INTERNATIONAL MONETARY FUND

IMF Country Report No. 25/269

ANGOLA

September 2025

POST-FINANCING ASSESSMENT DISCUSSIONS—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR ANGOLA

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

- A **Press Release** summarizing the views of the Executive Board as expressed during its September 3, 2025 consideration of the staff report that concluded the post-financing assessment discussions with Angola.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on September 3, 2025, following discussions that ended on May 13, 2025, 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 July 24, 2025.
- A **Statement by the Executive Director** for Angola.

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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Washington, D.C.

PRESS RELEASE

PR25/288

IMF Executive Board Concludes 2025 Post-Financing Assessment with Angola

FOR IMMEDIATE RELEASE

- *Angola's economic performance was strong in 2024, with real GDP growth reaching 4.4 percent. However, Angola faced a decline in oil revenues and tightening external financing conditions in the first half of 2025.*
- *Angola's capacity to repay remains adequate but subject to risks. The risks, however, have increased since last year.*
- *The authorities acknowledge the need for adjustment and remain committed to prudent debt management and implementing risk-mitigation measures to safeguard the trajectory towards macroeconomic stability and sustainable growth.*

Washington, DC – September 3, 2025: The Executive Board of the International Monetary Fund concluded the Post-Financing Assessment (PFA) with Angola.[1] The authorities have consented to the publication of the Staff Report prepared for this consultation.[2]

Angola's economic performance was strong in 2024, with real GDP growth reaching 4.4 percent, exceeding expectations. Growth was driven by both robust oil production and revitalized non-oil sector activities. The current account surplus rose to 5.4 percent of GDP, and gross international reserves increased to $15.8 billion (equivalent to 7.7 months of import cover), largely due to a rebound in oil exports and reduced imports. Inflation, though still high at 19.5 percent in July 2025, has decreased from its peak of 31.1 percent in July 2024 and is projected to continue declining gradually over the medium term. The public debt-to-GDP ratio fell to 60 percent in 2024, supported by higher nominal GDP growth and sustained fiscal primary surpluses.

However, Angola faced a decline in oil revenues and tightening external financial conditions in the first half of 2025. Fiscal position has deteriorated, reflecting lower oil prices and oil production challenges, with the overall fiscal deficit projected to widen to 2.8 percent of GDP in 2025 from 1.0 percent in 2024. Near-term financing pressures remain elevated due to sizable maturing external debt.

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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] Under the IMF's Articles of Agreement, publication of documents that pertain to member countries is voluntary and requires the member consent. The staff report will be shortly published on the https://www.imf.org/en/Countries/AGO page.

Growth is expected to decelerate in the near term, due to external headwinds, but is projected to recover to around 3 percent over the medium term, supported by ongoing structural reforms and the authorities' diversification efforts. The authorities acknowledge the need for adjustment and remain committed to prudent debt management implementing risk-mitigation measures to safeguard the trajectory towards macroeconomic stability and sustainable growth.

Angola's capacity to repay is assessed as adequate but subject to risks, and risks have increased since last year. In an adverse scenario characterized by persistent oil production challenges and rising oil price pressures, repayment indicators would weaken, further elevating risks to repayment capacity.

Executive Board Assessment[3]

Executive Directors agreed with the thrust of the staff appraisal. They welcomed Angola's stronger than expected economic performance in 2024 with strong growth and inflation deceleration, supported by a rebound in the oil sector and revitalized non-oil growth. However, Directors noted that vulnerabilities have recently intensified, driven by oil price declines and challenges in domestic oil production. They urged the authorities to pursue prudent macroeconomic policies and sustained reform efforts to address these challenges, and supported continued engagement with the Fund.

Directors concurred that Angola's capacity to repay the Fund remains adequate but subject to risks. They noted that risks, however, have increased from last year due to sizable external debt service, increased volatility in oil prices, and weaker outlook for fiscal and external balances. They emphasized that prompt and credible policy adjustments are needed to mitigate emerging risks, safeguard macroeconomic stability, and strengthen debt sustainability, and they welcomed the authorities' readiness to adjust policies in this regard.

Given declining oil revenues, Directors highlighted the need to rationalize expenditures to preserve fiscal space and contain borrowing. Noting the delay to 2028, they emphasized the importance of advancing the fuel subsidy reform, accompanied by measures to protect the most vulnerable and a strong communication strategy. Directors welcomed progress in non-oil revenue mobilization and encouraged intensified efforts in this area consistent with IMF technical assistance. They underscored the need to accelerate Public Financial Management reforms to enhance fiscal transparency, prevent arrears accumulation, and improve spending efficiency.

Directors encouraged continued efforts to smooth debt repayments and manage debt prudently, including by prioritizing low-cost financing options. They cautioned against excessive reliance on short-term, costly financing and emphasized the importance of mobilizing donor financing for development spending.

Directors agreed on the need for the exchange rate to serve as a key shock absorber, with limited rules-based foreign exchange interventions, to facilitate fiscal adjustments to oil shocks

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[3] At the conclusion of the discussion, the Managing Director, as Chair of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: http://www.IMF.org/external/np/sec/misc/qualifiers.htm.

and preserve external buffers. They emphasized the importance of avoiding premature monetary policy easing to sustain disinflation and anchor inflation expectations, and welcomed the Banco Nacional de Angola (BNA)'s efforts to improve monetary policy effectiveness. They encouraged the BNA to continue close supervision of systemic risks, including the sovereign-bank nexus, and to strengthen the financial stability framework to enhance safety nets and support credit intermediation. In that context, Directors looked forward to the completion of the 2025 Financial System Assessment Program. Strengthening the AML/CFT framework and exiting the FATF grey list remain important.

Directors noted the importance of improving the business climate and governance frameworks to achieve more diversified, export-oriented and resilient growth. They emphasized the role of horizontal policies, focusing on market-friendly measures, as part of the implementation of the National Development Plan and the African Union's agenda.

Angola: Selected Economic Indicators, 2024–26

	2024	2025	2026
		Proj.	
Real economy (percent change, except where otherwise indicated)			
Real gross domestic product	4.4	2.1	2.1
Oil sector	2.8	-2.0	0.0
Non-oil sector	4.7	2.9	2.5
Nominal gross domestic product (GDP)	30.1	23.1	21.6
Oil sector	26.1	4.8	18.8
Non-oil sector	31.1	27.6	22.2
GDP deflator	24.6	20.5	19.1
Non-oil GDP deflator	25.2	24.0	19.2
Consumer prices (annual average)	28.2	21.6	16.3
Consumer prices (end of period)	27.5	20.0	13.4
Central government (percent of GDP)			
Total revenue	17.4	15.6	15.4
Of which: Oil-related	10.4	8.6	8.4
Of which: Non-oil tax	6.2	6.1	6.1
Total expenditure	18.4	18.3	18.4
Current expenditure	14.8	13.3	13.5
Capital spending	3.6	5.0	4.9
Overall fiscal balance	-1.0	-2.8	-3.0
Non-oil primary fiscal balance	-6.1	-6.8	-6.6
Money and credit (end of period, percent change)			
Broad money (M2)	5.0	23.1	21.6
Percent of GDP	16.4	16.4	16.4
Velocity (GDP/M2)	6.1	6.1	6.1
Velocity (non-oil GDP/M2)	4.9	5.1	5.1
Credit to the private sector (annual percent change)	25.4	19.6	13.1
Balance of payments			
Trade balance (percent of GDP)	19.6	14.6	14.4
Exports of goods, f.o.b. (percent of GDP)	31.9	28.0	28.2
Of which: Oil and gas exports (percent of GDP)	29.9	25.6	25.4
Imports of goods, f.o.b. (percent of GDP)	12.3	13.4	13.8
Terms of trade (percent change)	-2.2	-12.9	-6.3
Current account balance (percent of GDP)	5.4	0.9	0.5
Gross international reserves (end of period, millions of U.S. dollars)	15,768	14,268	12,668
Gross international reserves (months of next year's imports)	7.7	7.1	6.2
Exchange rate			
Official exchange rate (average, kwanzas per U.S. dollar)	870	...	...
Official exchange rate (end of period, kwanzas per U.S. dollar)	924	...	...
Public debt (percent of GDP)			
Public sector debt (gross)[1]	59.9	62.4	63.2
Of which: Central Government debt	57.6	58.7	59.4
Oil			
Oil production (millions of barrels per day)	1.10	1.08	1.08
Oil and gas exports (billions of U.S. dollars)	34.5	29.4	27.9
Angola oil price (average, U.S. dollars per barrel)	78.5	66.6	62.2
Brent oil price (average, U.S. dollars per barrel)	79.9	67.7	63.3

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

POST-FINANCING ASSESSMENT DISCUSSIONS

July 24, 2025

EXECUTIVE SUMMARY

Context. Angola's economic performance was strong in 2024: higher than anticipated growth, fiscal revenue, current account surplus, and lower than anticipated inflation and public debt. However, Angola has been hit by volatility in oil prices and sovereign spreads, and weaknesses in oil production in the first half of 2025, amplifying the impact of those shocks. The authorities are prepared to adjust as needed while pursuing medium-term economic growth agenda envisaged in the National Development Plan (NDP) and the African Union (AU)'s Agenda 2063.

Policies. Navigating infrastructure financing, servicing sizable external debt, and maintaining the path towards macroeconomic stability are key short-term challenges. Given the volatility in oil prices, oil production, and sovereign spreads, advancing reform efforts on all fronts will be important.

- To limit borrowing needs for current spending, rationalizing expenditures is most critical. Continuing with the fuel subsidy reform while protecting the most vulnerable is warranted given the size of fiscal space that it can free up. Prioritizing low-cost financing and exercising caution against collateralized debt instruments would help Angola preserve much needed fiscal space in the medium term. Accelerating the privatization agenda could help meet near-term financing needs, and mobilizing domestic non-oil revenue is essential to finance growth in the medium term.

- Greater exchange rate flexibility in response to external pressures, and a tight monetary policy stance to contain inflationary pressures, are needed to support macroeconomic adjustment. Strengthening the financial stability framework and enhancing financial intermediation remains a priority.

- The authorities are prioritizing import substitution measures to promote non-oil growth. Broad horizontal policies focusing on governance, streamlining business regulations and liberalizing the economy would be necessary to yield the highest potential gains over the medium to long term.

Capacity to Repay. Angola's capacity to repay is assessed to remain adequate but subject to risks. The risks, however, have increased from last year. Under an adverse scenario of continued oil production challenges and intensified oil price pressures, repayment indicators would weaken, further increasing risks to capacity to repay.

Approved By
Vitaliy Kramarenko and Stefania Fabrizio

Discussions were held in Luanda during May 6–13, 2025. The staff team comprised Ms. Saito (head), Mr. Zedginidze, Ms. Wang, Mr. Duarte Lledo (resident representative) (all AFR), and Mr. Miguel (local economist). Ms. Sarmento (OEDAS) participated in the discussions. The team met Minister of State for Economic Coordination, José de Lima Massano, Minister of Finance Vera Esperança dos Santos Daves de Sousa, Central Bank Governor Manuel António Tiago Dias, and other senior officials, as well as private sector representatives. Ms. Avila-Yiptong provided research support and Ms. Tawiah managed the document production.

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ANNEXES

CONTEXT

1. The 2024 outturn was stronger than anticipated at the time of the 2024 Article IV Consultation (A4) in February 2025. Angola ended 2024 with higher than anticipated growth, fiscal revenue, and current account surplus, while inflation and public debt continued to decline.

2. Angola was, however, hit by volatility in oil prices, oil production, and sovereign spreads in the first half of 2025, making pursuing medium-term growth agenda more challenging. The projected fall in oil prices makes financing of the budget difficult, and limited external borrowing makes fiscal adjustment (as opposed to financing) inevitable. Moreover, weaknesses in oil production could potentially amplify the size of needed adjustment. The authorities indicate readiness to adjust to ensure the current trajectory towards macroeconomic stability, but with some delays relative to the path anticipated in the A4. At the same time, the authorities are committed to pursuing the medium-term economic growth agenda envisaged in the NDP and the AU's Agenda 2063.[1]

3. This report assesses Angola's capacity to repay the International Monetary Fund (IMF), emerging risks to Angola's medium-term viability, and policy advice to help safeguard repayment capacity. The IMF provided financial support (SDR 3.2 billion) to Angola under the 2018–21 Extended Fund Facility (EFF) arrangement. The Fund-supported program aimed to restore external and fiscal sustainability, enhance governance, and support economic diversification. With outstanding credit to the IMF amounting to SDR 2.9 billion (392 percent of quota) at end-December 2024—exceeding both the SDR 1.5 billion and 200 percent of quota thresholds—the Post-Financing Assessment (PFA) mission was conducted.

RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

4. The 2024 outturn was stronger than anticipated (Table 1).

- **Growth** gained momentum in 2024. Real GDP growth reached 4.4 percent, exceeding the 3.8 percent expected during A4 and marking a sizable recovery from just 1.3 percent in 2023. The rebound was driven by both stronger oil production and a pickup in non-oil sector activity (Text Figure 1). Preliminary data for Q1 2025 indicate that overall growth remained resilient at 3.5 percent, while oil production contracted by 7.8 percent year-on-year during January–April.

- **Inflation** has continued to ease from its peak in July 2024, though it remains elevated at 22.3 percent in April 2025 driven by price increases in food and nonalcoholic beverages.[2]

[1] Angola has taken over the African Union Presidency since February 2025 and has placed infrastructure financing at the heart of the continental agenda.

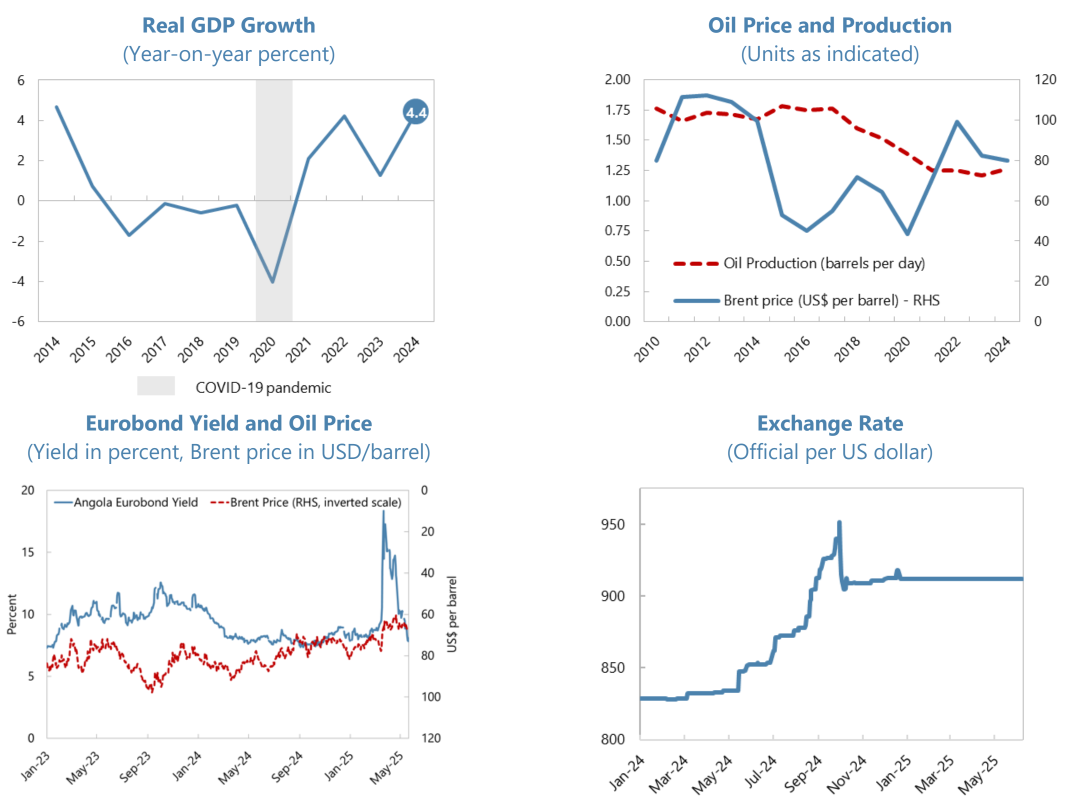
[2] Sustained inflation in part reflects continued pressures from the impact of import substitution measures on food prices.

- **The current account surplus** reached 5.4 percent of GDP in 2024, 1.3 percentage points (ppts) higher than 4.1 percent of GDP projected in A4, largely due to (i) a rebound of oil exports from 2023 and (ii) import contraction reflecting the real exchange rate depreciation (the kwanza depreciated by 11 percent against the U.S. dollar in 2024) and stricter import licensing requirements.

- **Gross international reserves** (GIR) ended at $15.8 billion (7.7 months of import cover), as opposed to $15.2 billion (7.3 months of import cover) projected in A4, supported by limited FX interventions by the Banco Nacional de Angola (BNA).

- **External financing conditions**, however, tightened since 2024 amid renewed headwinds. Sovereign bond (Eurobond) yields spiked above 15 percent in April 2025, well above its prior 5–10 percent range, reflecting heightened market volatility amid downward pressures on oil prices.

Text Figure 1. Angola: Macroeconomic Outturn, 2010–25



Sources: Banco Nacional de Angola (BNA); Bloomberg L.P.; Haver Analytics; Instituto Nacional de Estatísticas (INE); World Economic Outlook; and IMF staff calculations.

