals, cotton and tobacco. Other highlights are the production of sugar, cement and fertilizers. Angola currently has five million hectares in production. In order to make Angola safer and improve rural livelihoods in a sustainable way, it is recommended that the Ministries of Agriculture and Forestry, Construction and Public Works and Energy and Water should give priority to the expansion of land cultivated under irrigation.

In Angola, land equipped for irrigation will increase at the beginning of 2030, to 176,000 hectares, will increase again by 2040 and will reach 450,000 hectares by the middle of the century, that is, 12% of all irrigable land. Really irrigated land increases from 11,700 hectares to 18,600 hectares by 2030, to 48,000 hectares by 2040 and to 60,000 hectares by 2050.

As we know, agriculture is vital to the economy and most Angolans depend on agriculture for food or income. In this scenario, Angola has more than five million hectares of its farmland under irrigation. More specifically, the area of land equipped for irrigation is increased, from the current estimate of 88 800 hectares (only 0.15% of all agricultural land), to 240 000 hectares by 2035, and 450 000 hectares by the middle of the century.

According to projections, investments in agriculture will be increased, going from the current estimate of USD 834 million, to USD 1.4 billion by 2035, and to USD 2.2 billion by 2050, in view of the forecast of the current trajectory, from USD 1.9 billion for 2050.

The production could increase from an estimated 18 million metric tons in 2019 to approximately 23 million metric tons by 2035, and to 33 million metric tons by mid-century - 3 million metric tons above the Current Path forecast for 2050.

Angola was once a major coffee producer. Coffee was of great importance, as its production was concentrated in the highlands of Malanje and along the northwestern periphery of the plateau of Bié province, close to the center of the country. Before independence, Angola supplied almost a fifth of world coffee production and, in the early 1970s, annual production was over 200,000 tons. Cotton, cassava and corn were also important commercial crops, which until today are considered to be first class food products for a large part of the population of Angola.

With regard to fishing in Angola, it is important to note that it is carried out mainly by foreign fleets. Some foreign fishing fleets, operating in Angolan waters, were required by the Angolan government to contribute a part of their catch to supply the ports of Angola, to increase the local supply of fish. Fisheries agreements of this kind have been signed with several countries, including Russia, Spain, Japan and Italy. Spain has agreed to assist in the development of Angola's fishing industry in exchange for fishing rights. In other cases, the government has allowed foreign fleets to export all of their catch in exchange for license fees. In the mid-1980s, the Angolan government began to rehabilitate the fishing

industry, especially in Namibe province and Benguela. The first priority was to replace and repair the aged equipment. To achieve this objective, the Angolan government received a significant amount of foreign aid. In 1987, the European Economic Community (EEC) announced plans to provide funds to help rebuild shipyards and two canning factories in Tômbua (Namibe), which today help the local population a lot. Spain sold Angola thirty-seven boats for \$ 70 million, and fourteen modern fishing boats that were in Italy. Over time, the fishing sector was gradually expanded and modernized, which influenced the origin of the so-called middle class in the capital city, Luanda, which considerably increased fish consumption in the country.

In Angola it is quite common to artisanal fishing. To this end, the Angolan government, in February 2020, kits to carry out this activity more productively. The kits consist of an engine for vessels, a net, lead, collectibles, buoys, buckets, scales, among other materials, aimed at increasing fish, within the scope of the program to combat hunger and poverty. Today artisanal fisheries in Angola dispute the same resources with large industrial fishing companies are responsible for a high number about 30% of jobs in fishing communities. The fact that artisanal sea and continental fishing contributes to job creation, this activity contributes to the family economy as a form of production that is based on the use of labor within the family. Generally speaking, today, family economy is understood as an enterprise with two main characteristics: family management or administration. It is, so to speak, a unit of production, consumption and social reproduction. There is a great contribution from this type of fishing. For this type of fishing, more than 3,000 motorized vessels were distributed in the 17 provinces of Angola, except the province of Namibe (Fig. 1) [4].

