IMF Country Report No. 24/224

ANGOLA

July 2024

2024 POST-FINANCING ASSESSMENT—PRESS RELEASE; AND STAFF REPORT

In the context of the First Post-Financing Assessment, the following documents have been released and are included in this package:

- A **Press Release** including an assessment by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on a lapse of time basis, following discussions that ended on May 17, 2024, with the officials of Angola on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on June 13, 2024.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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International Monetary Fund
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PRESS RELEASE

PR 24/260

Post Financing Assessment (PFA) Consultation with Angola

FOR IMMEDIATE RELEASE

Washington, DC – **July 1, 2024:** The Executive Board of the International Monetary Fund (IMF) concluded the Post Financing Consultation (PFA) with Angola.[1]

Angola's capacity to repay the Fund is adequate though subject to risks. Angola remained resilient in the face of significant challenges in 2023, including weaker oil production and prices. The authorities' efforts to follow through on economic reforms started during the EFF 2018–21, including in the areas of fiscal management, revenue mobilization, debt management, monetary policy, and financial stability, have helped enhance the resilience of the Angola economy.

Output growth remained positive at 0.9 percent in 2023, thanks to the recovery in oil production in Q4; and is expected to stabilize at an average of 3.2 percent in the medium term, aided by the authorities' continued structural reform and diversification agenda. Inflation increased to its highest level in recent years, due to currency depreciation and supply constraints. However, inflation is expected to start declining in the second half of 2024 with improved monetary policy transmission and fading supply shocks.

Spending adjustments helped contain the impact of weaker oil prices and lower production in 2023, though the gains from fiscal consolidation were lower-than-anticipated. The non-oil primary fiscal deficit (NOPFD), estimated at 4.4 percent of GDP in 2024, is expected to steadily decline in the medium-term on modestly improving non-oil revenues, moderately lower current and capital expenditures, and savings from fuel subsidy reform.

Angola's oil dependence and large external debt continue to pose fiscal risks but targets under the Fiscal Sustainability Law are still projected to be reached. Downside risks to the outlook include (i) a decline in the domestic oil production or a significant fall in the international oil prices; (ii) slippages in the fuel subsidy reform; and (iii) negative spillovers from international capital markets.

Executive Board Assessment[2]

The recovery from the 2023 shock is underway, the baseline outlook is favorable, but risks remain tilted to the downside. Angola was simultaneously hit by a decline in oil production and an increase in external debt payments in 2023. The ensuing sharp exchange rate depreciation helped preserve external buffers and mitigate the fiscal impact. However, reduced FX earnings contributed to exchange rate depreciation and inflationary pressures,

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[1] After completing an IMF lending program, a country may be subject to a Post Financing Assessment (PFA). It aims to identify risks to a country's medium-term viability and provide early warnings on risks to the IMF's balance sheets. For more details click here.

[2] The Executive Board takes decisions under its lapse-of-time procedure when it is agreed by the Board that a proposal can be considered without convening formal discussions.

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and reduced non-oil economic growth, underlying the need to improve monetary operations and the functioning of the FX market. The baseline outlook envisages a gradually improving growth performance but the significant exposure to the oil sector creates significant risks.

Angola's capacity to repay the Fund is adequate, with manageable risks. Under the baseline, Angola's projected repayments to the Fund will increase over the medium-term, peaking in 2026. Under a severe shock scenario, the projected capacity to repay indicators would weaken but remain manageable. Steps to mitigate this shock, including allowing the exchange rate to function as a shock absorber, continuing with the fuel subsidy reform and rationalizing spending, would be crucial.

Sustained fiscal adjustment is required to mitigate risks. It is critical to rationalize spending in the near-term and continue the fuel subsidy reform (with mitigation measures to support the vulnerable and a proactive communication strategy). The authorities should also build additional buffers via tax policy measures to mobilize non-oil domestic revenues and make further progress on the fiscal structural agenda, including public financial management and public investment management reforms.

Continued efforts on enhancing the monetary policy framework are needed to reduce inflation and support non-oil medium-term growth. Maintaining a tighter bias in monetary policy in the short-term and improving interbank liquidity management—coupled with a gradual move toward greater exchange rate flexibility—would help ease inflation, better anchor inflation expectations, and reduce public and private sector borrowing costs. Policy coordination between the MoF and the BNA on money market operations is essential for effective interbank liquidity management and would help improve both fiscal and price stability outturns.

Continued efforts are needed to bolster financial stability. The BNA has made progress in operationalizing new frameworks for bank supervision and resolution but needs more decisive implementation and enforcement. To safeguard financial stability and reduce contingent fiscal risk, the BNA should prepare for a decisive resolution or liquidation of problem banks, as necessary, while protecting small depositors and minimizing costs to tax-payers. Ongoing efforts to establish fiscal backup funding for the DPF and to strengthen legal protection of the BNA should be expediated.

Implementing broad ranging structural reforms is vital to improve business environment and maintain growth in the context of a long-term decline of the oil sector. The implementation of the NDP should be consistent with a medium-term fiscal framework and would benefit from the PIMA recommendations. Addressing issues related to governance, gender, and climate change remains critical to achieving economic diversification and sustainable growth.

Angola: Selected Economic Indicators, 2023–25

	2023	2024	2025
	Prel.	Proj.	
Real economy (percent change, except where otherwise indicated)			
Real gross domestic product	0.9	2.4	2.8
Oil sector	-2.4	0.8	1.1
Non-oil sector	1.5	2.7	3.1
Nominal gross domestic product (GDP)	14.4	29.6	18.6
Oil sector	9.5	32.3	8.7
Non-oil sector	15.3	29.1	20.4
GDP deflator	13.4	26.5	15.3
Non-oil GDP deflator	13.6	25.7	16.8
Consumer prices (annual average)	13.6	25.7	16.3
Consumer prices (end of period)	20.0	22.1	15.4
Gross domestic product (billions of kwanzas)	75,046	97,233	115,278
Oil gross domestic product (billions of kwanzas)	11,569	15,306	16,632
Non-oil gross domestic product (billions of kwanzas)	63,478	81,928	98,646
Gross domestic product (billions of U.S. dollars)	109.5	112.6	118.5
Gross domestic product per capita (U.S. dollars)	2,963	2,945	2,993
Central government (percent of GDP)			
Total revenue	17.4	18.1	17.2
Of which: Oil-related	10.3	10.7	9.7
Of which: Non-oil tax	6.1	6.3	6.4
Total expenditure	19.3	16.7	15.9
Current expenditure	15.2	13.9	13.1
Capital spending	4.1	2.9	2.9
Overall fiscal balance	-1.9	1.3	1.2
Non-oil primary fiscal balance	-6.4	-4.4	-3.4
Non-oil primary fiscal balance (percent of non-oil GDP)	-7.6	-5.2	-4.0
Money and credit (end of period, percent change)			
Broad money (M2)	37.8	21.2	18.6
Percent of GDP	20.8	19.5	19.5
Velocity (GDP/M2)	4.8	5.1	5.1
Velocity (non-oil GDP/M2)	4.1	4.3	4.4
Credit to the private sector (annual percent change)	28.8	20.3	12.5
Balance of payments			
Trade balance (percent of GDP)	19.9	18.8	17.5
Exports of goods, f.o.b. (percent of GDP)	33.7	32.7	31.1
Of which: Oil and gas exports (percent of GDP)	31.7	30.5	28.4
Imports of goods, f.o.b. (percent of GDP)	13.8	13.9	13.6
Terms of trade (percent change)	-19.7	-1.8	-5.8
Current account balance (percent of GDP)	3.8	3.4	2.2
Gross international reserves (end of period, millions of U.S. dollars)	14,727	15,135	15,501
Gross international reserves (months of next year's imports)	7.2	7.2	7.1
Exchange rate			
Official exchange rate (average, kwanzas per U.S. dollar)	685	…	…
Official exchange rate (end of period, kwanzas per U.S. dollar)	829	…	…
Public debt (percent of GDP)			
Public sector debt (gross)[1]	73.9	58.5	52.1
Of which: Central Government debt	68.4	55.3	49.8
Oil			
Oil and gas production (millions of barrels per day)	1.205	1.237	1.253
Oil and gas exports (billions of U.S. dollars)	34.7	34.4	33.7
Angola oil price (average, U.S. dollars per barrel)	80.6	81.0	76.7
Brent oil price (average, U.S. dollars per barrel)	82.3	82.5	77.8

Sources: Angolan authorities; and IMF staff estimates and projections.

[1] Includes debt of the Central Government, external debt of state oil company Sonangol and state airline company TAAG, and guaranteed debt.

INTERNATIONAL MONETARY FUND

ANGOLA

2024 POST-FINANCING ASSESMENT

June 13, 2024

EXECUTIVE SUMMARY

Context. Angola remained resilient in the face of significant challenges in 2023, including weaker oil production and prices. However, the gains from fiscal consolidation were lower-than-anticipated and inflation increased. Angola's capacity to repay the Fund is adequate though subject to risks. In the event of an adverse scenario involving a prolonged oil price shock, repayment indicators would weaken but remain adequate.

Policies. Managing risks requires a close attention to fiscal adjustment and inflation reduction while maintaining financial stability and stepping up efforts toward economic diversification:

- ***Fiscal policy***: The authorities should create additional fiscal space by following through on fiscal structural reforms and mobilizing non-oil revenues. In the case of an adverse scenario, continued implementation of the planned fuel subsidy reform, and the containment of capital and current spending will be critical.

- ***Monetary policy:*** Tighter monetary policy bias in the short-term and improved interbank liquidity management—coupled with a gradual move towards greater exchange rate flexibility—would help ease inflation, better anchor inflation expectations, and reduce public and private sector borrowing costs.

- ***Financial sector***: To reduce contingent fiscal risk, the Banco Nacional de Angola (BNA) should prepare for a decisive resolution or liquidation of problem banks, as necessary, while protecting small depositors and minimizing costs to tax-payers. Efforts to establish fiscal backup funding for the Deposit Guarantee Fund should be expediated.

- ***Growth and diversification****:* The authorities' concrete commitment to the steadfast implementation of structural reforms under the National Development Plan (NDP) for 2023–27 (including on governance, gender, and climate) is key to promote diversified, resilient, and inclusive growth. The NDP needs to be consistent with a medium-term fiscal framework.

Approved By
Vitaliy Kramarenko and Stefania Fabrizio

Discussions took place during May 13–17, 2024 in Luanda. The mission held discussions with Minister of State for Economic Coordination José de Lima Massano, Minister of Finance Vera Esperanca dos Santos Daves de Sousa, Minister of Planning Victor Hugo Guilherme, Banco Nacional de Angola Governor Manuel António Tiago Dias, and other senior officials. The staff team comprised Messrs. Sy (head), Mses. Abdelrazek and Pinto Grispos, and Mr. Zedginidze (all AFR); Ms. Karlsdottir (MCM); Ms. Parulian (SPR); and Messrs. Duarte Lledo (resident representative) and Miguel (local economist). Mr. Essuvi (OEDAE) participated in key policy meetings. Ms. Avila-Yiptong provided research support. Ms. Tawiah assisted with the preparation of this report.

CONTENTS

ANNEX

CONTEXT

1. **Macroeconomic stability was maintained in 2023, despite a significant shock to the oil sector.** Growth remained positive. Spending adjustments helped contain the impact of weaker oil prices and lower production on external and fiscal indicators. The authorities' efforts to follow through on economic reforms started during the EFF 2018–21, including in the areas of fiscal management, revenue mobilization, debt management, financial stability, and central bank independence, have helped enhance the resilience of the Angola economy.

2. **Further reforms are needed to reduce debt vulnerabilities and diversify the economy.** To bring public debt to safer levels, the authorities need to continue their efforts on the fiscal front, including reducing fuel subsidies, mobilizing more domestic revenues, and improving the quality of spending, notably on social areas, such as health, education, and targeted social protection. Active liability management, including the recent lighter requirements on the escrow account to repay Chinese creditors, would also help alleviate liquidity pressures.[1] Considering the high exposure on foreign currency debt, efforts to deepen domestic debt markets are also critical to diversify the financing sources over the medium-term. Implementation of the National Development Plan 2023–27 (NDP) is crucial to diversify the economy, and the authorities should quickly implement their strategy to increase quality investments in training and education, reduce gender gaps, increase access to finance, strengthen climate resilience, and sustain efforts to improve governance.[2]

RECENT DEVELOPMENTS AND OUTLOOK

3. **Growth in 2023 was higher than projected thanks to better-than-expected oil production in the last quarter.** GDP growth declined to 0.9 percent in 2023 from 3.0 percent in 2022 but was higher than the 2023 AIV projection of 0.5 percent, thanks to a swifter recovery in oil production. Real oil GDP growth reached 2.2 percent in Q4 (y-o-y) as oil production increased to 1.1 million bpd. Conversely, non-oil GDP growth remained moderate, largely influenced by lagged spillover effects from the contraction in the oil sector earlier in the year.

4. **Inflation increased to its highest level in the past two years, reaching 28 percent in April 2024.** The uptick in CPI inflation—largely concentrated in food items—reflects higher-than-expected lagged effects from last year's currency depreciation and in part, supply constraints related to reduced goods imports and adverse weather conditions.

5. **The BNA has considerably tightened monetary policy since the beginning of the year.** The central bank has taken several tightening measures: (i) it increased its policy rate by

[1] On 19 March 2024, the Angolan and Chinese authorities concluded an agreement on the accounting of the prepayment of debt service. Prepaid amounts would from now on reduce subsequent debt service instead of only reducing payments at maturity. The agreement is estimated to lower debt service by $150–200 million per month in 2024. Angola owes Chinese creditors nearly 40 percent of its external debt.

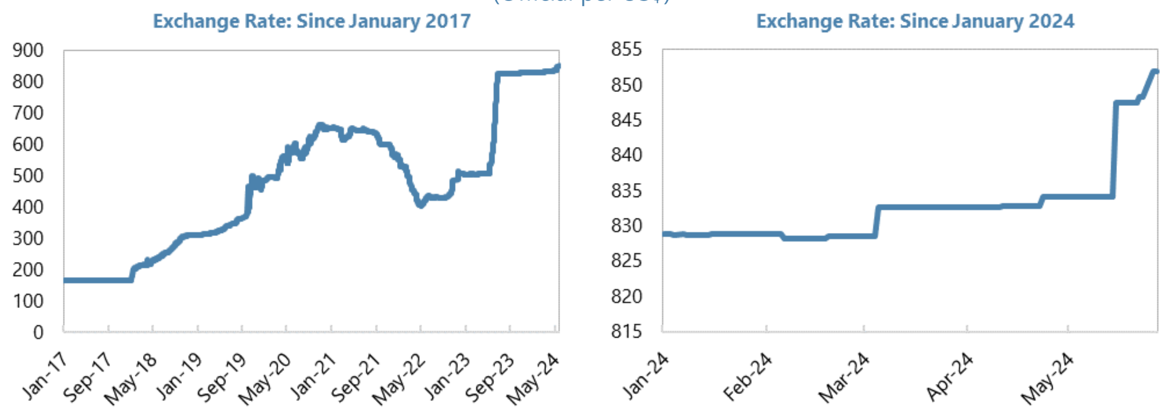
[2] See Box 3, Angola: Staff Report for the 2023 Article IV Consultation", SM/24/26, March 2024.

150 bps to 19.5 percent in May; (ii) it eliminated the custody fee on excess reserve balances;[3] and (iii) it increased local currency reserves requirements by 300 bps to 21 percent. In parallel, the Treasury sold about US$300 million to commercial banks. As a result, interbank rates increased by more than 1,000 bps since the beginning of the year to move closer to the policy rate (Figure 3: Panel Charts).

6. **The exchange rate has remained stable since the June 2023 depreciation.** (Text Figure 2). FX market fragmentation continues to hinder exchange rate flexibility. The Treasury's exit from the FX market last year further concentrated FX supply on multinational oil companies, which are restricted in their dealings to a limited number of domestic banks due to compliance standards. As a result, FX backlogs have increased, and illegal parallel market spreads have emerged. A recent recovery in oil receipts to the Treasury since end-2023, however, has helped narrow these spreads, with some exchange rate movements between March and May 2024. In this regard, ongoing IMF capacity development (CD) work to enhance the BNA's monetary and FX operations framework is timely.

Text Figure 1. Angola: Exchange Rate

(Official per US$)



Source: Banco Nacional de Angola.

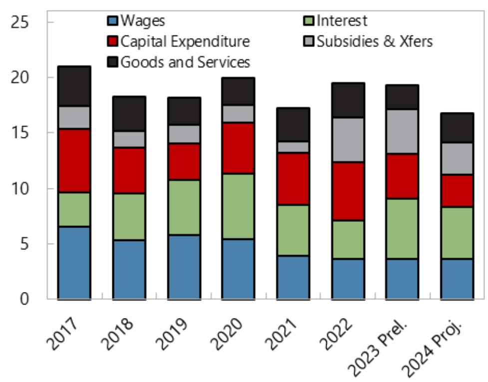
7. **Following significant loosening in 2022, the authorities tightened their fiscal stance in 2023, though the gains from fiscal consolidation were less than anticipated.** The overall and non-oil primary fiscal balances are estimated at -1.9 percent of GDP and -6.4 percent of GDP, respectively in 2023 (see Text Table 1). Lower oil revenues in 2023 mainly reflected lower oil prices and production in the first half of the year while non-oil revenues, especially income taxes, worsened on the back of weaker growth dynamics. Although the authorities reduced expenditures in 2023 (by an estimated 0.2 percent of GDP), the adjustment was smaller than projected (initially forecasted to be 2.4 percentage points of GDP) as several factors eroded the gains from restraints earlier in the year: (i) tighter financing conditions in Q4 led to higher

[3] This fee was levied on banks' daily balances at the BNA and exerted downward pressure on interbank lending rates.

interest payments especially on domestic debt which increased during this period; (ii) the net estimated savings from the fuel subsidy reform were fully offset by higher than projected fuel consumption levels (particularly for diesel); and to a lesser extent (iii) increased capital spending in the last quarter of the year (see Text Figures 3 and 4).[4]

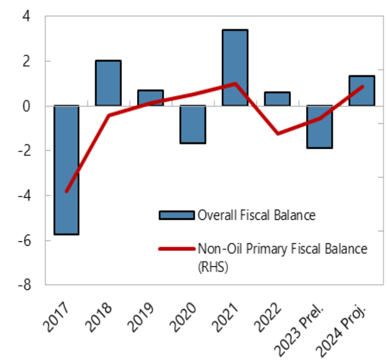
Text Figure 2. Angola: Government Expenditure

(Percent of GDP)



Text Figure 3. Angola: Overall and Non-Oil Primary Fiscal Balances

(Percent of GDP and percent of non-oil GDP, respectively)



8. Public debt as a share of GDP peaked in 2023 and the recent lighter requirements on the escrow accounts to repay Chinese creditors should alleviate liquidity pressures in the near-term. Public debt increased to 73.9 percent of GDP in 2023, compared to 56.1 percent in 2022, driven by a significantly weaker exchange rate. The agreement with the Chinese authorities on debt service is expected to make US$150–200 million per month available to the Treasury from the escrow account and help improve the debt outlook. Given the importance of the Treasury in the FX market, an improved external debt service trajectory can help improve FX market liquidity conditions.

