

**EXECUTIVE  
BOARD  
MEETING**

EBS/20/128  
Correction 1

September 16, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Angola—Third Review Under the Extended Arrangement Under the Extended Fund Facility, Requests for Augmentation and Rephasing of Access, Waivers of Nonobservance of Performance Criterion and Applicability of Performance Criterion, Modifications of Performance Criteria, and Completion of Financing Assurances Review**

Board Action: The attached correction to EBS/20/128 (7/20/20) has been provided by the staff:

**Factual Errors Not Affecting the Presentation of Staff's Analysis or Views**

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Questions: Mr. de Zamaroczy, AFR (ext. 36934)  
Mr. De Resende, AFR (ext. 34526)



temporary loss of international capital market access. Accordingly, the authorities have requested IMF access augmentation up to the ceiling of normal access (from 361 percent of quota to ~~435~~ 434.4 percent, corresponding to an additional US\$748 million) to cover part of the projected financing gap—of which US\$373 million will be disbursed in 2020.

- Angola is expected to benefit from budget support from other development partners in 2020, with about US\$600 million from the World Bank, US\$400 million from the AfDB (of which, US\$165million, already disbursed, represents funds originally planned to be disbursed in 2019), and US\$100 million from a bilateral official development agency.
- The authorities are committed to progressively aligning government security yields with market rates to support domestic rollover rates.
- *Financing needs.* GFNs will peak in 2020 and exceed the MAC-DSA’s high-risk benchmark for emerging economies<sup>1</sup> (hereafter the “high-risk benchmark;” Text Table 1), but fiscal financing is assured. The authorities took decisive action to pre-pay a collateralized official bilateral credit line in December 2019. As part of the G20 Debt Service Suspension Initiative (G20DSSI), Angola is expected to benefit from a reprofiling of all principal and interest coming due between June 1 and December 31, 2020 from official creditors (“debt service suspension”).<sup>2</sup> In addition, the authorities have received assurances from their large creditors to defer selected principal payments to well beyond the end of the program (Text Table 2 and Box 1).