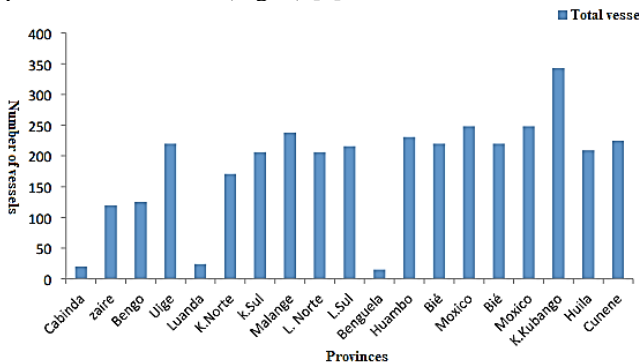


Fig.1. Motorized vessels distributed to the provinces

In recent years the average annual catch in artisanal sea fishing was 84,238.2 thousand tons, having reached the highest values in the years 2007, 2008 and 2010 (about 100 thousand tons). Since 2011 and 2012, catches have tended to decline, which has led the Angolan state to pay more attention to this fishing subsector which contributes significantly to the food security of the population whose consumption per capita is around 20 kg / inhabitant / year.

Angola's hydroelectric potential is among the highest in Africa, with hydropower production experiencing a substantial increase in the "Current Path", increasing seven times between 2020 and 2050.

But, nevertheless, nation presents several socioeconomic problems. The country's Human Development Index (HDI) is 0.403; the life expectancy of the population is one of the lowest on the planet - only 45 years. A large part of the inhabitants suffer from hunger, currently 46% are malnourished. According to the United Nations (UN), the

infant mortality rate is one of the ten highest in the world, and environmental sanitation is provided to less than half of households.

In the field of transport and roads, Angola has invested heavily in the rehabilitation of its roads since the end of the civil war, but poor road maintenance seems to remain a challenge, although there is little data on the transport infrastructure of the country.

For this reason, in 2018, Angola was ranked 159th, on the list of 167 countries, on the World Bank's Logistics Performance Index, partly due to the poor conditions of the infrastructures related to trade and transport. But we must not forget that the infrastructure sector suffered the most from the effects of the war and the lack of maintenance.

In general, it is important to understand that Angola's economic potential is large, diverse and has received particular attention from national and foreign business communities, despite the huge problems. As a result of the civil war that ended in 2002, the industrial sector was seriously damaged, but it is now developing rapidly and reaching other countries. Old oil refineries are being rebuilt, new ones are being built. Since the beginning of 2012, a natural gas factory has been in operation for export, as well as for the production of agricultural fertilizers. Detailed geological exploration is being carried out on previously recorded occurrences of phosphates, copper, gold. New developments for the production of cement, for the production of food products (beer, cigarettes, coffee, mineral water, meat and dairy products) were restored and built. Textile production is resumed, which will work with local raw materials.

Angola is considered as the third country with the best GDP in Sub-Saharan Africa (Figure 1), thanks to its economic potential.

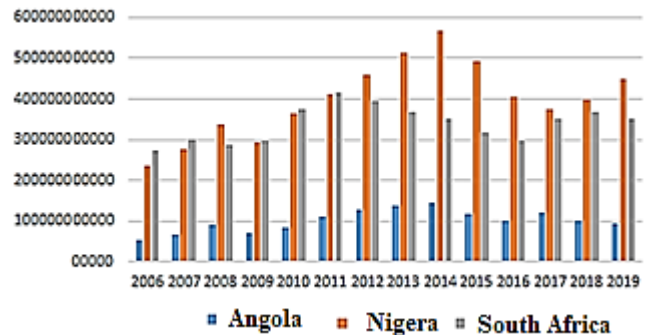


Fig.2. GDP of the leading countries of Sub-Saharan Africa, 2006-2019

Fig. 2 shows an overall GDP data scenario for sub-Saharan African leaders over a 14-year interval. From 2006 to 2010, there were small fluctuations in the GDP values of the countries under analysis. From 2011 to 2014.

