

Development of Economic and Social Initiatives through the Angola SWF.

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INNOVATION AFRICA-2018- HARARE

INTRODUCTORY WORDS

Excellencies, distinguished speakers, panelists, ladies and gentlemen. I am delighted to be here today;

First of all, I would like to thank Africa Brains for organizing such an important event, and also to welcome all those who came from other regions and countries of the world.

I hope we all enjoy Zimbabwe hospitality.

I would like to take this opportunity to thank the Government of Zimbabwe for the invitation and hospitality we have received as well as the chance to share our recent experience, to talk about our vision and the relationship between SWF and Social Development and particularly Education.

Since 2002, Angola has enjoyed a climate of political stability resulting from the peace achieved after so many years of civil war, as well as a golden period of economic growth due to the rise in oil prices including a new set of legal and governmental structural reforms which has allowed the country to achieve economic growth and remarkable social development.

However and despite notable economic growth, the country has sought solutions to persisting challenges, such as the need to diversify the economy from its Oil dependency, the country's main export and the main source of financing for public spending; as well as fostering socio-economic growth and development at a pace that satisfies both the needs of the populations, particularly the most vulnerable.

It is in this context that the Government of Angola established in 2011 the Petroleum Fund, which, financed by revenues from the country's petroleum resources, was intended to act as a strategic vehicle to support economic development, investing fundamentally in basic infrastructures. Considering the country's macroeconomic challenges, the Petroleum Fund underwent changes in the mandate and denomination, starting from 2013, to play a hybrid role, including saving and transferring wealth to

future generations, supporting socio-economic development and fiscal stabilization.

Ladies and Gentlemen

Poverty, inequality and social exclusion are a major problem for the development of Angola. Individually and in combination, poverty, inequality and social exclusion are grave threats to social cohesion and overall state viability in this new Government which is trying to undo the mistakes made previously in these areas.

They threaten economic development, democratic consolidation, peace, security and sustainable development. Poverty, inequality and social exclusion matter for economic growth and development. It is difficult to achieve and sustain high levels of long term economic growth in conditions of extreme poverty, social exclusion and inequality. Poverty, inequality and social exclusion also present real impediments to the development of basic human rights for the majority of citizens and residents. Social, economic and political institutions of society have a duty to provide conditions conducive to the realization of the minimum material and resources necessary for all. For the majority of citizens, these resources are best secured through a strategic and long term process of capacitation and asset development obtained especially through quality education, healthy living, rewarding and competitive employment, business and sectorial development, start ups, long term savings, home ownership, etc. Angola up to now has not been able to harness the resources to achieve these goals and has a situation which is not favorable to the majority of the people or the country's development.

Capacity and asset building at individual and community levels provide the real work for those who desire to overcome poverty, exclusion and inequality. Recognition of capability and asset building as the central building blocks for a local economic and community development programme to overcome social exclusion, poverty and extreme inequality also opens the door again for the Angola Sovereign Fund, which has, as one of its priorities, to co-invest directly with other partners in projects for

the development of the country and its citizens. Principally, the system of finance should be measured by its ability and propensity to aid the development and acquisition of these very capabilities and assets at community and individual levels, and particularly for those who have historically been left out and behind.

Ladies and Gentlemen

It is absolutely essential that development in education at all levels is inherent in any kind of societal development. Today, Sectors such as Mining, Manufacturing, ICT, Agriculture, Fishing, Tourism ,Health, etc, are not only crucial for productivity, so important for economic growth, but **also** for the improvement the lives of Angolan citizens as well as enhancing both public and private sector performance.

Education is typically focused on the young population who has the potential to return benefits to the country for future decades and is essential for the benefit of Africa and this is where the Sovereign Wealth Fund can make the difference

The Angola SWF has enormous potential as well as providing direct tangible social and economic solutions for the people and development of Angola.

The social value of the SWF lies in the fact that huge amounts of funds could be available for social development, not only for present, but also for future generations. However, the potential value for citizens will only be unlocked if they are aware of the existence of the Angola SWF which will be able to show them the true value it has for Angolan Society, financing projects which will have a marked and tangible effect upon their lives.

Angola Sovereign Wealth Fund Investment in Education

Ladies and Gentlemen

Through the Social Charter, the Sovereign Fund of Angola supports social programs and partnerships with both the Public and Private Sector through its social impact program, designed to support communities across the country where it invests directly.

The social investment policies of the Fund dedicates up to 7.5% of the social development grant and social responsibility projects in the areas of education, generation of own income, health and access to energy and drinking water outside the national distribution network.

The Social Charter aims to ensure that the Sovereign Fund of Angola plays a key role in building the country's future by providing the tools for Angolans to participate in the country's economic growth in a way that enables them to achieve their goals and individual aspirations.

Education Programmes financed by ASWF

Kamba Dyami - Program - One laptop per child.

Just few examples of some programs financed by Angola SWF

The "One Laptop Per Child" program is a multi-year project that encourages computer-based learning in schools located in the most deprived areas of Angola. The program, launched in 2011, has made available more than 2,400 laptops to children who have benefited from computer-based learning. The focus will also be on capacity building, which includes continuous updating of curricula and teachers, which will help to develop and promote computer-based learning.