9. The approved 2024 budget assumes a sharp cut in fuel subsidy. As a continuation of the authorities' reform efforts initiated in 2023 with an increase in gasoline prices, the 2024 budget assumes a 2 ppts of GDP cut in fuel subsidy costs.[5] Thus far, the authorities took steps on April 23, 2024, to increase diesel prices by about 48 percent, which could lead to a 0.7 ppt

[4] The authorities plan—announced in September 2023—to limit investment spending to priority projects, as well as projects financed by domestic revenues and with an execution level of at least 80 percent, was not implemented. Instead, the budgeted level of capital investment (with committed financing lines) was executed.

[5] On June 1, 2023, the Government issued a decree laying out a multiphase approach to fuel subsidy reform, including a near-term increase in the price for gasoline from Kz160 to Kz300 per liter (87.5 percent), resulting in a 45 percent cut in gasoline subsidies. An additional price hike is anticipated in 2024. The remaining subsidies on gasoline and other fuels are scheduled to be eliminated in 2025.

reduction in subsidy costs.[6] Staff considers the full implementation of the subsidy reform in 2024 as an upside risk to the baseline.

10. External balances in 2023 were weaker than in the previous year but remained positive. The current account surplus declined to 3.8 percent of GDP in 2023 from 8.3 percent in 2022. Oil and gas exports declined by about 30 percent y-o-y in 2023, due to the unexpected extension of oil maintenance operations and a 20 percent reduction in Angolan oil prices. In tandem, imports decreased by 12.6 percent (in US$ nominal term) following real exchange rate depreciation. The exchange rate adjustment in June 2023 helped the economy adapt to lower oil exports and supported the external position. As a result, international reserves remained broadly stable at US$ 14.7 billion in 2023, providing 7.2 months of import coverage.

11. Implementation of the NDP is ongoing. The new Ministry of Planning is now taking the lead role in the implementation of the NDP.[7] The authorities have launched the "*Diversifica Mais Project*" with a focus on the Lobito corridor which aims at accelerating economic diversification with the help of the private sector. The Council of Ministers approved the anti-corruption strategy (*National Strategy for the Prevention and Repression of Corruption)* that will underpin good governance initiatives under the NDP.[8] Steadfast implementation of structural reforms embedded in the NDP remains critical to diversify Angola's economy away from oil and achieve sustainable and inclusive growth.

12. Positive steps have been made in improving government finance statistics, though with a delay. The authorities are adopting the GFSM 2014 presentation for fiscal data, with the support of IMF TA, which will help improve budget effectiveness and transparency. Completion and dissemination of the historical series, initially expected in 2023, is now planned for 2024:Q3.

13. Outlook:

a. **Growth is expected to recover in the near-term, supported by the oil sector.** Oil production continued to recover in 2023:Q4 and 2024:Q1. The baseline scenario assumes that oil production will be maintained at 1.08 million bpd in 2024. Positive spillovers from the oil sector, along with diminishing FX supply constraints, are expected to support non-oil economic activity, gradually narrowing the negative output gap beginning in 2024. Inflation is expected to peak in the first half of 2024 and start declining thereafter with fading supply shocks. Medium-term non-oil

[6] In 2023 average domestic pump prices of gasoline, diesel, kerosene, and LPG in Angola were 39.6, 21.5, 16.2 and 15.6 percent of their respective cost recovery prices. Diesel (63.3 percent) and gasoline (25.2 percent) together account for about 88.5 percent of the total subsidy costs.

[7] Following a government reorganization, responsibilities of the old Ministry of Economy and Planning have been recently split between the new Ministry of Planning which will focus on development policy and the Ministry of Industry and Commerce, which will inherit the economy portfolio.

[8] The strategy emphasizes (i) prevention through the adoption of a public probity and ethics code and greater transparency in public financial management and procurement; (ii) detection by reinforcing witness protection and the identification of beneficial ownership; and (iii) repression through reforms to strengthen the independence, capacity and agility of the judicial system in handling corruption cases.

growth largely depends on the implementation of the authorities' structural reforms; and the baseline scenario assumes about 3.2 percent real GDP growth in the medium-term.

b. **The balance of payment is expected to remain in surplus over the medium-term, at a slightly lower level than the Article IV projection.** The current account surplus is projected to be lower due to higher imports, mostly reflecting higher inflation and nominal GDP growth. This was partly offset by developments in the financial account.[9]

c. **Risks to the baseline remain elevated.** Downside risks include (i) a decline in the domestic oil production or a significant fall in the international oil prices; (ii) slippages in the fuel subsidy reform; and (iii) negative spillovers from international capital markets. A combination of these risks could result in adverse outturns for the fiscal and external sectors, the exchange rate, and debt sustainability. Upside risks include (i) higher-than-expected recovery in the oil sector; and (ii) full implementation of the fuel subsidy reform as envisaged in the budget.

14. Authorities' views: The authorities were broadly aligned on medium-term growth projections. However, they noted larger than expected dividends from the diversification measures. They acknowledged pressures on the exchange rate, inflation and debt sustainability from weak growth and the risks from delaying fiscal consolidation.

CAPACITY TO REPAY

15. Angola's capacity to repay (CtR) the Fund remains adequate under the baseline. The total amount of outstanding Fund credit was SDR 3.1 billion (416.1 percent of quota or 27.9 percent of gross international reserves) at end-2023. Repayments to the Fund are projected to increase over the medium-term, but would peak in 2026 at 5.9 percent of GIR (7.1 percent of GIR net of collateralized debt service), 10.0 percent of external debt service, and 2.6 percent of exports, broadly in line with recently-approved EFF programs.

16. The primary risks to Angola's CtR stem from the materialization of lower oil sector performance and persistent delays in fiscal adjustment. While the oil sector has recovered recently, Angola still faces risks over the short-term, given the volatility of the sector and Angola's maturing oilfields. A scenario, such as in 2023 with falling oil prices and production, would lead to further fiscal and external sector weakening, resulting in higher financing needs, a depreciation of the kwanza, lower international reserves, and ultimately a lower CtR. Lower oil revenues would also have a spillover impact on non-oil revenues. Moreover, delays in implementing the 2024 budget fuel subsidy reform would increase public finance vulnerability

[9] External debt amortization in 2024 is expected to be lower on the back of the recent agreement with China. Accordingly, gross borrowing is higher than amortization (positive inflow) in 2024.

through an increase in Gross Financing Needs (GFN). Angola's CtR is, however, expected to remain adequate under an adverse scenario, although a more active fiscal policy would be needed, as outlined in paragraph 34.

17. Other risks:

- **Growth (oil/climate/delayed structural reforms):** In the run-up to the next elections (scheduled for 2027), political tensions could increase, hindering fiscal reform implementation. Diversification reforms could also stall while challenges in the oil sector spill over to the non-oil economy. Climate-related shocks could have adverse effects on the agriculture sector, thereby challenging fiscal consolidation and price stability. A slower implementation of governance reforms envisaged under the NDP and government anti-corruption strategy and AML/CFT (including the implementation of a beneficial ownership law and registry) could also hinder the outlook in the medium-term.
- **Banking system.** Further delays in the resolution of a large insolvent and loss-making bank could increase fiscal contingent liabilities.

18. Based on the 2023 AIV assessment, Angola's external position in 2023 is assessed to be broadly in line with the level implied by fundamentals and desirable policies[10]. The decline in oil production in the first half of 2023 has contributed to a weaker external position, which was, in part, compensated by a real effective exchange rate depreciation. The international investment position (IIP) improved from US$-22.2 billion to US$ -20.9 billion in 2023. Both assets and liabilities recorded a reduction in 2023, with the reduction in liabilities outweighing the one in assets. On the assets side, short-term currency deposits and trade credits slightly declined, reflecting lower oil production and price developments in 2023. On the liabilities side, a significant reduction in government loans helped the IIP improve at the end of 2023. The NIIP is also expected to improve in the medium-term in line with the projected fall in the external debt-to-GDP ratio. Despite lower oil exports, external balances remain relatively robust. Risks from external liabilities are mostly mitigated by external assets, including accumulated assets of the Sovereign Wealth Fund (SWF).[11] Angola's foreign reserves are projected to remain adequate in the medium-term. At end-2023, reserves stood at about 130 percent of the ARA metric under a floating exchange rate arrangement. Recent data driven by higher than envisaged oil production[12] shows a higher-than-projected current account surplus at 3.8 percent of GDP compared to a 3.1 percent projection in the 2023 AIV consultation, which helps close the previously estimated negative current account gap.

19. Angola's capacity to repay indicators are vulnerable to shocks but remain adequate. Credit outstanding to the Fund peaked in 2021 at 5.3 percent of GDP (13.3 percent of exports), remained below the average of recently-approved EFF programs since 2018 (see Text Figure 5).

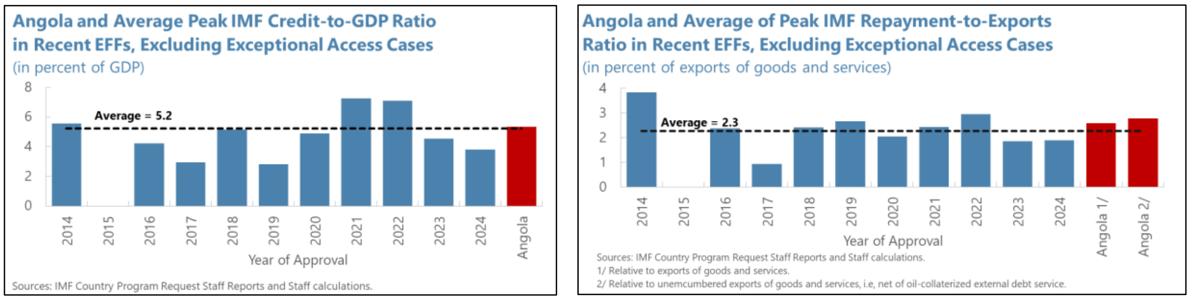
[10] See Angola 2023 AIV Staff Report, Annex II.

[11] Around US$1.1 billion as of April 2024

[12] Submitted by the authorities to STA in March 2024.

However, Angola's CtR should remain below the average in the medium-term (see Table 8). The country's resilience to several past oil price shocks episodes, its proven ability to adjust policies swiftly amid shocks, and its strong repayment record to other creditors and the Fund, all suggest that its repayment risk to the Fund is contained and manageable.

Text Figure 4. Angola: Capacity to Repay



RISKS AND POLICY DISCUSSIONS

Post-Financing Assessment discussions centered on risks from public finance, the financial sector, and growth, and these are covered in an adverse scenario.

A. Risks from Public Finance

20. Public finance risks remain tilted to the downside. Despite the recovery in domestic oil production and the improved oil price outlook, fiscal space has been reduced by the lower-than-anticipated fiscal consolidation in 2023 (preceded by a significant loosening in 2022). Angola's oil dependence and large share of external debt continue to pose fiscal risks but targets under the Fiscal Sustainability Law are still projected to be reached.[13] The 2024 Budget envisages reducing fuel subsidies by two ppts of GDP. The baseline assumes instead a gradual implementation of the fuel subsidy reform with one ppt of GDP cuts in 2024 and 2025, respectively, as well as additional compensating spending cuts.

21. Revisions to the AIV forecasts are driven by both updates on recent developments and policies and the effects of the recent GDP rebasing [see Text Table 1].[14] The main updates to the Article IV forecasts include:

[13] The Fiscal Sustainability Law establishes medium-term debt and non-oil primary deficit targets of 60 percent of GDP and 5 percent of GDP, respectively, in the near-term.

[14] The Bureau of Statistics published rebased national accounts in May 2024. The base year was revised from the end of the civil war in 2002 to 2015 to reflect changes in the economic structure—mainly the larger size of the agriculture sector. As a result, 2023 nominal GDP increased by 13.1 percent, contributing to the downward revision of the projected debt burden indicator on average by about 10 percentage points.

- **Oil revenues** were slightly revised downward despite higher oil prices in 2024 and the recovery in oil production at the end of 2023 and early 2024. This mainly reflects a more conservative recovery in oil production compared to the Article IV projections.

- **Non-oil revenues** were slightly revised upward compared to 2023, partly on better-than-expected performance in 2024Q1 and an expected stronger recovery in output in 2024.

- **Capital spending** was revised upward to be broadly in line with 2023 budgetary figures (26 percent higher in nominal terms than the AIV forecast, which had assumed cuts in public investment as previously envisaged by the authorities). Projections for 2024 are 14 percent higher than the AIV estimates.

- **Debt** is projected to reach 58.5 percent of GDP in 2024, driven by a higher nominal GDP base and higher debt prepayment. The debt ratio is projected to steadily decline from 2024 onward as a primary surplus is maintained and the growth outlook improves.

- **The non-oil primary fiscal deficit (NOPFD), estimated at 4.4 percent of GDP in 2024,** is expected to steadily decline in the medium-term on modestly improving non-oil revenues, moderately lower current and capital expenditures, and savings from fuel subsidy reform.

22. Fiscal financing appears manageable under the baseline, though financing needs increase moderately amid large Eurobond maturities in 2028–29. The baseline assumes continued issuance of longer-term domestic debt as the capacity of domestic banks to absorb the projected amount is assessed to remain broadly adequate in the medium-term; the materialization of the second World Bank Development Policy Loan[15]; and multilateral support. A return to markets by 2028 would be needed to meet large maturing Eurobonds during this period. Under these assumptions, GFNs in percent of GDP remain manageable through the medium-term. The 2023 AIV DSA assessed Angola's public debt to be sustainable but with high risk, reflecting (i) exposure to currency risk (given the high share of foreign currency debt); (ii) exposure to oil prices and production (impacting oil revenues); and (iii) a narrow creditor base.

23. The stock of arrears increased in 2023 but remains broadly stable at 2.6 percent of GDP (Kwz 2.5 trillion), same as estimated in the Article IV report. Arrears continue to pose significant fiscal risk but have stabilized since the June 2023 exchange rate depreciation[16]. The authorities are taking encouraging steps to regularly publish the stock and composition of arrears, though a medium-term clearance plan is yet to be finalized.

[15] The World Bank is considering a second US$500m Development Policy Loan to the Government of Angola.

[16] External sector legacy arrears account for a little less than two thirds of the stock of arrears (Kwz 1.6 trillion or 1.6 percent of GDP) and are due to two Chinese companies for the payment of infrastructure projects.

24. Mitigating policies: Given the high near-term fiscal risks, the authorities should rationalize spending, especially in 2024, and continue their fuel subsidy reform with the appropriate mitigation measures and communication strategy in place. The authorities should also create additional fiscal space via (i) non-oil tax policy measures, including a VAT threshold reduction; (ii) an adjustment of Personal Income Tax (PIT) brackets to improve the progressivity of the PIT system; (iii) the development of a property registry and property tax; and (iv) fiscal structural measures identified during the recent Article IV, including those related to tax administration, public financial management and public investment management (including by implementing the recommendations of the 2019 PIMA)[17], SOE reform and privatization, and procurement.

Text Table 1. Angola: Fiscal Revisions, 2022–24

	2022		2023			2024		
	AIV[1]	Est.[2]	AIV[1]	Prel. (Previous GDP Base)[3]	Prel.[2]	AIV[1]	Proj. (Previous GDP Base)[3]	Proj.[2]
Revenue	23.2	**20.1**	20.0	20.1	**17.4**	20.8	20.9	**18.1**
Oil Taxes	13.6	11.7	12.1	11.9	10.3	12.8	12.4	10.7
Non-Oil	9.6	8.3	7.9	8.2	7.1	8.0	8.5	7.3
Expenditure	22.5	**19.5**	20.1	22.3	**19.3**	18.2	19.4	**16.7**
Wages	4.2	3.6	4.2	4.2	3.6	4.2	4.2	3.7
Goods and Services	3.6	3.1	2.8	2.4	2.1	2.9	3.0	2.6
Interest Payments	4.0	3.5	5.6	6.3	5.4	5.3	5.4	4.6
Subsidies	3.6	3.2	3.1	3.6	3.2	2.1	2.5	2.1
Transfers & Other Current Spending	1.0	0.9	0.7	1.0	0.9	0.7	1.0	0.8
Capital Spending	6.1	5.3	3.8	4.7	4.1	3.0	3.3	2.9
Overall Fiscal Balance	0.7	**0.6**	-0.1	-2.2	**-1.9**	2.6	1.5	**1.3**
Overall Primary Fiscal Balance	4.7	**4.1**	5.5	4.1	**3.6**	7.8	6.9	**6.0**
Non-Oil Primary Fiscal Balance	-8.5	**-7.3**	-6.3	-7.5	**-6.4**	-4.5	-5.1	**-4.4**
Nominal GDP (billions of Kwanzas)	56,769	**65,604**	64,678	64,855	**75,046**	82,591	84,132	**97,233**

[1] Angola - Staff Report for the 2023 Article IV Consultation (SM/24/46).

[2] Nominal GDP has been revised upwards as a result of a rebasing of the reference year from 2002 to 2015.

[3] Differences in the nominal GDP of the AIV column and this column reflect changes in the inflation and growth assumptions for the Post-Financing Assessment.

Sources: Angolan authorities and IMF staff estimates and projections.

25. Authorities' views: The authorities reiterated their commitment to the fiscal anchors under the Fiscal Sustainability Law and recognized the need for fiscal adjustment to meet them. Revenue enhancement efforts will focus on expanding the tax base and reducing informality[18] through continued structural and administrative reforms.[19] The authorities recognized the

[17] Key PIMA recommendations include: (i) strengthening project appraisal, including economic and financial viability analyses; (ii) ensuring adherence to the Fiscal Sustainability Law; and (iii) encouraging competition and transparency in public procurement.

[18] Reducing informality includes targeting the registrations of 20,000 commercial establishments that aim to increase VAT, property tax and personal income tax.