In these countries, as well as in most of the blocks countries, GDP values increased at an accelerated pace due to the stability of oil prices. The period of economic recession started right in 2015. Thus, we can conclude that the economy of these main countries in Sub-Saharan Africa (Nigeria, South Africa and Angola) had serious problems in the 2015-2019 period. In 2006 and 2007, South Africa ranked first, but in 2008 Nigeria had a significantly higher GDP compared to South Africa's GDP in 2006 and 2007. Throughout this period, as can be seen in Figure 1 Angola's GDP grew at a good pace, but with a slight reduction in 2009. Angola's

highest real growth rate was 19.9% in 2005, and the second rate recorded was 16.7% in 2007 [5].

In October 2019, the International Monetary Fund (IMF) released its GDP growth projections for Angola: -0.3% in 2019; 1.2% in 2020; and 3.8% in 2024. Angola despite having a negative value in 2019, according to the IMF study, the medium and long-term economic prospects are optimistic, reflecting on the rapid future growth of the population and a higher rate of urbanization, for in addition to an already large urban population.

Undoubtedly, these phenomena tend to generate an increase in economic production which, in turn, are closely linked to economic growth. Based on the current population growth rates of 5.6%, which will remain high over the next two decades, according to projections, Angola will almost triple its population, going from the current 32 million inhabitants to 80 million. The Angolan population is among the five youngest and fastest growing populations in the world.

In the current trajectory, the high rates of sustained fertility will continue to foster rapid population growth, which slows down the potential growth of income, according to our understanding. While it is expected that Angola's total fertility rate will slowly decline to around five, by 2030, and 3.6 by 2050, it will remain among the top five in the world.

With regard to foreign trade, then it should be noted that it is dominated by the export of natural resources, such as crude oil, diamonds, coffee, sisal, natural gas and wood. The total volume of exports was precisely US \$ 30.3 billion in 2017. Os 1,57 milhões de barris de petróleo por dia que Angola exportou em 2017 foram responsáveis por mais de 95% das suas receitas de exportação, enquanto os diamantes contribuíram com a maior parte dos restantes 5%. Main buyers: China, India, USA, South Africa and Spain. Figure 2 shows the participation (quota) of the main buyers in the Republic of Angola as of 2017. Food, machinery and equipment, medicines, textiles, military goods are imported into the country. Total imports were US \$ 18.1 billion in 2010. The main suppliers are Portugal, China, USA, Brazil, South Korea, and France [6].

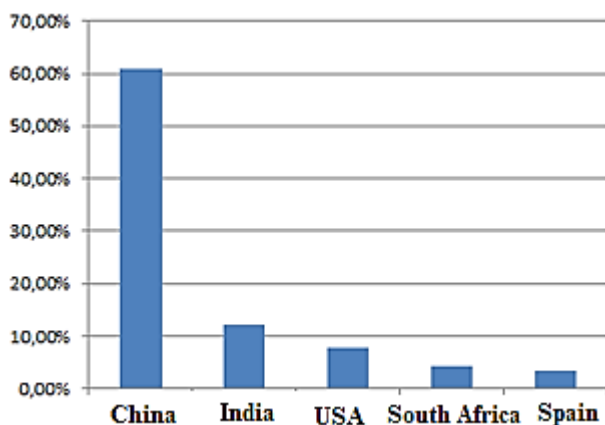


Fig. 3. Share of buyers in the Angola market

Given the current situation of the pandemic, Angolan government has a responsibility to intensify its efforts to implement laws on access to information to promote the best exchange of data, transparency and open science to achieve sustainable development at all levels of human activity. [7]. Because currently in the country there are some considerable changes in some structures, that is, in the main aspects of development. For it is visible, in certain regions, the decrease

in the number of tribal conflicts; increase in the volume of internal and external investments, which led to an increase in the productivity of public and private companies, but the

Progress remains unstable due to speculation in goods prices.