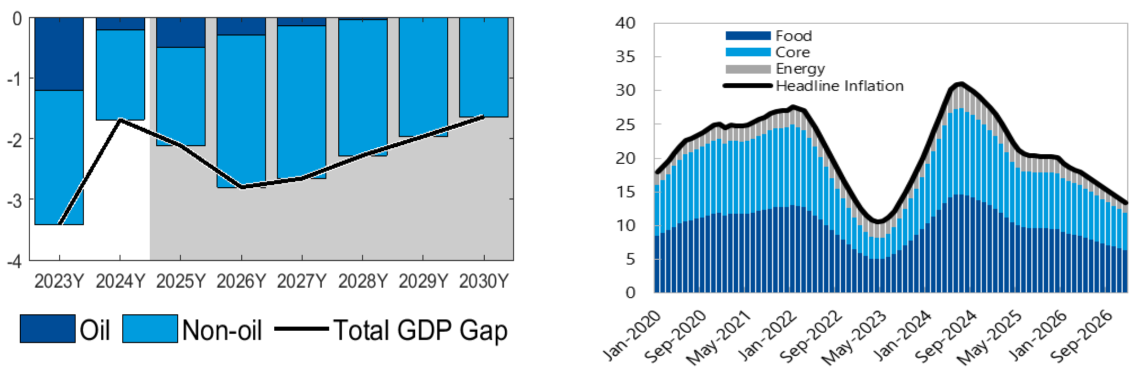
5. The outlook has been revised to reflect the 2024 outturn and volatility in oil prices, oil production, and sovereign spreads in the first half of 2025.

- **Real GDP growth projections have been revised down.** Under the baseline, growth in the near term is projected to slow to 2.1 percent in 2025 and 2026, respectively (down from 3.0 percent and 3.2 percent projected in A4) mainly due to a downward revision in oil GDP. Lower oil exports are expected to reduce private sector income and public revenues, widening the fiscal deficit, and intensifying crowding-out pressures on private sector activity. Tighter external financing conditions exert pressure on the exchange rates and domestic interest rates, amplifying the slowdown. Negative spillovers are expected to be cautioned from sustained momentum in non-oil growth from 2024. The output gap is projected to widen in the near term before gradually narrowing over the medium term (Text Figure 2). Medium-term growth is projected at 3.1 percent, contingent on diversification efforts.

- **Inflation is projected to gradually decline as supply-side shocks fade.** Continued food price pressures and recent energy price increases—driven by the fuel subsidy removal—are expected to be transitory. With demand remaining relatively weak, CPI inflation is expected to progressively align with the BNA's target of single-digit inflation rate over the medium term (Text Figure 2). Possible trade disruptions, premature easing of monetary policy, and exchange rate pressures continue to pose risks to inflation (Annex II).

Text Figure 2. Angola: Growth and Inflation Forecast, 2020–30

Real GDP Gap Estimate (Percentage point) | **Annual Inflation: Contributions** (Contributions to year-on-year growth)



Source: IMF staff calculations.

Authorities' Views

6. The authorities remained more optimistic regarding the growth outlook. They acknowledged the significant uncertainty surrounding the external environment and oil sector outlook and concurred on the need for mitigation measures supported by structural reforms to spur non-oil growth. However, the authorities remained more optimistic on oil production and overall growth, noting efforts to stimulate activity through import substitution measures, and highlighting the potential for agriculture, forestry, fisheries, manufacturing, and trade in services to drive non-oil growth despite external headwinds. They also expected disinflation to continue and reiterated their commitment to bringing down inflation while fostering growth.

POLICY DISCUSSIONS

Policy discussions centered on forward-looking risks related to public finances, external flows, inflation, and growth, as well as mitigation measures to address external headwinds.

A. Fiscal Policy

Background

7. The fiscal deficit ended 2024 at 1.0 percent of GDP as projected in A4, though the non-oil primary deficit slipped by 0.4 ppts of GDP relative to the level anticipated in A4. Stronger growth and higher oil production supported better-than-expected performance in both oil and non-oil tax revenues (Tables 2a and 2b; and Figure 1). Current spending, however, exceeded projections by larger margins than non-oil revenue gains, resulting in non-oil primary deficit at 6.1 percent of GDP as opposed to 5.7 percent projected in A4.

8. The fiscal outlook has been revised to reflect the 2024 outturn and lower oil revenues in the near term. The baseline forecast envisages widening of the overall deficit to 2.8 percent of GDP in 2025, 1.5 ppts of GDP higher than projected in A4, and reaching 3.0 percent of GDP in 2026—primarily driven by a decline in oil revenues, an increase in capital expenditures, and a delay in fuel subsidy reform implementation (paragraph 9).

9. The revision also reflects a delay in the fuel subsidy reform in the first half of 2025.

- Amid the increasingly contentious political environment and social tension, the anticipated completion of the fuel subsidy reform under the current baseline has been postponed from end-2025 (as assumed at the time of A4) to 2028.

- Savings from the fuel subsidy reform in 2025 (relative to 2024) are estimated at 1.4 ppts of GDP in the baseline as opposed to 1.7 percent in A4 for two reasons.[3] First, in the first half of 2025, the authorities reduced subsidies on diesel from 70 percent to 56 percent of the reference price; estimated savings are approximately 0.3 percent of GDP. With assumed subsequent measures in the remaining of the year, staff baseline assumes fuel subsidy reductions of about 0.7 percent of GDP for the full year in 2025. Second, starting from 2025, fuel subsidies reported in the fiscal framework are recorded on a net basis to account for Sonangol's (state-owned enterprise) oil tax receivables that are used to cover the cost of fuel subsidies.[4]

[3] Fuel subsidy expenditure is estimated to fall from 2.7 percent of GDP in 2024 to 1.3 percent of GDP in 2025, Text Table 1.

[4] The source of financing of the fuel subsidies is recorded as "account payable to Sonangol (net)" below the line (Tables 2a and 2b) as the government does not raise FX cash to execute fuel subsidies. According to the 2014 Government Finance Statistics Manual (GFSM), tax revenue from Sonangol should be recorded under revenue and fuel subsidies under subsidies and both on a gross and accrual basis. The central government, however, records revenue on cash basis while keeping track of account receivable from / payable to Sonangol. The stock of account payable to Sonangol (net) is being verified.

10. The authorities plan to close about half of the emerging fiscal financing gap in 2025 with a spending freeze and the rest with additional external financing. The authorities plan to freeze spending by about 0.6 ppt of GDP in 2025 to contain the fiscal deficit to 2.2 percent of GDP and secure additional financing of about 0.9 ppts of GDP (Text Table 1; and Table 6). The spending freeze would include (i) capital projects with low execution rates; (ii) non-essential goods and services; and (iii) further restraining subsidy payables. Sustained primary surpluses and somewhat resilient GDP growth are expected to keep the debt-to-GDP ratio broadly stable over the medium term. The debt-to-GDP ratio, however, is now projected to reach 60 percent—the Fiscal Sustainability Law (FSL)'s medium-term target—in 2030 instead of 2027 as projected in A4 (Table 5).

Text Table 1. Fiscal Framework Revisions 2024–27
(Percent of GDP)

	2024		2025			2026		2027	
	AIV[1]	Prel.	AIV[1]	Proj.	Authorities' Proposed Measures	AIV[1]	Proj.	AIV[1]	Proj.
Revenue	16.6	17.4	16.0	15.6	15.6	15.8	15.4	15.3	15.1
Oil Taxes	10.0	10.4	9.7	8.6	8.6	9.5	8.4	8.9	8.1
Non-Oil[2]	6.6	7.0	6.3	6.9	6.9	6.3	7.0	6.4	7.0
Expenditure	17.6	18.4	17.3	18.3	17.8	17.7	18.4	17.4	18.1
Wages	3.0	3.2	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Goods and Services	2.4	2.9	3.5	3.1	2.9	3.5	3.1	3.5	3.1
Interest Payments	5.0	4.9	3.5	4.4	4.4	4.0	4.6	3.9	4.5
Transfers and Subsidies	3.7	3.8	1.9	2.3	2.2	1.9	2.3	1.8	2.2
o/w Fuel Subsidies	2.8	2.7	1.1	1.3	1.1	1.1	1.3	1.1	1.3
Capital Spending	3.6	3.6	4.9	5.0	4.8	4.9	4.9	4.7	4.7
Overall Fiscal Balance	-1.0	-1.0	-1.3	-2.8	-2.2	-1.9	-3.0	-2.1	-2.9
Primary Fiscal Balance	4.0	3.9	2.2	1.6	2.2	2.1	1.6	1.8	1.6
Non-Oil Primary Fiscal Balance	-5.7	-6.1	-7.2	-6.8	-6.5	-7.1	-6.6	-6.7	-6.3
Unidentified Financing	...	...	...	1.4	0.8	...	1.7	...	1.5
Brent Price (US$ per barrel)	80.0	79.9	71.4	67.7	67.7	69.7	63.3	68.9	63.7

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

[1] Angola – Staff Report for the 2024 Article IV Consultation (IMF Country Report 25/62).

[2] Non-oil revenue refers to non-oil tax revenues, social contributions, grants, and other non-oil revenues.

11. Domestic revenue mobilization efforts are progressing though the authorities are not counting on the impact on tax yields until 2027. A draft law to reform the corporate income tax (CIT) has already been submitted to the Parliament, while a draft personal income tax (PIT) law is under public consultation and expected to be submitted to Parliament later in the year.[5] Efforts to broaden the tax base by reducing informality and advance property tax implementation are progressing gradually.

[5] While attempting to unify and simplify the PIT and CIT, these bills do not reflect some key outstanding recommendations by the 2023 IMF Technical Assistance (TA) on Income Tax Modernization that were underpinned by fair and sound tax policy principles. More analyses are also needed to assess the impact of these changes on tax revenue in the medium term.

12. Fiscal reforms in some areas have built momentum since A4 but slower than anticipated.[6] The authorities are taking concrete steps to strengthen fiscal transparency. They plan to begin publishing quarterly fiscal reports under the 2014 GFSM starting in August 2025, to support the public monitoring of spending, including enforcement of the planned spending freeze. However, efforts to meet standards for Extractive Industry Transparency Initiative (EITI) membership will need to be stepped up.[7] With IMF TA, the authorities are strengthening the quantification, reporting, and management of fiscal risks.[8] The authorities are also enhancing medium-term fiscal planning and considering revisions to the Organic Budget Law and the FSL to better align them with international best practices.[9] The five-year mandated review of the FSL, scheduled for Fall 2025, presents an opportunity to reaffirm and strengthen fiscal anchors, but also carries the risk of potential loosening and weakening their effectiveness. The authorities plan to finalize an action plan to advance the implementation of PFM reform.

13. Near-term financing pressures remain high due to sizeable maturing external debt and rising borrowing costs, making fiscal adjustment unavoidable in the near term. External debt service due in 2025 is projected to amount to US$10.5 billion (9.1 percent of GDP). Given that this amount is equivalent to oil tax revenue (8.6 percent of GDP), any deviations in oil prices or oil production from the baseline would require additional external borrowing (or otherwise, there would be pressure on the exchange rate). At the current level of sovereign spreads, more borrowing could further exacerbate pressures on the government's liquidity position and erode much needed fiscal space in the near to medium term.[10] The authorities' 2025 financing strategy includes borrowing from multilateral and commercial creditors, while part of the external debt service is expected to be financed through issuance in the domestic debt market (either local or foreign currency denominated debt).[11] Long-term yields on Kwanza-denominated debt have begun to ease alongside declining inflation, but remain elevated, and the market's capacity to absorb rapid issuances remains uncertain.

[6] See 2024 Article IV Selected Issues Paper "Governance and the Fight Against Corruption in Angola: Quid Vales? Quo Vadis?" for a progress review and summary of recommendations.

[7] Angola joined the EITI in June 2022. Angola's first validation process started in October 2024 and was concluded in June 2025. The country scored low in implementation of EITI standards and must address 25 corrective actions before the next Validation in April 2028, with a progress review scheduled within 18 months. Key concerns include: (i) limited public access to data on oil-backed loans, beneficial ownership, and in-kind revenues; and (ii) legislative constraints affecting civil society engagement and taxpayer confidentiality.

[8] Progress will be reflected in a fiscal risk statement to be published as an annex to the draft 2026 budget in October 2025.

[9] With IMF TA, authorities identified gaps in the legal framework that will need to be closed by legal revisions.

[10] Following the turbulence in oil markets after April 2 tariff announcement, the increase in sovereign spreads has led to a margin call of US$200 million due to the market repricing of collateral under the Total Return Swap (TRS) facility. Under the 2024 Article IV Debt Sustainability Analysis, Angola's risk of public debt distress was assessed as high.

[11] Multilateral borrowing includes committed project loans of US$4 billion. Commercial borrowing largely refers to private loans from major international institutions.

Policy Discussions

14. Rationalizing expenditure and containing borrowing for current spending is critical to conserve borrowing space for development spending. A potential fiscal financing gap of 1.5–2.0 percent of GDP annually is projected for 2025–27. An upfront fiscal adjustment, combined with the mobilization of low-cost donor financing starting in 2025 and supported by greater exchange rate flexibility to buffer the oil revenue volatility, will be critical to cement the hard-won trajectory towards macroeconomic stability and sustainable growth. The authorities' planned expenditure freeze is welcome. Staff recommends proceeding with the implementation of spending freeze promptly, considering the volatility in oil prices, oil production, and sovereign spreads.

15. Staff cautioned about two potentially unsustainable financing options. Debt management should prioritize low-cost financing, mobilize donor support, and, where feasible and beneficial, smooth debt service to help preserve external buffers and support debt sustainability. Potential costly financing options are either excessive domestic borrowing relative to the baseline, costly short-term external debt, or the combination of the two.

- ***Excessive domestic debt***. While an ordinary expansion of domestic debt will help diversify financing sources away from external debt, excessive reliance on domestic financing risks further increasing banks' sovereign exposure. This could result in some combination of a depreciation-inflation spiral and crowding out of private sector credit depending on BNA's monetary policy response. Efforts to develop local currency debt markets should continue to broaden the investor base, reduce foreign currency exposure, and provide diversified financing over the medium term.

- ***Costly short-term external debt***. Resorting to costly short-term debt—often collateralized with complex terms that may carry implicit costs and contingent liability risks—risks accumulating onerous debt service, potentially undermining investor confidence, and ultimately delaying market access on more favorable terms.

16. Advancing fiscal reforms would support the adjustment and reduce fiscal pressures. Fuel subsidy reform should continue, supported by appropriate communication strategies and targeted measures to protect the most vulnerable. In parallel, with ongoing efforts to strengthen domestic revenue mobilization, accelerating PFM reforms will be critical to strengthen fiscal transparency, limit arrears accumulation, and improve spending efficiency. Reaffirmed commitment to a clear and prudent debt limit under the revised FSL would help anchor the medium-term fiscal framework, preserve fiscal space, and strengthen investor confidence.

17. The authorities acknowledged the need for fiscal adjustment and reiterated their commitment to implementing mitigation measures. They highlighted their near-term contingency plan to respond to oil price volatility, which includes current and capital expenditure freeze as permitted under the Budget Law. The authorities noted that the fiscal measures would need to be carefully calibrated and adjusted as the depth of the financing shortfall becomes clearer. They also reiterated their commitment to preserve their fiscal anchor and operational rule under the forthcoming revised FSL and to maintain prudent fiscal policies over the medium term. The authorities also reaffirmed their commitment to fiscal structural reforms, including efforts to strengthen domestic revenue mobilization over the medium term, noting their ongoing work to introduce PIT and CIT tax codes and broaden the tax base. They also reiterated the need to maintain capital spending in the medium term to close infrastructure gaps. On external financing, the authorities expressed confidence that ongoing public debt management efforts would yield sufficient gains to mitigate near-term liquidity risks and achieve progress toward regaining market access over the medium term.

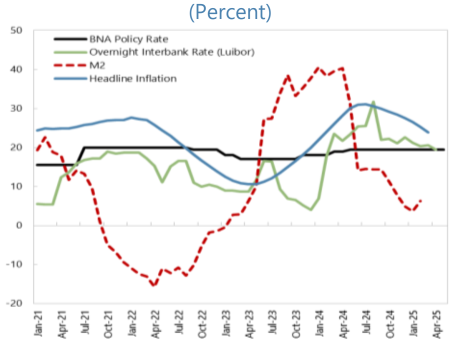
B. Monetary and Financial Sector Policies

Background

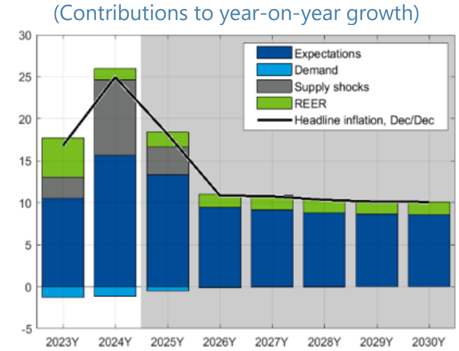
18. The BNA has maintained tight monetary policy, supported by improved policy transmission, while inflation continued to ease from its peak (Table 3; and paragraph 4). Based on expected 12-month-ahead inflation, staff assesses the current monetary policy stance—defined in a forward-looking manner—as mildly tight.[12] The increase in interbank rates in 2024 (Text Figure 3) was a critical step towards aligning market rates with the policy rate and addressing the secondary effects of the inflationary shock, particularly as the country continues to grapple with external and domestic price pressures. However, robust disinflation has yet to be achieved and remains at risk with emerging exchange rate pressures and trade disruptions.

Text Figure 3. Angola: Monetary and Real Sector Indicators, 2021–30

Key Interest Rates and Money Growth
(Percent)



Estimates for Key Inflation Contributing Factors
(Contributions to year-on-year growth)



Sources: Banco Nacional de Angola; Angolan authorities; and IMF staff calculations.

19. While the financial system has demonstrated some degree of resilience (Figure 2), progress on financial sector reforms remains slow. At a system level, liquidity and capital buffers are above minimum regulatory requirements. However, buffers are not evenly distributed across institutions, and some financial system soundness indicators have worsened over the recent years, such as NPLs and capital adequacy (Table 7). Further efforts are needed to fully operationalize the financial safety net. A longstanding problem bank remains unresolved—despite signals in February

[12] The short-term real neutral rate is assessed at 2.5–3.5 percent, while current real policy rate is estimated at 3.5– 4.5 percent.

