INTERNATIONAL MONETARY FUND

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ANGOLA

May 2026

2026 ARTICLE IV CONSULTATION—PRESS RELEASE; STAFF REPORT; INFORMATIONAL ANNEX AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR ANGOLA

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2026 Article IV consultation with Angola, 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 May 1, 2026 consideration of the staff report that concluded the Article IV consultation with Angola.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on May 1, 2026, following discussions that ended on March 19, 2026, 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 April 13, 2026.
- An **Informational Annex** prepared by the IMF staff.
- A **Statement by the Executive Director** for Angola.

The documents listed below have been or will be separately released.

Selected Issues
Financial System Stability Assessment

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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PRESS RELEASE

PR26/135

IMF Executive Board Concludes 2026 Article IV Consultation with Angola

FOR IMMEDIATE RELEASE

Washington, DC – May 1, 2026: The Executive Board of the International Monetary Fund (IMF) completed the Article IV Consultation for Angola.[1] This also included a discussion of the findings of the Financial Sector Assessment Program (FSAP) exercise for Angola.[2] The authorities have consented to the publication of the Staff Report prepared for this consultation.[3]

Overall growth held up at 3.1 percent in 2025, partly supported by public spending. Inflation continued to ease to 12.4 percent in March 2026, partly due to tight monetary policy. A significant decline in oil production, however, weakened fiscal and external positions in 2025. Lower oil revenues and expenditure slippages resulted in an overall fiscal deficit of 4.1 percent of GDP. Lower oil exports and the real appreciation of the kwanza contributed to a weaker current account balance; preliminary estimate is down to 0.4 percent of GDP. As of end-2025, the Banco Nacional de Angola (BNA)’s international reserves remained broadly unchanged with 7.4 months of import cover.

The medium-term outlook remains subdued reflecting a structural decline in oil revenues, with economic growth depending on the success of diversification efforts. The 2026 budget envisages fiscal consolidation and reaffirms a commitment to prudent debt management to preserve macroeconomic stability while addressing critical spending needs. The recent surge in oil prices has improved Angola’s access to international markets and is projected to provide a temporary offset to Angola’s declining oil revenues. Gross financing needs are, however, projected to rise with public debt reaching the ceiling under the Fiscal Sustainability Law in the medium term. Downside risks to this outlook include declines in oil revenues, intensification of spending pressures during the temporary oil price hike, and tighter global financial conditions. Upside risks include stronger-than-expected oil production amid elevated oil prices and an easing of global financial conditions.

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[1] Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

[2] Under the FSAP, the IMF assesses the stability of the financial system, and not that of individual institutions. The FSAP assists in identifying key sources of systemic risk and suggests policies to help enhance resilience to shocks and contagion. The last FSAP exercise took place in 2011.

[3] 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 Angola page.

Executive Board Assessment[4]

Executive Directors agreed with the thrust of the staff appraisal. They welcomed the sustained growth in 2025, notwithstanding a significant decline in the oil production, alongside easing inflation and improved market access. Directors noted that the outlook remains subject to considerable downside risks, particularly from oil price volatility and tighter global financial conditions. Accordingly, they emphasized the need to maintain prudent policies and advance structural reforms to support growth and economic diversification.

Directors welcomed the authorities' commitment to adjust expenditure under the 2026 budget to reduce the fiscal deficit. Noting the importance of safeguarding fiscal and debt sustainability amid a structural decline in oil revenues, Directors emphasized the importance of sustained fiscal consolidation, consistent with the Fiscal Sustainability Law. They also recommended that any oil windfall should be used to reduce debt and build buffers. Measures to improve spending efficiency, accelerate progress on revenue mobilization, and advance fuel subsidy reform, while protecting the most vulnerable, are key priorities. Directors also underscored the importance of strengthening public financial management, advancing state-owned enterprise reform, and prudent debt management to support fiscal sustainability and reduce vulnerabilities.

Directors broadly supported maintaining a tight monetary policy stance to sustain the disinflation trend, and recommended efforts to strengthen monetary policy implementation. They called for measures to increase exchange rate flexibility and ensure full and durable alignment with the market-clearing rate. Directors also stressed the need for a transparent, rules-based foreign exchange intervention framework to address excessive exchange rate volatility, while preserving reserves and price discovery.

Directors welcomed the progress made in strengthening regulatory and supervisory frameworks, in line with the 2025 FSAP. Noting the remaining gaps, they called for measures to reduce banking sector vulnerabilities and better mitigate risks associated with the sovereign-bank nexus, legacy nonperforming loans, and foreign exchange liquidity imbalances. Directors encouraged the authorities to strengthen risk-based supervision, operationalize the bank resolution framework and the financial safety net, and decisively resolve problem banks. They also underscored the need for prompt implementation of the FATF Action Plan to support timely exit from the FAFT grey list. Noting the need to support private sector-led growth, Directors encouraged further efforts to deepen financial intermediation and improve financial infrastructure.

Directors highlighted that broad-based structural reforms are essential to achieve sustainable and inclusive growth. They emphasized the need to strengthen governance, streamline business regulations, improve access to credit, and liberalize the exchange rate market to attract foreign investment.

It is expected that the next Article IV consultation with Angola will be held on the standard 12-month cycle.

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[4] 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.

Angola: Selected Economic Indicators, 2025–27

	2025	2026	2027
		Proj.	
Real economy (percent change, except where otherwise indicated)			
Real gross domestic product	3.1	2.3	2.6
Oil sector	-5.2	1.6	0.0
Non-oil sector	5.2	2.4	3.2
Consumer prices (annual average)	20.2	12.9	12.8
Consumer prices (end of period)	15.7	13.1	11.2
Investment and savings (percent of GDP)			
National savings	12.9	13.6	13.0
Gross investment	12.5	11.4	12.0
Of which: Private investment	7.2	7.6	7.9
Saving-investment balance	0.4	2.2	1.0
Budgetary central government (percent of GDP)			
Total revenue	14.8	14.4	13.6
Of which: Oil-related	8.5	7.6	6.7
Of which: Non-oil tax	6.3	6.8	7.0
Total expenditure	18.9	16.8	17.2
Current expenditure	13.6	13.1	13.1
Capital spending	5.3	3.7	4.1
Overall fiscal balance	-4.1	-2.4	-3.6
Non-oil primary fiscal balance	-8.9	-6.3	-6.5
Money and credit (end of period, percent change)			
Broad money (M2)	8.5	14.0	14.5
Percent of GDP	13.8	14.2	14.6
Velocity (GDP/M2)	7.3	7.1	6.9
Credit to the private sector (annual percent change)	13.8	11.6	11.3
Balance of payments			
Trade balance (percent of GDP)	10.6	13.2	11.2
Exports of goods, f.o.b. (percent of GDP)	21.6	24.0	21.7
Of which: Oil and gas exports (percent of GDP)	19.9	22.4	20.0
Imports of goods, f.o.b. (percent of GDP)	10.9	10.8	10.5
Terms of trade (percent change)	-17.4	10.6	-9.6
Current account balance (percent of GDP)	0.4	2.2	1.0
Gross international reserves (end of period, millions of U.S. dollars)	15,895	16,195	15,695
Gross international reserves (months of next year's imports)	7.4	7.7	7.4
Exchange rate			
Official exchange rate (average, kwanzas per U.S. dollar)	912	...	...
Official exchange rate (end of period, kwanzas per U.S. dollar)	923	...	...
Public debt (percent of GDP)			
Public sector debt (gross)[1]	51.3	51.6	53.5
Of which: Central Government debt	48.8	49.8	53.7
Of which: External debt	36.3	36.2	37.5
Oil			
Oil production (millions of barrels per day)	1.03	1.05	1.05
Oil and gas exports (billions of U.S. dollars)	28.1	34.1	30.8
Angola oil price (average, U.S. dollars per barrel)	67.2	79.1	70.4
Brent oil price (average, U.S. dollars per barrel)	68.3	80.2	71.5

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

[1] Includes debt of the budgetary central government, external debt of state oil company Sonangol and state airline company TAAG, and guaranteed debt.