The Angola SWF intends to extend in the future this initiative through his share returns to the rural and peripheral areas of Angola, working closely with public and private sector to expand this project and to include more schools, more children and more teachers in the future.

Future Leaders in Angola - Scholarship Program

In August 2014, FSDEA announced the launch of its scholarship program titled "Future Leaders in Angola," which aims at economic empowerment of a new workforce in Angola. This exclusive educational initiative will offer graduates and talented young Angolans the opportunity to participate in an intensive and specialized management course in international business management, investment banking and finance. So far, the Fund has awarded 46 scholarships, offered in partnership with the School of Management and Law at the University of Applied Sciences Zurich (ZHAW).

Graduates of this unique program will acquire global experiences and deep knowledge of several successful industries worldwide, becoming future leaders of knowledge in Angola. Many graduates of this program will help develop the country's economic growth and prosperity.

Continuing investment in the vocational training of Angolan youth shows the Fund's commitment to social development projects and support to the country's sustainable economic growth, as envisaged in its investment policy, decreed by the Government of Angola in June 2013.

Vocational Schools - the main focus is to complement the official education with professional courses and internships in companies, to improve employability, which facilitates the easy insertion into the labor market. Our target group is young people and in partnership with NGO's and other partners from both the Public and Private sector. This programme is being implemented in 7 Provinces.

Hotel School - aims to launch hospitality courses for Technical Certification aimed at the basic professions such as catering, cookery and hygiene in a first phase. Subsequently courses on finance and hotel management and more task-oriented management will be integrated into the Programme.

Other examples of SWFs which invest in Education Projects.

In recent decades more than 50 countries – from Norway to Singapore – have introduced state-owned sovereign wealth funds. These have mostly been resourced through the exploitation of oil. Several examples offer a blueprint for a model social wealth fund that finance projects in the field of education for example:

Temasek Singapore - Since its inception in 1974, it has established 18 non-profit philanthropic endowments. These focus on building people, building communities, building capabilities and rebuilding lives.

Since 2004, to support the community contributions, they have set aside a share of their returns above the risk-adjusted cost of capital.

They seed endowments to fund programmes, which tackle emerging needs in their communities. These programmes are implemented by Temasek's 6 Foundations and their partners in the communities they serve.

Azerbaijan State Oil Fund Sofaz, is a special purpose state organization in which Azerbaijan's revenues from implementation of oil and gas agreements are accumulated, managed and preserved for future generations. In the case of the Azerbaijani SWF they support the state program on the education of Azerbaijani youth abroad in the years 2007-2015 is an educational program providing scholarship grants to Azerbaijani students enrolled in prestigious foreign university. \$78.46M

Texas Permanent School Fund is a \$22 billion endowment designated for the benefit of public schools in Texas. The State of Texas has also created the Permanent University Fund (PUF) created to fund public higher education within the State.

The Alberta Heritage Fund was created in 1976 by the Alberta Heritage Savings Trust Fund Act. Initially, the fund received 30% of Alberta's non-renewable resource royalties coming from its vast oil wealth. This fund was created with several goals in mind such as: investing for the transfer of wealth to future generations, to strengthening the economy, to

improve the quality of life of citizens. Since 1976, the Fund has contributed \$34 billion to fund Albertan priorities like health care and education.

ECONOMIC GROWTH AND EXPANSION

It is difficult for a country to maintain a process of continued development and poverty reduction if it is not based on continued expansion of its education and training capabilities as well as productive capacities. In turn, if we want to advance in this process, it is necessary to create the conditions so that part of the creative initiatives of society are transformed into productive undertakings and companies, able to put the productive potential of the country into use, generate income and employment and contribute value to society.

Government policy must strive to facilitate the non-oil sector's entry into the National and International markets by making it competitive. For it is in the non-oil sector where the vast majority of the Angolan population live and work. It is this majority who must have the education, skills and opportunities to compete in these markets.

The skills needed include, but are not exhaustive by any means:

- Development of focused Training and Educational Programmes and Projects at all levels and in conjunction with local players.
- Fulfillment of poverty reduction measures and the solution of other social inclusion problems, education, health, sanitation, inequalities etc.
- Stimulating the improvement of the intellectual, material, and technical and technological base of the economy.
- Development of human capital to include training highly qualified specialists and improving the professional skills of employees.

Projects developed through the Angola SWF are a vehicle and not an end in itself, what is the clearest and simplest notion of what it should be seeking to achieve?

Enabling asset-building for purposes of driving local human development. Investing in the basic capacities of a community's members has intrinsic value, but it also has substantial social and economic returns and is a prerequisite for advances in the various fields of society, measured by economic growth.

CLOSING REMARKS

And whilst the global economy continues to present an unsettled picture, Africa is continues to grow. The outlook remains positive.

We do have an important job to do – and it is a challenge in the current climate.

In closing I would like to say that despite the challenges we face in Angola our country remains a land of opportunity but we must strive to make sure that education is the core of our society and success for the future.

Such initiatives like Innovation Africa are really welcome and should be supported at our Continental level. These platforms for exchanging ideas for education and innovation are very important. Africa must find its solutions internally, sharing positive and negative experiences.

Thanks once again to the Africa Brains for the event and for the honor and opportunity they have given to share our modest vision of the role of SWF in supporting the education and training of future generations.

Thank you very much