2025 that resolution measures were under consideration, no concrete steps have yet been taken. Limited progress has been reported on financial sector reforms to improve financial intermediation. Further clarity on the resilience of the financial system will be provided through the ongoing Financial Sector Assessment Program (FSAP), which will examine financial stability and financial safety net in greater depth.

20. On Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) deficiencies, steps are being taken towards exiting from the Financial Action Task Force (FATF) grey list. With support from development partners, the authorities started to implement the action plan and submitted the first progress report for the June 2025 FATF plenary meeting. The authorities are taking steps to (i) strengthen risk-based supervision, particularly on non-banking institutions, (ii) enforce the timely access to beneficial ownership information, and (iii) strengthen enforcement through investigation, prosecutions, and targeted financial sanctions among other areas.[13] Following the grey listing, Angola was included in the European Union high-risk third country jurisdiction for AML/CFT deficiencies in June 2025. There has been no noticeable impact on correspondent banking relationships.

Policy Discussions

21. Staff advises the BNA against a premature monetary policy easing. Given the negative output gap, a balanced approach of containing inflation while limiting the slowdown in growth calls for delaying any monetary policy easing—rather than hiking interest rates—until inflation consistently falls below the policy rate, projected to occur by end-2025. Sustained improvements in the monetary policy implementation framework to enhance policy transmission remains a priority. Streamlining liquidity management and central bank operations framework should be continued.

22. Close monitoring of systemic risks is needed. Banks' exposure to government debt requires close attention, alongside policies to expand and diversify financial sector assets and the investor base. Similarly, financial sector exposure to exchange rate risk should be mitigated. Enhanced supervision in relation to FX-related financial stability matters will be needed to mitigate potential impacts on the wider financial system. Furthermore, efforts to enhance financial intermediation should be prioritized. On AML/CFT, implementing FATF Action Plan to ensure timely exit from the FATF grey list remains a priority.

23. Operationalizing the financial safety net is a priority. Following the progress in strengthening financial stability frameworks over recent years, further efforts are needed to fully operationalize the newly established resolution function and build up its operational capabilities in relation to crisis management and resolution. The BNA should pay particular attention to systemically important banks, prioritizing refinement of resolution plans for weak banks.

[13] See IMF Selected Issues Paper (SIP/2025/060) for a broad description of Angola's FATF Action Plan, which is expected to be implemented by January 2027.

24. The BNA reaffirmed its commitment to reducing inflation and transitioning to an inflation-targeting framework. The BNA assesses that the current monetary policy effectively supports its objectives, as reflected in declining inflation while maintaining economic growth. Looking ahead, the BNA plans to strengthen its monetary operations framework in line with IMF capacity development advice to enhance policy effectiveness and support the transition toward inflation targeting. The BNA also committed to improving the bank supervision and resolution frameworks and reaffirmed their commitment to implementing the FATF Action Plan to support timely removal from the grey list.

C. External Sector Issues

Background

25. Preliminary balance of payments data for 2024 shows that the external sector has ended the year in a stronger position than anticipated in A4 (Tables 4a and 4b; and Figure 3). As discussed in paragraph 4, the current account surplus ended 2024 stronger than anticipated by 1.3 percent of GDP. However, the preliminary financial account net outflows were also larger at 3.7 percent of GDP (a revision from 3.5 percent of GDP in A4), reflecting stronger net exports.[14]

26. The 2025 current account balance is revised down. Economic strains began to appear in the first quarter of 2025 due to lower oil exports. The current account surplus for 2025 is projected to drop to 0.9 percent of GDP—down from 5.4 percent in 2024—and further to 0.5 percent in 2026, largely reflecting a weaker trade balance. A drop in oil exports is in part mitigated by import compression but remains sensitive to public capital spending. The government-related net outflows for 2025 would, however, remain highly sensitive to the authorities' financing strategy and market conditions (paragraph 13). Overall financial net outflows for 2025 are projected to decrease to 1.8 from 3.7 in 2024, reflecting lower oil receipts and thus reduced cost recovery by oil companies—the persistent driver of historically strong FDI net outflows. Gross international reserves are projected at US$14.3 billion at end-2025, 90 percent of Adequacy of Reserve Assessment (ARA) metric.

27. While exchange rate flexibility improved in the first half of 2024, with some two-way volatility, the exchange rate has remained stable since October 2024. While recent stability has provided some relief, the underlying source and its durability remain uncertain. The authorities noted that the observed trend of exchange rate stability is primarily driven by the market dynamics, with the central bank implementing minimal interventions, stepping in mainly during shortages of FX required for imports.

Policy Discussions

28. The exchange rate should continue to serve as a key shock absorber, facilitating the adjustment to the volatility in oil exports and uncertain global economic conditions. FX

[14] An increase in oil exports is typically accompanied by an increase in income outflows or financial account outflows—depending on how profit repatriation is recorded for the oil sector—serving as automatic adjustor which supports the overall balance of payments.

interventions should be judiciously employed, limited to addressing instances of excess volatility that threaten macro-financial stability.[15] Reducing market concentration and improving FX market functioning by greater price discovery remains a priority. Supporting efficient FX market functioning while maintaining any interventions through a transparent, rules-based FXI framework, would help strengthen resilience and support a more growth-enabling environment. FX intervention rules should be carefully calibrated to safeguard international reserves and avoid delaying exchange rate adjustment in line with fundamentals.

29. The BNA reiterated commitment to a market-determined exchange rate with minimal FX interventions. The BNA noted that shallow and concentrated FX market structure limits the scope for greater exchange rate flexibility. The BNA expressed anticipation for forthcoming TA from the IMF, particularly regarding recommendations to enhance FX market operations.

D. Structural Issues

Background

30. With oil accounting for 60 percent of fiscal revenue and 94 percent of exports, Angola remains highly exposed to oil price volatility. Diversification efforts to date have primarily focused on import substitution, including licensing requirements for agricultural products.[16]

Policy Discussions

Further progress on horizontal policies to promote non-oil sector growth would support the diversification efforts*.* The recommendations of the 2024 Article IV consultation still stand. Import substitution measures, while well-intended, risk limiting access to cheaper imports, increasing prices, reducing competition, and accentuating rent-seeking. Moreover, past experiences have shown that broad-based (horizontal) reforms, focusing on governance, streamlining business regulations, and liberalizing the economy are crucial for diversification. The authorities agreed with staff on the importance of economic diversification, highlighting the success of import substitution measures thus far and their commitment to diversification efforts envisaged under the NDP, including those recommended by staff.

CAPACITY TO REPAY AND A RISK SCENARIO

31. Angola's capacity to repay the IMF with current policies remains adequate though subject to risks. Outstanding IMF credit is SDR 2.8 billion (US$3.8 billion, 384 percent of quota,

[15] Box 1, Angola: 2024 Article IV Consultation Staff Report.

[16] A more recent example is tightening import licensing for meat and poultry products in early 2025.

27 percent of GIR) in March 2025. IMF credit outstanding will peak in 2025, reaching 2.9 percent of GDP and 23.6 percent of gross international reserves. Repayments to the IMF in nominal terms are projected to peak in 2026, reaching US$863 million (i.e., 2.8 percent of exports). Repayments as a share of GIR will peak at 7.0 percent in 2027, gradually declining thereafter and concluding by end-2031 under the baseline (Figure 4, Table 8).

32. Risks to Angola's medium-term viability under the baseline scenario has increased since last year's PFA with the implications for Angola's capacity to repay as follows:

- ***International oil prices****:* The staff's baseline assumes a decline in oil prices in line with WEO assumptions. However, a sharper-than-expected drop could weaken external and fiscal positions, discourage investment in the oil sector, and heighten production challenges over the medium term. Given Angola's high reliance on oil revenues, this adverse development would negatively impact growth, fiscal performance, and medium-term viability. There is, however, an upside risk to oil prices as well.

- ***Delays in fiscal adjustment****:* Public finance vulnerabilities pose risks to Angola's capacity to repay. The fiscal stance is expected to loosen in the near term, beyond what was envisaged in A4. However, failure to implement adequate upfront consolidation measures starting 2025 could widen the fiscal deficit relative to the baseline. This would increase reliance on new debt issuance, intensify government cash flow pressures and liquidity risks—ultimately weighing on exchange rate, international reserves. and medium-term viability.

- ***A possible premature monetary easing carries risks to inflation****:* Pressures on the BNA to prematurely ease monetary conditions to accommodate a sharp increase in government financing needs could jeopardize disinflation efforts and lead to persistently high domestic borrowing costs. This could further crowd out private sector credit, deepen bank-sovereign nexus, and undermine growth.

- ***Capital inflows in an environment with heightened uncertainty***: The staff's baseline projects sustained current account (CA) surpluses. However, large FX debt repayments during 2025–27 are expected to strain FX liquidity, absorbing most of the projected CA inflows especially in the absence of good prospects for capital inflows (either investment or new borrowing). Without sufficient capital inflows (private or public), these public debt repayments could place pressure on the exchange rate and international reserves. Excessive reliance on administrative measures to restrict capital outflows and limit FX convertibility, could undermine investor confidence and discourage FDI.

33. Policy response: As part of risk mitigation, policies should focus on (i) limiting the erosion of fiscal and external buffers to reduce Angola's vulnerabilities to external shocks, (ii) prudently and proactively managing public debt, (ii) strengthening investor relations to bolster market confidence, and (iii) promoting economic diversification. Pre-emptive fiscal mitigation measures should be implemented to address any shortfalls in external inflows under the baseline (paragraph 14).
In response to the shocks, exchange rate flexibility and continued monetary tightening are essential

to facilitate adjustment while keeping inflation expectations anchored. Fiscal policy should focus on reprioritizing spending to safeguard debt sustainability while protecting social expeu8nditures. Lower-priority capital spending—alongside intensified efforts to streamline current expenditures, particularly on goods, services, and administrative costs—should bear the brunt of the adjustment. While not incorporated in the downside scenario, the non-oil fiscal balance would need to be adjusted by around 1–1.5 percent of GDP by 2026–on top of the measures recommended under the baseline—to offset potential revenue shortfalls and in part contain widening of the deficit.[17] Enhanced monitoring of the financial sector remains important to preserve stability. In parallel, mobilizing support from development partners and redoubling efforts to implement growth-enhancing structural reforms, including on anti-corruption and rule of law, will be critical to strengthen resilience.

34. Angola's capacity to repay the IMF remains adequate but subject to increased risks under the downside scenario. Under the downside scenario, oil prices and oil production are assumed to fall below $50 dollars per barrel and below 1 million barrel per day, respectively in the near term (Figure 5, Annex I). In this context, repayments to the IMF as a share of GIR would peak in 2027 at 8.3 percent and repayments as a share of exports would peak in 2026 at 3.0 percent – compared to 7.0 and 2.8 percent in the baseline (Table 8). In such a scenario, implementation of policy actions described above are most urgently needed to avoid a disorderly macroeconomic adjustment.

STAFF APPRAISAL

35. Angola ended 2024 stronger than anticipated but was hit by the volatility in oil revenues and tightening external financial conditions in 2025. Growth gained momentum in 2024, with real GDP reaching a decade-high of 4.4 percent, driven by both oil and non-oil sectors. Debt declined and external market access improved by end-2024, while inflation moderated from mid-2024, supported in part by improved monetary policy transmission. However, renewed vulnerabilities have recently emerged in the outlook, driven by volatility in oil production and prices, as well as heightened sovereign spreads.

36. Angola's capacity to repay is assessed to remain adequate but subject to risks. The risks, however, have increased from last year's PFA due to the significant oil price shock and sizeable external debt service which is now equivalent to oil tax revenue. Under the baseline, Angola's projected debt service will rise in 2026, with a significant share of repayments falling due during 2026–29, followed by a gradual decline thereafter. A larger-than-projected drop in oil prices or production would require additional external borrowing, and could weaken repayment indicators. Proceeding with the planned spending freeze is thus critical. The authorities indicate readiness to adjust to safeguard the current trajectory towards macroeconomic stability though with some delays relative to the path anticipated in the A4.

[17] Any adverse growth impact of a procyclical fiscal response would need to be in part offset by redoubling efforts to improve spending efficiency.

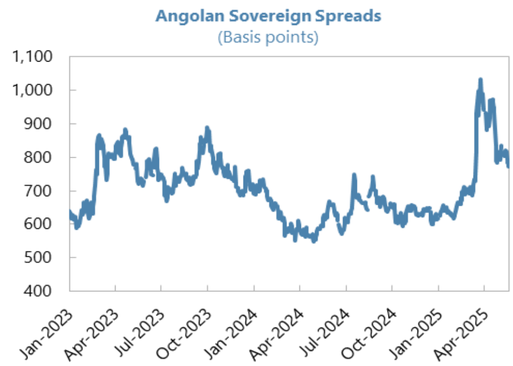
37. Rationalizing expenditure and containing borrowing for current spending is critical to navigate the volatility in oil revenue and conserve borrowing space for growth. The gains in non-oil revenue mobilization in 2024 are welcome, alongside the recently initiated income tax modernization efforts. Rationalizing public investment, cutting non-essential spending on goods and services, and continuing efforts to phase out fuel subsidies—while protecting the most vulnerable—will help contain the widening of the deficit. Continued efforts to smooth debt repayments and to prioritize low-cost financing will be necessary. The authorities' efforts to advance the privatization agenda are welcome. Sustained efforts to strengthen PFM would also help avoid accumulations of arrears and enhance spending efficiency.

38. The exchange rate should continue to serve as a key shock absorber, facilitating the adjustment to the volatility in oil inflows and external borrowing conditions. Exchange rate adjustment in response to external pressures could share the burden of fiscal adjustment and preserve external buffers. Avoiding premature monetary policy easing will be needed to sustain disinflation and contain any inflationary effects stemming from external pressures. Similarly, close supervision of systemic risks—including the sovereign-bank nexus and exchange rate-related vulnerabilities—will be essential. Strengthening the financial stability framework and enhancing financial intermediation to support growth remain key priorities.

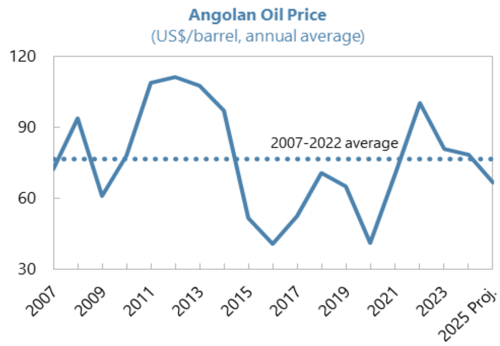
39. Improving the business climate and pursuing prudent borrowing practices are critical in cementing the hard-won trajectory towards macroeconomic stability and sustained growth. Mobilizing financing for development is critical. At the same time, further progress on horizontal policies to promote non-oil sector growth would support the diversification efforts envisaged under the NDP and the AU's Agenda 2063.

Figure 1. Angola: Fiscal Developments, 2007–25

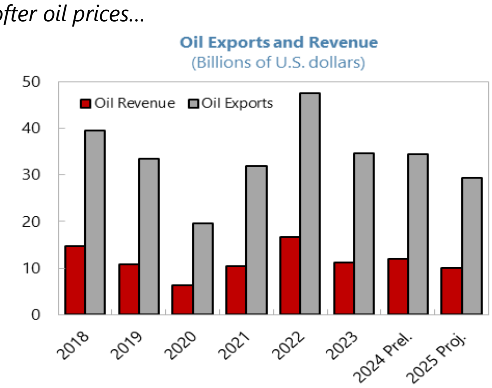
Sovereign spreads have picked up since the start of 2025…



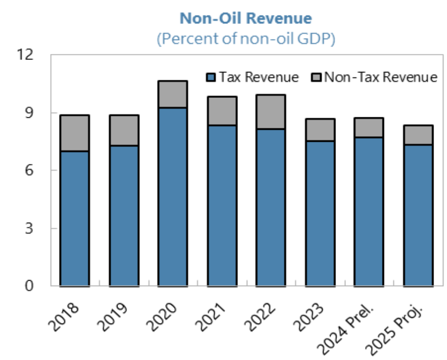
…while oil prices came under pressures.



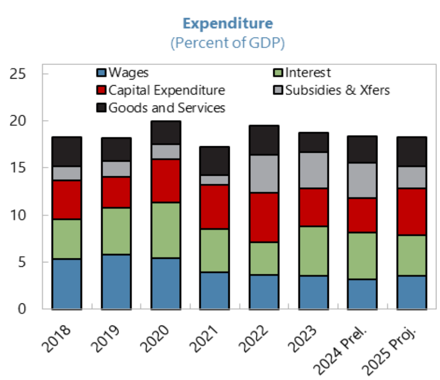
Oil revenues are expected to moderate in 2025 due to softer oil prices…



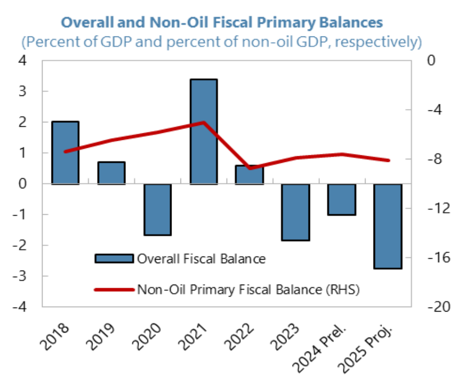
…while non-oil revenues are projected to decrease slightly.