INTERNATIONAL MONETARY FUND

ANGOLA

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION

April 13, 2026

KEY ISSUES

Context. A significant decline in oil production weakened fiscal and external positions. Overall growth held up in 2025, partly supported by public spending. Inflation eased from its peak, partly due to tight monetary policy, but remained at double digits. Despite a pickup in non-oil economic growth in recent years, non-oil revenues remained constrained while oil revenues declined sharply. Angola's access to international markets has improved but elevated fiscal financing needs continued to crowd out social spending and private credit while further weakening the external position. The 2026 budget envisages fiscal consolidation and reaffirms a commitment to prudent debt management to preserve macroeconomic stability while addressing critical spending needs.

Outlook and risks. The medium-term outlook remains subdued reflecting a structural decline in oil revenues, with economic growth depending on the success of diversification efforts. The recent surge in oil prices is projected to provide a temporary offset to Angola's declining oil revenues. Gross financing needs are, however, projected to rise with public debt reaching the ceiling under the Fiscal Sustainability Law. Downside risks to this outlook include declines in oil revenues, intensifications of spending pressures during the temporary oil price hike, and tighter global financial conditions. Upside risks include stronger-than-expected oil production amid elevated oil prices and an easing of global financial conditions.

Focus of the Article IV Consultation. Staff recommended a policy mix of a fiscal adjustment, supported by greater exchange rate flexibility and an appropriately tight monetary policy stance to anchor inflation expectations and enhance fiscal and external stability. Fiscal consolidation should be complemented by continued reforms to improve spending efficiency and maximize growth dividends. Oil windfall should be used to reduce debt and build buffers. Prudent debt management—by prioritizing low-cost financing—will remain critical. The exchange rate should serve as a key shock absorber, while monetary policy should focus on sustaining the disinflationary trend. Eliminating distortions in the foreign exchange market and developing a transparent, rules-based FX intervention framework should be priorities. In parallel, structural reforms to strengthen governance, improve the business climate, and enhance financial stability and inclusion—along the lines charted by the Financial Sector Assessment Program (FSAP) assessment—are needed to support economic diversification.

Approved By
Vitaliy Kramarenko and Cemile Sancak

Discussions were held virtually during December 1–5, 2025; in Luanda during December 10–17, 2025; and virtually on March 19, 2026. The staff team comprised Ms. Saito (head), Ms. Wang, Mr. Zedginidze, Ms. Avila-Yiptong, Mr. Duarte Lledo (resident representative) (all AFR), Mr. Grippa (FSAP mission chief), Ms. Gudbjartsdottir, Ms. Richardson (all MCM), Mr. Benicio (FAD), Ms. Stetsenko (LEG), and Mr. Miguel (local economist). Mr. Silva and Ms. Sarmento (both OEDAS) participated in the discussions. The team met Minister of Finance Vera Esperança dos Santos Daves de Sousa, Central Bank Governor Manuel António Tiago Dias, and other senior officials, as well as representatives of the National Assembly, the private sector and civil society. Ms. Tawiah managed document production.

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CONTEXT

1. **Volatility in oil exports and external financing conditions in 2025 highlighted Angola's vulnerabilities to external shocks**. Budget execution data point to fiscal slippage in 2025. Expenditure exceeded the 2025 budget envelope, driven by higher capital spending and fuel subsidy costs. At the same time, revenues fell short of budget projections largely due to lower oil prices and oil production. A recent narrowing of sovereign spreads eased the external liquidity constraint in the second half of 2025 compared to the first half of the year, but the combination of a shortfall in oil exports and an increased reliance on domestic debt financing of the fiscal deficit continue to put pressure on the kwanza.

2. **Reducing vulnerabilities entails both rebuilding fiscal and external buffers and reducing oil dependency.** On rebuilding buffers, progress has been mixed: the burden of public debt declined from its peak of 120 percent of GDP in 2020 to 51 percent of GDP in 2025; and gross international reserves increased from its lowest level of $11 billion in 2020 to $15.9 billion at end-2025. However, fiscal space has eroded due to declining primary surpluses and elevated debt service costs. Human capital development and economic diversification have been key pillars of the National Development Plan (NDP) 2023–27 (IMF Country Report 24/80) but implementation has progressed more gradually than envisaged.

3. **Angola is at a critical juncture where the credibility of macroeconomic policies to continue reducing vulnerabilities while accelerating the development agenda is put to the test.** Significant investment in physical and human capital is needed to achieve the NDP 2023–27 objectives. However, accommodative fiscal and monetary policies amid heightened financing needs and inflation risks in 2023 and 2025 highlight macroeconomic vulnerabilities. In this context, the 2026 Article IV consultation discussions focused on striking an optimal balance between reducing vulnerabilities and meeting significant development needs and social expectations, while ensuring that financial stability is preserved – in line with the findings and recommendations of the financial stability assessment program (FSAP).

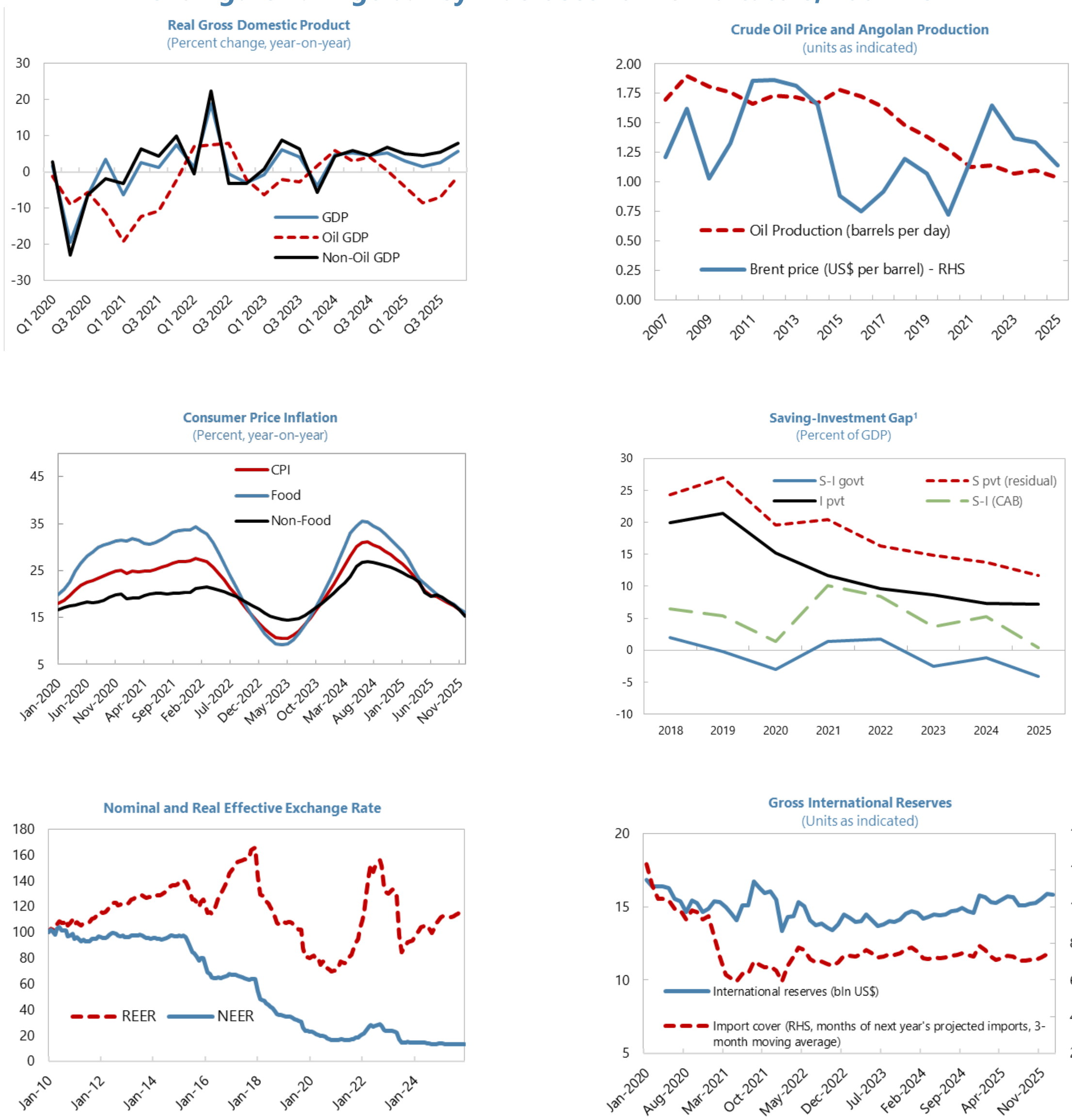
RECENT ECONOMIC DEVELOPMENTS

4. **Angola's economic growth moderated in 2025** (Text Figure 1).