[19] Reforms include ongoing efforts in digitalization and property registration through the adoption of georeferencing technology. The introduction of a tax compliance certificate for importers and participation in public procurement is also expected to mobilize domestic non-oil revenues.

importance of mitigation measures for the vulnerable as part of the ongoing fuel subsidy reform.[20] The authorities also aim to speed up the privatization of state-owned enterprises to reduce fiscal risks and widen the tax base. They also noted that current and capital expenditure rationalization would remain an option in case of an unanticipated shock. The authorities highlighted ongoing active liability management efforts,[21] and underscored their intention to continue improving cash management practices with IMF TA.

B. Risks from the Financial Sector

26. The banking sector remains fragmented, with pockets of vulnerabilities. At end-2023, reported regulatory capital and profitability were high, at 30 percent and 4.2 percent of assets, respectively, assisted by FX gains across banks and deferred impairment charges (regulatory forbearance) in one large loss-making problem bank (6 percent of system assets)[22] (Table 7). In 2023, nonperfoming loans (NPL) increased by 1.5 pp y-o-y to 15.9 percent and are reportedly fully provisioned. Relatively small loan portfolios (26 percent of assets) and restrictions on FX-lending helped contain credit risk, while most banks' net open positions (NOP) in foreign currency turned negative in 2023,[23] increasing risk from further currency depreciation. Following BNA's 2023/24 supervisory evaluation program (SEP), three small banks (6 percent of system assets) were instructed to submit timebound plans to strenghten their business models, internal governance and risk management.

27. Delayed bank resolution poses increasing contingent fiscal liability. While the authorities have publicly communicated that the large problem bank will not be bailed-out, contingent fiscal liabilities remain, including potential support to the Deposit Protection Fund (DPF), and BNA's impaired exposures to the bank. Negligible interbank exposures reduce contagion risk.

28. Mitigating policies: To support macro- and micro-prudential oversight and timely corrective actions, the BNA publishes biannual financial stability reports, requires banks to prepare recovery plans (first submittal by end-July 2024), and conducts top-down stress tests and targeted reviews of individual banks' credit risk and corporate governance. BNA has also drafted a supervisory plan for AML/CFT risk in banks and nonbanks. To support these efforts, staff urged the BNA to deal more decisively with the large problem bank, cease regulatory forbearance, provide liquidity assistance (open market operations and emergency liquidity assistance) only to banks with credible solvency prospects, strengthen its supervision on FX risk, and improve the compilation of Financial Soundness Indicators (FSI). The adoption of key secondary legislation in

[20] The Kwenda program, mainly financed via the World Bank, remains an important source for mitigation in rural areas. Other programs are being considered in urban areas (including youth employment programs).

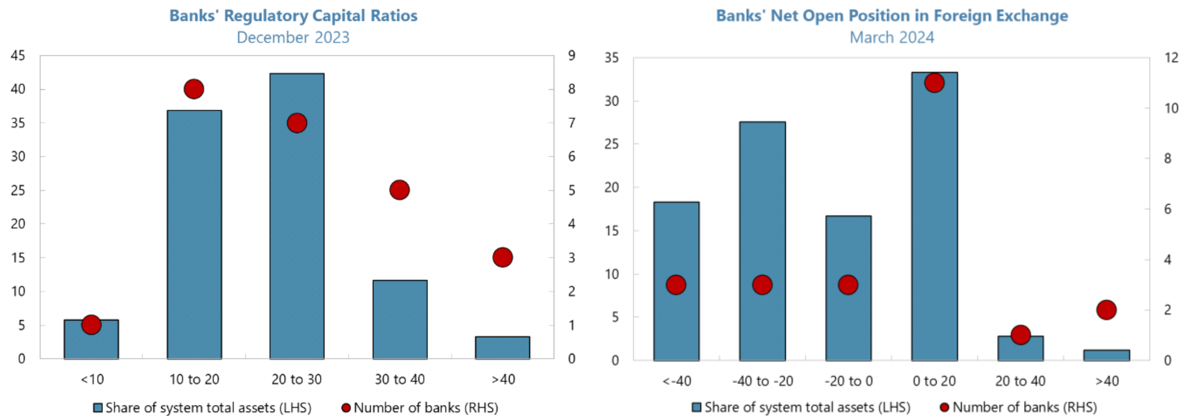
[21] Further development of domestic debt markets and concessional external financing are also being considered.

[22] While the problem bank does not perform critical functions, BNA classifies it as systemic due to its market share.

[23] Due to their initial positive net open positions (NOP) in foreign currency, banks' profits rose when the kwanza depreciated (banks balanced their FX liabilities with FX-indexed bonds). At end-2023, however, sector total NOP to capital turned negative at-20 percent and -5 percent when excluding the large problem bank.

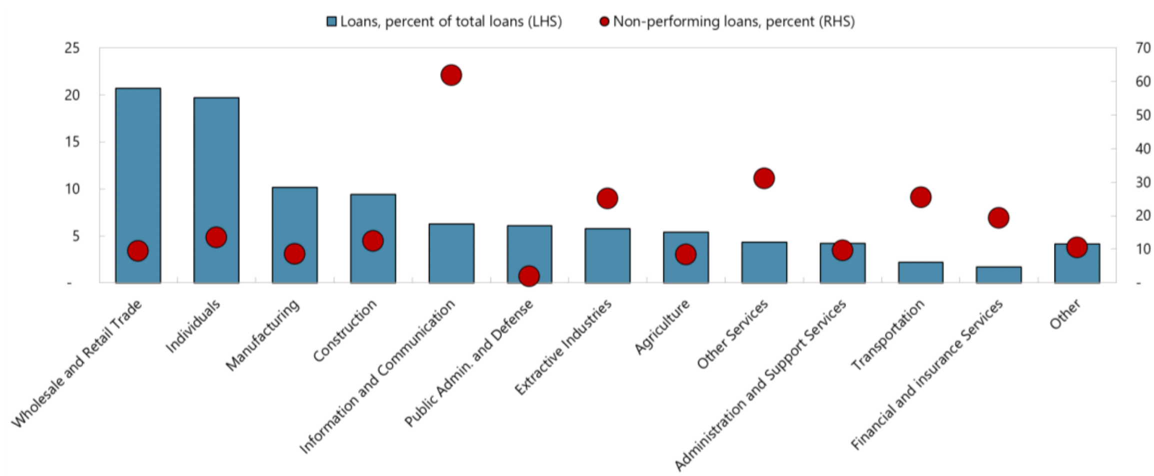
early 2024 was an important milestone towards operationalizing BNA's bank resolution regime, and to further facilitate orderly bank resolution, the authorities should establish a fiscal backup funding arrangement for the DPF and strengthen legal protection of BNA staff (including ensuring protection of former staff).

Text Figure 5. Angola: Banking Sector Fragmentation



Note: The figure shows banks' NOPs as calculated in IMF's FSIs (net exposure to FX-denominated and FX-indexed on- and off-balance sheet positions). This differs from the calculation of FX positions regulated by BNA (FX denominated on-balance sheet positions).
Source: Banco Nacional de Angola.

Text Figure 6. Angola: Bank Credit to Customers by Economic Sector December 2023



Note: The sectors within the "Other" category which have the highest NPL ratio include water and waste management (37 percent), accommodation and food (23 percent), and real estate (16 percent).
Source: Banco Nacional de Angola.

29. Authorities' views*:* The authorities broadly agreed with staff's assessment and advice. The BNA noted that its supervisory focus on banks' governance and internal controls aims at strengthening the sector's overall performance and stability; and its draft supervisory plan for AML/CFT risk is aligned with recommendations from the June 2023 ESAAMLG assessment. The BNA acknowledged the need for strong monitoring of FX-risk and reported progress with implementing Fund's TA recommendations on FSI compilation. The BNA has launched a review of the Financial Institution Law, focusing on nonbanks and the protection of BNA staff, and aims to propose legal amendments in 2025. The BNA continues to consider resolution options for the large problem bank. The authorities intend to give priority to establishing a fiscal backstop for the DGF. Angola is scheduled to have a Financial Sector Assessment Program (FSAP) in 2025, and the authorities view this as an opportunity to take stock of financial sector reforms and receive guidance on further reforms.

C. Risks to Price Stability and Growth

30. Continued inflationary pressures and FX market frictions risk de-anchoring inflation expectations and hinder the transition to an inflation targeting (IT) regime. Inflationary pressures have recently intensified partly due to import substitutions policies which constrained food supply and access to critical inputs. Moreover, frictions in the foreign exchange market impacted market expectations following a sudden repricing in the exchange rate, and partially de-anchored inflation expectations. De-anchored inflation expectations impose costs to the public and private sector via increased borrowing costs in kwanza. In line with IMF CD recommendations, improving FX market functioning and enhancing the monetary policy framework will be crucial to reduce inflation towards the BNA's single-digit target and foster medium-term growth.

31. The Angolan economy continues to be heavily dependent on the oil sector. Oil accounts for over 90 percent of exports and 60 percent of government revenues. This leads to Angola's significant exposure to oil price volatility and the risks from aging oil fields and the global energy transition. Robust progress on economic diversification efforts is required to achieve rapid and sustainable growth. Delays in implementing reforms to enhance the business environment and increase investments in the non-oil sector could be a drag on medium-term growth.

32. Angola's growth and diversification prospects are also vulnerable to climate shocks. Key non-oil sectors, including agriculture and fisheries, are particularly exposed to the adverse impacts of climate change and extreme weather events, posing risks to the authorities' diversification efforts. Recent staff analysis suggests that investment in adaption or climate-resilient infrastructure could reduce GDP losses from a natural disaster by 50 percent.[24] Climate-

[24] International Monetary Fund, "Angola: Staff Report for the 2023 Article IV Consultation", SM/24/26, March 2024.

related risks have a long-term impact via the global transition to renewable energy, beyond the PFA assessment period.

33. Mitigating policies:

Gradually moving toward greater exchange rate flexibility, defining a rules-based FXI strategy, improving interbank liquidity management, and in the short-term, maintaining a tightening bias in monetary policy would be crucial to address FX backlogs, better anchor inflation expectations and foster a favorable environment for non-oil sector led growth.

The government's recent efforts to incentivize investments in oil extraction and exploration should help maintain production capacity over the medium-term.[25] Further simplifying property registration process and reducing bureaucratic hurdles for starting a business should support the non-oil sector. In addition, the risks of import substitution measures should be carefully assessed to avoid inflationary pressures and reducing access to production inputs. Over the medium-term, sustained structural reforms to support economic diversification via horizontal policies are advisable.

While there has been no noticeable progress in enhancing governance or tackling corruption, the authorities have taken steps to strengthen the AML/CFT framework with a view to avoid gray listing by FATF. To this effect, amendments to the AML/CFT law have been approved by the National Assembly on May 2024 and other critical laws (NGO, Penal Code, and Beneficial Ownership) are expected to be approved in 2024. While these efforts are welcome, they need to be expedited. A communication strategy would also help mitigate the impact on correspondent banking relationships in the event of a gray listing.

Under the revised National Determined Contribution (NDC), Angola pushed forward its target year for cutting emissions by 14 percent to 2025. To mitigate climate risk, the authorities prioritize investing in resilient infrastructure and promote capacity building on climate change resilience for the vulnerable. Staff highlighted, however, that as member of the Global Methane Pledge, Angola is expected to cut its methane emissions in the oil and gas sector to avoid the risk of being unable to export LNG to the EU[26].

34. Authorities' views: The authorities agreed on the necessity to boost non-oil sector growth amid oil receipts volatility. They reiterated their commitment to structural policies in line with the NDP 2023–27, including to promote climate resilience. While acknowledging inflationary pressures, they noted the potential growth upside from import substitutions measures. The BNA reiterated its commitment to reduce inflation and transition to inflation targeting. The BNA will

[25] A major development in this regard is the new regulation that allows for accelerated cost recovery for the oil companies. For example, the development of the first deep-water mega project in the Kwanza basin has been announced. The project is expected to start production in 2028 with a capacity of 70,000 barrels of oil per day.

[26] In this regard, Total Energies and Sonangol EP have signed an MoU to share expertise on Research & Technology particularly on decarbonization.

continue improving its monetary operations framework in line with IMF CD recommendations. The BNA noted that the structure of the FX market is constraining greater exchange rate flexibility and is looking forward to IMF TA recommendations on FX operations. The authorities also acknowledged the criticality of better policy coordination between the MoF and BNA. They are also prioritizing the implementation of GAFI recommendations to avoid a possible gray listing.

D. An Illustrative Adverse Scenario

35. An illustrative adverse scenario with an extended oil price shock would heighten risks but mitigation measures would help preserve Angola's CtR. In the adverse scenario, a prolonged decline in international oil prices is accompanied by a contraction in domestic oil production. Beginning in 2024, Brent prices are assumed to decrease by about 27 percent to $60 per barrel, which together with a significant lagged contraction effect on oil production[27] would result in (1) negative spillovers to non-oil growth; and (2) a reduction in FX supply that would lead to an additional exchange rate depreciation in 2024 that would result in an REER depreciation of about 17 percent, relative to the baseline. The shock is assumed to last for three years, mirroring the nature of oil price shocks in recent decades and the extended period of low prices experienced over 2015–19. Oil prices remain at $60 and other parameters do not improve, with anticipated strains particularly in the oil sector, including reduced investments. Oil prices are assumed to return to the baseline in 2027, resulting in a gradual easing of financing pressures.

- **Real sector:** Angola's high reliance on oil makes the country vulnerable to oil production and price shocks. However, key economic shock absorbers and buffers, such as a flexible exchange rate and an adequate external position, help mitigate the impact of these shocks. In the adverse scenario, alongside a prolonged price shock, a cumulative 10 percent contraction in oil production is assumed over three years, resulting in a five ppts decrease in total GDP growth relative to the baseline over the same period. The widening negative output gap is expected to contribute to increased unemployment throughout the stress period, followed by a gradual recovery as the oil sector rebounds and the economy recover from the shock. The BNA will need to stand ready to tighten monetary policy to contain inflation expectations while improving monetary policy communication to lower output costs. Inflation is projected to peak in 2025 under the adverse scenario but is anticipated to gradually converge towards the baseline over the medium-term.

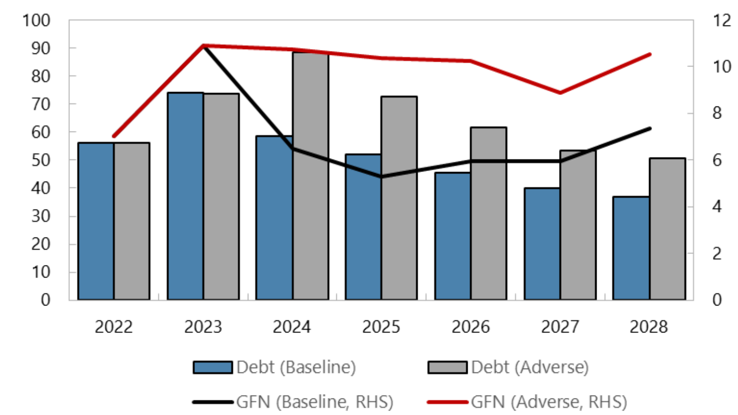
- **External sector.** Reflecting lower oil prices and production, the current account balance would fall into deficit at 5.9 percent of GDP in 2024 and remain in deficit over the medium-term. Weakness in the oil sector is fully reflected in the sudden decline in exports. The two consecutive years of FX depreciation in 2024–25 would push imports higher in local currency nominal terms and in percentage of GDP. However, with the oil

[27] The sequencing of shocks is calibrated based on historical patterns.

price subsequent recovery and import compression (in real terms), the current account is expected to improve over the medium-term. Pressures on the financial account would be offset partially by lower FDI outflows and trade advances, which generally decline when there is an oil price shock. International reserves are projected to immediately fall by US$2.8 billion[28] to US$11.9 billion in 2024, equivalent to 109 percent of the ARA metric under a floating exchange rate regime. GIR would continue to fall to just about 100 percent of ARA metric in the medium-term. Nonetheless, Angola's capacity to repay would remain adequate, as repayment to the Fund stays manageable at 8.8 percent of GIR, 10.0 percent of external debt service, and 3.7 percent of exports in its peak in 2026.

- **Fiscal sector:** Overall balances would deteriorate significantly in 2024 as oil revenues are projected to be nearly two ppts of GDP lower than under the baseline. Lower fuel subsidy costs and lower capital expenditures per GDP modestly offset the lower oil revenues. At the same time, non-oil revenues are forecasted to grow broadly in line with the non-oil growth projections. The debt ratio, in turn, would increase to about 88.5 percent of GDP mainly driven by FX depreciation (given the large share of external debt) and gross financing needs would be significantly higher (10.7 percent of GDP). The non-oil primary deficit would remain broadly in line with the baseline, as it is not impacted by oil revenues or higher interest costs. Oil revenues and production, and thus overall balances, would remain weak in 2025–26, recovering in 2027 in line with oil prices and production, with the debt ratio to gradually decline in turn. Exchange rate flexibility is key to this recovery, as the depreciation would help improve kwanza-denominated oil revenues. The scenario assumes that the BNA maintains kwanza flexibility and does not lean strongly against a depreciation. However, GFNs would remain elevated given the large repayments of Eurobonds maturing in 2028–29 and, as such, Angola could approach domestic financing limits by 2028, thus potentially necessitating a spending adjustment and preferably additional concessional financing.

Text Figure 7. Angola: Debt and Gross Financing Needs, 2022–28



Source: Angolan authorities and IMF staff estimates and projections.

[28] In the recent past, Angola has experienced three episodes of oil price shocks during which reserves losses have varied between US$2–4 billion in the immediate or following shock years.

- **Financial sector:** Banks with large negative NOPs and relatively low capital buffers (accounting for 15 percent of system assets) are vulnerable to kwanza depreciation. Credit risk is, however, better contained due to banks' relatively small loan books.

36. Mitigation measures: The authorities should implement the fiscal structural measures discussed above (paragraph 24) and consider adjusting current and capital expenditures as needed (while prioritizing social spending) in the case of an adverse scenario. The authorities should also continue to pursue an active liability management (including lengthening domestic maturities, prepay external commercial debt when oil prices are supportive, and buy back maturing Eurobonds, conditions permitting) to smooth rollover needs in the near and medium-term. Efforts to deepen domestic debt markets are also critical to reduce reliance on foreign currency financing over the medium-term. The authorities should be prepared to tighten monetary policy as necessary should inflation surge under the adverse scenario and enhance the monetary policy implementation framework to align interbank markets with the policy rate. Finally, it is critical that the exchange rate is flexible to absorb shocks while limiting the use of foreign exchange intervention (FXI) consistent with IMF Integrated Policy Framework (IPF) advice and to counteract the fall in USD-denominated oil revenues. Should Angola have limited access to international capital markets, the authorities would likely need to pursue a more active fiscal adjustment and seek alternate financing sources.