Capital expenditures are expected to increase in 2025…



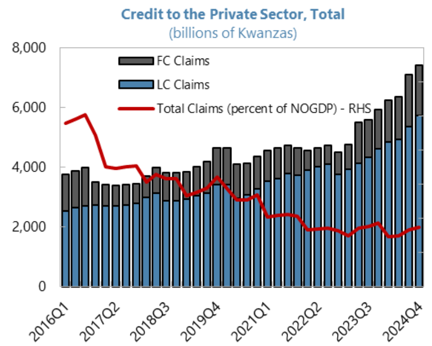
…entailing a moderate widening of 2025 fiscal deficit.



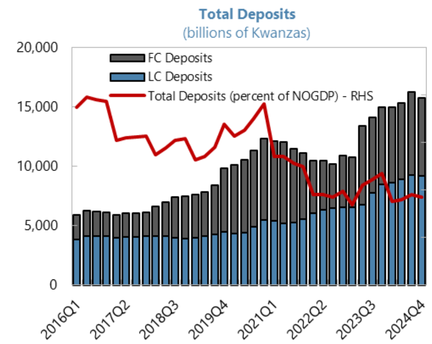
Sources: Angolan authorities; and IMF staff estimates and projections.

Figure 2. Angola: Financial Sector, 2016–25

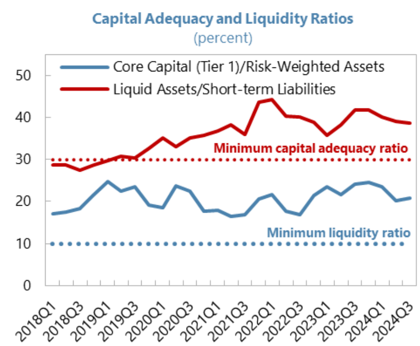
Bank credit grew in nominal terms but remained limited relative to GDP.



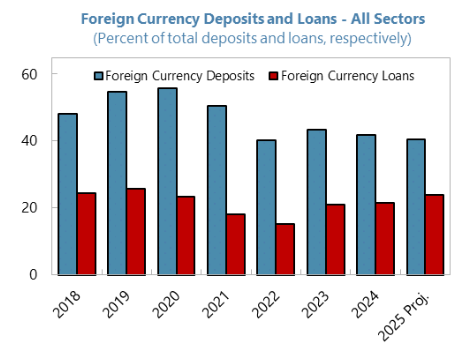
Deposits remained robust...



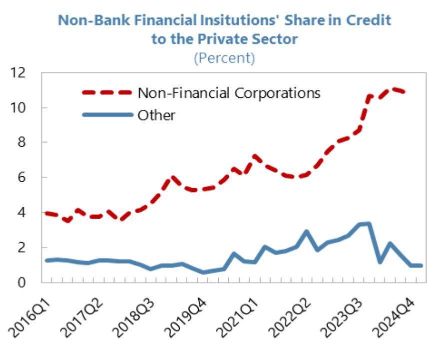
... while system-wide liquidity and capital buffers declined somewhat but remain adequate.



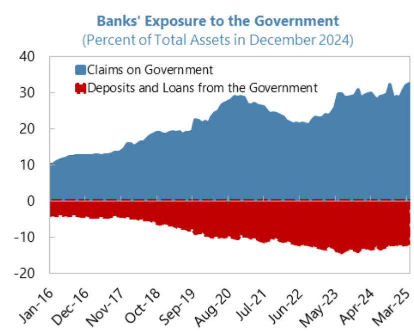
Deposit and loan dollarization remain stable.



Nonbanks' market share has increased to 11 percent of total private sector loans...



...while exposure to sovereign debt has also increased.



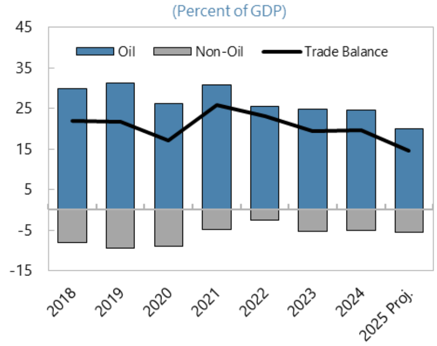
Sources: Banco Nacional de Angola; Angolan authorities; and IMF staff estimates.

Note: The chart depicting banks' exposure to the government uses a fixed total assets throughout the time horizon (i.e., total assets in December 2024).

Figure 3. Angola: External Sector Developments, 2012–25

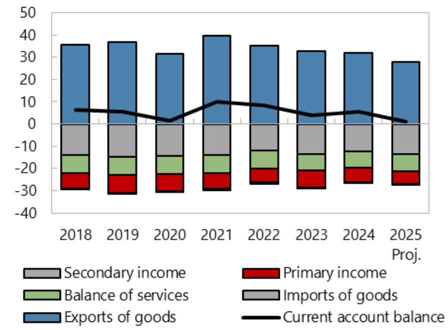
The trade balance is expected to moderate due to pressures of oil prices…

Trade Balance
(Percent of GDP)



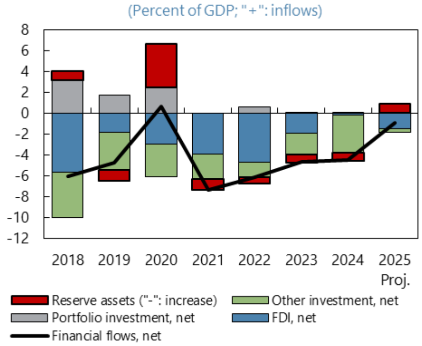
…contributing to a modest current account surplus.

Current Account Components
(Percent of GDP)



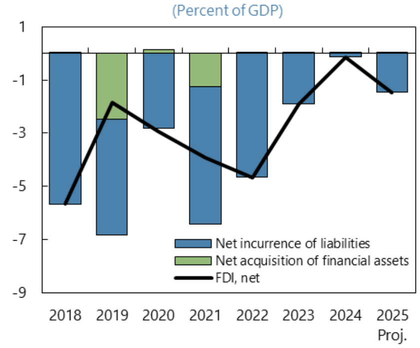
Financial account outflows increased in 2024, driven by higher other investment net outflows…

Financial Account Flows
(Percent of GDP; "+": inflows)



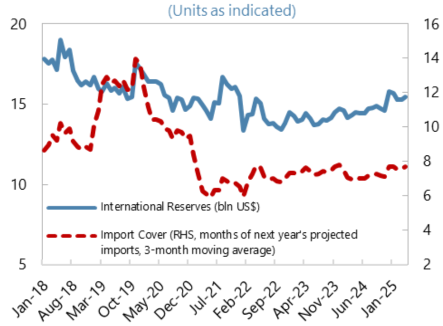
…while FDI related outflows are projected to remain contained.

Foreign Direct Investment Flows
(Percent of GDP)



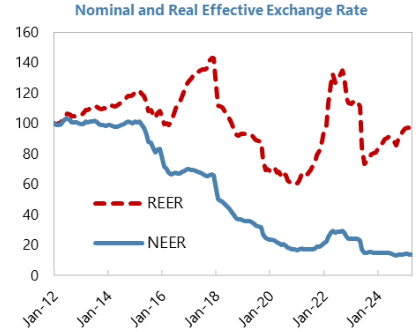
International reserves coverage remains strong…

Gross International Reserves
(Units as indicated)



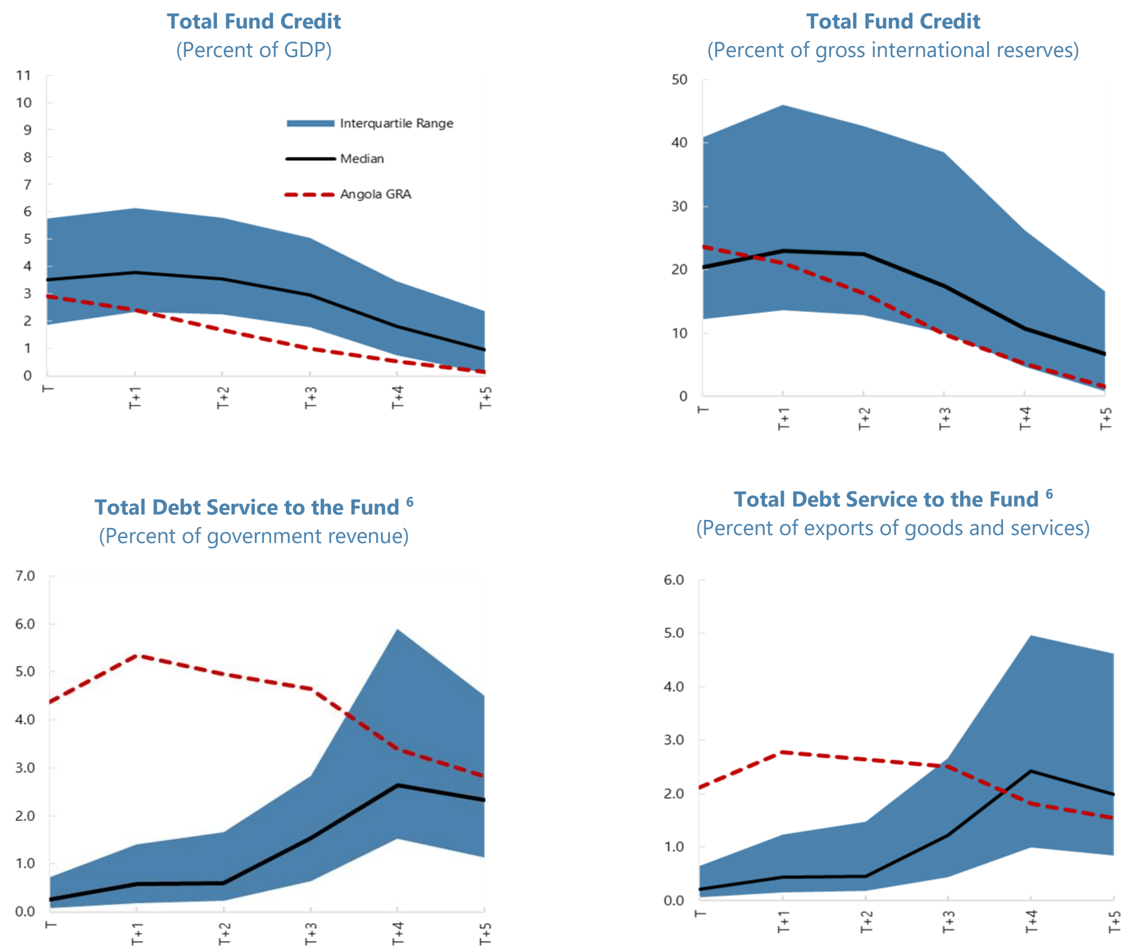
… while the REER appreciated as domestic inflation outpaced inflation of trading partners.

Nominal and Real Effective Exchange Rate



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

Figure 4. Angola: Capacity To Repay Indicators — Baseline Scenario[1, 2, 3, 4,5]



Sources: IMF Finance Department and World Economic Outlook.

1/ For Angola, T = 2025. For Comparators, T = Year of the GRA arrangement approval.

2/ Red lines/bars indicate the CtR indicator for the Post Financing Assessment.

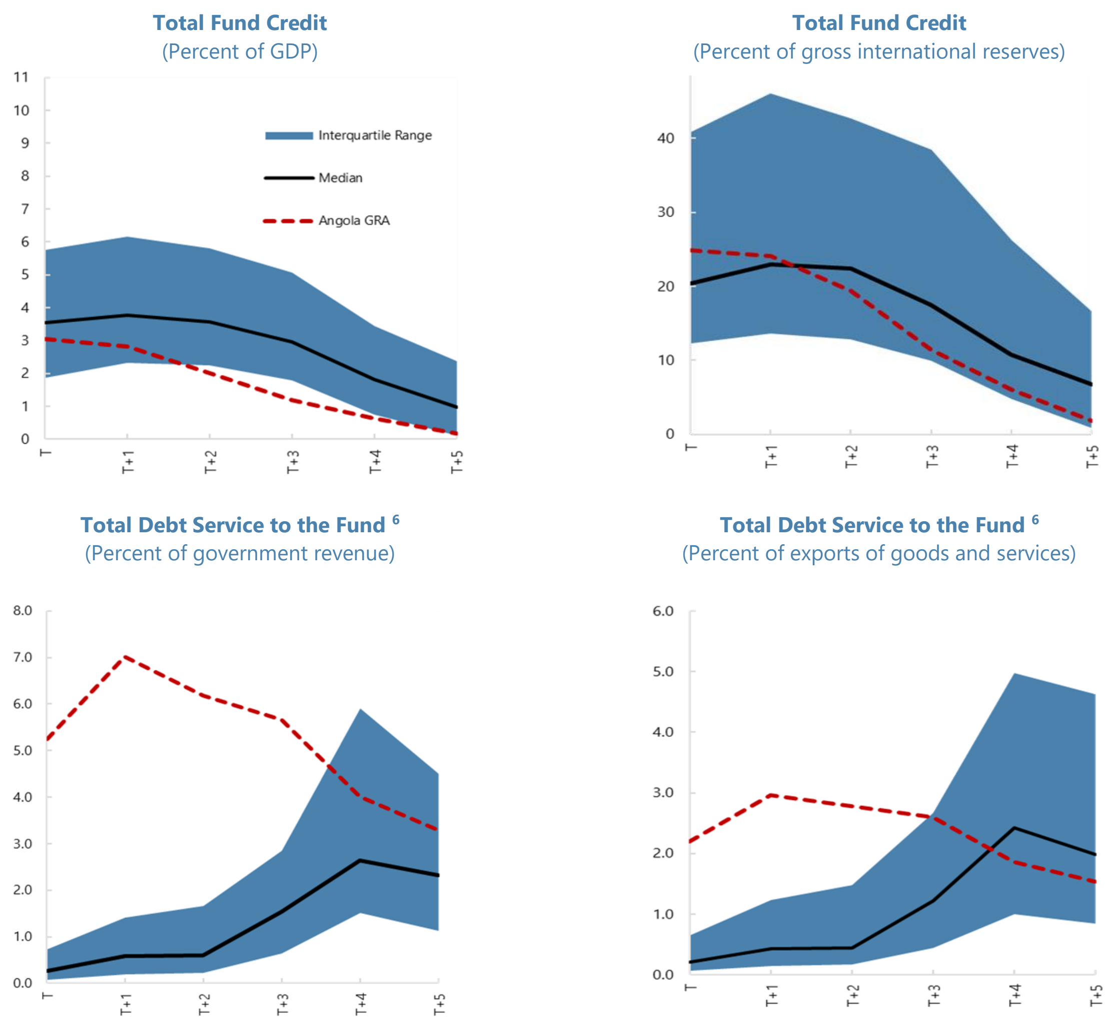
3/ The median, interquartile range, and comparator bars reflect all RFIs and UCT arrangements approved under the GRA (excluding blended arrangements) between 2008 and February 23, 2024.

4/ Countries in the control group with multiple RFIs and/or GRA arrangements are entered as separate events in the database.

5/ Comparator series is for GRA arrangements only and runs up to T+5.

6/ Total Debt Service to the Fund consists of GRA, RST and SDR-related obligations. Reflects prospective payments, including for the current year.

Figure 5. Angola: Capacity To Repay Indicators — Downside Scenario[1, 2, 3, 4, 5]



Sources: IMF Finance Department and World Economic Outlook.

1/ For Angola, T = 2025. For Comparators, T = Year of the GRA arrangement approval.

2/ Red lines/bars indicate the CtR indicator for the Post Financing Assessment.

3/ The median, interquartile range, and comparator bars reflect all RFIs and UCT arrangements approved under the GRA (excluding blended arrangements) between 2008 and February 23, 2024.

4/ Countries in the control group with multiple RFIs and/or GRA arrangements are entered as separate events in the database.

5/ Comparator series is for GRA arrangements only and runs up to T+5.

6/ Total Debt Service to the Fund consists of GRA, RST and SDR-related obligations. Reflects prospective payments, including for the current year.