- **Growth** slowed from 5.0 percent in 2024 to 3.1 percent in 2025 largely due to lower oil production and moderate non-oil growth. Average daily oil production declined from 1.10 million barrels per day in 2024 to 1.03 million barrels per day in 2025, reflecting heavier-than-expected maintenance and an incident at one of the major oil blocks. Oil production continues its decade-long decline, driven by persistent underinvestment in upstream development, limited recovery efforts in mature fields, and accelerated reservoir depletion. Non-oil real GDP grew by 5.2 percent—supported by agriculture, manufacturing, commerce, and diamond industry expansion. On the expenditure side, public spending was a key non-oil GDP growth driver.

- **Inflation** has eased from its peak (31 percent in July 2024) thanks to the Banco Nacional de Angola's (BNA) tight monetary policy stance but remains elevated. The annual inflation rate in Angola declined to 15.7 percent in December 2025, marking its lowest level since November 2023 and continuing a downward trend that began in August 2024. Relative stability in the kwanza and an improved availability of goods have also helped alleviate inflationary pressures.

Text Figure 1. Angola: Key Macroeconomic Indicators, 2007–25



[1] In this chart, government refers to the central budgetary government.

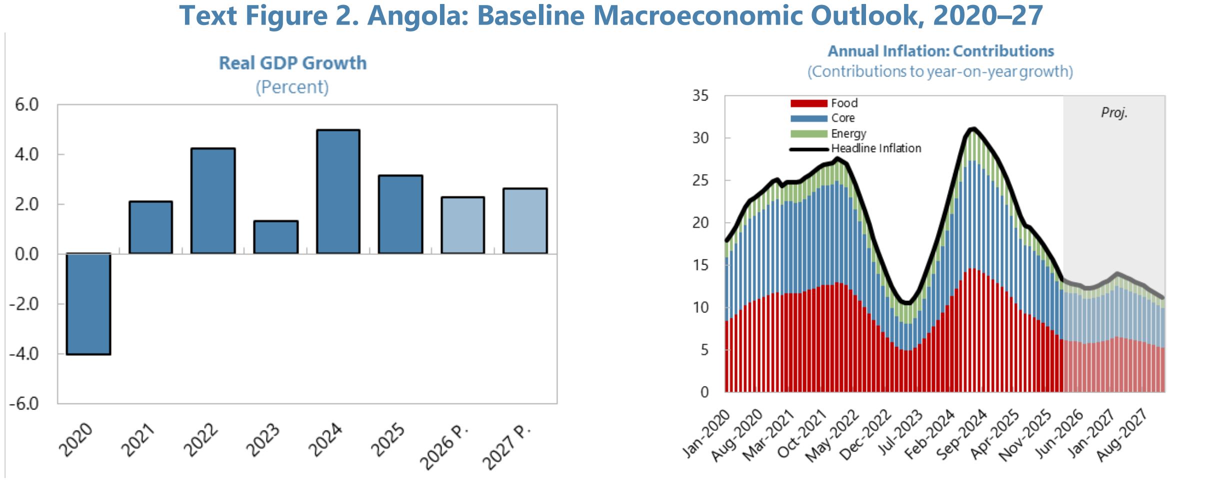
Sources: Authorities; IMF staff calculations, and Haver Analytics.

- **The saving–investment gap** (the current account balance) continued to deteriorate in 2025. The widening of the central budgetary government's fiscal deficit contributed. The private sector saving-investment balance also continued to decline, reflecting robust consumption and a decline in savings relative to investment, all measured as shares of GDP (Text Figure 1). The official exchange rate remained stable since October 2024 and throughout 2025, resulting in the real appreciation of the kwanza, contributing to a weaker current account. As of December 31, 2025, the BNA's international reserves remained broadly unchanged at $15.9 billion (about 7.4 months of imports), compared to $15.8 billion (7.9 months of imports) at end-2024.

OUTLOOK AND RISKS

5. **Growth is projected at 2.3 percent in 2026, with medium-term growth dependent on the success of diversification efforts** (Table 1). The slowdown in growth reflects expenditure restraint under the 2026 budget as part of the adjustment to the structural decline in oil revenues. (Text Figure 2). Despite these near-term costs of adjustment, steady non-oil growth is anticipated to support recovery prospects, with medium-term growth projected at 3.1 percent, contingent on the implementation of deep structural reforms. Strategic initiatives, such as the Lobito Corridor[1], are expected to boost connectivity and development, reinforcing Angola's path toward sustainable, inclusive growth.

Text Figure 2. Angola: Baseline Macroeconomic Outlook, 2020–27



Sources: Instituto Nacional De Estatísticas; and IMF staff calculations.

6. **Inflation declined further in March 2026 to 12.4 percent and is expected to gradually align with the BNA's single-digit medium-term target, despite ongoing risks.** Annual CPI

[1] The Lobito Corridor is a strategic economic route connecting Angola's port of Lobito to the Katanga province in the Democratic Republic of Congo and the Copperbelt region in Zambia. By 2025, investment commitments for the Lobito Corridor have exceeded $10 billion, backed by public, multilateral, and private sector partners.

inflation is expected to fall as the impact of supply-side shocks continue to recede, while weak demand reinforces the disinflation trend. Temporary pressures from food and energy prices remain, but the outlook points to continued easing of these pressures over the medium term (Text Figure 2).

7. **Risks to the outlook are tilted to the downside** (Annex I).

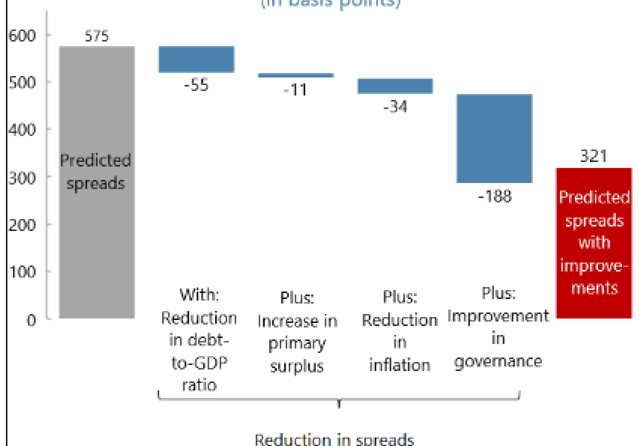
- A stronger-than-expected decline in oil prices, or intensification of spending pressures beyond gains in oil prices could reduce or eliminate projected net gains in fiscal space, leaving the fiscal position exposed to the underlying structural decline in oil revenues. Domestic oil production challenges, if intensified, would further weaken fiscal and external positions. Given Angola's reliance on oil revenues and exports, underperformance in the oil sector could lead to repricing of sovereign spreads (Box 1) or even rollover risks in external markets, amplifying liquidity risks. Under the adverse scenario, a reversion of oil prices to pre-Middle East war levels and oil production at 1 million barrels per day would result in significant economic impacts in 2026 (Annex II).