Text Table 2. Angola: Illustrative Adverse Scenario, 2022–28

		Prel.	Current Baseline					Downside Scenario				
	2022	2023	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028
Real Economy (percent change)												
Real GDP	4.2	0.9	2.4	2.8	3.3	3.3	3.4	0.8	-0.2	1.7	2.2	2.2
o/w Oil	0.5	-2.4	0.8	1.1	0.0	0.0	0.0	-2.0	-4.6	0.0	0.0	0.0
o/w Non-Oil	4.9	1.5	2.7	3.1	3.8	3.8	3.8	1.3	0.5	2.0	2.5	2.5
Consumer Prices (aop)	21.4	13.6	25.7	16.3	12.4	10.0	10.0	27.4	26.2	23.3	15.7	11.2
Consumer Prices (eop)	13.8	20.0	22.1	15.4	10.0	10.0	10.0	26.6	28.3	19.6	12.7	10.0
Brent Price (USD per barrel)	99.0	82.3	82.5	77.8	74.4	71.9	70.1	60.0	60.0	60.0	71.9	70.1
Oil & Gas Production (mn barrels per day)	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.0	1.0	1.0	1.0	1.0
Balance of Payments (percent of GDP)												
Current Account Balance	8.3	3.8	3.4	2.2	1.5	0.3	0.6	-5.9	-6.1	-4.7	-1.2	-1.7
o/w Oil & Gas Exports	33.5	31.7	30.5	28.4	25.9	23.1	21.3	21.0	23.5	20.8	21.6	19.7
o/w Imports of Goods	12.2	13.8	13.9	13.6	13.4	12.9	12.1	14.3	15.8	14.4	12.8	12.4
Financial Account Balance	6.8	5.0	4.0	2.9	2.4	1.0	1.2	-8.5	-6.2	-4.5	-0.1	-1.0
Gross International Reserves (US$ mn)	14,661	14,727	15,135	15,501	15,887	16,043	16,179	11,873	11,289	10,715	11,211	11,422
months of next year's imports	7.4	7.2	7.2	7.1	7.1	7.2	7.2	6.7	6.0	5.4	5.4	5.3
percent of ARA metric (floating)	109.7	129.9	127.7	135.9	142.4	143.6	143.7	109.3	107.9	103.9	100.2	100.4
percent of ARA metric (managed)	75.2	89.1	88.8	93.8	97.6	99.0	98.9	78.8	77.1	73.1	70.1	69.9
Public Finance (percent of GDP)												
Revenue	20.1	17.4	18.1	17.2	16.3	15.5	14.9	14.8	15.3	14.3	14.4	13.8
o/w Oil Revenue	11.7	10.3	10.7	9.7	8.9	8.0	7.4	7.3	7.9	6.7	6.9	6.3
Expenditure	19.5	19.3	16.7	15.9	15.7	14.9	14.7	17.1	17.4	17.2	16.8	16.3
o/w Subsidies	3.2	3.2	2.1	1.2	1.1	1.1	1.0	2.2	1.1	1.0	1.0	1.0
o/w Capital Expenditure	5.3	4.1	2.9	2.9	2.9	2.9	2.9	2.8	2.6	2.6	2.6	2.6
Overall Balance	0.6	-1.9	1.3	1.2	0.7	0.5	0.3	-2.4	-2.1	-3.0	-2.4	-2.6
Overall Primary Balance	4.1	3.6	6.0	6.0	5.3	4.5	4.1	2.8	4.6	3.6	3.8	3.3
Non-Oil Primary Balance	-7.3	-6.4	-4.4	-3.4	-3.3	-3.2	-3.1	-4.3	-3.1	-2.9	-2.9	-2.8
Debt Indicators (percent of GDP)												
Public Debt	56.1	73.9	58.5	52.1	45.3	40.0	36.7	88.5	72.6	61.5	53.4	50.7
Gross Financing Need	7.0	10.9	6.5	5.3	6.0	6.0	7.4	10.7	10.4	10.3	8.9	10.5
Obligations to IMF, relative to: (percent)												
Gross domestic product	0.1	0.4	0.5	0.6	0.8	0.7	0.6	0.5	0.9	0.9	0.8	0.7
Gross international reserves	0.8	3.0	3.4	5.0	5.9	5.5	5.2	4.3	6.8	8.8	7.9	7.3
External debt service	1.7	4.6	7.7	7.7	10.0	9.7	8.0	7.7	7.6	10.0	9.5	7.7
Export of goods and services	0.2	1.2	1.4	2.1	2.6	2.5	2.3	2.2	3.3	3.7	2.9	2.7

Source: IMF staff estimates and projections.

37. Authorities' views: The authorities suggested that, should the adverse scenario materialize, they would take steps to limit expenditures, with a focus on rationalizing capital spending while protecting more sensitive current spending categories, such as social expenditures. They also stressed that the steps being taken now to mobilize domestic revenues and bolster non-oil economic activity should help mitigate the impact of such a shock.

The BNA confirmed its commitment to its price stability mandate. The central bank stands ready to contain inflationary pressures in a timely manner and is working to enhance the effectiveness of its policy tools. The authorities noted that exchange rate flexibility since 2018 has helped absorb recent shocks and reiterated their commitment to a floating exchange rate regime. The BNA is committed to limiting FX intervention but noted that any reserve accumulation needs should be conducted with caution so as not to create excess kwanza liquidity.

STAFF APPRAISAL

38. The recovery from the 2023 shock is underway, the baseline outlook is favorable, but risks remain tilted to the downside. Angola was simultaneously hit by a decline in oil production and an increase in external debt payments in 2023. The ensuing sharp exchange rate depreciation helped preserve external buffers and mitigate the fiscal impact. However, reduced FX earnings contributed to exchange rate depreciation and inflationary pressures, and reduced non-oil economic growth, underlying the need to improve monetary operations and the functioning of the FX market. The baseline outlook envisages a gradually improving growth performance but the significant exposure to the oil sector creates significant risks.

39. Angola's capacity to repay the Fund is adequate, with manageable risks. Under the baseline, Angola's projected repayments to the Fund will increase over the medium-term, peaking in 2026. Under a severe shock scenario, the projected capacity to repay indicators would weaken but remain manageable. Steps to mitigate this shock, including allowing the exchange rate to function as a shock absorber, continuing with the fuel subsidy reform and rationalizing spending, would be crucial.

40. Sustained fiscal adjustment is required to mitigate risks. It is critical to rationalize spending in the near-term and continue the fuel subsidy reform (with mitigation measures to support the vulnerable and a proactive communication strategy). The authorities should also build additional buffers via tax policy measures to mobilize non-oil domestic revenues and make further progress on the fiscal structural agenda, including public financial management and public investment management reforms.

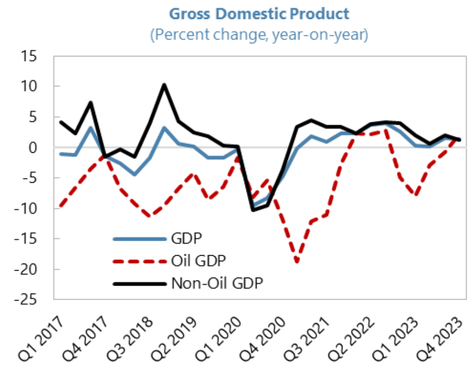
41. Continued efforts on enhancing the monetary policy framework are needed to reduce inflation and support non-oil medium-term growth. Maintaining a tighter bias in monetary policy in the short-term and improving interbank liquidity management—coupled with a gradual move toward greater exchange rate flexibility—would help ease inflation, better anchor inflation expectations, and reduce public and private sector borrowing costs. Policy coordination between the MoF and the BNA on money market operations is essential for effective interbank liquidity management and would help improve both fiscal and price stability outturns.

42. Continued efforts are needed to bolster financial stability. The BNA has made progress in operationalizing new frameworks for bank supervision and resolution but needs more decisive implementation and enforcement. To safeguard financial stability and reduce contingent fiscal risk, the BNA should prepare for a decisive resolution or liquidation of problem banks, as necessary, while protecting small depositors and minimizing costs to tax-payers. Ongoing efforts to establish fiscal backup funding for the DPF and to strengthen legal protection of the BNA should be expediated.

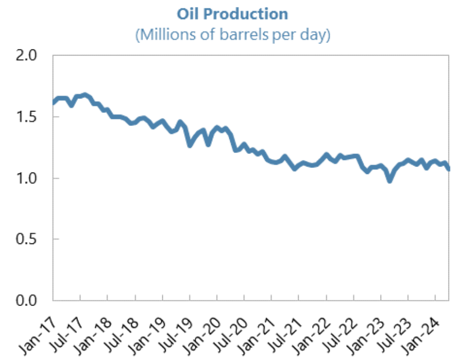
43. Implementing broad ranging structural reforms is vital to improve business environment and maintain growth in the context of a long-term decline of the oil sector. The implementation of the NDP should be consistent with a medium-term fiscal framework and would benefit from the PIMA recommendations. Addressing issues related to governance, gender, and climate change remains critical to achieving economic diversification and sustainable growth.

Figure 1. Angola: Selected High-Frequency Indicators, 2017–24

There has been weakness in growth since 2022Q4 though the oil sector has shown signs of a recovery ...

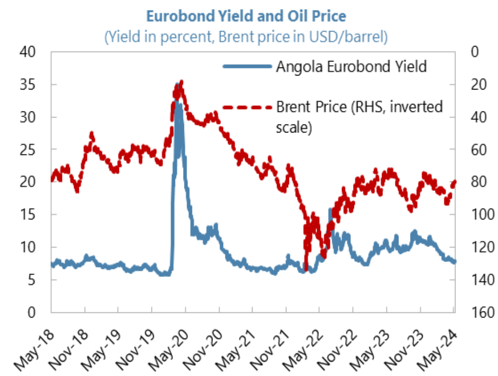


...driven by an improvement in oil production since early 2023.

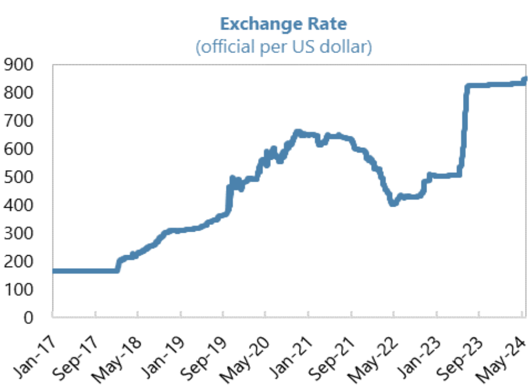


Total exports have picked up with imports moving in tandem.

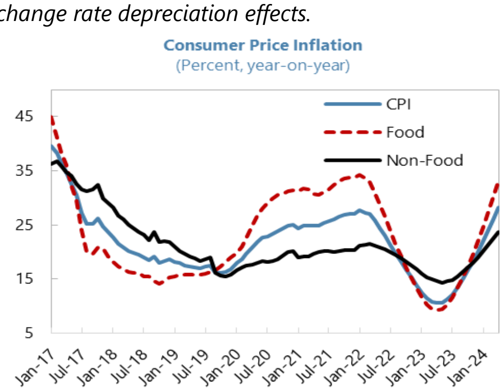
Bond yields have recently narrowed amid improved oil price outlook…



... and the exchange rate has been stable since June-2023.



However, inflation has picked up reflecting the lag in exchange rate depreciation effects.

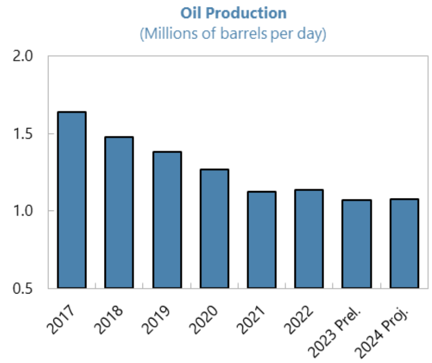


Note: The gross domestic product figure does not reflect recently rebased national accounts since quarterly data is not yet available. However, growth rates should be minimally affected.

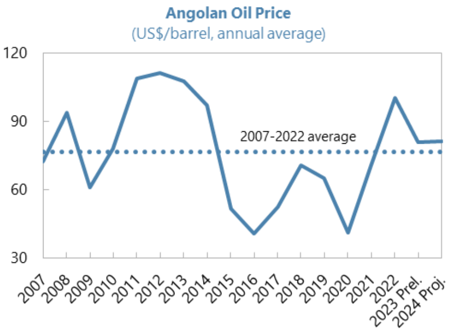
Sources: Angolan authorities; Organization of the Petroleum Exporting Countries; and IMF staff estimates and projections.

Figure 2. Angola: Fiscal Developments, 2017–24

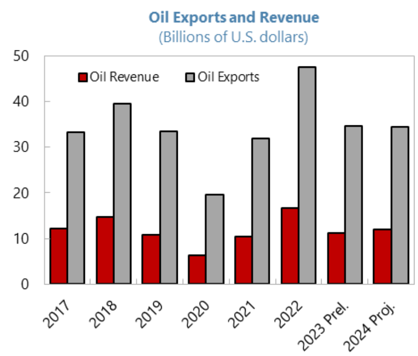
Oil production is expected to have weakened in 2023, with slight recovery expected in 2024…



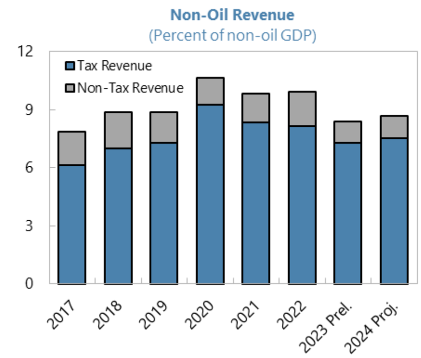
…and oil prices have stabilized relative to 2022…



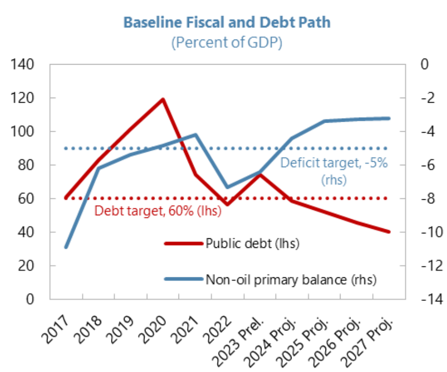
Accordingly, oil revenues are expected to have weakened in 2023 and expected to recover modestly in 2024…



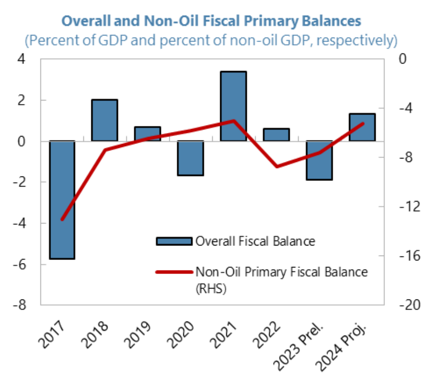
…as well as non-oil revenues, with an anticipated slight recovery in 2024.



Spending cuts are estimated to have taken place in 2023, which…



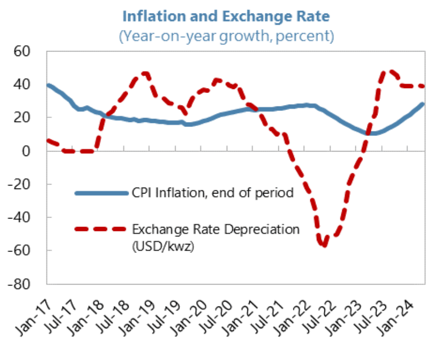
…entail some adjustment for the NOPB in 2023.



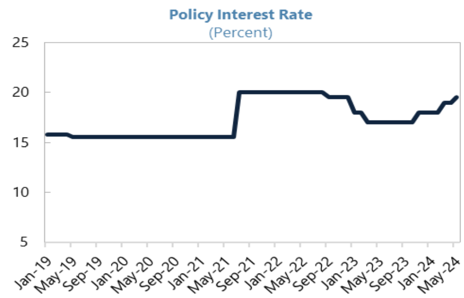
Sources: Angolan authorities; and IMF staff estimates and projections.

Figure 3. Angola: Monetary Sector Developments, 2017–24

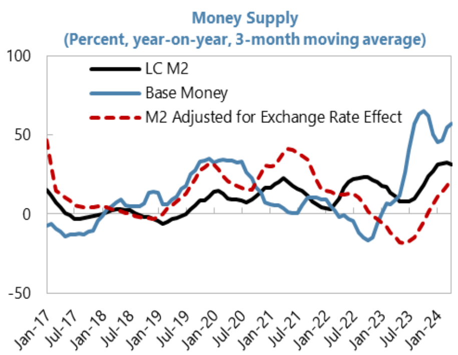
Inflation continued to increase despite the exchange rate stability since June-2023.



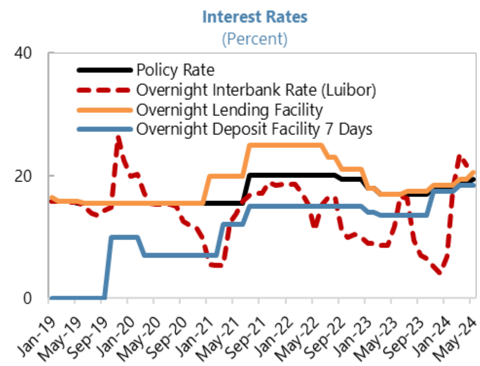
The BNA continued raising its policy rate amid inflationary pressures.



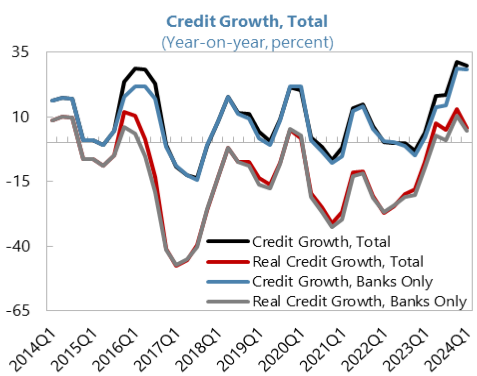
Liquidity conditions have also turned tight thanks to MoF's FX selling removing part of the excess liquidity…



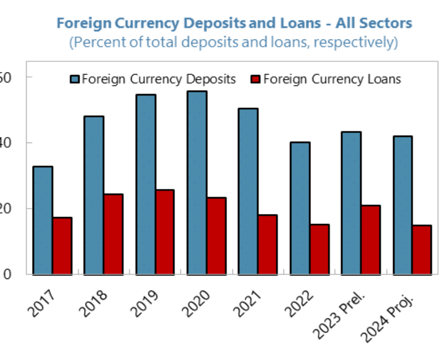
…supporting alignment of interbank rates with the policy rate.



