

**LAPSE OF
TIME**

EBS/21/102

November 24, 2021

To: Members of the Executive Board

From: The Acting Secretary

Subject: **Angola—Request for an Extension of the Extended Arrangement Under the Extended Fund Facility**

Board Action:	Executive Directors' consideration on a lapse of time basis
Deadline to Request Board Meeting:	Friday, December 3, 2021 12:00 (noon)
Proposed Decision:	Page 2
Publication:	Yes*
Questions:	Mr. Mills, AFR (ext. 37629) Mr. Weiss, AFR (ext. 37330) Mr. Ricka, AFR (ext. 39030)

*The authorities have indicated that they consent to the Fund's publication of this paper.



ANGOLA

REQUEST FOR AN EXTENSION OF THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY

November 24, 2021

Approved By
Vitaliy Kramarenko
and **Gavin Gray**

Prepared by the African Department (in consultation with other departments).

- 1. The authorities have requested an extension of the Extended Fund Facility (EFF) arrangement set to expire on December 6, 2021.** The three-year arrangement was approved by the Executive Board on December 7, 2018 with access of SDR 2.673 billion (361 percent of quota). Additional access of SDR 540.4 million (73 percent of quota) was approved by the Executive Board on September 16, 2020.
- 2. The extension seeks to allow sufficient time to complete discussions for completion of the sixth (and final) review.** The review is based on the June 2021 PCs. A mission to discuss the sixth review began in early October 2021. Additional time was needed to assess the details of the government's 2022 budget (which is expected to maintain a tight fiscal stance, in line with the need to reduce Angola's debt-to-GDP ratio and the EFF's objectives); conclude the program discussions; and prepare and circulate the documents for Board consideration. The Board meeting to discuss the sixth review under the EFF would be tentatively scheduled for December 22, 2021.
- 3. Preliminary data suggest that the program's quantitative performance criteria (PCs) for end-June 2021 were met with one exception.** The PCs met include the non-oil primary fiscal deficit, reserve money, and BNA claims on the central government. The end-June 2021 target on net international reserves appears to have been missed by a small margin (0.2 percent of GDP or 1.9 percent of the NIR target). The staff report will record the corrective measures taken by the authorities to keep their program on track. Further progress has been made on the structural reform agenda, albeit with delays on some structural benchmarks. Continuous PCs are preliminarily assessed as met.
- 4. Staff supports the authorities' request for an extension of the EFF arrangement to January 31, 2022.** The extension allows time to reach understandings on appropriate policies to complete the review and prepare documents. The attached decision is proposed for adoption by the Executive Board on a lapse-of-time basis.

Proposed Decision

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

1. Angola has requested an extension to January 31, 2022 of the arrangement under the Extended Arrangement for Angola (EBS/18/104, 11/21/19) (the "Arrangement").
2. The letter dated November 22, 2021 from the State Minister for Economic Coordination, Minister of Finance, and the Governor of the Banco Nacional de Angola (the "November 2021 Letter") shall be attached to the Arrangement, and the letter dated November 19, 2018, together with its attachments, and shall be read as supplemented and modified by the November 2021 Letter.
3. Accordingly, the Arrangement for Angola shall be amended as follows:

Paragraph 1 of the Arrangement shall be amended by replacing the words "For a period of three years from the date of the approval of this arrangement," with "For a period from December 7, 2018 to January 31, 2022".

Appendix I. Letter of Intent

Luanda, November 22, 2021

Madame Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, D.C. 20431
USA

Dear Madame Georgieva:

We would like to request an extension of the extended arrangement under the Extended Fund Facility Arrangement until January 31, 2022. The three-year arrangement was approved by the Executive Board of the International Monetary Fund on December 7, 2018 and is due to expire on December 6, 2021.

The need for a program extension results from the fact that 2022 macroeconomic framework discussions, which were part of discussions for completion of the sixth and final review under the arrangement, took longer than expected, to ensure prudent macroeconomic policies and fiscal adjustment, especially to further reduce debt vulnerabilities.

Please accept the assurances of our highest esteem and consideration.

Sincerely yours,

/s/

Manuel José Nunes Júnior
State Minister for Economic Coordination

/s/

Vera Daves de Sousa
Minister
Ministry of Finance

/s/

José de Lima Massano
Governor
Banco Nacional de Angola