Box 1. Determinants of Sovereign Spreads[1]

Since its inaugural Eurobond issuance in late-2015, Angola's sovereign spread levels have remained elevated relative to its Sub-Saharan African (SSA) peers. Despite the authorities' progress in improving macroeconomic fundamentals, fiscal management, and governance, Angola still faces elevated sovereign spreads but does not seem to face an unfavorable bias when compared to most countries in the region.

The analysis of the determinants of Angola's spreads indicates that the public debt ratio, the primary balance, inflation, and international reserves are key domestic macroeconomic factors that determine the country's spreads. Good governance also plays a significant role in explaining Angola's spread levels – in fact, better governance performance is found to have the greatest impact in reducing spreads when compared to various domestic and global factors (Figure). Empirical findings imply that safeguarding macroeconomic stability and sustaining governance reforms are not only critical for economic diversification but also for reducing external borrowing costs.

Estimated Reduction in Sovereign Spreads Through Reforms
(in basis points)



Sources: IMF staff estimates.

[1] Selected Issues Paper on Determinants of Sovereign Spreads in Angola.

- A deterioration in financing conditions could constrain development spending and exert additional pressure on the exchange rate. It could also trigger a private sector crowding-out and an inflation–depreciation spiral, depending on whether monetary policy accommodates increased government financing needs or prioritizes disinflation efforts. Ahead of the 2027 general elections, elevated spending with insufficient progress on non-oil revenue mobilization and a delay of exchange rate adjustment could weigh on the fiscal and external outlook, raising costly financing needs further. Higher-for-longer global commodity price inflation, especially if it triggers hikes in fertilizer prices affecting food supply, could also pose risks to further disinflation.

8. **An upside scenario could materialize if domestic oil production increases amid elevated oil prices, global sentiment improves or domestic reforms regain momentum.** An increase in Angola's oil production supported by regulatory incentives for exploration and extraction would support medium-term oil revenues. This could be supported by positive spillovers from improvements in global sentiment, stronger non-oil foreign direct investment (FDI) driven by the authorities' efforts to improve the business environment, and higher growth dividends from infrastructure projects.

Authorities' Views

9. **The authorities broadly agreed with staff on the outlook and associated risks, while remaining more optimistic about growth prospects.** The government projects real GDP growth to exceed 3 percent in 2026, driven primarily by non-oil activity (particularly in agriculture, fisheries, and construction) similar to the levels in 2024 and 2025. They acknowledged heightened downside risks and underscored the conservative oil sector assumptions underpinning the budget. The authorities highlighted their success in regaining market access to mitigate external financing risks. They also concurred on the critical importance of advancing structural reforms, with a focus on horizontal policies to support NDP implementation.

POLICY DISCUSSIONS

Progress on the recommendations from 2024 Article IV consultation has been mixed, with advances in reducing fuel subsidies, submitting draft income tax bills, and improving fiscal transparency, while delays persist in the implementation of broader structural measures (Annex III). The 2026 Article IV consultation discussions focused on promoting policies that strike an optimal balance between preserving macroeconomic stability and meeting spending needs.

A. Meeting Spending Needs and Maintaining the Credibility of Fiscal Sustainability Law (FSL)

Background

10. **Angola's fiscal position in 2025 suffered from lower oil revenues and expenditure slippages (Tables 2a and 2b).**

- **Revenues.** 2025 budget execution data show that oil revenues contracted by 24.7 percent year-on-year in nominal U.S. dollar terms. Oil revenues also underperformed relative to the 2025 budget, driven by lower-than-expected oil production and prices. The average Angolan oil price in 2025 declined to $67 per barrel, below the budget assumption of $70 per barrel, while oil production slowed to 1.03 million barrels per day, compared with the budgeted 1.08 million barrels per day. Non-oil revenues came in broadly as expected.

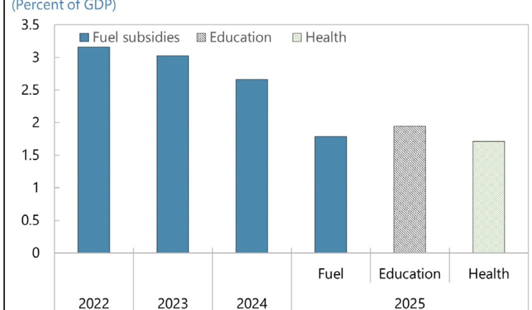
- **Expenditures.** Spending exceeded the 2025 budget envelope, eroding the fiscal savings. The expenditure-freezing measures discussed during the Post-Financing Assessment (PFA) in June 2025 were not deployed, as financing conditions eased in the second half of 2025. Capital expenditure was over-executed despite initial challenges in donor disbursements in the first half of the year. Fiscal savings in 2025 after two consecutive diesel price increases in 2025 fell short of projections by 0.7 percent of GDP, leaving spending on fuel subsidies at about 1.7 percent of GDP (Box 2). While the precise magnitude of expenditure slippages relative to the budget is difficult to assess owing to methodological changes associated with the transition to Government Financial Statistics Manual (GFSM) 2014, overspending is estimated at about 0.9 percent of GDP. Relative to 2024, the 2025 fiscal deficit outturn widened by 2.9 percentage points (ppts) of GDP, reaching 4.1 percent of GDP.

Box 2. Fuel Subsidy Reform, 2023–25[1]

The three-year fuel subsidy reform (2023–25) ended without fully aligning fuel prices with international market prices; diesel prices for example have gone up by 167 percent (from $0.16 per liter to $0.43 per liter over time) but are still much lower than international market prices (about $1.2 per liter).

However, fuel subsidy costs to the government have gone down lower than public spending on either health or education (Figure). The fuel subsidy reform program was accompanied by measures to mitigate the impact on the poor. The authorities expanded registrations of the Kwenda (cash transfer) program to over 1.4 million families in rural areas and distributed fuel cards to taxi and bus drivers and piloted fare cards to students and people with disabilities in the urban area.[2] Costs of mitigation measures were largely supported by the World Bank to minimize the impact on the budget. Social acceptance remains low partly because of unforeseen challenges the reform program encountered. As oil prices increased and the exchange rate depreciated sharply in 2023, fiscal costs in 2023 had gone down only slightly (Figure). Hikes in inflation (from 10.5 percent in May to 20 percent by end-2023) also posed hardship on the population. The last diesel price increase in July 2025 led to strikes by taxi drivers and social unrest. The rollout of the cash transfer program in rural areas was implemented as planned but the rollout of fuel cards and fare cards faced long delays with the logistical and planning challenges.

Fuel Subsidies, 2022–25
(Percent of GDP)



Sources: Angolan authorities; IMF Fossil Fuel Subsidies Data: 2023 Update; and IMF staff calculations.

[1] Selected Issues Paper on Taking Stock of Key Structural Reforms.

[2] The Kwenda program, the authority's chief flagship mitigation measure, expanded to over 1.4 million rural families, offering quarterly payments to offset rising costs. Urban coverage was limited due to implementation challenges. In May 2025, the program entered its second phase (through October 2029), increasing benefits from Kz8,500 to Kz11,000 per month and improving outreach to urban vulnerable groups.

11. **The upward revision in projected oil prices in 2026 will cushion the structural decline in oil revenues.** Oil revenues are projected to reach 7.6 percent of GDP, about 2.4 ppts higher than envisaged in the 2026 budget. Nevertheless, oil revenues are still projected to decline relative to the 2025 outturn, reflecting recent revisions to the oil taxation regime—introduced in late 2024, including higher exploration incentives—aimed to addressing domestic oil production challenges. Staff's baseline incorporates moderate gains in the non-oil revenues, reflecting recent improved administration and digitization efforts to improve tax compliance. Building on this, together with draft laws aimed at reforming the corporate income tax (CIT) and personal income tax (PIT) present a cautiously optimistic outlook (Box 3).

Box 3. Domestic Resource Mobilization, 2021–24[1]

Much effort has gone into domestic resource mobilization in the past several years: the authorities have streamlined tax codes and advanced digitalization through mandatory e-invoicing and tax filing to boost compliance and collection. These efforts aim to broaden the tax base, reduce evasion, and foster stronger compliance culture among taxpayers. Moreover, significant capacity development (CD) resources have also gone into revenue administration to improve compliance (Annex VIII).