Table 1. Angola: Main Economic Indicators, 2022–30

	2022	2023	2024		2025		2026		2027	2028	2029	2030
			AIV[1]	Prel.	AIV[1]	Proj	AIV[1]	Proj		Proj		
Real economy (percent change, except where otherwise indicated)												
Real gross domestic product	4.2	1.3	3.8	4.4	3.0	2.1	3.2	2.1	2.5	2.9	3.0	3.1
Oil sector	4.2	1.3	3.2	2.8	0.0	-2.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-oil sector	4.2	1.3	3.9	4.7	3.5	2.9	3.8	2.5	2.9	3.3	3.5	3.6
GDP deflator	18.1	16.0	28.5	24.6	20.8	20.5	16.2	19.1	14.2	12.7	12.9	12.8
Consumer prices (annual average)	21.4	13.6	28.2	28.2	21.0	21.6	15.4	16.3	11.5	10.0	10.0	9.8
Consumer prices (end of period)	13.8	20.0	27.5	27.5	18.9	20.0	12.7	13.4	10.0	10.0	10.0	9.8
Gross domestic product per capita (U.S. dollars)	4,002	3,066	2,991	3,034	2,782	2,931	2,676	2,701	2,727	2,804	2,892	2,990
Central government (percent of GDP)												
Total revenue	20.1	16.9	16.6	17.4	16.0	15.6	15.8	15.4	15.1	14.8	14.2	13.8
Of which: Oil-related	11.7	10.0	10.0	10.4	9.7	8.6	9.5	8.4	8.1	7.7	7.1	6.7
Of which: Non-oil tax	6.8	6.0	5.6	6.2	5.0	6.1	5.0	6.1	6.2	6.2	6.3	6.3
Total expenditure	19.5	18.8	17.6	18.4	17.3	18.3	17.7	18.4	18.1	17.4	16.8	16.2
Current expenditure	14.2	14.8	14.1	14.8	12.4	13.3	12.8	13.5	13.4	13.2	12.9	12.5
Of which: Subsidies [2]	*3.2*	*3.1*	*2.8*	*2.7*	*1.1*	*1.3*	*1.1*	*1.3*	*1.3*	*1.3*	*1.2*	*1.2*
Capital spending	5.3	4.0	3.6	3.6	4.9	5.0	4.9	4.9	4.7	4.2	3.9	3.7
Overall fiscal balance	0.6	-1.8	-1.0	-1.0	-1.3	-2.8	-1.9	-3.0	-2.9	-2.6	-2.5	-2.4
Primary balance	4.1	3.5	4.0	3.9	2.2	1.6	2.1	1.6	1.6	1.8	1.6	1.5
Non-oil primary fiscal balance (NOPB)	-7.3	-6.3	-5.7	-6.1	-7.2	-6.8	-7.1	-6.6	-6.3	-5.7	-5.3	-5.0
Money and credit (end of period, percent change)												
Broad money (M2)	-1.4	37.8	30.6	5.0	38.5	23.1	25.7	21.6	17.1	17.8	18.2	18.3
Percent of GDP	17.3	20.3	20.4	16.4	22.7	16.4	23.8	16.4	16.4	16.7	16.9	17.2
Broad money - local currency (LC M2)	18.6	30.4	34.0	7.6	41.9	26.2	28.7	24.6	19.8	20.6	20.9	20.9
Velocity (GDP/M2)	5.8	4.9	4.9	6.1	4.4	6.1	4.2	6.1	6.1	6.0	5.9	5.8
Credit to the private sector (annual percent change)	-4.8	28.8	28.1	25.4	27.0	19.6	13.7	13.1	10.5	11.0	11.1	11.0
Balance of payments												
Trade balance (percent of GDP)	23.0	19.4	19.7	19.6	17.0	14.6	17.2	14.4	14.0	13.7	13.2	12.5
Exports of goods, f.o.b. (percent of GDP)	35.1	32.8	33.1	31.9	31.5	28.0	31.8	28.2	27.4	26.4	25.6	24.5
Of which : Oil and gas exports (percent of GDP)	33.3	30.8	30.9	29.9	28.6	25.6	27.8	25.4	24.5	23.3	22.1	20.9
Imports of goods, f.o.b. (percent of GDP)	12.1	13.4	13.4	12.3	14.5	13.4	14.6	13.8	13.4	12.8	12.3	12.0
Terms of trade (percent change)	34.5	-19.3	-4.0	-2.2	-10.4	-12.9	-4.1	-6.3	-0.1	0.2	-0.6	-0.7
Current account balance (percent of GDP)	8.3	3.7	4.1	5.4	2.4	0.9	2.3	0.5	0.6	0.9	0.9	0.9
Gross international reserves (excluding pledged repo securities)[3]												
End of period, millions of U.S. dollars	14,661	14,727	15,227	15,768	15,277	14,268	15,427	12,668	11,968	12,668	13,418	14,218
Months of next year's imports	7.4	7.8	7.3	7.7	7.3	7.1	7.1	6.2	5.8	5.9	6.1	6.0
Exchange rate												
Official exchange rate (average, kwanzas per U.S. dollar)	461	685	876	870	…	…	…	…	…	…	…	…
Official exchange rate (end of period, kwanzas per U.S. dollar)	504	829	924	924	…	…	…	…	…	…	…	…
Public debt (percent of GDP)												
Public sector debt (gross)	56.1	72.4	62.4	59.9	63.3	62.4	61.8	63.2	63.5	62.8	61.8	60.9
Of which : Central Government debt	52.3	69.0	60.4	57.6	61.9	58.7	61.1	59.4	59.8	60.0	60.2	59.3
Oil												
Oil production (millions of barrels per day)	1.14	1.07	1.10	1.10	1.10	1.08	1.10	1.08	1.08	1.08	1.08	1.08
Oil and gas exports (billions of U.S. dollars)	47.5	34.7	35.4	34.5	31.5	29.4	30.5	27.9	28.1	28.5	28.8	29.1
Angola oil price (average, U.S. dollars per barrel)	100.3	80.6	78.5	78.5	70.3	66.6	68.6	62.2	62.6	63.6	64.5	65.3
Brent oil price (average, U.S. dollars per barrel)	99.0	82.3	80.0	79.9	71.4	67.7	69.7	63.3	63.7	64.7	65.6	66.4

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

[1] Angola - Staff Report for the 2024 Article IV Consultation (SM/25/26).

[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, 2022–30

(Billions of kwanzas, unless otherwise indicated)

	2022	2023	2024		2025		2026	2027	2028	2029	2030
			AIV[1]	Prel.	AIV[1]	Proj.			Proj.		
Revenue	**13,183**	**13,053**	**16,637**	**17,440**	**19,904**	**19,194**	**23,118**	**26,591**	**30,040**	**33,593**	**38,057**
Taxes	12,197	12,356	15,640	16,617	18,304	18,161	21,861	25,120	28,336	31,612	35,753
Oil	7,706	7,741	10,055	10,430	12,106	10,658	12,659	14,242	15,720	16,813	18,477
Non-oil	4,491	4,615	5,585	6,187	6,198	7,502	9,202	10,878	12,616	14,799	17,275
Social contributions	409	549	666	683	580	580	705	825	956	1,111	1,292
Grants	1	1	0	2	0	0	0	0	0	0	0
Other revenue	576	147	331	137	1,021	454	552	646	749	870	1,012
Expenditure	**12,800**	**14,463**	**17,664**	**18,451**	**21,539**	**22,597**	**27,600**	**31,768**	**35,360**	**39,618**	**44,628**
Current expenditure	**9,326**	**11,392**	**14,100**	**14,811**	**15,390**	**16,447**	**20,251**	**23,517**	**26,816**	**30,397**	**34,454**
Compensation of employees	2,360	2,709	2,983	3,190	4,300	4,300	5,228	6,120	7,092	8,243	9,586
Use of goods and services	2,054	1,582	2,454	2,882	4,305	3,875	4,711	5,515	6,391	7,353	8,476
Interest	2,277	4,079	5,000	4,950	4,418	5,387	6,864	7,948	8,904	9,820	10,803
Domestic	1,151	1,543	1,827	1,706	1,782	1,901	2,513	3,222	3,291	3,630	3,867
Foreign	1,126	2,536	3,174	3,244	2,636	3,486	4,351	4,726	5,613	6,190	6,936
Subsidies[2]	2,071	2,367	2,823	2,713	1,351	1,577	1,926	2,237	2,560	2,926	3,332
Other expense	564	655	840	1,076	1,017	1,309	1,522	1,697	1,868	2,055	2,257
Net investment in nonfinancial assets	**3,473**	**3,071**	**3,564**	**3,641**	**6,150**	**6,150**	**7,349**	**8,251**	**8,545**	**9,221**	**10,174**
Net lending (+) / Net borrowing (-)	**383**	**-1,410**	**-1,026**	**-1,011**	**-1,635**	**-3,403**	**-4,482**	**-5,177**	**-5,320**	**-6,025**	**-6,571**
Statistical discrepancy	-253	368	-187	-4,595	-149	-13	0	0	0	0	0
Net acquisition of financial assets (+: increase)	**116**	**-2,129**	**2,167**	**-574**	**-1,929**	**-513**	**-204**	**-158**	**-127**	**69**	**103**
Domestic	-621	-1,444	351	-391	-341	87	-204	-158	-127	69	103
Cash and deposits[3]	-383	-1,002	451	-291	-241	87	-204	-158	-127	69	103
Equity and investment fund shares	-238	-443	-100	-100	-100	0	0	0	0	0	0
Other accounts receivable	0	0	0	0	0	0	0	0	0	0	0
Foreign	737	-685	1,816	-183	-1,587	-600	0	0	0	0	0
Net incurrence of liabilities (+: increase)	**-521**	**-352**	**3,007**	**-4,158**	**-443**	**2,876**	**4,279**	**5,019**	**5,193**	**6,094**	**6,674**
Domestic	-547	489	-95	-3,385	897	2,602	3,199	2,869	2,121	1,839	2,068
Debt securities	369	-1,303	399	-5,350	897	1,828	1,703	2,130	2,501	2,210	2,413
Disbursements	3,112	4,383	5,377	2,964	3,608	5,807	6,817	5,744	6,215	7,417	9,333
Amortizations	-2,743	-5,686	-4,978	-8,314	-2,711	-3,978	-5,114	-3,615	-3,714	-5,208	-6,920
Loans	120	2,228	0	2,460	0	-503	-129	-79	-80	-70	-45
Account payable to Sonangol (net)[4]	…	…	…	…	…	1,577	1,926	1,119	0	0	0
Other accounts payable	-1,037	-436	-494	-494	0	-300	-300	-300	-300	-300	-300
Foreign	27	-841	3,102	-773	-1,340	274	1,079	2,150	3,072	4,254	4,605
Debt securities	757	-641	3,302	-573	-1,340	274	1,079	2,150	3,072	4,254	4,605
Disbursements	2,984	3,172	7,961	4,658	6,333	8,079	8,473	9,659	13,830	14,993	11,144
Of which: Unidentified financing	0	0	0	0	0	1,713	2,594	2,600	0	0	0
Amortizations	-2,227	-3,813	-4,659	-5,231	-7,673	-7,805	-7,393	-7,509	-10,758	-10,739	-6,539
Other accounts payable	-730	-200	-200	-200	0	0	0	0	0	0	0
Memorandum items:											
Non-oil primary fiscal balance[5]	-4,821	-4,833	-5,725	-6,120	-8,930	-8,328	-9,866	-11,009	-11,625	-12,471	-13,644
Angola oil price (average, U.S. dollars per barrel)	100.3	80.6	78.5	78.5	70.3	66.6	62.2	62.6	63.6	64.5	65.3
Social expenditures[6]	3,597	4,225	5,494	5,495	6,831	6,763	8,224	9,626	11,156	12,965	15,078
Fuel subsidies (gross)	2,071	2,367	2,823	2,713	1,351	2,629	3,209	3,729	2,560	2,926	3,332
Public sector debt (gross)[7]	36,809	55,794	62,471	60,044	78,869	76,918	94,832	111,427	127,721	146,188	167,347
Of which : Central Government	34,323	53,137	60,503	57,747	77,135	72,354	89,065	106,201	124,007	142,243	163,113

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

1 Angola - Staff Report for the 2024 Article IV Consultation (SM/25/26).

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

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

4 Account payable to Sonangol (i.e., fuel subsidies) is net of account receivable from Sonangol (i.e., oil tax revenue) in the projection period. For the outturn period, the accumulation of account payable net of account receivable is contributing to Sonangol's debt which is recorded in the public sector's external debt statistics. The stock of account payable to Sonangol (net) is being verified.

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

6 Spending on education, health, social protection, and housing and community services.

7 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, 2022–30

(Percent of GDP, unless otherwise indicated)

	2022	2023	2024		2025		2026	2027	2028	2029	2030
			AIV[1]	Prel.	AIV[1]	Proj.			Proj.		
Revenue	**20.1**	**16.9**	**16.6**	**17.4**	**16.0**	**15.6**	**15.4**	**15.1**	**14.8**	**14.2**	**13.8**
Taxes	18.6	16.0	15.6	16.6	14.7	14.7	14.6	14.3	13.9	13.4	13.0
Oil	11.7	10.0	10.0	10.4	9.7	8.6	8.4	8.1	7.7	7.1	6.7
Non-oil	6.8	6.0	5.6	6.2	5.0	6.1	6.1	6.2	6.2	6.3	6.3
Social contributions	0.6	0.7	0.7	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other revenue	0.9	0.2	0.3	0.1	0.8	0.4	0.4	0.4	0.4	0.4	0.4
Expenditure	**19.5**	**18.8**	**17.6**	**18.4**	**17.3**	**18.3**	**18.4**	**18.1**	**17.4**	**16.8**	**16.2**
Current expenditure	**14.2**	**14.8**	**14.1**	**14.8**	**12.4**	**13.3**	**13.5**	**13.4**	**13.2**	**12.9**	**12.5**
Compensation of employees	3.6	3.5	3.0	3.2	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Use of goods and services	3.1	2.1	2.4	2.9	3.5	3.1	3.1	3.1	3.1	3.1	3.1
Interest	3.5	5.3	5.0	4.9	3.5	4.4	4.6	4.5	4.4	4.2	3.9
Domestic	1.8	2.0	1.8	1.7	1.4	1.5	1.7	1.8	1.6	1.5	1.4
Foreign	1.7	3.3	3.2	3.2	2.1	2.8	2.9	2.7	2.8	2.6	2.5
Subsidies[1]	3.2	3.1	2.8	2.7	1.1	1.3	1.3	1.3	1.3	1.2	1.2
Other expense	0.9	0.9	0.8	1.1	0.8	1.1	1.0	1.0	0.9	0.9	0.8
Net investment in nonfinancial assets	**5.3**	**4.0**	**3.6**	**3.6**	**4.9**	**5.0**	**4.9**	**4.7**	**4.2**	**3.9**	**3.7**
Net lending (+) / Net borrowing (-)	**0.6**	**-1.8**	**-1.0**	**-1.0**	**-1.3**	**-2.8**	**-3.0**	**-2.9**	**-2.6**	**-2.5**	**-2.4**
Statistical discrepancy	-0.4	0.5	-0.2	-4.6	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Net acquisition of financial assets (+: increase)	**0.2**	**-2.8**	**2.2**	**-0.6**	**-1.5**	**-0.4**	**-0.1**	**-0.1**	**-0.1**	**0.0**	**0.0**
Domestic	-0.9	-1.9	0.4	-0.4	-0.3	0.1	-0.1	-0.1	-0.1	0.0	0.0
Cash and deposits[2]	-0.6	-1.3	0.4	-0.3	-0.2	0.1	-0.1	-0.1	-0.1	0.0	0.0
Equity and investment fund shares	-0.4	-0.6	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	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	0.0
Foreign	1.1	-0.9	1.8	-0.2	-1.3	-0.5	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities (+: increase)	**-0.8**	**-0.5**	**2.5**	**-4.1**	**-0.4**	**2.3**	**2.9**	**2.9**	**2.6**	**2.6**	**2.4**
Domestic	-0.8	0.6	-0.6	-3.4	0.7	2.1	2.1	1.6	1.0	0.8	0.8
Debt securities	0.6	-1.7	0.4	-5.3	0.7	1.5	1.1	1.2	1.2	0.9	0.9
Disbursements	4.7	5.7	5.4	3.0	2.9	4.7	4.5	3.3	3.1	3.1	3.4
Amortizations	-4.2	-7.4	-5.0	-8.3	-2.2	-3.2	-3.4	-2.1	-1.8	-2.2	-2.5
Loans	0.2	2.9	0.0	2.5	0.0	-0.4	-0.1	0.0	0.0	0.0	0.0
Account payable to Sonangol (net)[3]	...	...	...	...	...	1.3	1.3	0.6	0.0	0.0	0.0
Other accounts payable	-1.6	-0.6	-1.0	-0.5	0.0	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1
Foreign debt securities	0.0	-1.1	3.1	-0.8	-1.1	0.2	0.7	1.2	1.5	1.8	1.7
Disbursements	4.5	4.1	7.9	4.6	5.1	6.6	5.6	5.5	6.8	6.3	4.1
Of which: Unidentified financing	0.0	0.0	0.0	0.0	0.0	1.4	1.7	1.5	0.0	0.0	0.0
Amortizations	-3.4	-4.9	-4.7	-5.2	-6.2	-6.3	-4.9	-4.3	-5.3	-4.5	-2.4
Other accounts payable	-1.1	-0.3	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:											
Non-oil primary fiscal balance[4]	-7.3	-6.3	-5.7	-6.1	-7.2	-6.8	-6.6	-6.3	-5.7	-5.3	-5.0
Angola oil price (average, U.S. dollars per barrel)	100.3	80.6	78.5	78.5	70.3	66.6	62.2	62.6	63.6	64.5	65.3
Social expenditures[5]	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Fuel subsidies (gross)	3.2	3.1	2.8	2.7	1.1	2.1	2.1	2.1	1.3	1.2	1.2
Public sector debt (gross)[6]	56.1	72.4	62.4	59.9	63.3	62.4	63.2	63.5	62.8	61.8	60.9
Of which : Central Government	52.3	69.0	60.4	57.6	61.9	58.7	59.4	60.5	61.0	60.2	59.3

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

[1] Angola - Staff Report for the 2024 Article IV Consultation (SM/25/26).

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

[3] Account payable to Sonangol (i.e., fuel subsidies) is net of account receivable from Sonangol (i.e., oil tax revenue) in the projection period. For the outturn period, the accumulation of account payable net of account receivable is contributing to Sonangol's debt which is recorded in the public sector's external debt statistics. The stock of account payable to Sonangol (net) is being verified.