Recovery in private credit growth has been uncertain since the start of 2024 …



…and dollarization seems broadly unchanged.

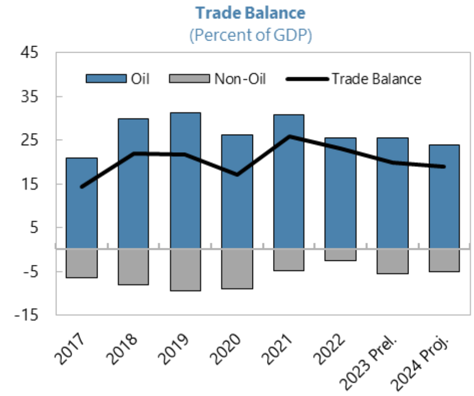


Note: (i) M2 growth has been adjusted for the exchange rate effect by converting the foreign currency deposits component using the exchange rate from the preceding year. (ii) Credit growth includes claims on the private sector made by banks (i.e., central bank and depository corporations) and non-bank financial institutions (i.e., Development Bank of Angola, insurance corporations, pension funds, microfinance corporations, non-money market funds, investment funds, exchange houses, and payment services companies).

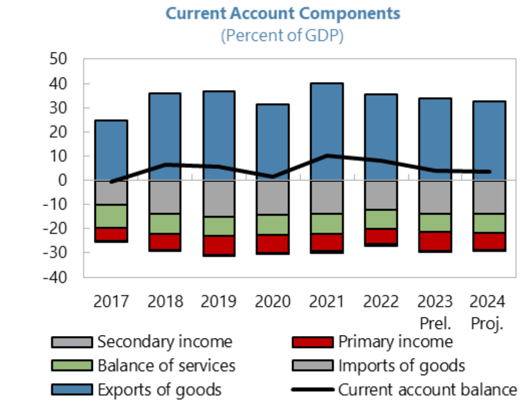
Sources: Angolan authorities; and IMF staff estimates and projections.

Figure 4. Angola: External Sector Developments, 2017–24

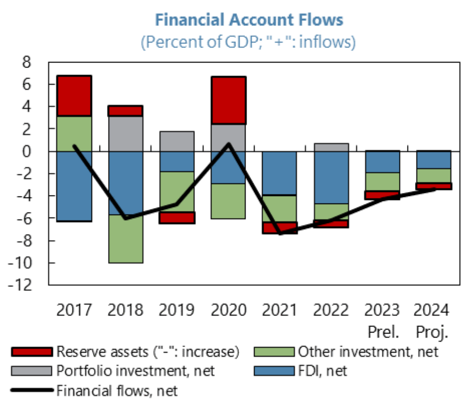
The trade balance is expected to remain stable …



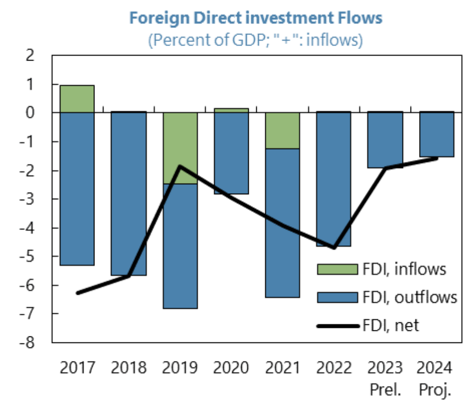
…and drive a small current account surplus.



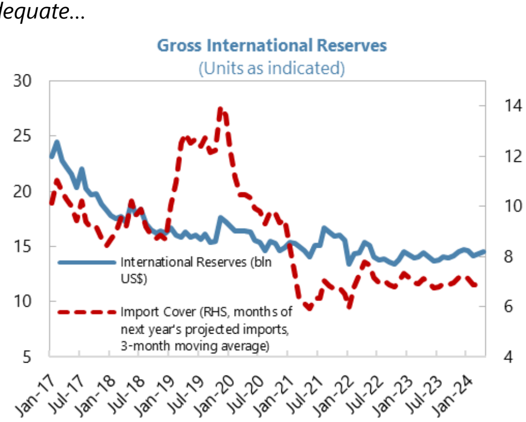
Financial accounts outflow remains driven by FDI…



…while the repatriation of investments is expected to moderate in line with oil sector weakness.



International reserves coverage is expected to remain adequate…



… while REER and NEER adjust closer to their long-term trends.

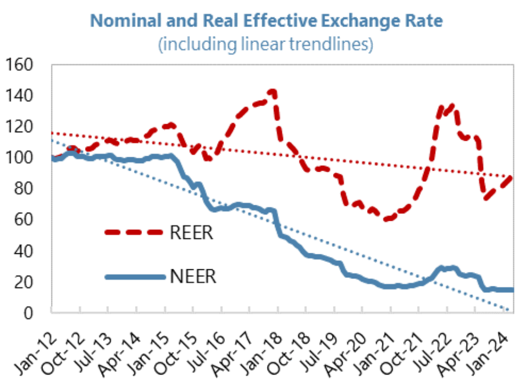


Table 1. Angola: Main Economic Indicators, 2020–29

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
				Prel.	Proj					
Real economy (percent change, except where otherwise indicated)										
Real gross domestic product	-4.0	2.1	4.2	0.9	2.4	2.8	3.3	3.3	3.4	3.4
Oil sector	-6.7	-11.5	0.5	-2.4	0.8	1.1	0.0	0.0	0.0	0.0
Non-oil sector	-3.5	4.7	4.9	1.5	2.7	3.1	3.8	3.8	3.8	3.8
Consumer prices (annual average)	22.3	25.8	21.4	13.6	25.7	16.3	12.4	10.0	10.0	10.0
Consumer prices (end of period)	25.1	27.0	13.8	20.0	22.1	15.4	10.0	10.0	10.0	10.0
Gross domestic product (billions of kwanzas)[1]	38,466	53,278	65,604	75,046	97,233	115,278	133,039	151,631	173,540	199,258
Gross domestic product (billions of U.S. dollars)	66.5	84.4	141.9	109.5	112.6	118.5	124.0	133.0	141.1	150.3
Gross domestic product per capita (U.S. dollars)	1,990	2,445	3,975	2,963	2,945	2,993	3,027	3,136	3,215	3,307
Central government (percent of GDP)										
Total revenue	18.3	20.7	20.1	17.4	18.1	17.2	16.3	15.5	14.9	13.7
Of which: Oil-related	9.4	12.4	11.7	10.3	10.7	9.7	8.9	8.0	7.4	6.4
Of which: Non-oil tax	7.8	7.0	6.8	6.1	6.3	6.4	6.5	6.6	6.6	6.4
Total expenditure	20.0	17.3	19.5	19.3	16.7	15.9	15.7	14.9	14.7	14.6
Current expenditure	15.4	12.6	14.2	15.2	13.9	13.1	12.8	12.0	11.8	11.7
Of which: Subsidies[2]	*0.1*	*0.1*	*3.2*	*3.2*	*2.1*	*1.2*	*1.1*	*1.1*	*1.0*	*1.0*
Capital spending	4.6	4.7	5.3	4.1	2.9	2.9	2.9	2.9	2.9	2.9
Overall fiscal balance	-1.7	3.4	0.6	-1.9	1.3	1.2	0.7	0.5	0.3	-0.9
Overall primary balance	4.3	8.0	4.1	3.6	6.0	6.0	5.3	4.5	4.1	2.9
Non-oil primary fiscal balance	-4.9	-4.2	-7.3	-6.4	-4.4	-3.4	-3.3	-3.2	-3.1	-3.3
Non-oil primary fiscal balance (percent of non-oil GDP)	-5.8	-5.0	-8.8	-7.6	-5.2	-4.0	-3.8	-3.7	-3.5	-3.6
Money and credit (end of period, percent change)										
Broad money (M2)	24.3	-9.3	-1.4	37.8	21.2	18.6	15.4	14.0	14.4	14.8
Percent of GDP	33.0	21.6	17.3	20.8	19.5	19.5	19.5	19.5	19.5	19.5
Broad money - local currency (LC M2)	20.3	1.0	18.6	30.4	24.3	21.5	18.2	16.7	17.1	17.4
Velocity (GDP/M2)	3.0	4.6	5.8	4.8	5.1	5.1	5.1	5.1	5.1	5.1
Credit to the private sector (annual percent change)	-7.7	5.6	-4.8	28.8	20.3	12.5	23.1	11.3	11.3	10.4
Balance of payments										
Trade balance (percent of GDP)	17.1	25.8	23.1	19.9	18.8	17.5	16.0	13.9	13.2	12.4
Exports of goods, f.o.b. (percent of GDP)	31.5	39.8	35.3	33.7	32.7	31.1	29.4	26.8	25.3	23.9
Of which : Oil and gas exports (percent of GDP)	29.4	37.7	33.5	31.7	30.5	28.4	25.9	23.1	21.3	19.7
Imports of goods, f.o.b. (percent of GDP)	14.3	14.0	12.2	13.8	13.9	13.6	13.4	12.9	12.1	11.5
Terms of trade (percent change)	-36.0	52.3	35.0	-19.7	-1.8	-5.8	-7.3	-5.0	-3.3	-3.4
Current account balance (percent of GDP)	1.3	10.0	8.3	3.8	3.4	2.2	1.5	0.3	0.6	0.5
Gross international reserves (excluding pledged repo securities)[3]										
End of period, millions of U.S. dollars	10,978	14,375	14,661	14,727	15,135	15,501	15,887	16,043	16,179	16,298
Months of next year's imports	7.0	6.0	7.4	7.2	7.2	7.1	7.1	7.2	7.2	7.0
Exchange rate										
Official exchange rate (average, kwanzas per U.S. dollar)	578	631	462	685	...	...	...	...	...	...
Official exchange rate (end of period, kwanzas per U.S. dollar)	656	555	504	829	...	...	...	...	...	...
Public debt (percent of GDP)										
Public sector debt (gross)	119.1	74.3	56.1	73.9	58.5	52.1	45.3	40.0	36.7	35.1
Of which : Central Government debt	110.4	69.0	52.3	68.4	55.3	49.8	43.7	38.7	35.8	34.3
Oil										
Oil and gas production (millions of barrels per day)	1.388	1.252	1.250	1.205	1.237	1.253	1.253	1.254	1.252	1.250
Oil and gas exports (billions of U.S. dollars)	19.6	31.8	47.5	34.7	34.4	33.7	32.2	30.8	30.1	29.5
Angola oil price (average, U.S. dollars per barrel)	41.3	70.7	100.3	80.6	81.0	76.7	73.3	70.8	70.0	69.3
Brent oil price (average, U.S. dollars per barrel)	43.3	70.8	99.0	82.3	82.5	77.8	74.4	71.9	70.1	69.0

Sources: Angolan authorities; and IMF staff estimates and projections.

[1] The Bureau of Statistics, *Instituto Nacional De Estatĺsticas,* has published rebased national accounts in May 2024. The base year was revised from 2002 to 2015 to reflect changes in the economic structure over that period. As a result, 2023 nominal GDP increased by 13.1 percent. The main sector that was upwardly revised is agriculture.

[2] Includes fuel subsidies beginning in 2022, in line with inclusion in the 2022 budget, and reform mitigation measures beginning in 2023.

[3] Consistent with the treatment by the BNA, Treasury's FX deposits at the BNA are excluded from the GIR starting 2022 (US$1.2 billion at the time of adjustment).

Table 2a. Angola: Statement of Central Government Operations, 2020–29

(Billions of kwanzas, unless otherwise indicated)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
				Prel.	Proj.					
Revenue	**7,053**	**11,017**	**13,183**	**13,053**	**17,559**	**19,787**	**21,731**	**23,433**	**25,928**	**27,240**
Taxes	6,605	10,346	12,197	12,356	16,591	18,640	20,457	22,031	24,373	25,454
Oil	3,612	6,615	7,706	7,741	10,434	11,227	11,793	12,081	12,858	12,684
Non-oil	2,993	3,731	4,491	4,615	6,157	7,413	8,664	9,950	11,515	12,770
Social contributions	320	350	409	549	778	922	1,064	1,213	1,388	1,594
Grants	4	2	1	1	0	0	0	0	0	0
Other revenue	123	319	576	147	190	225	210	190	167	192
Expenditure	**7,691**	**9,207**	**12,800**	**14,463**	**16,282**	**18,374**	**20,849**	**22,654**	**25,479**	**29,029**
Current expenditure	**5,918**	**6,727**	**9,326**	**11,392**	**13,473**	**15,066**	**17,053**	**18,254**	**20,518**	**23,333**
Compensation of employees	2,067	2,095	2,360	2,709	3,562	4,223	4,873	5,554	6,357	7,299
Use of goods and services	965	1,646	2,054	1,582	2,501	2,965	3,422	3,900	4,464	5,050
Interest	2,300	2,444	2,277	4,079	4,520	5,544	6,176	6,010	6,617	7,582
Domestic	1,008	1,203	1,151	1,543	1,661	1,740	2,232	1,964	2,407	2,894
Foreign	1,292	1,242	1,126	2,536	2,859	3,804	3,944	4,047	4,210	4,687
Subsidies[1]	38	62	2,071	2,367	2,067	1,377	1,505	1,605	1,777	1,969
Other expense	547	480	564	655	824	957	1,076	1,184	1,303	1,434
Net investment in nonfinancial assets	**1,773**	**2,480**	**3,473**	**3,071**	**2,808**	**3,308**	**3,797**	**4,400**	**4,960**	**5,696**
Net lending (+) / Net borrowing (-)	**-638**	**1,811**	**383**	**-1,410**	**1,277**	**1,414**	**882**	**779**	**449**	**-1,789**
Statistical discrepancy	685	2,767	-256	-486	-7	-11	-16	-21	-25	-31
Net acquisition of financial assets (+: increase)	**-1,714**	**1,663**	**119**	**-2,130**	**-1,166**	**-1,350**	**-1,643**	**-1,758**	**79**	**236**
Domestic	-1,548	691	-621	-1,445	128	109	-34	-48	79	236
Cash and deposits[2]	-1,052	549	-383	-1,002	224	201	53	34	56	209
Equity and investment fund shares	-496	142	-238	-443	-100	-100	-100	-100	0	0
Other accounts receivable	0	0	0	0	4	9	13	18	23	28
Foreign	-166	972	739	-685	-1,295	-1,459	-1,609	-1,710	0	0
Net incurrence of liabilities (+: increase)	**-386**	**2,624**	**-518**	**-1,205**	**-2,444**	**-2,763**	**-2,524**	**-2,537**	**-370**	**2,026**
Domestic	-1,040	-247	-547	-402	-3,054	780	314	348	1,316	3,670
Debt securities	-1,041	-399	369	347	-1,863	1,173	714	714	1,664	3,736
Disbursements	2,874	2,911	3,112	3,357	1,882	2,577	3,230	4,004	6,172	7,598
Amortizations	-3,915	-3,311	-2,743	-3,010	-3,745	-1,404	-2,516	-3,290	-4,508	-3,862
Loans	125	-60	120	-312	-932	-133	-141	-107	-89	-67
Other accounts payable	-123	212	-1,037	-436	-259	-259	-259	-259	-259	0
Foreign	654	2,871	29	-803	610	-3,543	-2,839	-2,886	-1,686	-1,644
Debt securities	195	2,364	760	-603	810	-3,343	-2,639	-2,886	-1,686	-1,644
Disbursements	1,802	4,245	2,994	3,348	3,725	2,615	3,523	3,544	6,949	7,855
Amortizations	-1,606	-1,880	-2,235	-3,951	-2,914	-5,959	-6,162	-6,429	-8,636	-9,499
Other accounts payable	458	507	-730	-200	-200	-200	-200	0	0	0
Memorandum items:										
Non-oil primary fiscal balance[3]	-1,867	-2,234	-4,821	-4,833	-4,297	-3,904	-4,351	-4,899	-5,373	-6,479
Angola oil price (average, U.S. dollars per barrel)	41.3	70.7	100.3	80.6	81.0	76.7	73.3	70.8	70.0	69.3
Social expenditures[4]	1,726	2,806	3,597	4,115	5,332	6,321	7,295	8,314	9,516	10,926
Public sector debt (gross)[5]	45,831	39,581	36,809	55,452	56,862	60,065	60,319	60,583	63,745	69,863
Of which : Central Government	42,486	36,758	34,323	51,304	53,762	57,419	58,189	58,726	62,199	68,268

Sources: Angolan authorities; and IMF staff estimates and projections.

[1] Includes fuel subsidies beginning in 2022, in line with inclusion in the 2022 budget, and reform mitigation measures beginning in 2023.

[2] Historical figures may include valuation effects related to FX-denominated deposits. 2020-23 includes deposit withdrawals from FSDEA.

[3] Non-oil primary fiscal balance series reflects inclusion of fuel subsidies starting in 2022.

[4] Spending on education, health, social protection, and housing and community services.

[5] Includes debt of the Central Government, external debt of Sonangol and state airline company TAAG, and guaranteed debt.