	2021	2022	2023	2024	Statutory Rate 2/
A. Corporate Income Tax (CIT) 1/					25
Oil sector (% of profits)	29.5	56.8	29.4	25.8	
Non-oil sector (% of profits)	12.1	11.6	9.4	9.1	
Non-oil sector excl. agriculture (% of profits)	13.2	13.1	13.2	13.0	
B. Value Added Tax (VAT)					5~14
VAT (% of consumption)	4.3	3.9	3.1	2.3	
VAT (% of imports of goods and services)	13.0	13.6	11.5	9.1	

Sources: Authorities; IMF staff calculations.
1/ Profits for oil and non-oil sectors are assumed at 50 percent and 40 percent of sectoral value added, respectively, to allow for differences in capital intensity. Note that the 2012 input-output matrix calibrated by Haddad et al. (2019) and updated to 2021 nominal values in Cravo et al. (2022) show much higher profit shares, implying that tax yields may even be lower.
2/ The standard VAT rate in Angola has been 14 percent since 2019. The government has introduced reduced rates (7 percent for a wide range of consumption goods and services and 5 percent for certain food products and agricultural inputs) since 2021 (effecitve January 1, 2022).

The estimated yields of tax revenue to tax bases, however, have been declining in the recent years and have remained significantly lower than the statutory rates either due to a large and growing informal sector, low tax compliance, increased tax exemptions, or the combination of the three: the CIT collected in 2024 is only 9.1 percent of the estimated profit share of non-oil GDP (as opposed to the statutory CIT rate of 25 percent); the value-added tax (VAT) collected in 2024 is only 2.3 percent of consumption and 9.1 percent of imports of goods and services (as opposed to the statutory VAT rates that have been reduced from 14 percent to 5 percent in the past few years).

[1] Selected Issues Paper on Taking Stock of Key Structural Reforms.

12. **The 2026 budget envisages a 2.9 ppts of GDP reduction in primary expenditure, relative to 2025 outturn, to contain borrowing needs.** The expenditure measures include: a 1.5 ppts of GDP reduction in spending on goods and services,[2] a 1.6 ppts of GDP reduction in

[2] Part of the reduction relative to 2024—estimated at about 0.8 percent of GDP—is attributable to a projected decline in oil purchases used for debt service to Chinese creditors.

capital expenditure, and a 0.8 ppts of GDP reduction in fuel subsidies. The authorities plan to reduce fuel subsidies without changing pump prices; the price of fuel for producers will no longer be subject to subsidies. Staff's baseline incorporates a 2.1 ppts of GDP reduction in primary expenditure—compared to the 2.9 ppts of GDP envisaged in the budget. This reflects implementation risks of expenditure adjustment of this magnitude, including the delays of fuel subsidy reform measures in the first quarter of 2026 and the recent increases in imported fuel prices.[3]

13. **Public Financial Management (PFM) reforms are underway and will be stepped up**. Weaknesses in cash management and arrears prevention continue to pose risks. The Ministry of Finance adopted an internal action plan to address the 2019 Public Investment Management Assessment (PIMA) recommendations; however, there have been limited practical results beyond the approval of the new 2025 Public Investment Management Regulatory Framework and fine-tuning of the processes (Selected Issues Paper on Taking Stock of Key Structural Reforms). PFM reforms in these and other areas are expected to gain momentum supported by a PFM Action Plan.[4]

14. **The 2026 fiscal stance is mildly contractionary.** From the perspective of the fiscal stance (i.e., how fiscal policy affects the economy, largely through the demand channel), an improvement in the primary balance from -0.4 percent of GDP in 2025 to 1.3 percent of GDP in 2026 implies that fiscal policy is contractionary in the near term. In the medium term, however, the overall and primary balances are projected to decline under the baseline as the windfall fades. The non-oil primary balance (NOPB) remains below the floor set under the FSL, indicating the need for fiscal tightening.[5]

15. **The risk of sovereign stress remains high, driven by the elevated gross financing needs (Annex IV).**

- Near-term financing needs have declined on the back of the oil price windfall but remain highly sensitive to international oil price developments. Financing pressures are projected to resume in the medium term, with gross financing needs remaining elevated due to high debt service obligations and weaker primary surpluses (Table 6). The shrinking share of government FX revenues relative to GDP requires external adjustment, additional external borrowing, and/or proactive debt-liability management to avoid pressures on the domestic FX market and international reserves. Angola's return to international markets helped roll over maturing

[3] Fiscal adjustment of this size is typically flagged as subject to risks of overspending beyond the budget envelope or emergence of arrears (see Annex IV. Figure 6).

[4] The action was prepared by the authorities and reviewed by development partners. It aligns closely with Angola's NDP 2023–2027 and international best practices.

[5] The revision of historical oil revenues under the GFSM 2014 framework led to a significant downward revision in the recorded non-oil primary balance, including from accrual-based recognition of tax receivables from Sonangol in oil revenue (Box 4). For 2024, the revision amounted to 3 ppts of GDP.

Eurobonds and is projected to continue alleviating liquidity pressures.[6,7] In 2025, increased domestic borrowing, an FX bridge loan from the central bank, and the maturity extension of one-off commercial debt facility, as well as continued flexibility in drawing down escrow accounts under the revised terms of oil-collateralized debt agreed in late 2023, helped close the financing gap. The authorities' timely publication of the debt statistical bulletin marks significant progress in debt reporting and accountability.[8]

- The public debt-to-GDP ratio continued to decline to 51.3 percent in 2025 despite the first recorded primary deficit in recent years (Table 5). [9] The ratio benefited from strong nominal GDP growth and favorable valuation effects since 2024, supported by a stable official exchange rate. However, caution is needed in interpreting the recent downward trend, given the persistence of parallel market spreads and the administrative measures in place to support the official exchange rate (¶30).

- In the baseline, the debt-to-GDP ratio is projected to increase in the medium term but remain below the 60 percent of GDP ceiling under the FSL. Rising interest costs—reflecting the transition from International Financial Institutions (IFIs) to market-based financing—have also weighed on the interest rate-growth differential. With about 70 percent of debt denominated in foreign currency, the debt outlook remains vulnerable to valuation effects from exchange rate movements. The debt trajectory is also vulnerable to the evolution of SOE-related debt—currently estimated at 1.8 percent of GDP. Limited visibility of these exposures complicates projections and adds to fiscal risks (Box 4).

[6] Angola issued a Eurobond in October 2025, raising $1.75 billion at an average yield of about 10 percent. Angola also issued a Eurobond in March 2026, raising $2.5 billion; part of which was reported to be for buying back a Eurobond due in 2028 and the rest to finance the 2026 budget. The timing benefited from a decline in Angola's spread as an oil exporter.

[7] The decline in spreads was supported by a prompt recovery in global sentiment following tariff-related turbulence in April 2025, easing global monetary conditions, and stabilizing oil prices.

[8] Following a hiatus in 2024, Angola's Public Debt Management Unit has resumed publishing quarterly debt statistics via its revised Public Debt Statistical Bulletin. The bulletin provides more comprehensive data on the government's domestic and external debt, disbursements, SOE debt, and arrears.

[9] Public debt here refers to Public and Publicly Guaranteed (PPG) debt, including arrears to domestic suppliers and the debt of state-owned enterprises.

Box 4. Fiscal Risk: Central Government-Sonangol Nexus

The recent improvements in the fiscal reporting and transition to accrual-based accounting under the GFSM 2014 methodology helps better understand fiscal risks from financial arrangements with state-owned enterprises (SOEs). The central government implements its fuel subsidies via Sonangol, where the company exports oil, imports refined petroleum products, and sells them domestically at below-market prices, with the government reimbursing the difference. Sonangol accumulates tax liabilities to the central government on its oil-related activities to manage this operation, while the central government incurs obligations to Sonangol for fuel subsidies without needing to raise cash to implement fuel subsidies. Under the accrual basis, Sonangol's tax payable to the central government (row (3) in the table) was not sufficient to cover fuel subsidy expenditures in 2024. The State Budget had not been capturing these financial arrangements, leaving the government and Sonangol's cross-debt position opaque. The transition to GFSM 2014 has helped improve transparency and accountability of fuel subsidies and fiscal risk management.