**Text Table 1. Angola: Fiscal Financing Needs and Sources, 2020–30**  
(Percent of GDP)

|   | 2020        | 2021        | 2022        | 2023       | 2024       | 2025       | 2026       | 2027       | 2028        | 2029       | 2030       |
|---|-------------|-------------|-------------|------------|------------|------------|------------|------------|-------------|------------|------------|
| <b>Financing Needs<sup>1</sup></b>          | <b>19.9</b> | <b>13.8</b> | <b>10.5</b> | <b>9.9</b> | <b>8.6</b> | <b>9.6</b> | <b>6.4</b> | <b>7.0</b> | <b>10.8</b> | <b>8.9</b> | <b>9.0</b> |
| GFN as in the DSA                           | 18.7        | 13.4        | 10.2        | 9.9        | 8.4        | 9.4        | 5.7        | 6.8        | 10.7        | 8.8        | 8.9        |
| Overall deficit                             | 3.6         | 1.6         | 0.0         | -1.0       | -1.3       | -1.5       | -1.8       | -2.0       | -2.0        | -1.9       | -2.1       |
| Debt amortization                           | 15.1        | 11.7        | 10.2        | 10.9       | 9.7        | 11.0       | 7.5        | 8.8        | 12.7        | 10.7       | 11.1       |
| Domestic                                    | 11.0        | 5.8         | 7.3         | 6.3        | 5.0        | 4.3        | 1.9        | 2.9        | 4.7         | 3.0        | 3.4        |
| External                                    | 4.1         | 6.0         | 2.9         | 4.6        | 4.7        | 6.6        | 5.6        | 5.9        | 7.9         | 7.7        | 7.7        |
| Existing debt                               | 4.1         | 6.0         | 2.7         | 4.0        | 3.9        | 5.2        | 3.3        | 3.1        | 4.9         | 4.6        | 4.7        |
| New debt                                    | 0.0         | 0.0         | 0.2         | 0.6        | 0.8        | 1.5        | 2.3        | 2.9        | 3.1         | 3.1        | 3.0        |
| Recapitalizations                           | 0.7         | 0.0         | 0.0         | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0         | 0.0        | 0.0        |
| Clearance of payments arrears               | 0.5         | 0.5         | 0.3         | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0         | 0.0        | 0.0        |
| Clearance of external debt payments arrears | 0.0         | 0.0         | 0.0         | 0.0        | 0.2        | 0.1        | 0.7        | 0.1        | 0.1         | 0.1        | 0.1        |
| Sonangol reimbursement <sup>2</sup>         | 0.0         | 0.0         | 0.0         | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0         | 0.0        | 0.0        |
| <b>Financing Sources</b>                    | <b>19.9</b> | <b>13.8</b> | <b>10.5</b> | <b>9.9</b> | <b>8.6</b> | <b>9.6</b> | <b>6.4</b> | <b>7.0</b> | <b>10.8</b> | <b>8.9</b> | <b>9.0</b> |
| Domestic deposit drawdown <sup>3</sup>      | 7.0         | 2.3         | -0.1        | 0.4        | 0.3        | 0.1        | 0.0        | 0.0        | 0.0         | 0.0        | 0.0        |
| Foreign deposit drawdown (escrow)           | 0.4         | 1.1         | 1.1         | -0.7       | -0.4       | 0.0        | 0.0        | 0.0        | 0.1         | 0.1        | 0.6        |
| Privatization proceeds                      | 0.1         | 0.2         | 0.1         | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0         | 0.0        | 0.0        |
| Debt issuance                               | 12.3        | 10.4        | 9.4         | 10.2       | 8.7        | 9.6        | 6.4        | 7.0        | 10.7        | 8.8        | 8.5        |
| Domestic                                    | 4.8         | 4.2         | 5.8         | 5.8        | 4.6        | 3.6        | 1.6        | 3.5        | 6.0         | 4.5        | 5.0        |
| Treasury bills                              | 1.8         | 1.4         | 1.2         | 1.5        | 1.3        | 0.9        | 0.2        | 0.4        | 1.4         | 0.7        | 1.5        |
| Treasury bonds                              | 3.0         | 2.8         | 4.6         | 4.3        | 3.3        | 2.6        | 1.4        | 3.1        | 4.7         | 3.8        | 3.5        |
| Tbond in local currency (2-year)            | 2.8         | 2.3         | 2.2         | 3.4        | 0.8        | 0.7        | 0.4        | 0.4        | 0.4         | 0.3        | 0.3        |
| Tbond in local currency (3-year)            | 0.0         | 0.0         | 0.0         | 0.0        | 2.1        | 1.9        | 1.0        | 2.7        | 4.3         | 3.5        | 3.2        |
| Tbonds indexed to foreign currency          | 0.2         | 0.5         | 2.4         | 0.9        | 0.5        | 0.0        | 0.0        | 0.0        | 0.0         | 0.0        | 0.0        |
| External                                    | 7.4         | 6.1         | 3.5         | 4.4        | 4.1        | 6.0        | 4.8        | 3.5        | 4.7         | 4.4        | 3.4        |
| Of which: Eurobond                          | 0.0         | 0.0         | 0.0         | 0.0        | 0.0        | 1.7        | 1.2        | 0.0        | 1.6         | 1.5        | 0.8        |
| Of which: Budget support under the program  | 4.2         | 3.3         | 0.8         | 1.0        | 0.9        | 0.8        | 0.3        | 0.3        | 0.1         | 0.0        | 0.0        |

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

<sup>1</sup> To be filled with new issuances. These financing needs may differ from the DSA’s standardized gross financing needs.

<sup>2</sup> Repayment of past expenses related to the National Urbanization and Housing Plan (PNUH).

<sup>3</sup> including estimated balances that could be transferred from escrow accounts and FSDEA to the Treasury single account.

<sup>1</sup> DSA for market-access countries (MACs): <http://www.imf.org/external/np/pp/eng/2013/050913.pdf>.

<sup>2</sup> Amounts reprofiled would be given a one-year grace period for payments, followed by three years of repayment.