Table 2b. Angola: Statement of Central Government Operations, 2020–29

(Percent of GDP, unless otherwise indicated)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
				Prel.			Proj.			
Revenue	**21.9**	**31.8**	**24.0**	**20.6**	**21.4**	**20.1**	**18.7**	**17.5**	**16.7**	**15.2**
Taxes	20.5	30.3	22.2	19.5	20.3	18.9	17.6	16.5	15.7	14.2
Oil	11.2	18.5	14.0	12.2	12.7	11.4	10.2	9.0	8.3	7.1
Non-oil	9.3	11.8	8.2	7.3	7.5	7.5	7.5	7.4	7.4	7.1
Social contributions	1.0	1.0	0.7	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other revenue	0.4	0.5	1.0	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Expenditure	**23.8**	**27.8**	**23.3**	**22.8**	**19.9**	**18.6**	**18.0**	**16.9**	**16.4**	**16.2**
Current expenditure	**18.3**	**22.4**	**16.9**	**17.9**	**20.0**	**15.3**	**14.7**	**13.6**	**13.2**	**13.0**
Compensation of employees	6.4	7.6	4.3	4.3	4.3	4.3	4.2	4.2	4.1	4.1
Use of goods and services	3.0	4.6	3.7	2.5	3.1	3.0	3.0	2.9	2.9	2.8
Interest	7.1	7.5	4.1	6.4	5.5	5.6	5.3	4.5	4.3	4.2
Domestic	3.1	3.7	2.1	2.4	2.0	1.8	1.9	1.5	1.6	1.6
Foreign	4.0	3.7	2.0	4.0	3.5	3.9	3.4	3.0	2.7	2.6
Subsidies[1]	0.1	0.6	3.8	3.7	2.5	1.4	1.3	1.2	1.1	1.1
Other expense	1.7	2.1	1.0	1.0	1.0	1.0	0.9	0.9	0.8	0.8
Net acquisition of nonfinancial assets	**5.5**	**5.3**	**6.3**	**4.8**	**3.4**	**3.4**	**3.3**	**3.3**	**3.2**	**3.2**
Net lending (+) / Net borrowing (-)	**-2.0**	**4.1**	**0.7**	**-2.2**	**1.6**	**1.4**	**0.8**	**0.6**	**0.3**	**-1.0**
Statistical discrepancy	2.1	0.0	-0.5	-0.8	0.0	0.0	0.0	0.0	0.0	0.0
Net acquisition of financial assets (+: increase)	**-5.3**	**8.1**	**0.2**	**-3.4**	**-1.4**	**-1.4**	**-1.4**	**-1.3**	**0.1**	**0.1**
Domestic	-4.8	7.0	-1.1	-2.3	0.2	0.1	0.0	0.0	0.1	0.1
Cash and deposits[2]	-3.3	7.3	-0.7	-1.6	0.3	0.2	0.0	0.0	0.0	0.1
Equity and investment fund shares	-1.5	-0.3	-0.4	-0.7	-0.1	-0.1	-0.1	-0.1	0.0	0.0
Other accounts receivable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign	-0.5	1.1	1.3	-1.1	-1.6	-1.5	-1.4	-1.3	0.0	0.0
Net incurrence of liabilities (+: increase)	**-0.4**	**4.1**	**-0.9**	**-1.9**	**-3.3**	**-3.1**	**-2.4**	**-2.1**	**-0.4**	**1.1**
Domestic	-2.4	-1.5	-1.0	-0.6	-4.0	0.5	0.0	0.1	0.7	2.0
Debt securities	-2.4	0.1	0.9	0.1	-3.4	1.1	0.5	0.5	1.0	2.0
Disbursements	9.7	10.4	6.3	5.3	2.3	2.6	2.8	3.0	4.0	4.2
Amortizations	-12.1	-10.3	-5.4	-5.2	-5.7	-1.6	-2.3	-2.5	-3.0	-2.2
Loans	0.4	-1.0	0.2	-0.5	-1.1	-0.1	-0.1	-0.1	-0.1	0.0
Other accounts payable	-0.4	-1.6	-1.9	-0.7	-0.6	-0.5	-0.4	-0.4	-0.3	0.0
Foreign	2.0	5.6	0.1	-1.3	0.7	-3.6	-2.4	-2.2	-1.1	-0.9
Disbursements	5.6	10.0	5.4	5.3	4.5	2.7	3.0	2.6	4.5	4.4
Amortizations	-5.0	-5.1	-4.1	-6.2	-3.6	-6.0	-5.3	-4.8	-5.6	-5.3
Memorandum items:										
Non-oil primary fiscal balance[3]	-5.8	-6.3	-8.8	-7.6	-5.2	-4.0	-3.8	-3.7	-3.5	-3.6
Angola oil price (average, U.S. dollars per barrel)	41.3	68.5	100.3	80.6	81.0	76.7	73.3	70.8	70.0	69.3
Social expenditures[4]	5.3	8.6	6.5	6.5	6.5	6.4	6.3	6.2	6.1	6.1
Public sector debt (gross)[5]	142.0	88.5	66.9	87.4	69.4	60.9	52.0	45.3	41.2	38.9
Of which : Central Government	131.6	75.7	62.4	80.8	65.6	58.2	50.2	39.8	37.9	38.0

Sources: Angolan authorities; and IMF staff estimates and projections.

[1] Includes fuel subsidies beginning in 2022, in line with inclusion in the 2022 budget, and reform mitigation measures beginning in 2023.

[2] Historical figures may include valuation effects related to FX-denominated deposits. 2020-23 includes deposit withdrawals from FSDEA.

[3] Non-oil primary fiscal balance series reflects inclusion of fuel subsidies starting in 2022.

[4] Spending on education, health, social protection, and housing and community services.

[5] Includes debt of the Central Government, external debt of Sonangol and state airline company TAAG, and guaranteed debt.

Table 2c. Angola: Statement of Central Government Operations, 2020–29

(Percent of non-oil GDP, unless otherwise indicated)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
				Prel.			Proj.			
Revenue	**21.9**	**31.8**	**24.0**	**20.6**	**21.4**	**20.1**	**18.7**	**17.5**	**16.7**	**15.2**
Taxes	20.5	30.3	22.2	19.5	20.3	18.9	17.6	16.5	15.7	14.2
Oil	11.2	18.5	14.0	12.2	12.7	11.4	10.2	9.0	8.3	7.1
Non-oil	9.3	11.8	8.2	7.3	7.5	7.5	7.5	7.4	7.4	7.1
Social contributions	1.0	1.0	0.7	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other revenue	0.4	0.5	1.0	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Expenditure	**23.8**	**27.8**	**23.3**	**22.8**	**19.9**	**18.6**	**18.0**	**16.9**	**16.4**	**16.2**
Current expenditure	**18.3**	**22.4**	**16.9**	**17.9**	**20.0**	**15.3**	**14.7**	**13.6**	**13.2**	**13.0**
Compensation of employees	6.4	7.6	4.3	4.3	4.3	4.3	4.2	4.2	4.1	4.1
Use of goods and services	3.0	4.6	3.7	2.5	3.1	3.0	3.0	2.9	2.9	2.8
Interest	7.1	7.5	4.1	6.4	5.5	5.6	5.3	4.5	4.3	4.2
Domestic	3.1	3.7	2.1	2.4	2.0	1.8	1.9	1.5	1.6	1.6
Foreign	4.0	3.7	2.0	4.0	3.5	3.9	3.4	3.0	2.7	2.6
Subsidies[1]	0.1	0.6	3.8	3.7	2.5	1.4	1.3	1.2	1.1	1.1
Other expense	1.7	2.1	1.0	1.0	1.0	1.0	0.9	0.9	0.8	0.8
Net acquisition of nonfinancial assets	**5.5**	**5.3**	**6.3**	**4.8**	**3.4**	**3.4**	**3.3**	**3.3**	**3.2**	**3.2**
Net lending (+) / Net borrowing (-)	**-2.0**	**4.1**	**0.7**	**-2.2**	**1.6**	**1.4**	**0.8**	**0.6**	**0.3**	**-1.0**
Statistical discrepancy	2.1	0.0	-0.5	-0.8	0.0	0.0	0.0	0.0	0.0	0.0
Net acquisition of financial assets (+: increase)	**-5.3**	**8.1**	**0.2**	**-3.4**	**-1.4**	**-1.4**	**-1.4**	**-1.3**	**0.1**	**0.1**
Domestic	-4.8	7.0	-1.1	-2.3	0.2	0.1	0.0	0.0	0.1	0.1
Cash and deposits[2]	-3.3	7.3	-0.7	-1.6	0.3	0.2	0.0	0.0	0.0	0.1
Equity and investment fund shares	-1.5	-0.3	-0.4	-0.7	-0.1	-0.1	-0.1	-0.1	0.0	0.0
Other accounts receivable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign	-0.5	1.1	1.3	-1.1	-1.6	-1.5	-1.4	-1.3	0.0	0.0
Net incurrence of liabilities (+: increase)	**-0.4**	**4.1**	**-0.9**	**-1.9**	**-3.3**	**-3.1**	**-2.4**	**-2.1**	**-0.4**	**1.1**
Domestic	-2.4	-1.5	-1.0	-0.6	-4.0	0.5	0.0	0.1	0.7	2.0
Debt securities	-2.4	0.1	0.9	0.1	-3.4	1.1	0.5	0.5	1.0	2.0
Disbursements	9.7	10.4	6.3	5.3	2.3	2.6	2.8	3.0	4.0	4.2
Amortizations	-12.1	-10.3	-5.4	-5.2	-5.7	-1.6	-2.3	-2.5	-3.0	-2.2
Loans	0.4	-1.0	0.2	-0.5	-1.1	-0.1	-0.1	-0.1	-0.1	0.0
Other accounts payable	-0.4	-1.6	-1.9	-0.7	-0.6	-0.5	-0.4	-0.4	-0.3	0.0
Foreign	2.0	5.6	0.1	-1.3	0.7	-3.6	-2.4	-2.2	-1.1	-0.9
Disbursements	5.6	10.0	5.4	5.3	4.5	2.7	3.0	2.6	4.5	4.4
Amortizations	-5.0	-5.1	-4.1	-6.2	-3.6	-6.0	-5.3	-4.8	-5.6	-5.3
Memorandum items:										
Non-oil primary fiscal balance[3]	-5.8	-6.3	-8.8	-7.6	-5.2	-4.0	-3.8	-3.7	-3.5	-3.6
Angola oil price (average, U.S. dollars per barrel)	41.3	68.5	100.3	80.6	81.0	76.7	73.3	70.8	70.0	69.3
Social expenditures[4]	5.3	8.6	6.5	6.5	6.5	6.4	6.3	6.2	6.1	6.1
Public sector debt (gross)[5]	142.0	88.5	66.9	87.4	69.4	60.9	52.0	45.3	41.2	38.9
Of which : Central Government	131.6	75.7	62.4	80.8	65.6	58.2	50.2	39.8	37.9	38.0

Sources: Angolan authorities; and IMF staff estimates and projections.

[1] Includes fuel subsidies beginning in 2022, in line with inclusion in the 2022 budget, and reform mitigation measures beginning in 2023.

[2] Historical figures may include valuation effects related to FX-denominated deposits. 2020-23 includes deposit withdrawals from FSDEA.

[3] Non-oil primary fiscal balance series reflects inclusion of fuel subsidies starting in 2022.

[4] Spending on education, health, social protection, and housing and community services.

[5] Includes debt of the Central Government, external debt of Sonangol and state airline company TAAG, and guaranteed debt.

Table 2d. Angola: Statement of Central Government Operations, 2020–29

Debt reprofiling recorded as exceptional financing

(Billions of kwanzas, unless otherwise indicated)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
				Prel.	Proj.					
Revenue	**7,053**	**11,017**	**13,183**	**13,053**	**17,559**	**19,787**	**21,731**	**23,433**	**25,928**	**27,240**
Taxes	6,605	10,346	12,197	12,356	16,591	18,640	20,457	22,031	24,373	25,454
Oil	3,612	6,615	7,706	7,741	10,434	11,227	11,793	12,081	12,858	12,684
Non-oil	2,993	3,731	4,491	4,615	6,157	7,413	8,664	9,950	11,515	12,770
Social contributions	320	350	409	549	778	922	1,064	1,213	1,388	1,594
Grants	4	2	1	1	0	0	0	0	0	0
Other revenue	123	319	576	147	190	225	210	190	167	192
Expenditure	**7,644**	**9,241**	**12,817**	**14,550**	**16,465**	**18,501**	**20,921**	**22,682**	**25,487**	**29,029**
Current expenditure	**5,871**	**6,761**	**9,344**	**11,480**	**13,657**	**15,193**	**17,124**	**18,281**	**20,527**	**23,334**
Compensation of employees	2,067	2,095	2,360	2,709	3,562	4,223	4,873	5,554	6,357	7,299
Use of goods and services	965	1,646	2,054	1,582	2,501	2,965	3,422	3,900	4,464	5,050
Interest	2,253	2,479	2,295	4,167	4,704	5,671	6,248	6,038	6,626	7,582
Domestic	1,008	1,203	1,151	1,543	1,661	1,740	2,232	1,964	2,407	2,894
Foreign	1,245	1,276	1,144	2,624	3,043	3,931	4,015	4,074	4,218	4,688
Subsidies[1]	38	62	2,071	2,367	2,067	1,377	1,505	1,605	1,777	1,969
Other expense	547	480	564	655	824	957	1,076	1,184	1,303	1,434
Net investment in nonfinancial assets	**1,773**	**2,480**	**3,473**	**3,071**	**2,808**	**3,308**	**3,797**	**4,400**	**4,960**	**5,696**
Net lending (+) / Net borrowing (-)	**-591**	**1,776**	**366**	**-1,498**	**1,094**	**1,287**	**811**	**751**	**441**	**-1,790**
Statistical discrepancy	685	2,767	-256	-486	-7	-11	-16	-21	-25	-31
Net acquisition of financial assets (+: increase)	**-1,714**	**1,663**	**119**	**-2,130**	**-1,166**	**-1,350**	**-1,643**	**-1,758**	**79**	**236**
Domestic	-1,548	691	-621	-1,445	128	109	-34	-48	79	236
Cash and deposits[2]	-1,052	549	-383	-1,002	224	201	53	34	56	209
Equity and investment fund shares	-496	142	-238	-443	-100	-100	-100	-100	0	0
Other accounts receivable	0	0	0	0	4	9	13	18	23	28
Foreign	-166	972	739	-685	-1,295	-1,459	-1,609	-1,710	0	0
Net incurrence of liabilities (+: increase)	**-1,037**	**1,251**	**-1,511**	**-2,249**	**-3,621**	**-3,665**	**-3,368**	**-3,139**	**-764**	**2,017**
Domestic	-1,040	-247	-547	-402	-3,313	521	55	89	1,057	3,670
Debt securities	-1,041	-399	369	347	-1,863	1,173	714	714	1,664	3,736
Disbursements	2,874	2,911	3,112	3,357	1,882	2,577	3,230	4,004	6,172	7,598
Amortizations	-3,915	-3,311	-2,743	-3,010	-3,745	-1,404	-2,516	-3,290	-4,508	-3,862
Loans	125	-60	120	-312	-932	-133	-141	-107	-89	-67
Other accounts payable	-123	212	-1,037	-436	-518	-518	-518	-518	-518	0
Foreign	3	1,498	-964	-1,847	-308	-4,186	-3,423	-3,228	-1,821	-1,652
Disbursements	1,802	4,245	2,994	3,348	3,725	2,615	3,523	3,544	6,949	7,855
Amortizations	-2,258	-3,254	-3,228	-4,995	-3,833	-6,601	-6,746	-6,772	-8,770	-9,508
Exceptional financing (+: increase)										
Debt reprofiling	604	1,408	1,011	1,132	1,102	769	656	370	143	9
Foreign interest	-47	35	18	88	184	127	71	28	9	0
Foreign amortization	651	1,373	993	1,044	919	642	585	343	134	9
Memorandum items:										
Non-oil primary fiscal balance[3]	-1,867	-2,234	-4,821	-4,833	-4,297	-3,904	-4,351	-4,899	-5,373	-6,479
Angola oil price (average, U.S. dollars per barrel)	41.3	70.7	100.3	80.6	81.0	76.7	73.3	70.8	70.0	69.3
Social expenditures[4]	1,726	2,806	3,597	4,115	5,332	6,321	7,295	8,314	9,516	10,926
Public sector debt (gross)[5]	45,831	39,581	36,809	55,452	56,862	60,065	60,319	60,583	63,745	69,863

Sources: Angolan authorities; and IMF staff estimates and projections.

[1] Includes fuel subsidies beginning in 2022, in line with inclusion in the 2022 budget, and reform mitigation measures beginning in 2023.

[2] Historical figures may include valuation effects related to FX-denominated deposits. 2020-23 includes deposit withdrawals from FSDEA.

[3] Non-oil primary fiscal balance series reflects inclusion of fuel subsidies starting in 2022.

[4] Spending on education, health, social protection, and housing and community services.

[5] Includes debt of the Central Government, external debt of Sonangol and state airline company TAAG, and guaranteed debt.

Table 3. Angola: Monetary Accounts, 2020–29

(End of period; Billions of kwanzas, unless otherwise indicated)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
				Prel.			Proj.			
					Monetary Survey					
Net foreign assets	**7,311**	**5,913**	**6,105**	**10,614**	**12,299**	**14,798**	**16,915**	**19,274**	**21,875**	**24,494**
Net domestic assets	**5,392**	**5,606**	**5,251**	**5,030**	**7,836**	**9,914**	**12,288**	**14,591**	**17,302**	**19,738**
Claims on central government (net)	6,143	4,679	4,707	5,829	3,953	5,549	6,865	8,124	10,290	13,477
Claims on other financial corporations	211	262	285	330	426	513	603	696	805	934
Claims on other public sector	132	120	91	341	440	530	623	719	832	965
Claims on private sector	4,036	4,260	4,056	5,225	6,286	7,072	8,705	9,689	10,784	11,906
Other items (net)[1]	-5,129	-3,715	-3,889	-6,696	-3,269	-3,750	-4,508	-4,636	-5,409	-7,544
Broad money (M3)	**12,702**	**11,518**	**11,356**	**15,644**	**18,964**	**22,484**	**25,948**	**29,574**	**33,847**	**38,863**
Money and quasi-money (M2)	12,698	11,513	11,356	15,644	18,964	22,484	25,948	29,574	33,847	38,863
Money	3,674	3,632	4,009	5,693	7,078	8,610	10,183	11,889	13,921	16,331
Currency outside banks	405	402	495	664	826	1,024	1,219	1,437	1,674	1,923
Demand deposits, local currency	3,270	3,230	3,515	5,028	6,252	7,586	8,964	10,453	12,247	14,407
Quasi-money	2,166	2,270	2,991	3,435	4,271	5,183	6,124	7,141	8,367	9,843
Time and savings deposits, local currency	2,166	2,270	2,991	3,435	4,271	5,183	6,124	7,141	8,367	9,843
Foreign currency deposits	6,857	5,612	4,356	6,516	7,615	8,691	9,641	10,544	11,560	12,690
					Monetary Authorities					
Net foreign assets	**5,783**	**4,869**	**4,930**	**8,658**	**10,141**	**12,358**	**14,325**	**16,480**	**18,861**	**21,245**
Net international reserves	5,499	5,399	5,230	9,277	10,824	13,130	15,145	17,364	19,815	22,273
Net incurrence of liabilities	284	-530	-300	-619	-683	-772	-820	-884	-954	-1,028
Net domestic assets	**-3,422**	**-2,283**	**-2,156**	**-4,933**	**-5,801**	**-7,405**	**-8,785**	**-10,334**	**-12,266**	**-14,116**
Claims on other depository corporations	121	42	79	338	413	476	524	577	635	698
Claims on central government (net)	267	575	1,236	509	209	-437	-899	-1,422	-2,020	-2,556
Claims on private sector	97	127	123	110	142	171	201	232	268	312
Other items (net)[1]	-3,906	-3,027	-3,594	-5,890	-6,565	-7,615	-8,611	-9,721	-11,149	-12,570
Reserve money	**2,361**	**2,586**	**2,774**	**3,725**	**4,340**	**4,953**	**5,540**	**6,146**	**6,596**	**7,128**
Currency outside banks	549	569	658	819	1,019	1,263	1,503	1,771	2,063	2,371
Commercial bank deposits	1,812	2,018	2,116	2,906	3,321	3,690	4,037	4,375	4,532	4,758
***Memorandum items*:**										
Nominal gross domestic product (percent change)	11.4	38.5	23.1	14.4	29.6	18.6	15.4	14.0	14.4	14.8
Reserve money (percent change)	3.3	9.5	7.3	34.3	16.5	14.1	11.9	10.9	7.3	8.1
Money and quasi-money (M2) (percent change)	24.3	-9.3	-1.4	37.8	21.2	18.6	15.4	14.0	14.4	14.8
Claims on private sector (percent change)	-7.7	5.6	-4.8	28.8	20.3	12.5	23.1	11.3	11.3	10.4
Claims on central government (percent change; net)	130.2	-23.8	0.6	23.9	-32.2	40.4	23.7	18.3	26.7	31.0
Money multiplier (M2/reserve money)	5.4	4.5	4.1	4.2	4.4	4.5	4.7	4.8	5.1	5.5
Velocity (GDP/M2)	3.0	4.6	5.8	4.8	5.1	5.1	5.1	5.1	5.1	5.1
Velocity (non-oil GDP/M2)	2.5	3.9	4.8	4.1	4.3	4.4	4.5	4.5	4.6	4.6
Credit to the private sector (percent of non-oil GDP)	12.5	9.5	7.4	8.2	7.7	7.2	7.5	7.2	7.0	6.6
Foreign currency deposits (share of total deposits)	55.8	50.5	40.1	43.5	42.0	40.5	39.0	37.5	35.9	34.4
Credit to the private sector in foreign currency (share of total credit)	23.3	18.0	15.1	21.0	23.6	28.2	26.6	29.0	31.0	27.9

Sources: Angolan authorities; and IMF staff estimates and projections.