Angola: Oil Revenue, Cash vs. Accrual, 2021–24

	2021	2022	2023	2024
	(Percent of GDP)			
(1) Oil revenue (cash basis)	12.4	11.7	9.9	10.2
(2) Oil revenue (Accural basis)	15.9	18.2	14.2	12.0
CIT	3.5	5.7	3.0	2.5
Sales of oil shipments	12.5	12.5	11.2	9.5
(3) Difference = (2)-(1)	3.5	6.5	4.3	1.8
(4) Fuel subsidies	2.4	3.2	3.0	2.7

Sources: Authorities; IMF staff calculations.

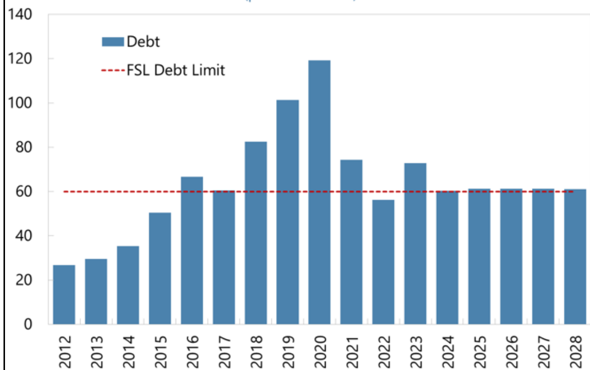
Policy Discussions

16. **Fiscal efforts remain critical to durably contain financing needs and reduce debt vulnerabilities.** Despite the recent oil price windfall, financing pressures are projected to emerge in the following years. The staff-recommended optimal policy mix involves a fiscal adjustment supported by exchange rate flexibility (¶32) and a tight monetary policy stance (¶25). The adjustment path entails a 2.2 ppts of GDP improvement in the primary fiscal balance over three years, which combines a 3.0 ppts of GDP reduction in the NOPB, with the rest expected to come from an exchange rate adjustment responding to the structural decline in oil revenue (Annex II). Substantial improvements in the primary balance via the exchange rate adjustment make the path to reducing the debt-to-GDP ratio credible, despite an initial increase driven by exchange rate valuation effects. The exchange rate adjustment would also support competitiveness, investment, and growth.
In contrast, an adjustment strategy solely focused on expenditure cuts (including social and capital spending) may be suboptimal and difficult to sustain over time. Clear communication about fiscal policy objectives and the medium-term macroeconomic framework consistent with the FSL is key to maintaining credibility and effectiveness of the policy mix. The mandatory evaluation of the FSL due in 2026 should preserve strong and credible fiscal anchors (Text Figure 3).

Text Figure 3. Angola: Anchoring Fiscal Policy, 2012–28[1]

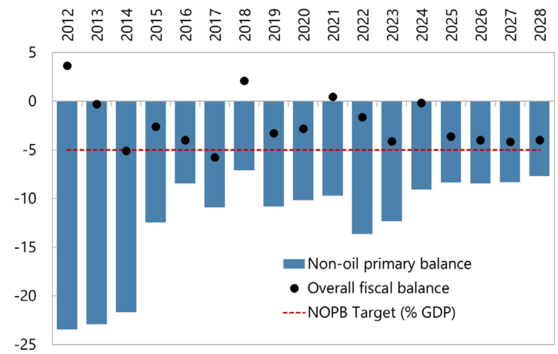
Angola's debt to GDP ratio has reached the FSL's debt ceiling of 60 percent of GDP in 2022 but is sensitive to oil and exchange rate shocks.

Public Debt
(percent of GDP)



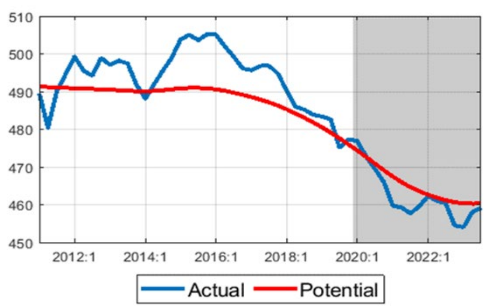
Complying with the FSL's operational limit of NOPB at -5 percent of GDP has been difficult and will be harder with the revision of the fiscal data.

Overall and Non-Oil Primary Balance
(percent of GDP)



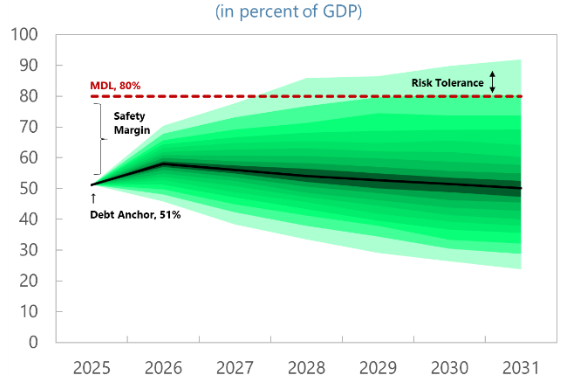
Angola's oil dependency remains high amid both cyclical and structural volatility, underscoring the need for anchoring fiscal policies along FSL targets…

Oil Output and its Potential
(logarithmic scale)



… especially since an optimal debt anchor—which keeps debt below the maximum debt limit (MDL) with a high probability—is below 60 percent.

Debt Anchor
(in percent of GDP)



Sources: Angolan authorities and IMF staff estimates. The projections for the overall balance and the non-oil primary balance are based on staff estimates and differ from those in the 2026 budget.

[1] Selected Issues Paper on Anchoring Fiscal Policy in Angola; Strategies for Stability and Growth.

17. **The fuel subsidy reform should remain a top policy priority, supported by active communication and social safety nets to protect vulnerable groups.** Given that fuel subsidy costs remain high despite the recent decline, aligning fuel prices with international market prices remains an important task ahead. As social acceptance of the reform remains low, proceeding with the fuel subsidy reform needs to address implementation challenges, including strengthening social protection mechanisms, and developing a clear, timely communication strategy.

18. **Domestic resource mobilization should focus on both non-oil and oil revenues.**

- **Oil revenue.** With persistent oil production challenges and medium-term downward oil price pressures in the international markets, the authorities should carefully evaluate the effectiveness of the current incentive schemes and rigorously assess the potential risks that changes to oil revenue taxation could pose to revenue performance.

- **Non-oil revenue.** Given the structural challenges in oil production, non-oil revenue should bear the brunt of the adjustment efforts. If the increase in the income tax exemption threshold under the 2026 budget results in a larger-than-expected revenue loss, the authorities should stand ready to implement compensatory measures. Mobilizing additional tax receivables from SOEs and postponing any further adjustments to tax brackets in the coming years is needed. More broadly, key measures to support non-oil revenue mobilization should include (i) scaling up and broadening the digitization effort to improve tax compliance and reduce evasion; (ii) revisiting VAT border arrangements and VAT exemptions; (iii) further harmonizing CIT rates; (iv) taking stock of tax arrears and exploring mechanisms for their reduction; and (v) rationalizing tax incentives to reduce tax expenditure.

19. **Public investment spending should be further prioritized and streamlined to ensure efficient resource allocation**. Despite recent efforts, significant scope remains to improve spending efficiency. A renewed commitment to comprehensive PFM reforms is welcome. In the context of scaling up capital spending, however, addressing remaining PIMA recommendations is vital to enhance spending efficiency and strengthen prioritization. Concurrently, achieving an appropriate balance across spending areas is essential to ensure higher marginal returns.[10]

20. **Short-term financing pressures should be addressed through prudent debt management practices.** Narrowing sovereign spreads for frontier markets since mid-2025 helped Angola swiftly regain access to international markets. Proactive liability management along with ongoing efforts to broaden domestic investor base and extend maturities in line with the Medium-Term Debt Strategy would support mitigating liquidity risks. Complex debt operations involving contingent liabilities, which may be perceived negatively by the markets, require careful risk assessment. Prioritizing low-cost financing, including from IFIs and deepening the local government bond market would help contain interest costs and mitigate financing risks. Exceptional borrowing from the BNA should remain compliant with the existing central bank law.