A great salvation for the development of the economy of Angola and the Sub-Saharan African countries, in general, would be precisely the effective functionality of the BRICS. According to the source [8], the BRICS declaration in Cape Town on 10 February 2014 committed the five signatories to a cooperation program in science, technology and innovation (CTI). In this context, a specific decision was made to allocate sectoral responsibilities to each party: climate change and disaster mitigation (Brazil); water resources and pollution treatment (Russia); geospatial technology and its applications (India); new and renewable energies, and energy efficiency (China); and astronomy (South Africa). These sectors, according to our analyzes, are considered key to the development of the economy of Angola and of the other developing countries. Since most countries in sub-Saharan Africa lack the sectors defined by the BRICS, described in the paper, for their development [8].

In this context, Angola to achieve considerable development must invest seriously in scientific research, which is the continuity resulting from a developed education system. This issue was discussed during the Inaugural Conference on Research, Innovation and Development in Africa (ACRID 2017), held from 20 to 21 June 2017, organized by the University of Zimbabwe in partnership with the European Alliance for Innovation. At this event, academics gathered and addressed the theme of the lack of investment in Scientific Research at the level of African countries, urging them to invest more in research and innovation to support the development of the continent [9]. Taking into account this great factor, most countries, in particular Angola, will be able to reduce catastrophic levels of socioeconomic problems, such as: the level of poverty of their population. With developed S&T, the economy of Angola, as well as that of other countries in Sub-Saharan Africa, will have the ability to integrate into the world economy and, consequently, to influence the processes that occur in international trade and international economic relations.

According to the source [10], Angola is on the list of African countries that spend less on research and project development (% of GDP). Due to the robustness of Angola's GDP, such dishonor is not justified. According to our analyzes, we perceive that Angola has a moderately increasing trend, which indicates that GDP is accelerating. Therefore, there are no explanations that can give thoughtful meaning to this sad situation.

Many experts say that with the current situation of Covid 19, it is opportune to promote scientific research in Africa. This will require considerable investment at all levels to develop new knowledge, methods, technological innovation, etc. Because of Covid-19, however, more money can be gradually mobilized.

African Academy of Sciences (AAS) recently raised around 2.5 million euros from governments and other donors in additional funds for pandemic research. In addition, a portion of the approximately 15 million euros from the African Union (AU) Covid-19 response fund should be earmarked for research purposes. Compared to the € 7.4 billion that the European Union has mobilized so far with its

"Global Response" program, these sums may seem small [11].

The President of the Republic of Angola, to resolve the negative impact of Covid 19 on the Angolan economy, created the Economic Concertation Council. This board includes renowned figures from the economy, law, sociology, businessmen and others [12].

In our view, the council created by the president of the republic will create more spending by the state. As we know, the national development plans, presented by the Angolan Ministry of Finance, the defined strategies do not produce positive effects in the stipulated period, since the objective is to promote the country's socio-economic and territorial development [13-15].

The future of Angola's economy consists of developing the diversification of its economy. According to a source [16], great efforts are being made in partnership with international consultants in order to improve the current situation of Angola's economic and social instability.

IV. CONCLUSION

Because of this pandemic, the economies of all countries in the world are suffering heavy losses, especially in developing countries with a very weak economic structure. For better control, advances in technology and access to information policies for sustainable development are required. UNESCO is committed to promoting the creation of knowledge societies in Africa. This includes protecting integration, peace, participation and equality through the innovative use of information and communication technologies.

Angola has all the natural resources to be sufficiently attractive to national investors and foreigners. For the country's economy to be more efficient, Angola needs to specialize in producing the goods it needs to reduce its imports. In addition, the economy must be redirected towards the export of finished products instead of raw materials. According to the previous recommendations, in the future we can observe a significant development trend in Angola, especially in countries that have oil and seek to diversify their economies.

The process of diversifying Angola's economy must be ensured by providing electricity to more Angolans and aligning with the global agenda to combat climate change, while the Ministry of Energy and Water must invest in Angola's vast renewable energy potential.

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