[1] Including exchange rate valuation.

Table 4a. Angola: Balance of Payments, 2020–29

(Millions of U.S. dollars, unless otherwise indicated)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
				Prel.			Proj.			
Current account	**872**	**8,399**	**11,763**	**4,210**	**3,832**	**2,552**	**1,853**	**429**	**887**	**681**
Trade balance	11,394	21,787	32,771	21,800	21,213	20,711	19,886	18,508	18,640	18,628
Exports, f.o.b.	20,937	33,581	50,038	36,885	36,844	36,878	36,478	35,688	35,725	35,925
Crude oil	18,297	27,860	40,282	31,420	30,602	29,900	29,148	28,165	27,869	27,575
Gas and oil derivatives	1,288	3,978	7,217	3,251	3,772	3,774	3,005	2,615	2,261	1,962
Diamonds	1,070	1,550	1,946	1,572	1,635	1,701	1,770	1,842	1,916	1,973
Other	283	194	593	642	835	1,503	2,555	3,066	3,679	4,415
Imports, f.o.b	9,543	11,795	17,267	15,085	15,631	16,167	16,592	17,179	17,085	17,298
Services (net)	-5,536	-6,957	-11,215	-8,515	-8,833	-9,135	-9,375	-9,708	-9,651	-9,770
Credit	67	94	82	76	69	72	74	76	78	81
Debit	5,603	7,050	11,297	8,591	8,902	9,207	9,449	9,784	9,730	9,851
Primary income (net)	-4,924	-5,784	-8,696	-8,590	-8,035	-8,487	-8,097	-7,773	-7,468	-7,502
Credit	536	355	177	582	605	629	655	680	708	735
Debit	5,460	6,139	8,873	9,171	8,640	9,116	8,752	8,453	8,176	8,237
Secondary income (net)	-63	-646	-1,097	-485	-512	-537	-561	-599	-634	-674
General Government	4	-11	-31	-17	-15	-14	-13	-11	-11	-10
Others	-71	-629	-1,059	-449	-497	-523	-548	-587	-623	-664
Of which: Personal transfers	-71	-23	-112	-116	-119	-126	-132	-141	-150	-160
Capital account	**1.2**	**2.0**	**-2.2**	**2.4**	**0.3**	**1.0**	**1.0**	**1.3**	**1.3**	**1.3**
Financial account (+ = outflows)	**2,382**	**5,376**	**7,839**	**3,851**	**3,188**	**1,691**	**755**	**-440**	**36**	**25**
Direct investment	1,957	3,298	6,640	2,119	1,772	1,315	1,043	1,005	968	565
Net acquisition of financial assets	91	-1,057	41	33	33	32	31	30	29	28
Net incurrence of liabilities	-1,866	-4,355	-6,599	-2,086	-1,738	-1,283	-1,013	-975	-939	-536
Portfolio investment	-1,640	35	-923	-33	-34	-36	-338	-441	-2,543	-3,046
Net acquisition of financial assets	-1,640	35	192	-33	-34	-36	-38	-41	-43	-46
Net incurrence of liabilities	0	0	1,114	0	0	0	300	400	2,500	3,000
Financial derivatives (net)	-20	19	4	0	0	0	0	0	0	0
Other investment	2,085	2,024	2,118	1,766	1,450	412	49	-1,004	1,610	2,506
Trade credits and advances	-512	1,073	2,254	-2,336	1,465	1,019	881	754	723	633
Currency and deposits	519	537	-163	-1,994	-2,449	-4,190	-3,496	-2,839	-1,321	80
Loans	2,096	1,772	-39	5,784	413	3,728	3,073	2,663	3,466	3,600
Of which: Central Government (net)	867	-537	107	881	-939	3,437	2,760	2,931	3,871	4,240
Others[1]	-18	-1,358	67	312	2,022	-145	-409	-1,583	-1,258	-1,807
Errors and omissions	**-3,071**	**-5,663**	**-3,046**	**298**	**0**	**0**	**0**	**0**	**0**	**0**
Overall balance	**-4,599**	**-2,618**	**875**	**659**	**645**	**862**	**1,099**	**870**	**852**	**657**
Financing	**4,599**	**2,618**	**-875**	**-659**	**-645**	**-862**	**-1,099**	**-870**	**-852**	**-657**
Change in gross reserves (- = increase)	2,819	-852	-881	-809	-408	-366	-386	-156	-136	-119
Repurchases/repayments to the Fund (- = increase)	...	...	...	-179	-237	-496	-714	-716	-538	-486
Exceptional financing	1,184	2,708	0	768	...	...	...	...	...	...
IMF	1,019	2,007	0	-179	...	...	...	...	...	...
Other IFIs	165	701	0	946	...	...	...	...	...	...
***Memorandum items*:**										
Current account (percent of GDP)	1.3	10.0	8.3	3.8	3.4	2.2	1.5	0.3	0.6	0.5
Goods and services balance (percent of GDP)	8.8	17.6	15.2	12.1	11.0	9.8	8.5	6.6	6.4	5.9
Trade balance (percent of GDP)	17.1	25.8	23.1	19.9	18.8	17.5	16.0	13.9	13.2	12.4
Capital and financial account (percent of GDP)	-4.9	8.4	6.8	5.0	4.0	2.9	2.4	1.0	1.2	0.9
Overall balance (percent of GDP)	-6.9	-3.1	0.6	0.6	0.6	0.7	0.9	0.7	0.6	0.4
Exports of goods, f.o.b. (percent change)	-39.7	60.4	49.0	-26.3	-0.1	0.1	-1.1	-2.2	0.1	0.6
Of which: Oil and gas exports (percent change)	-41.3	62.6	49.2	-27.0	-0.9	-2.0	-4.5	-4.3	-2.1	-2.0
Imports of goods, f.o.b. (percent change)	-32.4	23.6	46.4	-12.6	3.6	3.4	2.6	3.5	-0.6	1.2
Terms of trade (percent change)	-36.0	52.3	35.0	-19.7	-1.8	-5.8	-7.3	-5.0	-3.3	-3.4
Exports of goods, f.o.b. (share of GDP)	31.5	39.8	35.3	33.7	32.7	31.1	29.4	26.8	25.3	23.9
Imports of goods, f.o.b. (share of GDP)	14.3	14.0	12.2	13.8	13.9	13.6	13.4	12.9	12.1	11.5
Gross international reserves (excluding pledged repo securities)[2]										
Millions of U.S. dollars	10,978	14,375	14,661	14,727	15,135	15,501	15,887	16,043	16,179	16,298
Months of next year's imports	7.0	6.0	7.4	7.2	7.2	7.1	7.1	7.2	7.2	7.0
Percent of ARA metric (floating)	97.0	116.1	109.7	129.9	127.7	135.9	142.4	143.6	143.7	145.7
Percent of ARA metric (managed)	69.0	81.6	75.2	89.1	88.8	93.8	97.6	99.0	98.9	98.9
Gross international reserves (including pledged repo securities)[2]										
Millions of U.S. dollars	14,879	15,508	14,661	14,727	15,135	15,501	15,887	16,043	16,179	16,298

Sources: Angolan authorities; and IMF staff estimates and projections.

[1] Includes SDR allocation of about $1 billion in 2021.

[2] Consistent with the treatment by the BNA, Treasury's FX deposits at the BNA are excluded from the GIR starting 2022 (US$1.2 billion at the time of adjustment).

Table 4b. Angola: Balance of Payments, 2020–29

(Percent of GDP)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
				Prel.			Proj.			
Current account	**1.3**	**10.0**	**8.3**	**3.8**	**3.4**	**2.2**	**1.5**	**0.3**	**0.6**	**0.5**
Trade balance	17.1	25.8	23.1	19.9	18.8	17.5	16.0	13.9	13.2	12.4
Exports, f.o.b.	31.5	39.8	35.3	33.7	32.7	31.1	29.4	26.8	25.3	23.9
Crude oil	27.5	33.0	28.4	28.7	27.2	25.2	23.5	21.2	19.7	18.4
Gas and oil derivatives	1.9	4.7	5.1	3.0	3.3	3.2	2.4	2.0	1.6	1.3
Diamonds	1.6	1.8	1.4	1.4	1.5	1.4	1.4	1.4	1.4	1.3
Other	0.4	0.2	0.4	0.6	0.7	1.3	2.1	2.3	2.6	2.9
Imports, f.o.b	14.3	14.0	12.2	13.8	13.9	13.6	13.4	12.9	12.1	11.5
Services (net)	-8.3	-8.2	-7.9	-7.8	-7.8	-7.7	-7.6	-7.3	-6.8	-6.5
Credit	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Debit	8.4	8.4	8.0	7.8	7.9	7.8	7.6	7.4	6.9	6.6
Primary income (net)	-7.4	-6.9	-6.1	-7.8	-7.1	-7.2	-6.5	-5.8	-5.3	-5.0
Credit	0.8	0.4	0.1	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Debit	8.2	7.3	6.3	8.4	7.7	7.7	7.1	6.4	5.8	5.5
Secondary income (net)	-0.1	-0.8	-0.8	-0.4	-0.5	-0.5	-0.5	-0.5	-0.4	-0.4
General Government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.1	-0.7	-0.7	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4
Of which: Personal transfers	-0.1	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Capital account	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Financial account (+ = outflows)	**3.6**	**6.4**	**5.5**	**3.5**	**2.8**	**1.4**	**0.6**	**-0.3**	**0.0**	**0.0**
Direct investment	2.9	3.9	4.7	1.9	1.6	1.1	0.8	0.8	0.7	0.4
Net acquisition of financial assets	0.1	-1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	-2.8	-5.2	-4.6	-1.9	-1.5	-1.1	-0.8	-0.7	-0.7	-0.4
Portfolio investment	-2.5	0.0	-0.7	0.0	0.0	0.0	-0.3	-0.3	-1.8	-2.0
Net acquisition of financial assets	-2.5	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	0.0	0.0	0.8	0.0	0.0	0.0	0.2	0.3	1.8	2.0
Financial derivatives (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investment	3.1	2.4	1.5	1.6	1.3	0.3	0.0	-0.8	1.1	1.7
Trade credits and advances	-0.8	1.3	1.6	-2.1	1.3	0.9	0.7	0.6	0.5	0.4
Currency and deposits	0.8	0.6	-0.1	-1.8	-2.2	-3.5	-2.8	-2.1	-0.9	0.1
Loans	3.2	2.1	0.0	5.3	0.4	3.1	2.5	2.0	2.5	2.4
Of which: Central Government (net)	1.3	-0.6	0.1	0.8	-0.8	2.9	2.2	2.2	2.7	2.8
Others[1]	0.0	-1.6	0.0	0.3	1.8	-0.1	-0.3	-1.2	-0.9	-1.2
Errors and omissions	**-4.6**	**-6.7**	**-2.1**	**0.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Overall balance	**-6.9**	**-3.1**	**0.6**	**0.6**	**0.6**	**0.7**	**0.9**	**0.7**	**0.6**	**0.4**
Financing	**6.9**	**3.1**	**-0.6**	**-0.6**	**-0.6**	**-0.7**	**-0.9**	**-0.7**	**-0.6**	**-0.4**
Change in gross reserves (- = increase)	4.2	-1.0	-0.6	-0.7	-0.4	-0.3	-0.3	-0.1	-0.1	-0.1
Repurchases/repayments to the Fund (- = increase)	…	…	…	-0.2	-0.2	-0.4	-0.6	-0.5	-0.4	-0.3
Exceptional financing	1.8	3.2	0.0	767.5	…	…	…	…	…	…
IMF	1.5	2.4	0.0	-178.9	…	…	…	…	…	…
Other IFIs	0.2	0.8	0.0	946.4	…	…	…	…	…	…
***Memorandum items*:**										
Gross international reserves (excluding pledged repo securities)[2]	16.5	17.0	10.3	13.4	13.4	13.1	12.8	12.1	11.5	10.8
Gross international reserves (including pledged repo securities)[2]	22.4	18.4	10.3	13.4	13.4	13.1	12.8	12.1	11.5	10.8

Sources: Angolan authorities; and IMF staff estimates and projections.

[1] Includes SDR allocation of about $1 billion in 2021.

[2] Consistent with the treatment by the BNA, Treasury's FX deposits at the BNA are excluded from the GIR starting 2022 (US$1.2 billion at the time of adjustment).

Table 4c. Angola: Balance of Payments, 2020–29

Debt reprofiling recorded as exceptional financing
(Millions of U.S. dollars, unless otherwise indicated)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
				Prel.			Proj.			
Current account	**429**	**8,431**	**12,152**	**4,104**	**3,631**	**2,429**	**1,788**	**405**	**880**	**680**
Trade balance	11,394	21,787	32,771	21,800	21,213	20,711	19,886	18,508	18,640	18,628
Exports, f.o.b.	20,937	33,581	50,038	36,885	36,844	36,878	36,478	35,688	35,725	35,925
Crude oil	18,297	27,860	40,282	31,420	30,602	29,900	29,148	28,165	27,869	27,575
Gas and oil derivatives	1,288	3,978	7,217	3,251	3,772	3,774	3,005	2,615	2,261	1,962
Diamonds	1,070	1,550	1,946	1,572	1,635	1,701	1,770	1,842	1,916	1,973
Other	283	194	593	642	835	1,503	2,555	3,066	3,679	4,415
Imports, f.o.b	9,543	11,795	17,267	15,085	15,631	16,167	16,592	17,179	17,085	17,298
Services (net)	-5,536	-6,957	-11,215	-8,515	-8,833	-9,135	-9,375	-9,708	-9,651	-9,770
Credit	67	94	82	76	69	72	74	76	78	81
Debit	5,603	7,050	11,297	8,591	8,902	9,207	9,449	9,784	9,730	9,851
Primary income (net)	-5,367	-5,752	-8,307	-8,696	-8,236	-8,609	-8,162	-7,796	-7,475	-7,503
Credit	536	355	177	582	605	629	655	680	708	735
Debit	5,903	6,107	8,484	9,277	8,841	9,239	8,817	8,477	8,183	8,237
Secondary income (net)	-63	-646	-1,097	-485	-512	-537	-561	-599	-634	-674
General Government	4	-11	-31	-17	-15	-14	-13	-11	-11	-10
Others	-71	-629	-1,059	-449	-497	-523	-548	-587	-623	-664
Of which: Personal transfers	-71	-23	-112	-116	-119	-126	-132	-141	-150	-160
Capital account	**1**	**2**	**-2**	**2**	**0**	**1**	**1**	**1**	**1**	**1**
Financial account (+ = outflows)	**4,655**	**8,021**	**9,595**	**5,111**	**4,192**	**2,312**	**1,287**	**-151**	**141**	**31**
Direct investment	1,957	3,298	6,640	2,119	1,772	1,315	1,043	1,005	968	565
Net acquisition of financial assets	91	-1,057	41	33	33	32	31	30	29	28
Net incurrence of liabilities	-1,866	-4,355	-6,599	-2,086	-1,738	-1,283	-1,013	-975	-939	-536
Portfolio investment	-1,640	35	-923	-33	-34	-36	-338	-441	-2,543	-3,046
Net acquisition of financial assets	-1,640	35	192	-33	-34	-36	-38	-41	-43	-46
Net incurrence of liabilities	0	0	1,114	0	0	0	300	400	2,500	3,000
Financial derivatives (net)	-20	19	4	0	0	0	0	0	0	0
Other investment	4,339	4,689	3,878	3,026	2,455	1,033	582	-715	1,716	2,512
Trade credits and advances	-512	1,073	2,254	-2,336	1,465	1,019	881	754	723	633
Currency and deposits	519	537	-163	-1,994	-2,449	-4,190	-3,496	-2,839	-1,321	80
Loans	4,350	4,436	1,720	7,044	1,417	4,349	3,606	2,952	3,572	3,606
Of which: Central Government (net)	3,121	2,128	1,866	2,140	66	4,058	3,293	4,161	4,345	6
Others[1]	-18	-1,358	67	312	2,022	-145	-409	-1,583	-1,258	-1,807
Errors and omissions	**-3,071**	**-5,663**	**-3,046**	**298**	**0**	**0**	**0**	**0**	**0**	**0**
Overall balance	**-7,296**	**-5,251**	**-490**	**-1,004**	**-561**	**118**	**501**	**557**	**740**	**650**
Financing	**7,296**	**5,251**	**490**	**1,004**	**561**	**-118**	**-501**	**-557**	**-740**	**-650**
Change in gross reserves (- = increase)	2,819	-852	-881	-66	-408	-366	-386	-156	-136	-119
Repurchases/repayments to the Fund (- = increase)	...	...	...	-179	-237	-496	-713	-714	-716	-538
Exceptional financing	3,881	5,340	1,370	1,365	1,206	744	598	313	112	6
IMF	1,019	2,007	...	...	...	...	...	...	...	...
Other IFIs	165	701	...	...	...	...	...	...	...	...
Debt reprofiling	2,697	2,633	1,370	1,365	1,206	744	598	313	112	6
Foreign interest	443	-32	-389	106	201	123	65	23	7	0
Foreign amortization	2,254	2,665	1,759	1,260	1,005	621	533	289	105	6
***Memorandum items*:**										
Current account (percent of GDP)	0.6	10.0	8.6	3.7	3.2	2.1	1.5	0.3	0.7	0.6
Goods and services balance (percent of GDP)	8.8	17.6	15.2	12.1	11.3	10.6	9.6	8.0	8.2	8.1
Trade balance (percent of GDP)	17.1	25.8	23.1	19.9	18.8	17.5	16.0	13.9	13.2	12.4
Capital and financial account (percent of GDP)	2.8	10.5	7.4	5.4	4.3	2.7	1.9	0.5	0.7	0.5
Overall balance (percent of GDP)	-11.0	-6.2	-0.3	-0.9	-0.5	0.1	0.4	0.5	0.6	0.5
Exports of goods, f.o.b. (share of GDP)	31.5	39.8	35.3	33.7	32.7	31.1	29.4	26.8	25.3	23.9
Imports of goods, f.o.b. (share of GDP)	14.3	14.0	12.2	13.8	13.9	13.6	13.4	12.9	12.1	11.5
Gross international reserves (excluding pledged repo securities)[2]										
Millions of U.S. dollars	10,978	14,375	14,661	14,727	15,135	15,501	15,887	16,043	16,179	16,298
Months of next year's imports	7.0	6.0	7.4	7.2	7.2	7.1	7.1	7.2	7.2	7.0
Percent of ARA metric (floating)	97.0	116.1	109.7	129.9	127.7	135.9	142.4	143.6	143.7	145.7
Percent of ARA metric (managed)	69.0	81.6	75.2	89.1	88.8	93.8	97.6	99.0	98.9	98.9
Gross international reserves (including pledged repo securities)[2]										
Millions of U.S. dollars	14,879	15,508	14,661	14,727	15,135	15,501	15,887	16,043	16,179	16,298

Sources: Angolan authorities; and IMF staff estimates and projections.