21. **SOE reforms need to continue.** Further efforts to enhance monitoring of quasi-fiscal operations and a comprehensive strategy for SOEs—to strengthen reporting, enhance oversight, and pursue restructuring where necessary—remains an important avenue to mitigate fiscal risks. Sustaining progress on privatization and divestment of state-owned assets is important to support private sector development and generate one-off revenues.

[10] IMF Fiscal Monitor (Oct 2025) highlights that 'spending smarter'—improving efficiency and reallocating toward high-impact areas like infrastructure, education, and health—can boost growth without raising overall spending.

Authorities' Views

22. **The authorities acknowledged fiscal risks from the structural decline in oil revenue and reiterated their commitment to fiscal restraint to safeguard macroeconomic stability.** They emphasized ongoing consolidation efforts under the approved 2026 budget and expressed confidence in their plan to bring the NOBP closer to the FSL limit of -5 percent of GDP in 2026. The authorities considered the planned expenditure adjustments under the 2026 budget to be credible and noted that, despite income bracket changes, non-oil revenue mobilization efforts are expected to deliver concrete gains. The authorities highlighted Angola's significant infrastructure gaps—particularly, in electricity, water, and sanitation—and concurred on the need to improve spending efficiency. The authorities noted the challenge is in balancing providing investment incentives and safeguarding the tax base. They acknowledged the opportunity recent windfall provides to build buffers and recognized financing constraints expected to resume in the following years due to elevated debt service obligations. The authorities emphasized the importance of meeting financing needs through instruments with longer maturities and lower costs. In the case of a rapid reversal in recent oil price gains, the authorities underscored their existing liquidity buffers such as FX deposits and balances in a foreign escrow account and the sovereign wealth fund, as well as their priority to meet debt service obligations on time, even if this requires cuts to current and capital expenditures.

B. Reigning in Inflation While Supporting Credit Growth

Background

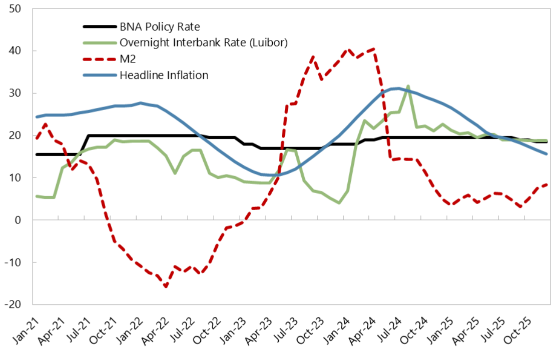
23. **Based on the projected 12-month inflation outlook, staff considers the current monetary policy stance to be mildly tight from a forward-looking perspective.[11]** Year-on-year inflation reached 15.7 percent at end-2025, falling below the policy rate for the first time since 2023. In line with the 2024 Article IV recommendation to delay policy easing until inflation falls below the policy rate (Annex III), the BNA maintained its monetary policy rate at 19.5 percent through mid-2025 and lowered it gradually to 17.5 percent in January 2026.[12] Money growth declined to 3.3 percent year-on-year in September 2025, before rebounding to 9.2 percent year-on-year in January 2026. Net foreign assets of the banking sector declined in 2025, while net domestic assets, in particular, net claims on the central government, increased (Table 3).

[11] Real rates are at about 4.5 percent (using the 12-month ahead inflation), while the short-term real neutral rate is assessed at 2.5–3.5 percent, implying a mildly contractionary stance.

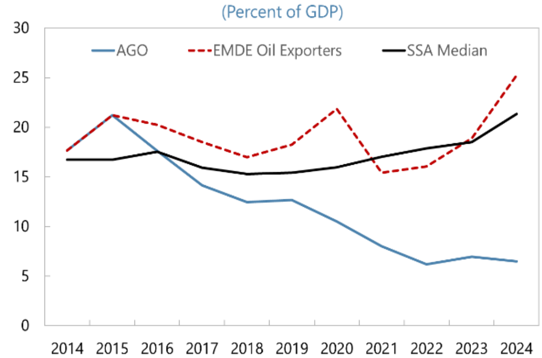
[12] The BNA lowered the policy rate from 19.5 percent to 19.0 percent, 18.5 percent and 17.5 percent at its monetary policy committee meeting in September 2025, monetary policy committee meeting in November 2025 and monetary policy committee meeting in January 2026, respectively, but retained 17.5 percent at its monetary policy committee meeting in March 2026.

Text Figure 4. Angola: Monetary Developments, 2014–25

Key Interest Rates and Money Growth
(Percent)

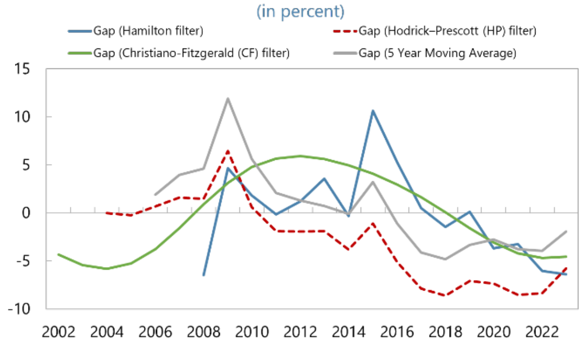


Bank Claims on the Private Sector
(Percent of GDP)



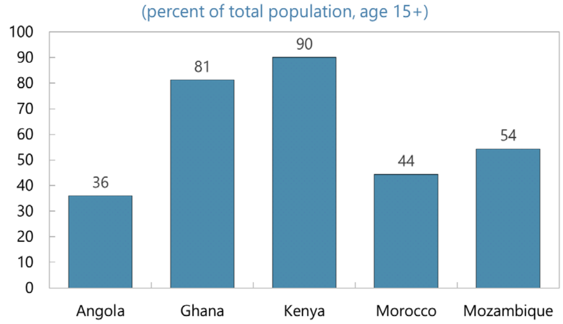
Sources: Monetary and Financial Statistics and IMF staff calculations.

Annual Credit-to-GDP Gap Estimates for Angola[1]
(in percent)



Sources: IFS, HAVER, WB and IMF staff estimates.
[1] The Hamilton filter used a 5-year horizon and a 2-period lag; the HP filter applied a one-sided filter with λ = 400,000/4⁴; and the CF filter used a band between 5 and 25 years.

Account Ownership
(percent of total population, age 15+)



Sources: Angola Finscope 2022 and Global Findex Database 2025.
Note: Account ownership refers to an account at a bank or financial institution or the use of a mobile money service.

24. **Private credit, currently at about 6 percent of GDP, has declined steadily in the past ten years as credit growth has not kept up with GDP growth.** Real credit growth is expected to remain negative through 2025 before gradually recovering over the medium term. Angola's private credit remains persistently lower than both the SSA median and the average for Emerging Market and Developing Economies (EMDE) oil exporters, highlighting constraints in financial intermediation (Text Figure 4). The sustained negative credit-to-GDP gap in recent years suggests that credit growth has been below its long-term trend, indicating a limited financial deepening. Financial inclusion, measured by account ownership, and access to finance for small- and medium-size enterprises (SMEs) remain low compared to peers (Text Figure 4 and Annex V). Financial infrastructure, including the credit bureau and the movable collateral registry, is not fully functional, preventing growth in SME financing. The government has deployed multiple instruments to ease SMEs access to finance (some are publicly funded and others are quasi-fiscal operations by banks), but weakness in design and sustainability limit impact.