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

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

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

Table 3. Angola: Monetary Accounts, 2022–30

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

	2022	2023	2024	2025	2026	2027	2028	2029	2030
			Prel.			Proj.			
					Monetary Survey				
Net foreign assets	**6,105**	**10,614**	**12,383**	**15,476**	**16,780**	**18,571**	**22,668**	**27,102**	**32,063**
Net domestic assets	**5,251**	**5,030**	**4,038**	**4,732**	**7,793**	**10,192**	**11,221**	**12,951**	**15,319**
Claims on central government (net)	4,707	5,829	6,283	8,267	10,162	12,431	14,671	16,844	19,198
Claims on other financial corporations	285	330	742	947	1,157	1,364	1,594	1,870	2,195
Claims on other public sector	91	341	333	425	520	613	717	840	987
Claims on private sector	4,056	5,225	6,551	7,832	8,862	9,796	10,871	12,081	13,410
Other items (net)[1]	-3,889	-6,696	-9,872	-12,739	-12,907	-14,012	-16,632	-18,684	-20,471
Broad money (M3)	**11,356**	**15,644**	**16,420**	**20,208**	**24,573**	**28,763**	**33,889**	**40,053**	**47,382**
Money and quasi-money (M2)	11,356	15,644	16,420	20,208	24,573	28,763	33,889	40,053	47,382
Money	4,009	5,693	6,177	7,800	9,720	11,656	14,051	16,968	20,504
Currency outside banks	495	664	678	875	1,099	1,332	1,599	1,891	2,246
Demand deposits, local currency	3,515	5,028	5,499	6,925	8,622	10,324	12,452	15,077	18,258
Quasi-money	2,991	3,435	3,643	4,588	5,712	6,840	8,250	9,989	12,096
Time and savings deposits, local currency	2,991	3,435	3,643	4,588	5,712	6,840	8,250	9,989	12,096
Foreign currency deposits	4,356	6,516	6,600	7,820	9,140	10,267	11,589	13,096	14,782
					Monetary Authorities				
Net foreign assets	**4,930**	**8,658**	**10,512**	**12,990**	**13,881**	**15,367**	**19,179**	**23,303**	**27,934**
Net international reserves	5,230	9,269	11,203	13,659	14,661	16,230	20,118	24,325	29,046
Net incurrence of liabilities	-300	-611	-691	-669	-780	-862	-939	-1,023	-1,111
Net domestic assets	**-2,156**	**-4,933**	**-6,345**	**-8,073**	**-8,105**	**-8,803**	**-11,972**	**-15,327**	**-19,065**
Claims on other depository corporations	79	338	398	478	541	596	655	721	792
Claims on central government (net)	1,236	509	1,035	459	-182	-838	-1,552	-2,183	-2,895
Claims on private sector	123	110	99	127	155	183	213	250	294
Other items (net)[1]	-3,594	-5,890	-7,877	-9,136	-8,619	-8,744	-11,288	-14,116	-17,256
Reserve money	**2,774**	**3,725**	**4,167**	**4,916**	**5,776**	**6,564**	**7,207**	**7,975**	**8,869**
Currency outside banks	658	819	909	1,172	1,473	1,785	2,143	2,535	3,011
Commercial bank deposits	2,116	2,906	3,258	3,744	4,304	4,778	5,064	5,440	5,858
***Memorandum items*:**									
Nominal gross domestic product (percent change)	23.1	17.5	30.1	23.1	21.6	17.1	15.9	16.2	16.3
Reserve money (percent change)	7.3	34.3	11.9	18.0	17.5	13.6	9.8	10.7	11.2
Money and quasi-money (M2) (percent change)	-1.4	37.8	5.0	23.1	21.6	17.1	17.8	18.2	18.3
Claims on private sector (percent change)	-4.8	28.8	25.4	19.6	13.1	10.5	11.0	11.1	11.0
Claims on central government (percent of bank assets)[2]	28.9	32.0	27.9	35.1	37.1	39.3	41.1	42.1	42.9
Money multiplier (M2/reserve money)	4.1	4.2	3.9	4.1	4.3	4.4	4.7	5.0	5.3
Velocity (GDP/M2)	5.8	4.9	6.1	6.1	6.1	6.1	6.0	5.9	5.8
Velocity (non-oil GDP/M2)	4.8	3.9	4.9	5.1	5.1	5.1	5.1	5.1	5.0
Credit to the private sector (percent of GDP)	6.2	6.8	6.5	6.4	5.9	5.6	5.3	5.1	4.9
Foreign currency deposits (share of total deposits)	40.1	43.5	41.9	40.4	38.9	37.4	35.9	34.3	32.7
Credit to the private sector in foreign currency (share of total credit)	15.1	21.0	21.6	24.0	24.7	24.7	24.3	23.8	23.3

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

[1] Including exchange rate valuation.

[2] These are gross claims on the central government held by commercial banks only.

Table 4a. Angola: Balance of Payments, 2022–30

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

	2022	2023	2024		2025		2026	2027	2028	2029	2030
			AIV[1]	Prel.	AIV[1]	Proj.			Proj.		
Current account	**11,763**	**4,185**	**4,736**	**6,277**	**2,617**	**1,082**	**519**	**723**	**1,084**	**1,162**	**1,323**
Trade balance	32,771	21,800	22,498	22,605	18,698	16,829	15,810	16,088	16,692	17,240	17,447
Exports, f.o.b.	50,038	36,885	37,878	36,795	34,686	32,254	30,947	31,489	32,294	33,316	34,209
Crude oil	40,282	31,420	31,622	31,398	27,737	25,739	24,535	24,708	25,110	25,465	25,755
Gas and oil derivatives	7,217	3,251	3,786	3,756	3,744	3,694	3,405	3,421	3,395	3,370	3,345
Diamonds	1,946	1,572	1,635	1,536	1,701	1,598	1,663	1,747	1,853	1,964	2,089
Other	593	642	835	106	1,503	1,222	1,344	1,613	1,936	2,517	3,020
Imports, f.o.b	17,267	15,085	15,380	14,190	15,988	15,424	15,137	15,401	15,602	16,075	16,761
Services (net)	-11,215	-8,527	-8,703	-8,399	-9,046	-9,134	-8,962	-9,122	-9,241	-9,521	-9,428
Credit	82	76	69	91	72	94	94	92	94	97	101
Debit	11,297	8,603	8,772	8,490	9,118	9,229	9,057	9,215	9,335	9,618	9,529
Primary income (net)	-8,696	-8,603	-8,538	-7,640	-6,539	-6,332	-6,063	-5,965	-6,070	-6,240	-6,357
Credit	177	584	608	634	635	649	676	702	730	758	788
Debit	8,873	9,186	9,145	8,274	7,174	6,981	6,738	6,667	6,800	6,998	7,145
Secondary income (net)	-1,097	-485	-521	-288	-496	-281	-266	-278	-297	-317	-339
General Government	-31	-17	-17	-17	-11	-8	-6	-6	-7	-7	-8
Others	-1,059	-449	-504	-258	-485	-274	-261	-273	-290	-310	-332
Of which: Personal transfers	-112	-116	-121	-47	-117	-47	-45	-47	-50	-54	-57
Capital account	**-2.2**	**2.4**	**2.4**	**-53.3**	**0.3**	**0.8**	**1.0**	**1.3**	**1.3**	**1.3**	**1.3**
Financial account (+ = outflows)	**7,839**	**4,456**	**4,456**	**4,271**	**3,999**	**2,087**	**1,404**	**707**	**-333**	**-126**	**43**
Direct investment	6,640	2,153	2,153	169	808	1,714	2,252	2,136	2,049	1,999	1,906
Net acquisition of financial assets	41	33	33	33	29	28	27	27	27	28	28
Net incurrence of liabilities	-6,599	-2,120	-2,120	-136	-778	-1,686	-2,225	-2,109	-2,021	-1,972	-1,878
Portfolio investment	-923	-33	-33	-38	-2,635	-38	-37	-38	-3,791	-3,794	-1,297
Net acquisition of financial assets	192	-33	-33	-38	-35	-38	-37	-38	-41	-44	-47
Net incurrence of liabilities	1,114	0	0	0	2,600	0	0	0	3,750	3,750	1,250
Financial derivatives (net)	4	0	0	1	0	0	0	0	0	0	0
Other investment	2,118	2,337	2,337	4,140	5,826	412	-811	-1,390	1,409	1,668	-566
Trade credits and advances	2,254	-2,336	-2,336	1,452	1,441	122	66	45	46	382	550
Currency and deposits	-163	-1,423	-1,423	-1,552	1,332	-2,240	-2,126	-2,697	-2,633	-2,114	-2,133
Loans	-39	5,784	5,784	4,246	-1,894	-2,101	-1,371	-906	2,905	1,404	-808
Of which: Central Government (net)	107	936	3,742	659	2,390	-256	-791	-1,406	1,905	1,404	-1,087
Others[2]	67	312	312	-6	-1,684	4,630	2,620	2,168	1,091	1,996	1,825
Errors and omissions	**-3,046**	**918**	**0**	**-1,010**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Overall balance	**875**	**649**	**738**	**943**	**545**	**-1,004**	**-884**	**17**	**1,419**	**1,290**	**1,281**
Financing	**-875**	**-649**	**-738**	**-943**	**-545**	**1,004**	**884**	**-17**	**-1,419**	**-1,290**	**-1,281**
Change in gross reserves (- = increase)	-881	-800	-500	-942	-50	1,500	1,600	700	-700	-750	-800
Repurchases/repayments to the Fund (- = increase)	…	-179	-238	-237	-495	-496	-716	-717	-719	-540	-481
Exceptional financing	0	581	…	…	…	…	…	…	…	…	…
IMF	0	-179	…	…	…	…	…	…	…	…	…
Other IFIs	0	760	…	…	…	…	…	…	…	…	…
Memorandum items **:**											
Current account (percent of GDP)	8.3	3.7	4.1	5.4	2.4	0.9	0.5	0.6	0.9	0.9	0.9
Goods and services balance (percent of GDP)	15.1	11.8	12.1	12.3	8.8	6.7	6.2	6.1	6.1	5.9	5.7
Trade balance (percent of GDP)	23.0	19.4	19.7	19.6	17.0	14.6	14.4	14.0	13.7	13.2	12.5
Capital and financial account (percent of GDP)	6.7	5.4	4.8	5.3	2.9	0.1	-0.3	0.6	2.1	1.9	1.9
Overall balance (percent of GDP)	0.6	0.6	0.6	0.8	0.5	-0.9	-0.8	0.0	1.2	1.0	0.9
Exports of goods, f.o.b. (percent change)	49.0	-26.3	2.7	-0.2	-8.4	-12.3	-4.1	1.8	2.6	3.2	2.7
Of which: Oil and gas exports (percent change)	49.2	-27.0	2.1	-0.5	-11.1	-14.7	-5.1	0.7	1.3	1.2	0.9
Imports of goods, f.o.b. (percent change)	46.4	-12.6	2.0	-5.9	4.0	8.7	-1.9	1.7	1.3	3.0	4.3
Terms of trade (percent change)	34.5	-19.3	-4.0	-2.2	-10.4	-12.9	-6.3	-0.1	0.2	-0.6	-0.7
Exports of goods, f.o.b. (share of GDP)	35.1	32.8	33.1	31.9	31.5	28.0	28.2	27.4	26.4	25.6	24.5
Imports of goods, f.o.b. (share of GDP)	12.1	13.4	13.4	12.3	14.5	13.4	13.8	13.4	12.8	12.3	12.0
Gross international reserves (excluding pledged repo securities)[3]											
Millions of U.S. dollars	14,661	14,727	15,227	15,768	15,277	14,268	12,668	11,968	12,668	13,418	14,218
Months of next year's imports	7.4	7.8	7.3	7.7	7.3	7.1	6.2	5.8	5.9	6.1	6.0
Percent of ARA metric (floating)	110.0	126.4	118.9	141.1	124.3	129.3	112.6	101.3	104.7	109.0	109.8
Percent of ARA metric (managed)	75.3	88.0	83.1	98.7	86.7	90.4	78.7	71.4	73.4	74.9	75.6
Gross international reserves (including pledged repo securities)[3]											
Millions of U.S. dollars	14,661	14,727	15,227	15,768	15,277	14,268	12,668	11,968	12,668	13,418	14,218

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

[1] Angola - Staff Report for the 2024 Article IV Consultation (SM/25/26).

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

[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 4b. Angola: Balance of Payments, 2022–30

(Percent of GDP)

	2022	2023	2024		2025		2026	2027	2028	2029	2030
			AIV[1]	Prel.	AIV[1]	Proj.			Proj.		
Current account	**8.3**	**3.7**	**4.1**	**5.4**	**2.4**	**0.9**	**0.5**	**0.6**	**0.9**	**0.9**	**0.9**
Trade balance	23.0	19.4	19.7	19.6	17.0	14.6	14.4	14.0	13.7	13.2	12.5
Exports, f.o.b.	35.1	32.8	33.1	31.9	31.5	28.0	28.2	27.4	26.4	25.6	24.5
Crude oil	28.3	27.9	27.6	27.3	25.2	22.3	22.3	21.5	20.6	19.5	18.5
Gas and oil derivatives	5.1	2.9	3.3	3.3	3.4	3.2	3.1	3.0	2.8	2.6	2.4
Diamonds	1.4	1.4	1.4	1.3	1.5	1.4	1.5	1.5	1.5	1.5	1.5
Other	0.4	0.6	0.7	0.1	1.4	1.1	1.2	1.4	1.6	1.9	2.2
Imports, f.o.b	12.1	13.4	13.4	12.3	14.5	13.4	13.8	13.4	12.8	12.3	12.0
Services (net)	-7.9	-7.6	-7.6	-7.3	-8.2	-7.9	-8.2	-7.9	-7.6	-7.3	-6.8
Credit	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Debit	7.9	7.6	7.7	7.4	8.3	8.0	8.2	8.0	7.6	7.4	6.8
Primary income (net)	-6.1	-7.6	-7.5	-6.6	-5.9	-5.5	-5.5	-5.2	-5.0	-4.8	-4.6
Credit	*0.1*	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Debit	*6.2*	8.2	8.0	7.2	6.5	6.1	6.1	5.8	5.6	5.4	5.1
Secondary income (net)	*-0.8*	-0.4	-0.5	-0.3	-0.5	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
General Government	*0.0*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	*-0.7*	-0.4	-0.4	-0.2	-0.4	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
Of which: Personal transfers	*-0.1*	-0.1	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Capital account	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Financial account (+ = outflows)	**5.5**	**4.0**	**3.5**	**3.7**	**1.9**	**1.8**	**1.3**	**0.6**	**-0.3**	**-0.1**	**0.0**
Direct investment	4.7	1.9	0.7	0.1	0.6	1.5	2.0	1.9	1.7	1.5	1.4
Net acquisition of financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	-4.6	-1.9	-0.7	-0.1	-0.5	-1.5	-2.0	-1.8	-1.7	-1.5	-1.3
Portfolio investment	-0.6	0.0	-2.3	0.0	0.0	0.0	0.0	0.0	-3.1	-2.9	-0.9
Net acquisition of financial assets	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	0.8	0.0	2.3	0.0	0.0	0.0	0.0	0.0	3.1	2.9	0.9
Financial derivatives (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investment	1.5	2.1	5.1	3.6	1.4	0.4	-0.7	-1.2	1.2	1.3	-0.4
Trade credits and advances	1.6	-2.1	1.3	1.3	0.2	0.1	0.1	0.0	0.0	0.3	0.4
Currency and deposits	-0.1	-1.3	1.2	-1.3	0.3	-1.9	-1.9	-2.3	-2.2	-1.6	-1.5
Loans	0.0	5.1	-1.7	3.7	2.4	-1.8	-1.2	-0.8	2.4	1.1	-0.6
Of which: Central Government (net)	0.1	0.8	-2.7	0.6	2.2	-0.2	-0.7	-1.2	1.6	1.1	-0.8
Others[2]	0.0	0.3	4.3	0.0	-1.5	4.0	2.4	1.9	0.9	1.5	1.3
Errors and omissions	**-2.1**	**0.8**	**0.0**	**-0.9**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Overall balance	**0.6**	**0.6**	**0.6**	**0.8**	**0.5**	**-0.9**	**-0.8**	**0.0**	**1.2**	**1.0**	**0.9**
Financing	**-0.6**	**-0.6**	**-0.6**	**-0.8**	**-0.5**	**0.9**	**0.8**	**0.0**	**-1.2**	**-1.0**	**-0.9**
Change in gross reserves (- = increase)	-0.6	-0.7	-0.4	-0.8	0.0	1.3	1.5	0.6	-0.6	-0.6	-0.6
Repurchases/repayments to the Fund (- = increase)	...	-0.2	-0.2	-0.2	-0.4	-0.4	-0.7	-0.6	-0.6	-0.4	-0.3
Exceptional financing	0.0	0.5	...	...	...	...	...	...	...	...	...
IMF	0.0	-0.2	...	...	...	...	...	...	...	...	...
Other IFIs	0.0	0.7	...	...	...	...	...	...	...	...	...
***Memorandum items*:**											
Gross international reserves (excluding pledged repo securities)[3]	10.3	13.1	13.3	13.7	13.9	12.4	11.5	10.4	10.4	10.3	10.2
Gross international reserves (including pledged repo securities)[3]	10.3	13.1	13.3	13.7	13.9	12.4	11.5	10.4	10.4	10.3	10.2

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

[1] Angola - Staff Report for the 2024 Article IV Consultation (SM/25/26).

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

[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 5. Angola: Public Debt, 2022–30

(Percent of GDP)

	2022	2023	2024		2025		2026		2027	2028	2029	2030
			AIV[1]	Prel.	AIV[1]	Proj.	AIV[1]	Proj.	Proj.			
Total public debt[2]	**56.1**	**72.4**	**62.4**	**59.9**	**63.3**	**62.4**	**61.8**	**63.2**	**63.5**	**62.8**	**61.8**	**60.9**
Short-term	0.9	2.4	1.9	2.1	0.3	1.6	0.5	1.5	1.0	1.3	2.0	2.2
Medium and long-term	55.2	70.0	60.4	57.8	63.1	60.8	61.3	61.7	62.4	61.5	59.8	58.7
Domestic	15.4	18.2	12.5	15.6	11.1	13.8	11.6	12.5	12.6	13.6	14.6	15.6
Short-term	0.9	2.3	1.8	2.0	0.1	1.5	0.4	1.4	0.9	1.2	1.9	2.1
Medium and long-term	14.5	15.9	10.7	13.6	10.9	12.4	11.2	11.1	11.7	12.4	12.7	13.5
External	40.7	54.2	49.8	44.3	52.2	48.5	50.2	50.8	50.9	49.2	47.2	45.2
Owed to: Commercial banks	26.6	34.9	33.2	27.9	35.9	30.1	33.4	27.6	26.0	25.4	25.7	25.7
Owed to: Official creditors	10.6	14.5	13.5	12.3	13.8	15.1	15.2	21.0	23.6	22.9	20.9	19.2
Owed to: Other private sector	3.5	4.8	3.1	4.1	2.6	3.3	1.6	2.2	1.3	1.0	0.6	0.4
Short-term	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Medium and long-term	40.7	54.1	49.7	44.2	52.1	48.4	50.1	50.7	50.8	49.1	47.1	45.1
Of which: Sonangol	3.1	2.8	1.7	1.9	1.2	3.6	0.6	3.8	2.9	1.7	1.6	1.5
Of which: TAAG	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

[1] Angola - Staff Report for the 2024 Article IV Consultation (SM/25/26).