[1] Includes SDR allocation of about $1 billion in 2021.

[2] Consistent with the treatment by the BNA, Treasury's FX deposits at the BNA are excluded from the GIR starting 2022 (US$1.2 billion at the time of adjustment).

Table 5. Angola: Public Debt, 2020–29

(Percent of GDP)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
				Prel.			Proj.			
Total public debt[1]	**119.1**	**74.3**	**56.1**	**73.9**	**58.5**	**52.1**	**45.3**	**40.0**	**36.7**	**35.1**
Short-term	4.2	1.9	0.9	1.3	0.6	0.6	0.7	0.7	0.6	0.4
Medium and long-term	115.0	72.4	55.2	72.6	57.0	51.6	44.6	39.2	36.1	34.6
Domestic	30.3	20.4	15.4	16.1	9.1	9.7	8.8	7.6	7.5	8.8
Short-term	4.0	1.8	0.9	1.2	0.5	0.6	0.7	0.6	0.6	0.4
Medium and long-term[2]	26.3	18.6	14.5	15.0	8.6	9.2	8.1	6.9	6.9	8.5
External[2]	88.9	53.9	40.7	57.8	48.6	42.5	36.5	32.4	29.2	26.2
Owed to: Commercial banks	57.8	35.3	26.6	37.9	32.3	29.1	26.3	24.3	22.7	21.3
Owed to: Official creditors	19.4	14.3	10.6	15.8	13.5	11.7	9.4	7.6	6.4	5.0
Owed to: Other private sector	11.7	4.3	3.5	4.1	2.7	1.8	0.9	0.4	0.1	-0.1
Short-term	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Medium and long-term	88.7	53.8	40.7	57.6	48.5	42.4	36.5	32.3	29.2	26.2
Of which: Sonangol	7.3	4.3	3.1	4.7	2.5	1.8	1.2	0.9	0.8	0.8
Of which: TAAG	0.3	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.0	0.0

Sources: Angolan authorities; and IMF staff estimates and projections.

[1] Includes debt of the Central Government, external debt of state oil company Sonangol and state airline company TAAG, and guaranteed

Table 6. Angola: Fiscal Financing Needs and Sources, 2023–29

(Billions of U.S. dollars, unless otherwise indicated)

	2023	2024	2025	2026	2027	2028	2029
			Proj.				
Financing Needs[1] (A)	**13.7**	**7.9**	**6.7**	**7.8**	**8.2**	**10.6**	**11.5**
Primary deficit	-3.9	-6.7	-7.1	-6.6	-6.0	-5.7	-4.4
Debt service	16.6	14.0	13.4	14.0	13.9	16.1	15.8
External debt service	9.5	6.7	10.0	9.4	9.2	10.4	10.7
Principal	5.8	3.4	6.1	5.7	5.6	7.0	7.2
Interest	3.7	3.3	3.9	3.7	3.5	3.4	3.5
Domestic debt service	7.1	7.3	3.4	4.6	4.7	5.7	5.1
Principal	4.8	5.4	1.6	2.5	3.0	3.7	3.0
Interest	2.3	1.9	1.8	2.1	1.7	2.0	2.2
Recapitalizations	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Net clearance of domestic arrears / accounts payable	0.6	0.3	0.3	0.2	0.2	0.2	0.0
Net clearance of external arrears / accounts payable	0.3	0.2	0.2	0.2	0.0	0.0	0.0
Financing Sources (B)	**13.0**	**7.9**	**6.7**	**7.8**	**8.2**	**10.6**	**11.5**
External debt disbursements	4.9	4.3	2.7	3.3	3.1	5.7	5.9
Domestic debt disbursements	4.9	2.2	2.6	3.0	3.5	5.0	5.7
Financing Gap (A-B)	**0.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Memorandum Items **:**							
Total usable cash balances[2]	0.7	1.4	1.9	2.2	2.5	2.8	3.0
Total usable cash balances (in months of expenditure)[3]	1.1	2.1	2.7	2.9	3.5	3.7	3.8
External debt rollover rate (in percent)[4]	52	65	27	35	34	54	55
Domestic debt rollover rate (in percent)[5]	74	35	82	68	76	89	112

Sources: Angolan authorities; and IMF staff estimates and projections.

[1] To be filled with new issuances. These financing needs may differ from the DSA's standardized GFN.

[2] Government deposits at the BNA, including valuation changes.

[3] Government deposits at the BNA, in months of wage and interest expenditure, including valuation changes.

[4] Ratio of disbursements (excl. program financing) to external debt service.

[5] Ratio of disbursements (excl. BNA advance, and government securities issued for recapitalizations and arrears clearance) to domestic debt service (excl. bonds issued to repay BNA advance).

Table 7. Angola: Financial Indicators, 2015–23 [1 2 3]

(Percent)

	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Jun-23	Dec-23
Capital adequacy										
Regulatory capital to risk-weighted assets	19.8	19.2	18.9	24.2	23.2	20.3	23.8	28.4	23.4	30.3
Capital (net worth) to risk-weighted assets	13.8	14.3	17.6	21.7	19.1	17.7	20.6	21.3	21.7	28.8
Asset quality										
Foreign exchange loans to total loans	30.8	29.5	25.1	28.1	31.6	30.3	21.7	20.0	28.7	26.4
Nonperforming loans to gross loans	11.6	13.1	28.8	28.3	32.4	18.4	20.3	14.4	13.6	15.9
Nonperforming loans net of provisions to capital	20	27.4	35.0	19.9	-28.4	-38.3	-32.9	-14.1	-23.8	-8.2
Sectoral distribution of credits										
Credit to public sector to total credit	29.4	8.7	10.9	11.6	9.7	10.2	9.1	8.1	10.4	12.3
Credit to private sector to total credit	42.1	91.3	89.1	88.5	90.3	89.8	90.9	91.9	89.6	87.7
Earnings and profitability										
Return on assets (ROA)	1.7	2.2	2.1	4.4	-1.3	-2.9	2.2	2.7	4.8	4.2
Return on equity (ROE)	12.9	15.6	14.5	26.6	-10.0	-29.8	26.7	22.1	33.0	30.4
Expense/income	99.8	99.7	99.8	99.6	109.8	121.5	81.3	76.3	68.2	66.3
Lending rate minus demand deposit rates	9.9	19.3	23.8	27.3	20.4	14.5	10.2	8.2	9.7	7.0
Saving deposit rates	3.5	4.8	9.7	4.5	8.3	11.4	10.8	10.0	14.0	5.8
Interest margin to gross income	53.01	63.1	72.3	43.2	44.9	168.3	91.0	73.2	45.9	57.7
Liquidity										
Liquid assets/total assets	39.7	46.3	33.8	22.2	26.6	30.1	35.8	30.9	31.3	35.6
Liquid assets/short term liabilities	50.6	59.2	43.2	28.6	32.6	35.8	43.6	38.9	38.3	44.4
Loan/deposits	59	51.6	49.3	44.2	42.0	32.7	35.9	34.4	35.1	35.5
Foreign exchange liabilities/total liabilities	0.0	34.4	33.5	46.1	53.0	54.2	45.5	36.3	45.5	40.5
Sensitivity to market risk										
Net open position in foreign exchange to capital [3 4]	34.37	42.9	46.1	36.5	2.1	32.6	39.6	17.2	…	…
NUMBER OF REPORTING BANKS [5 6]	**28**	**27**	**29**	**27**	**26**	**26**	**25**	**23**	**23**	**23**

Sources: Angolan authorities; and IMF staff estimates.

[1] This data is from from the Department of Supervision of Financial Institutions of Banco Nacional de Angola and differs from the IMF's Financial Soundness Indicators database.

[2] One bank, which is currently undergoing restructuring, reports deferred provisions (a regulatory forbearance measure) as "other assets". This accounting treatment results in overstated banking sector regulatory capital but does not affect NPLs. The deferred provisions are to be recognized over the next several years (by reducing the value of "other assets").

[3] At end-2023, banking sector's total assets amounted to 35 percent of GDP. There are 6 foreign banks, with total assets amounting to 12½ percent of system assets. One foreign bank is classified as systematically important with 6.4 percent of system assets. There are no foreign branches.

[4] Positive numbers indicate a long position in U.S. dollars.

[5] The figure for March and June 2023 was not provided during the authorities' latest data submission.

[6] At end-September 2022 there were 6 foreign banks in Angola with total assets amounting to 12.3 percent of system assets. During 2022Q3, a small bank voluntarily surrendered its license and another had its license revoked by the BNA.

Table 8. Angola: Indicators of IMF Credit, 2021–30

(Units as indicated)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
			Est.				Proj.			
Existing and prospective Fund arrangements, in SDR millions										
Disbursements	1,408.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stock of existing and prospective Fund credit	3,213.4	3,213.4	3,079.3	2,900.5	2,526.9	1,991.3	1,455.8	920.2	518.7	162.0
Obligations	49.3	91.9	326.9	387.6	579.2	709.1	666.3	625.9	464.4	399.4
Principal (repayment/repurchase)	0.0	0.0	134.1	178.8	373.6	535.6	535.6	535.6	401.5	356.7
Charges and interest	49.3	91.9	192.8	208.8	205.6	173.6	130.7	90.3	62.9	42.6
BASELINE SCENARIO										
Fund obligations, in percent of										
Quota	6.7	12.4	44.2	52.4	78.3	95.8	90.0	84.6	62.7	54.0
Gross domestic product	0.1	0.1	0.4	0.5	0.6	0.8	0.7	0.6	0.4	0.3
Export of goods and services	0.2	0.2	1.2	1.4	2.1	2.6	2.5	2.3	1.7	1.5
Gross international reserves	0.5	0.8	3.0	3.4	5.0	5.9	5.5	5.2	3.8	3.2
Government revenue	0.4	0.4	2.3	2.5	3.8	4.7	4.3	4.0	3.0	2.5
External debt service	1.4	1.7	4.6	7.7	7.7	10.0	9.7	8.0	5.8	5.8
Fund credit outstanding, in percent of										
Quota	434.2	434.2	416.1	391.9	341.4	269.1	196.7	124.3	70.1	21.9
Gross domestic product	5.3	3.0	3.8	3.4	2.8	2.1	1.5	0.9	0.5	0.1
Exports of goods and services	13.3	8.5	11.1	10.4	9.1	7.3	5.4	3.4	1.9	0.6
Gross international reserves	31.2	29.1	27.9	25.4	21.7	16.7	12.1	7.6	4.3	1.3
Government revenue	25.7	15.0	21.6	18.9	16.5	13.1	9.5	5.8	3.4	1.0
External debt	8.7	8.0	7.9	7.4	7.1	6.0	4.7	3.1	1.8	0.6
DOWNSIDE SCENARIO										
Fund obligations, in percent of										
Quota	6.7	12.4	44.2	52.4	78.3	95.8	90.0	84.6	62.7	54.0
Gross domestic product	0.1	0.1	0.4	0.5	0.9	0.9	0.8	0.7	0.4	0.3
Export of goods and services	0.2	0.2	1.2	2.2	3.3	3.7	2.9	2.7	2.0	1.7
Gross international reserves	0.5	0.8	3.0	4.3	6.8	8.8	7.9	7.3	5.2	4.2
Government revenue	0.4	0.4	2.3	3.5	5.8	6.6	5.3	4.7	3.5	2.4
External debt service	1.4	1.7	4.6	7.7	7.6	10.0	9.5	7.7	5.7	5.7
Fund credit outstanding, in percent of										
Quota	434.2	434.2	416.1	391.9	341.4	269.1	196.7	124.3	70.1	21.9
Gross domestic product	5.3	3.0	3.8	3.9	3.9	2.6	1.6	1.0	0.5	0.1
Exports of goods and services	13.3	8.5	11.1	16.6	14.3	10.5	6.4	4.0	2.2	0.7
Gross international reserves	31.2	29.1	27.9	32.4	29.8	24.8	17.3	10.8	5.8	1.7
Government revenue	25.7	15.0	21.6	26.4	25.5	18.4	11.5	6.9	3.9	1.0
External debt	8.7	8.0	7.9	7.4	7.1	6.0	4.4	2.9	1.7	0.5

Sources: Angolan authorities; and IMF staff projections.

Annex I. Global Risk Assessment Matrix (February 7, 2024)

Risks[1]	Likelihood	Potential Impact	Mitigation measures
Commodity price volatility. A succession of supply disruptions (e.g., due to conflicts, export restrictions, and OPEC+ decisions) and demand fluctuations causes recurrent commodity price volatility, external and fiscal pressures in EMDEs, cross-border spillovers, and social and economic instability.	High	High	As an oil-rich economy, lower than expected oil prices poses risks to the economy. Higher food prices could amplify the food insecurity in Angola and add to the already heightened fiscal and inflationary pressures. External and fiscal pressures in EMDE's also risk contagion to Angola, adversely affecting on the prospects of its market access. Mitigation measures include: (i) streamlining administrative procedures to attract investment to the oil sector, (ii) mobilizing additional non-oil fiscal revenues; (iii) compressing expenditure where possible to free up fiscal space for social spending on the most vulnerable; (iv) continuing active debt management operations to smooth medium-term external debt service; (v) allowing the exchange rate to act as a shock absorber where necessary to preserve external buffers; (vi) accelerating reforms to diversify the economy
Abrupt global slowdown. Global and idiosyncratic risk factors cause a synchronized sharp growth downturn, with recessions in some countries, adverse spillovers through trade and financial channels, and market fragmentation triggering sudden stops in EMDEs.	Medium	High	Measures include: (i) mobilizing additional non-oil fiscal revenues; (ii) compressing expenditure if necessary while preserving social spending on the most vulnerable; (iii) continuing active debt management operations to smooth medium-term external debt service; (iv) allowing the exchange rate to act as a shock absorber while maintaining tightening bias and managing inflation expectations, (v) accelerating reforms to diversify the economy.
Sovereign debt distress. Domino effects of higher global interest rates, a growth slowdown in AEs, and/or disorderly debt events in some EMDEs spillover to other highly indebted countries, resulting in capital outflows, an increase in risk premia, and loss of market access.	Medium	High	Measures include: (i) frontloading the fiscal adjustment while protecting social spending, (ii) adjusting the debt issuance plan with limiting reliance on international markets, (iii) raising additional financing from international financial institutions (IFIs) and the donor community.
Systemic financial instability. Sharp swings in real interest rates and risk premia, and asset repricing amid economic slowdowns and policy shifts trigger insolvencies in countries with weak banks or non-bank financial institutions, causing market dislocations and adverse cross-border spillovers.	Medium	High	Measures include: (i) accelerating reforms to strengthen resolution mechanism, (ii) allowing exchange rate flexibility while maintaining monetary policy tightening bias, (iii) if necessary, pursuing growth-friendly fiscal consolidation while protecting social spending and critical public investments, (iv) raising additional financing from international financial institutions (IFIs) and the donor community.
Extreme climate events. Extreme climate events driven by rising temperatures cause loss of human lives, severe damage to infrastructure, supply disruptions, lower growth, and financial instability.	Medium	Medium	Measures include: (i) advancing diversification reforms and structural policies to increase investments in the agriculture sector and boost its resilience, including in the areas of infrastructure, business environment, and human capital; (ii) scaling up the cash transfer programs (such as the Kwenda program) to cushion the most vulnerable from shocks.

Risks[1]	Likelihood	Potential Impact	Mitigation measures
Intensification of regional conflict(s). Escalation of Russia's war in Ukraine or other regional conflicts and resulting economic sanctions disrupt trade (e.g., energy, food, tourism, and/or critical supply chain components), remittances, FDI and financial flows, and payment systems, and lead to refugee flows.	**High**	**Low**	Measures include: (i) accelerating diversification efforts and structural reforms to increase investments in the agriculture sector (which is sensitive to fertilizer supply shocks), (ii) intensifying measures for developing infrastructure, business environment, and human capital, (iii) scaling up the cash transfer programs (such as the Kwenda program) to cushion the most vulnerable from shocks.
Social discontent. High inflation, real income loss, spillovers from conflicts (including migration), worsening inequality, and disputed elections cause social unrest and detrimental populist policies. This exacerbates imbalances, slows growth, and leads to policy uncertainty and market repricing.	**Medium**	**Medium**	Measures include: (i) engaging with key stakeholders (including civil society) to build support for fiscal consolidation and the SADC-supported national reforms process, (ii) enhancing targeted social policies and strengthen social safety nets, including Kwenda program, (iii) maintaining fiscal discipline, (iv) improving governance, transparency, and accountability and reduce corruption.

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly.
The conjunctural shocks and scenarios highlight risks that may materialize over a shorter horizon (between 12 to 18 months) given the current baseline. Structural risks are those that are likely to remain salient over a longer horizon.