

SU/20/143

September 16, 2020

**The Acting Chair's Summing Up  
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  
Executive Board Meeting 20/92  
September 16, 2020**

Executive Directors noted that Angola is facing significant challenges because of the COVID-19 pandemic, including economic and health crises and a decline in oil prices. They commended the authorities' prompt response to the crisis and their continued commitment to the Fund-supported program aimed at reducing fiscal and debt vulnerabilities and promoting economic diversification to foster strong, inclusive, and private-sector led growth.

Directors welcomed the authorities' continued commitment to the conservative fiscal stance, especially the adoption of a supplementary budget for 2020, which will limit the impact of the oil-revenue decline. They emphasized the need to preserve hard-won improvements through continued fiscal adjustment, including expenditure restraint, and welcomed measures to diversify and broaden non-oil fiscal revenue, lessening dependence on oil exports. However, Directors emphasized that resources to combat the COVID-19 pandemic and maintain adequate social safety nets should be safeguarded.

Directors noted that the program faces important risks, especially considering Angola's high level of public debt and dependence on oil exports. Noting the debt reprofiling agreements with several large creditors, they called for continued vigilance in debt management. Directors encouraged the authorities to develop a contingency debt management plan, in case of a new adverse shock. They welcomed Angola's participation in the G20 DSSI.

Directors noted the easing of the monetary stance to counteract the impact of the pandemic and the oil-price shock. However, they underscored that there is little room for further monetary easing and that the central bank should stand ready to keep inflationary pressures in check. Directors generally welcomed the authorities' efforts to reform the exchange rate regime and highlighted that further progress is needed toward a market-clearing exchange rate regime. They also encouraged the authorities to gradually remove exchange restrictions, including multiple currency practices.

Directors emphasized the importance of sustained efforts to address financial sector vulnerabilities and strengthen the central bank's supervision and resolution frameworks. They reiterated the need to move forward decisively with implementing the findings of the Asset Quality Reviews, revising the Financial Institutions Law and the *Banco Nacional de Angola* Law, the restructuring of two public banks, and implementing the enhanced AML/CFT framework.

Directors emphasized the need to intensify structural reforms. They underscored that diversifying the economy away from the oil sector will require resolve, including improving the business environment and restructuring state-owned enterprises. They also called for continued efforts to strengthen governance and fight corruption.