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

Table 6. Angola: Fiscal Financing Needs and Sources, 2025–30

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

	2025	2026	2027	2028	2029	2030
	Proj.					
Financing Needs[1] (A)	**13.2**	**11.4**	**10.3**	**12.2**	**12.5**	**10.5**
Primary deficit	-1.9	-1.7	-1.8	-2.2	-2.1	-2.1
Debt service	16.8	14.5	12.7	14.3	14.4	12.5
External debt service	10.5	8.6	8.0	9.8	9.3	6.8
Principal	7.3	5.4	4.9	6.5	5.9	3.3
Interest	3.2	3.2	3.1	3.4	3.4	3.5
Domestic debt service	6.2	5.9	4.7	4.4	5.1	5.6
Principal	4.5	4.1	2.6	2.5	3.1	3.7
Interest	1.8	1.8	2.1	2.0	2.0	2.0
Recapitalizations	0.0	0.0	0.0	0.0	0.0	0.0
Net clearance of domestic arrears / accounts payable	-1.2	-1.2	-0.5	0.2	0.2	0.2
Net clearance of external arrears / accounts payable	-0.5	-0.1	-0.1	-0.1	0.0	0.1
Financing Sources (B)	**13.2**	**11.4**	**10.3**	**12.2**	**12.5**	**10.5**
External debt disbursements	7.5	6.2	6.3	8.3	8.3	5.7
o/w: Multilateral	2.2	0.8	1.1	1.3	1.3	1.5
o/w: Bilateral	0.2	0.2	0.0	0.0	0.0	0.0
o/w: Eurobond	0.0	0.0	0.0	3.8	3.8	1.3
o/w: Commercial and Suppliers	3.6	3.3	3.5	3.3	3.3	2.9
o/w: Unidentified Financing	1.6	1.9	1.7	0.0	0.0	0.0
Domestic debt disbursements	5.7	5.2	4.0	3.9	4.3	4.9
Financing Gap (A-B)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Program financing[4]	0.0	0.0	0.0	0.0	0.0	0.0
***Memorandum Items*:**						
Total usable cash balances[2]	0.8	1.1	1.4	1.7	1.9	2.1
Total usable cash balances (in months of expenditure)[3]	1.2	1.6	1.9	2.2	2.4	2.6
External debt rollover rate (in percent)[4]	71.6	72.1	78.9	84.5	88.6	82.7
Domestic debt rollover rate (in percent)[5]	98.8	89.4	84.0	88.7	83.9	86.5

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 Soundness Indicators, 2016–25

(Percent) [1, 2]

	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Sep-24	Dec-24	Mar-25
Capital adequacy											
Regulatory capital to risk-weighted assets	19.2	18.9	24.2	23.2	20.3	23.8	28.4	26.0	21.8	20.7	22.9
Core capital (Tier 1) to risk-weighted assets	14.3	17.6	21.7	19.1	17.7	20.6	21.3	24.6	20.8	19.7	21.9
Nonperforming loans net of provisions to capital	27.4	35.0	19.9	28.4	38.3	32.9	14.1	13.6	12.5	18.5	12.9
Asset quality											
Foreign exchange loans to total loans	29.5	25.1	28.1	31.6	30.3	21.7	20.0	25.2	27.5	25.4	21.5
Nonperforming loans to gross loans	13.1	28.8	28.3	32.4	18.4	20.3	14.4	15.6	19.6	19.2	17.2
Sectoral distribution of credits											
Credit to public sector to total credit	8.7	10.9	11.6	9.7	10.2	9.1	8.1	12.3	11.8	11.3	11.7
Credit to private sector to total credit	91.3	89.1	88.5	90.3	89.8	90.9	91.9	87.7	88.2	88.7	88.3
Earnings and profitability											
Return on assets (ROA)	2.2	2.1	4.4	-1.3	-2.9	2.2	2.7	2.9	3.0	3.0	5.2
Return on equity (ROE)	15.6	14.5	26.6	-10.0	-29.8	26.7	22.1	21.2	24.8	24.8	39.1
Expense/income	99.7	99.8	99.6	109.8	121.5	81.3	76.3	66.3	76.9	77.5	64.2
Lending rate minus demand deposit rates	19.3	23.8	27.3	20.4	14.5	10.2	8.2	3.4	9.2	8.3	11.6
Saving deposit rates	4.8	9.7	4.5	8.3	11.4	10.8	10.0	10.2	8.8	9.8	9.4
Interest margin to gross income	63.1	72.3	43.2	44.9	168.3	91.0	73.2	63.6	65.6	61.1	58.2
Liquidity											
Liquid assets/total assets	46.3	33.8	22.2	26.6	30.1	35.8	30.9	35.3	32.2	31.1	29.5
Liquid assets/short term liabilities	59.2	43.2	28.6	32.6	35.8	43.6	38.9	41.8	38.6	37.7	36.1
Loan/deposits	51.6	49.3	44.2	42.0	32.7	35.9	34.4	34.9	40.5	43.6	42.7
Foreign exchange liabilities/total liabilities	34.4	33.5	46.1	53.0	54.2	45.5	36.3	42.0	41.0	40.0	38.8
Sensitivity to market risk											
Net open position in foreign exchange to capital [3, 4]	42.9	46.1	36.5	2.1	32.6	39.6	17.2	…	…	…	…
NUMBER OF REPORTING BANKS [5, 6]	**27**	**29**	**27**	**26**	**26**	**25**	**23**	**23**	**23**	**22**	**22**

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"). Staff did not discuss whether similar practices are widespread.

[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, 2023–32

(Units as indicated)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
		Prel.				Proj.				
Existing and prospective Fund arrangements, in SDR millions										
Disbursements	0.0	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	3,079.3	2,900.5	2,526.9	1,991.3	1,455.8	920.2	518.7	162.0	0.0	0.0
Obligations	326.9	384.1	513.4	645.7	621.9	603.0	450.7	391.9	186.3	20.4
Principal (repayment/repurchase)	134.1	178.8	373.6	535.6	535.6	535.6	401.5	356.7	162.0	0.0
Charges and interest	192.8	205.2	139.8	110.1	86.3	67.4	49.2	35.1	24.3	20.4
Of which: Basic charges	146.2	152.5	103.9	84.9	66.2	47.2	29.1	15.0	4.2	0.2
Of which: Surcharges	36.0	33.3	15.8	5.0	0.0	0.0	0.0	0.0	0.0	0.0
Level-based	36.0	33.3	12.0	3.7	0.0	0.0	0.0	0.0	0.0	0.0
Time-based	0.0	0.0	3.7	1.4	0.0	0.0	0.0	0.0	0.0	0.0
					(Millions of USD)					
Stock of existing and prospective Fund credit	4,107.5	3,805.5	3,371.5	2,662.8	1,951.4	1,235.8	698.0	218.4	0.0	0.0
Obligations	436.0	503.9	685.0	863.4	833.6	809.7	606.5	528.5	251.3	27.5
Principal (repayment/repurchase)	178.9	234.6	498.5	716.2	717.9	719.2	540.2	481.1	218.4	0.0
Charges and interest	257.1	269.3	186.6	147.2	115.7	90.5	66.2	47.4	32.8	27.5
BASELINE SCENARIO										
Fund obligations, in percent of										
Quota	44.2	51.9	69.4	87.2	84.0	81.5	60.9	52.9	25.2	2.8
Gross domestic product	0.4	0.4	0.6	0.8	0.7	0.7	0.5	0.4	0.2	0.0
Export of goods and services	1.2	1.4	2.1	2.8	2.6	2.5	1.8	1.5	0.7	0.1
Gross international reserves	3.0	3.2	4.8	6.8	7.0	6.4	4.5	3.7	1.7	0.2
Government revenue	2.8	2.7	4.4	5.3	5.0	4.6	3.4	2.8	1.3	0.1
External debt service	6.2	7.7	6.5	9.9	9.5	6.9	5.1	5.3	2.3	0.2
Fund credit outstanding, in percent of										
Quota	416.1	391.9	341.4	269.1	196.7	124.3	70.1	21.9	0.0	0.0
Gross domestic product	3.7	3.3	2.9	2.4	1.7	1.0	0.5	0.2	0.0	0.0
Exports of goods and services	11.1	10.3	10.4	8.6	6.2	3.8	2.1	0.6	0.0	0.0
Gross international reserves	27.9	24.1	23.6	21.0	16.3	9.8	5.2	1.5	0.0	0.0
Government revenue	26.1	20.2	21.6	16.5	11.6	7.1	3.9	1.2	0.0	0.0
External debt	8.2	7.9	6.9	5.0	3.5	2.1	1.2	0.4	0.0	0.0
DOWNSIDE SCENARIO										
Fund obligations, in percent of										
Quota	44.2	51.9	69.4	87.2	84.0	81.5	60.9	52.9	25.2	2.8
Gross domestic product	0.4	0.4	0.6	0.9	0.9	0.8	0.5	0.4	0.2	0.0
Export of goods and services	1.2	1.4	2.2	3.0	2.8	2.6	1.9	1.5	0.7	0.1
Gross international reserves	3.0	3.2	5.0	7.8	8.3	7.5	5.3	4.3	1.9	0.2
Government revenue	2.8	2.7	5.2	7.0	6.2	5.7	4.0	3.3	1.4	0.1
External debt service	6.2	7.7	6.5	9.9	9.5	7.0	5.1	5.3	2.3	0.2
Fund credit outstanding, in percent of										
Quota	416.1	391.9	341.4	269.1	196.7	124.3	70.1	21.9	0.0	0.0
Gross domestic product	3.7	3.3	3.0	2.8	2.0	1.2	0.6	0.2	0.0	0.0
Exports of goods and services	11.1	10.3	10.8	9.1	6.5	4.0	2.1	0.6	0.0	0.0
Gross international reserves	27.9	24.1	24.9	24.1	19.4	11.5	6.1	1.8	0.0	0.0
Government revenue	26.1	20.2	25.8	21.6	14.5	8.6	4.6	1.4	0.0	0.0
External debt	8.2	7.9	6.8	4.9	3.4	2.1	1.2	0.4	0.0	0.0
Memorandum items					**(Millions of U.S. dollars, unless otherwise indicated)**					
BASELINE SCENARIO										
Quota (millions of SDRs)	740	740	740	740	740	740	740	740	740	740
Gross domestic product	112,483	115,214	115,167	109,855	114,798	122,168	130,394	139,542	150,831	163,512
Gross international reserves	14,727	15,768	14,268	12,668	11,968	12,668	13,418	14,218	15,150	15,832
Exports of goods and services	36,961	36,886	32,348	31,042	31,581	32,388	33,413	34,309	34,683	35,094
Central Government revenues	15,749	18,877	15,629	16,143	16,801	17,431	17,902	18,663	19,836	20,931
External debt service	7,074	6,564	10,536	8,705	8,801	11,668	11,946	9,951	10,929	13,537
Total external debt[1]	50,359	48,057	48,746	53,166	56,417	58,084	59,522	60,978	54,588	57,309
DOWNSIDE SCENARIO										
Quota (millions of SDRs)	740	740	740	740	740	740	740	740	740	740
Gross domestic product	112,483	115,214	110,858	94,427	97,001	103,451	110,615	118,719	128,044	138,526
Gross international reserves	14,727	15,768	13,568	11,068	10,068	10,768	11,518	12,318	13,250	13,932
Exports of goods and services	36,961	36,886	31,119	29,179	29,929	31,173	32,651	34,252	34,626	35,037
Central Government revenues	15,749	18,877	13,068	12,308	13,475	14,299	15,125	16,069	17,603	18,444
External debt service	7,074	6,564	10,536	8,705	8,799	11,618	11,937	9,889	10,807	13,409
Total external debt[1]	50,359	48,057	49,707	54,119	57,361	59,019	60,452	61,384	54,527	57,317

Sources: Angolan authorities; and IMF staff projections.

[1] Including Sonangol, TAAG, and public guarantees.

Annex I. Downside Scenario

1. **An illustrative downside scenario is applied to assess Angola's capacity to repay under stress conditions.** In the downside scenario, a supply glut, combined with a slowdown in global growth, is assumed to exert downward pressure on international oil prices. A sharp decline in oil prices in turn is assumed to be accompanied by a contraction in domestic oil production. Starting in the second half of 2025, Brent oil prices are assumed to decline to US$50 per barrel, while domestic oil production is projected to fall to an average of 1 million barrels per day in 2026. The scenario assumes a gradual recovery in both oil prices and production over the medium term, with the shock considered transitory and largely resolved by the end of the projection horizon in 2030 (Annex I. Figure 1). The shock could propagate through multiple channels, generating the following spillovers:

- ***External financing conditions***: Oil price developments could lead to a change in risk aversion in international markets for Angola. Given Angola's reliance on external financing to meet maturing debt, a significant increase in risk premiums could heighten FX liquidity risks and exert pressure on the exchange rate and domestic interest rates.

- ***Growth***: Overall growth would stall due to a combination of declining oil production and spillovers from an abrupt fiscal adjustment. While the financial sector would remain resilient, heavy reliance on domestic borrowing to offset scarce external financing would crowd out private sector credit and amplify the contractionary impact.

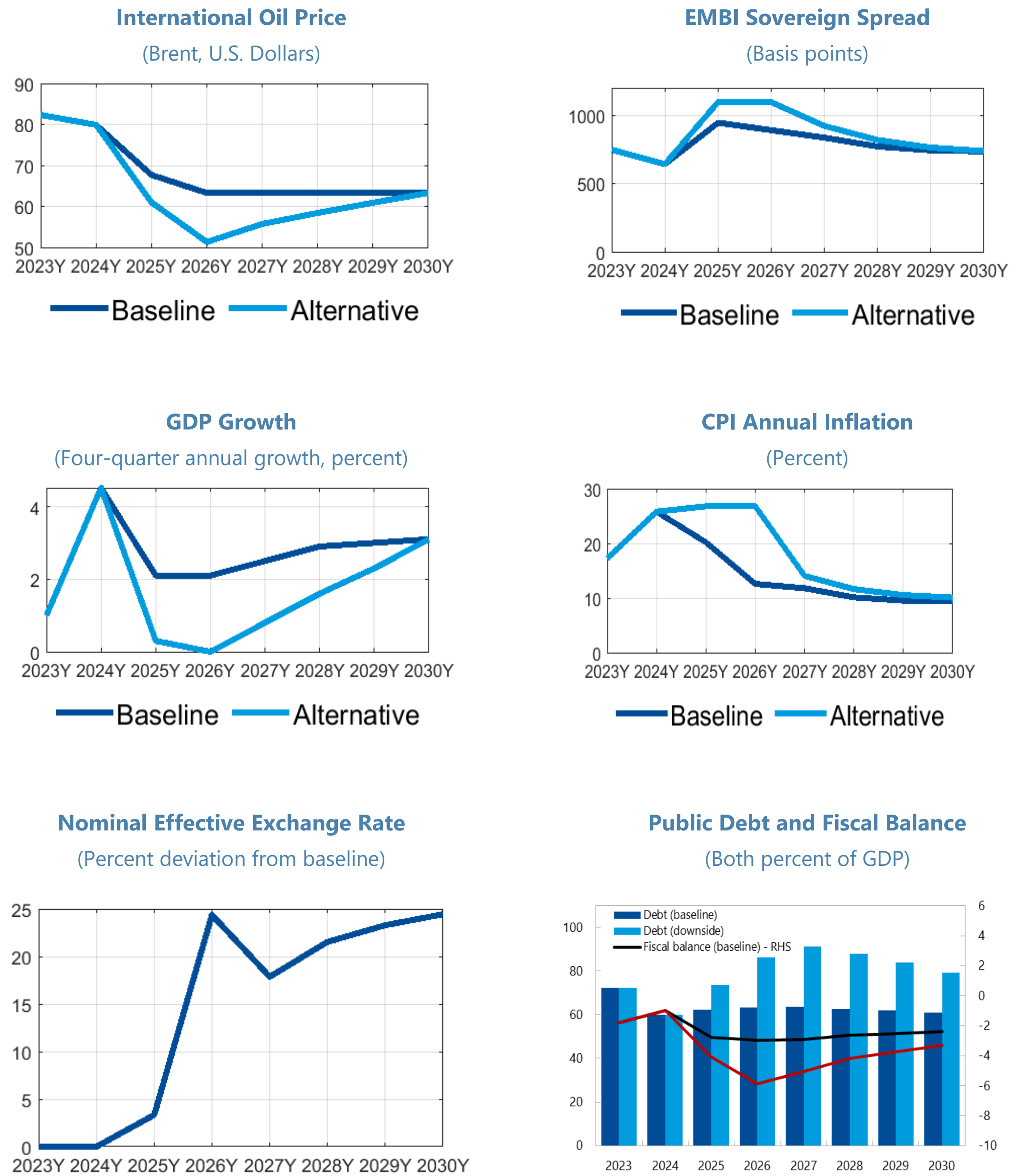
- ***Fiscal outcome***: Slower growth and a downturn in the oil sector would reduce both oil and non-oil tax bases. While exchange rate flexibility could help cushion the impact of declining foreign exchange revenues, it would also increase public debt through FX debt revaluation effects.

Under a downside scenario,

- Gross international reserves (GIR) would decline to around 50 percent of the Adequacy of Reserve Assessment (ARA) metric, down from an average of about 90 percent of ARA metric under the baseline. IMF credit outstanding relative to GIR would rise to 24 percent in 2026, compared to 21 percent under the baseline. Repayments to the IMF are projected to peak in 2026 reaching 7.8 percent of GIR (instead of 6.8 percent under the baseline) and 3.0 percent of exports (instead of 2.8 percent under the baseline).

2. Public debt would rise by nearly 30 ppts of GDP over the next two years—largely driven by FX revaluation effects—peaking at 91 percent of GDP before stabilizing over the medium term. The fiscal deficit would widen by an average of 2 ppt of GDP over the projection horizon, and the total debt interest-to-revenue ratio would reach 31 percent. The scenario assumes exchange rate depreciation in response to the shock, providing a partial buffer. Elevated debt service could crowd out development spending and could heighten social discontent, disproportionately affecting the most vulnerable.

Annex I. Figure 1. Downside Scenario



Source : IMF Staff Calculations.

Note: Projections are based on staff assumptions regarding policy measures and exogenous factors consistent with the macroeconomic framework. The downside scenario illustrates a hypothetical set of economic shocks and corresponding policy responses, without implying any assessment of their likelihood. Projections are informed by staff macroeconomic forecasting model, with the core structure outlined in SIP paper, 2023 Angola Article IV consultation.

Annex II. Risk Assessment Matrix[1]

Risks	Likelihood	Potential Impact	Mitigation measures
Trade policy and investment shocks. Higher trade barriers or sanctions reduce external trade, disrupt FDI and supply chains, and trigger further U.S. dollar appreciation, tighter financial conditions, and higher inflation.	**High**	**Medium.** With oil comprising over 90 percent of Angola's exports, the direct impact of trade shocks is limited. However, indirect effects through major trading partners could weaken oil demand and investment flows, while also contributing to higher global inflation with potential pass-through to domestic prices.	• **Enhance trade diversification** by developing strategies to diversify trade partners, thereby minimizing vulnerability to trade disruptions. • **Promote FDI and strengthen domestic supply chains** to promote investments and enhance resilience to mitigate the impact of external shocks. • **Utilize monetary policies tools** to manage inflation effectively, thereby stabilizing the economy during periods of heightened trade uncertainty.
Sovereign debt distress. Higher interest rates, stronger U.S. dollar, and shrinking development aid amplified by sovereign-bank feedback result in capital outflows, rising risk premia, loss of market access, abrupt expenditure cuts, and lower growth in highly indebted countries.	**High**	**High.** Contagion effects and swings in investor sentiment could drive Angola's sovereign spreads higher, exacerbating external financing pressures.	• **Pursue fiscal consolidation** through both revenue mobilization and expenditure control to build fiscal buffers. • **Develop local debt markets** and proactively manage debt to smooth debt service. • **Focus on raising financing from international financial institutions (IFIs)** and the donor community. • **Utilize monetary policies tools** to manage inflation effectively.
Commodity price volatility. Supply and demand volatility (due to conflicts, trade restrictions, OPEC+ decisions, AE energy policies, or green transition) increases commodity price volatility, external and fiscal pressures, social discontent, and economic instability.	**Medium**	**High.** Angola is an oil-dependent economy. Commodity price volatility can lead to increased external and fiscal pressures, and contribute to overall economic instability in the country.	• **Accelerate structural reforms and support trade diversification** through expanding trading partners, developing non-oil exports, and building a stronger services sector such as tourism, finance, and IT exports. • **Pursue fiscal consolidation** through both revenue mobilization and expenditure control to build fiscal buffers. • **Tighten monetary policy as needed** to control inflation while allowing exchange rate to function as a shock absorber and preserve external buffers.

[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.

Risks	Likelihood	Potential Impact	Mitigation measures
Tighter financial conditions and systemic instability. Higher-for-longer interest rates and term premia amid looser financial regulation, rising investments in cryptocurrencies, and higher trade barriers trigger asset repricing, market dislocations, weak bank and NBFI distress, and further U.S. dollar appreciation, which widens global imbalances, worsens debt affordability, and increases capital outflow from EMDEs.	**Medium**	**High.** External and fiscal pressures in EMDE's could further hinder Angola's prospects to access global capital markets. Higher interest rates can elevate the cost of servicing sovereign debt.	• **Strengthen financial regulation** to increase resilience of banks to market shocks, including stricter capital requirements and stress testing. • **Pursue fiscal consolidation** through both revenue mobilization and expenditure control to build fiscal buffers. • **Diversify financing sources** to reduce reliance on external financing and improve access to funding for domestic businesses.
Regional conflicts. Intensification of conflicts (e.g., in the Middle East, Ukraine, Sahel, and East Africa) or terrorism disrupt trade in energy and food, tourism, supply chains, remittances, FDI and financial flows, payment systems, and increase refugee flows.	**Medium**	**Medium.** Disruptions in food supply chains could worsen food insecurity and heighten inflationary pressures in Angola. Additionally, interruptions in energy trade and financial flows may adversely affect the country's economy.	• **Strengthen fiscal policies** to build robust financial buffers and allocate resources effectively to safeguard the most vulnerable populations. • **Scale up the cash transfer programs** while enhancing efficiency to target most vulnerable. • **Strengthen food security** to reduce dependency on imports and mitigating the impact of food supply disruptions. • **Enhance regional cooperation** to address the challenges posed by conflicts and strengthen collective security and economic stability.
Social discontent. Real income loss, spillovers from conflicts, dissatisfaction with migration, and worsening inequality ignite social unrest, populism, polarization, and resistance to reforms or suboptimal policies. This weakens growth and leads to policy uncertainty and market repricing.	**Medium**	**High.** Social unrest is likely to disrupt policy implementation, hampering the government's ability to execute fiscal consolidation measures and further undermining macroeconomic outcomes	• **Strengthen fiscal policies** to build robust financial buffers and allocate resources effectively to safeguard the most vulnerable populations. • **Scale up the cash transfer programs** while enhancing efficiency to target the most vulnerable. • **Accelerate structural reforms** particularly to improve governance and tackle corruption. • **Strengthen communication regarding the use of various policy levers** to bolster public confidence in economic policies.
Climate change. Extreme climate events driven by rising temperatures cause loss of life, damage to infrastructure, food insecurity, supply disruptions, lower growth, and financial instability.	**Medium**	**Medium.** Angola is vulnerable to frequent shocks affecting agriculture and faces transition risks from declining global oil demand. Climate shocks threaten food and water security, damage infrastructure and assets, and harm tourism	• **Accelerate structural reforms** to support economic diversification. • **Pursue fiscal consolidation** to build fiscal buffers and create space for financing the green transition. • **Seek private and concessional financing** from donors to support the development of climate-resilient infrastructure.

Risks	Likelihood	Potential Impact	Mitigation measures
Global growth acceleration. Easing of conflicts, **positive** supply-side surprises (e.g., oil production shocks), productivity gains from AI, or structural reforms raise global demand and trade.	**Low**	**Low.** While increased global demand and trade may boost Angola's economy, it could also lead to over-reliance on commodity exports.	• **Accelerate structural reforms** to support economic diversification. • **Pursue fiscal consolidation** through both revenue mobilization and expenditure control to build fiscal buffers. • **Utilize monetary policies tools** to manage inflation effectively. • **Invest in human capital development** to equip the population with the necessary skills for emerging sectors to strengthen the economy.

Statement by Mr. Ubisse, Executive Director for Angola, Mr. Silva, Alternate Executive Director, and Ms. Sarmento, Advisor to Executive Director

September 3, 2025

Introduction

On behalf of our Angolan authorities, we express our sincere appreciation to Ms. Saito and her team for their constructive and insightful discussions during the 2025 Post Financing Assessment. The authorities broadly concur with the staff's assessment and policy advice while maintaining a more optimistic outlook on Angola's economic prospects. They remain deeply committed to advancing reforms that drive economic transformation and strengthen long-term resilience, in line with the National Development Plan (NDP) 2023–27 and the African Union's Agenda 2063.

Following a subdued 2023, economic activity rebounded in 2024, supported by stronger performance in both the oil and non-oil sectors. Furthermore, the outcome on fiscal revenue, current account balance, inflation, and public debt was more positive than anticipated. The authorities attribute these developments to deliberate policy actions aimed at boosting domestic production capacity and reducing external vulnerabilities. To this end, efforts are ongoing to enhance oil production through investment in new discoveries and promote activity in the non-oil sectors through import substitution measures, particularly in agriculture, agro-processing, and manufacturing. The authorities are confident that the positive economic momentum seen in 2024 will persist, supported by the continued steadfast implementation of reforms.

The authorities are cautious of the external risks, including ongoing pressures from oil price volatility and tightening financing conditions. To this end, they stand ready to implement timely and targeted fiscal measures to support consolidation efforts, place debt on a sustainable path, and ensure Angola's continued ability to meet its external obligations, including to the Fund and other creditors. The authorities recognize the emerging fiscal gap and are taking concrete steps to address this by strengthening domestic revenue mobilization and rationalizing expenditures, with continued emphasis on fuel subsidy reform. In parallel, the authorities are pursuing low-cost financing options, accelerating privatization, and enhancing public financial management to improve efficiency and transparency. Supported by strong external buffers, the authorities consider Angola to be well-positioned to absorb external shocks, meet its financial commitments, and sustain the momentum of structural reform and economic diversification.

Recent Economic Developments and Outlook

Angola's economic activity experienced a strong rebound in 2024, with real GDP growth reaching 4.4 percent, exceeding earlier projections, and marking a significant recovery from 1.3 percent in 2023. The upturn was driven by a rebound in oil production and a pickup in non-oil sector activity. Despite the recent year-on-year decline in oil output, early estimates for 2025 indicate that growth remained resilient, with GDP expanding by 3.5 percent in the first quarter. To this end, the authorities are optimistic that growth will remain on track throughout the year, supported by import substitution efforts and targeted measures to boost productive capacity in agriculture, manufacturing, and services. The medium-term growth forecast is 3.1 percent, assuming diversification and reforms that would offset risks from commodity price swings, global financial tightening, and geopolitical tensions.

Headline inflation rose from 20.0 percent in December 2023 to 27.5 percent by the end of 2024, before easing to 22.3 percent in April and further to 19.7 percent in July 2025. The downward trend in inflation, maintained even in the face of recent fuel, water, and energy subsidy reforms, was largely supported by improvements in domestic supply chains and the stabilization of the exchange rate. As a result, inflation is expected to average about 17.5 percent in 2025 and gradually move toward the Banco Nacional de Angola's (BNA) single-digit target over the medium term.

The external position strengthened, improving from a surplus of 3.7 percent in 2023 to a better-than-projected 5.4 percent in 2024. The favorable outcome was supported by a rebound in oil exports and strategic import rationalization measures. Gross reserves remained adequate at 7.8 months of import cover in 2024, maintaining the average at 7.6 percent since 2023. This strong reserve position reflects the authorities' prudence in preserving macroeconomic stability and enhancing resilience to external shocks, including a potential drop in oil prices.

Fiscal Policy and Debt Management

The authorities are strongly committed to a sustainable path of fiscal consolidation aimed at preserving macroeconomic stability, limiting borrowing needs, and creating space for inclusive medium-term growth. To this end, the primary balance improved visibly from a deficit of 2.1 percent of GDP in 2023 to a surplus of 0.4 percent in 2024, reflecting robust revenue mobilization and disciplined expenditure execution. Noting the challenges ahead and the probable impact on the fiscal position, the authorities stand ready to undertake necessary fiscal adjustments to secure the credibility of the medium-term fiscal framework while safeguarding productive investments and protecting vulnerable citizens. In this regard, they are developing a short-term fiscal response to ensure alignment with current macroeconomic conditions and projected financing needs.

To limit borrowing needs and safeguard fiscal space, the authorities are prioritizing spending rationalization, which entails a partial freeze on spending on capital projects with low execution rates and non-essential goods and services. Notwithstanding the apparent delays, the authorities remain committed to advancing fuel subsidy reform and have already begun gradually reducing diesel subsidies, including a 33 percent increase in the price of diesel in July 2025. The authorities are progressing with a revenue reform agenda aimed at expanding the tax base and enhancing non-oil revenue mobilization. Key measures include the anticipated year-end approval of corporate and personal income tax codes, efforts to reduce informality, and the implementation of property taxation. On tax administration, ongoing efforts to reinforce tax compliance and audit capacity are expected to deliver meaningful improvements in revenue collection efficiency and fiscal transparency.

The authorities place high value on advancing public financial management, recognizing it as a key pillar of their fiscal strategy. They are taking concrete steps to improve transparency and accountability, including the rollout of quarterly fiscal reports under the 2014 GFSM to bolster public oversight and support enforcement of the planned spending freeze. The authorities are continuing to leverage the technical assistance provided by the IMF to strengthen fiscal risk management, with a focus on enhancing oversight and privatization of state-owned enterprises while reducing contingent liabilities. In parallel, the authorities are advancing reforms to strengthen the medium-term fiscal planning framework, including through the mandatory five-year review of the Fiscal Sustainability Law (FSL) scheduled to resume in the third quarter of 2025. As part of this process, they are working to align the FSL with international best practices and reaffirm their commitment to a credible debt limit, which will serve as a fiscal anchor to reinforce policy credibility and safeguard debt sustainability.

The authorities remain committed to placing debt on a sustainable path through fiscal discipline and prudent debt management. To this end, public debt declined from 72.4 percent of GDP in 2023 to 59.9 percent in 2024 and is projected to increase slightly to 62.4 percent in 2025. Despite the favorable debt trajectory, the authorities acknowledge that the debt profile remains vulnerable to external shocks due to the high proportion of foreign currency-denominated obligations. They acknowledge that a financing strategy is necessary; and as such, they are focusing on mobilizing funds from multilateral and commercial sources, issuing local and foreign currency instruments domestically, deepening the local debt market and securing more concessional financing. That said, the authorities are closely monitoring near-term maturities and tightening global conditions, at the back of adequate external buffers accumulated.

Monetary and Financial Sector Policies

The authorities have demonstrated a strong commitment to restoring price stability and returning inflation to the target. The BNA raised the policy rate from 18.0 percent in November 2023 to 19.5 percent in May 2024, maintaining this level throughout July 2025. The policy stance thus far has supported a sustained decline in inflation from its peak in mid-2024 to date. The BNA's view is that monetary conditions remain adequate, as reflected in the contraction of the monetary base by 10.87 percent and the expansion of M2 in national currency by 6.5 percent as of June 2025. These developments are consistent with the long-term monetary policy trajectory and support macroeconomic stability.

The BNA will continue to implement a prudent and forward-looking monetary policy framework that is guided by data outcomes and clear communication. The authorities will continue to remain vigilant of the risks to inflation and act appropriately to safeguard the previous gains, while anchoring inflation expectations. The authorities remain committed to a market-driven exchange rate regime, with limited foreign exchange interventions. Acknowledging structural constraints in the FX market, the authorities welcome upcoming IMF technical assistance to improve FX operations and enhance monetary policy effectiveness and credibility.

The financial system continues to demonstrate resilience, with system-wide liquidity and capital buffers remaining comfortably above regulatory thresholds. Building on this foundation, the authorities are actively advancing reforms to strengthen the financial safety net and enhance financial intermediation. These initiatives are further supported by the ongoing Financial Sector Assessment Program (FSAP), which is expected to yield comprehensive insights into financial stability and inform future policy decisions. The authorities are actively working to mitigate systemic risks, with ongoing efforts to monitor banks' exposure to sovereign debt and exchange rate vulnerabilities. Initiatives are underway to broaden the financial sector's asset base and investor participation, while steps are being taken to strengthen FX-related supervisory capacity.

Progress is underway in addressing AML/CFT shortcomings, with the authorities initiating key reforms to strengthen supervision, transparency, and enforcement. As part of the national AML/CFT strategy, authorities implemented risk-based supervision in banking; enforced effective and deterrent sanctions for money laundering in banking and insurance, with remedial measures in capital markets; conducted awareness campaigns for non-banking institutions; and issued manuals for identifying beneficial owners and politically exposed people (PEPs). The first FATF progress report was submitted in June 2025, and correspondent banking relationships remain unaffected, signaling trust in the reform process.

Structural Reforms and Governance

Promoting private sector–led growth beyond the oil sector remains a key policy priority. In this regard, the authorities remain focused on creating an enabling environment to attract investment and foster economic diversification to support macroeconomic stability and inclusive and sustainable growth. The authorities have initiated diversification efforts, notably through import substitution measures such as licensing requirements for agricultural products, marking an important shift toward reducing external vulnerabilities and stimulating domestic production.

The authorities are confident that the Lobito Corridor project is a strategic infrastructure investment and reform initiative that will support economic diversification and reduce dependence on oil. The project is expected to improve market access for agricultural producers, enhance mining sector productivity, and strengthen logistics and digital connectivity. It will also foster industrial development and generate employment opportunities, particularly for youth and women.

The authorities continue to be committed to its timely implementation of the NDP 2023–27, with the plan targeting 5 percent annual growth in the non-oil sector to support economic diversification, alongside increased participation of the private sector. To this end, they are advancing initiatives to improve the business environment, including through the reduction of unproductive legal barriers.

Conclusion

Our authorities remain firmly committed to restoring macroeconomic stability, strengthening fiscal governance, and fostering the conditions necessary for inclusive growth. They undertake to continue to implement measures to address economic vulnerabilities, improve public sector efficiency, and support the country's long-term development. The authorities view their capacity to meet their obligations to the creditors as adequate, despite the downside risks. They look forward to continuing engagement with the Fund.