Policy Discussions

25. **Given still elevated inflation and rising global commodity price pressures, a tight monetary policy stance is important to sustain disinflationary trend.** Reductions in the policy rate should be considered once inflation continues a steady decline. Maintaining a mildly contractionary monetary stance, corresponding to the current real policy rate of about 4.5 percent, is essential until inflation aligns with the authorities' single digit target over the medium term.

26. **Improving monetary transmission and strengthening the monetary policy implementation framework remain critical for effective policy outcomes.** Sustained efforts to enhance the monetary policy framework are essential to ensure that policy rate changes effectively influence market rates, lending conditions, and ultimately economic activity. Continued coordination between the BNA and the Treasury is vital to establish a robust interbank liquidity management system, which helps align the interbank policy rate with the BNA's policy rate and supports smoother policy transmission. In addition, priority should be given to reducing interbank market fragmentation through secured lending and repo market development, while improving central bank communication on liquidity forecasts and open market operations to strengthen monetary policy transmission.

27. **Deepening financial intermediation and broadening credit access by improving financial infrastructure are essential to foster private sector-led growth.** The private credit bureau lacks access to robust and timely data, while the collateral registry has remained largely inoperative for several years. Although government-backed schemes and institutions have aimed to expand access to finance through subsidized credit, their effectiveness has been constrained by operational inefficiencies, weak risk management, overlapping mandates, and reliance on fiscal transfers (Box 5). Quasi-fiscal operations through AVISO 10-sponsored lending should be brought to the budgetary process to enhance transparency, improve the efficiency of allocation of public resources, and to better manage fiscal risks associated with contingent liabilities and safeguard financial stability.

Authorities' Views

28. **The BNA reaffirmed its strong commitment to reducing inflation.** The authorities emphasized that policy rate adjustments will be implemented prudently and cautiously, contingent on sustained disinflation. They agreed with staff on maintaining a tightening bias to anchor inflation expectations and acknowledged risks from premature easing. The authorities reaffirmed the goal of single-digit inflation over the medium term. The BNA will continue strengthening the monetary policy implementation framework with IMF technical assistance. They acknowledged the need to enhance financial intermediation to support private sector credit, noting robust private credit growth in local currency lending. The authorities agreed on the need to enhance credit infrastructure to support private sector lending, particularly to SMEs.

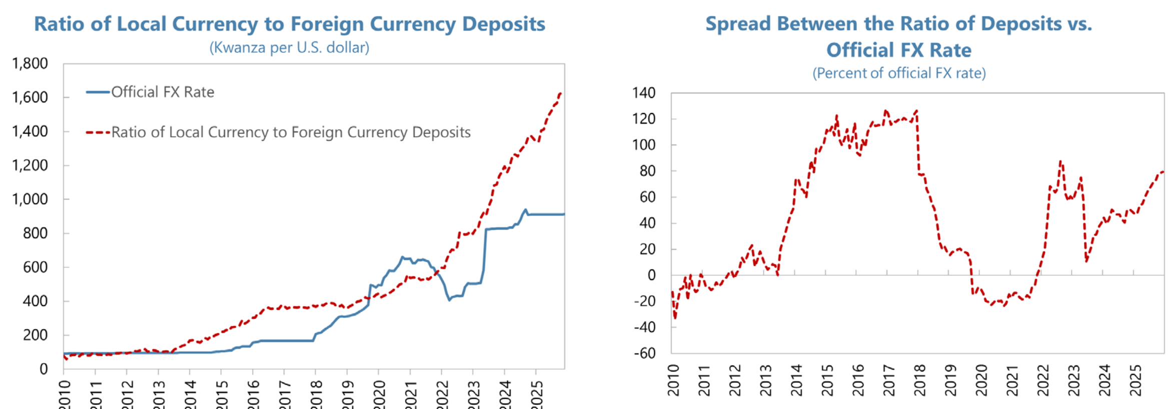
C. Enhancing Resilience to External Shocks

Background

29. **Angola's external position is assessed to be moderately weaker than the level implied by fundamentals and desirable policies** (Annex VI). The current account surplus narrowed from 5.3 percent of GDP in 2024 to 0.4 percent in 2025, driven by a significant decline in the trade balance. This deterioration mainly reflects lower crude oil exports (preliminary estimate of 17.2 percent of GDP in 2025 as opposed to 26.3 percent in 2024). The current account surplus is projected to recover to 2.2 percent of GDP in 2026 on higher oil exports amid elevated global prices. Over the medium term, however, the current account surplus is expected to decline to about 0.6 percent of GDP, as non-oil-led growth outpaces oil exports. The financial account is projected to record smaller net outflows in the medium term, as external financing resumes (Tables 4a and 4b).

30. **The pressure in the foreign exchange market is growing**. The high demand for foreign currency relative to the supply at the prevailing rate and the combination of the drop in FX earnings and an increase in the central bank's net claims on the government is putting pressure on the foreign exchange market. The ratio of local currency to foreign currency deposits has reached record highs in 2024 (Text Figure 5). While the pressure on the foreign exchange market is rising, the official exchange rate has been stable since end-2024.

Text Figure 5. Angola: Exchange Rate Developments, 2010–25



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

Note: The red dotted line in the left-hand side chart depicts the ratio of local currency to foreign currency deposits, where the former is expressed in the kwanza and the latter is expressed in U.S. dollars. The right-hand side chart depicts the spread between the ratio of local currency deposits to foreign currency deposits (the red dotted line in the left-hand side chart) and the official exchange rate (the blue line in the left-hand side chart). The spread has been rising especially since 2023, implying a rise in underlying pressures in the foreign exchange market.

31. **There are a number of updates on exchange restrictions and multiple currency practices (MCPs)**.

- The long-standing Article XIV restrictions arising from the previously identified hard limits (i) on the availability of foreign exchange for invisible transactions i.e., travel expenses; and (ii) unrequited transfers to foreign-based individuals and institutions have been eliminated.[13]

- The two previously identified exchange restrictions subject to approval under Article AVIII have been intensified. These included (i) 10 percent special contribution tax on cross-border payments and transfers for technical assistance (TA) service and consulting agreements by legal entities and (ii) 2.5 percent special contribution tax on cross-border payments and transfers to individuals for TA contracts, consulting agreements and family remittances. These measures have been intensified through a broadening of the tax base (i.e., significantly expanding the list of transactions) on which the special contribution tax is levied. The tax now applies to most cross-border payments and transfers with limited exceptions.[14]

- Furthermore, staff has identified a new exchange restriction arising from undue delays in accessing FX for the purposes of making current international payments and transfers arising from the BNA's imposition of FX pricing constraints combined with practices of rationing, earmarking and prioritization of FX at the capped rate,[15] while not providing sufficient FX to clear the market.

- Staff has also identified five MCPs arising from various official actions segmenting the FX market. These include: (i)Treasury ad hoc sales of FX at an official exchange rate (BNA published bid price) in exchange of signed commitments for treasury bills; (ii) other ad hoc special allocations to commercial banks at the BNG rate (the Bloomberg Generic Composite rate, or also known as indicative bid rate) for earmarked purposes; (iii) imposition of the strict price limits on the bidding rate at Bmatch (the Bloomberg platform) for transactions between banks and exporters in the extractive sector (oil, diamond and gas); (iv) banks' obligation to resell in the interbank market 30 percent of export proceeds purchased in the Bmatch at a controlled exchange rate (the Bmatch purchase price plus up to 1 percent margin); and (v) chilling effect of the legal provision on FX market "speculation" punishable as a criminal offense which disincentivizes the

[13] Angola's legal framework currently does not impose limits on international payments for services, including education, medical, housing and transportation as long as the payments are made to the service providing institutions, and supported by justifying documentation (i.e., invoices). Cross-border unrequited transfers by individuals are allowed up to the annual limit of $250,000 per year, with transfers above the limit being subject to the BNA approval.

[14] The change to the scope of this measure was introduced with 2024 Budget law and further reapproved for 2025. Accordingly, as of 2024, 10 percent special contribution tax on corporate entities now applies to most of the cross-border payments and transfers with limited exceptions for payments and transfers by companies involved in diamond mining exploration, oil sector investors, software companies and dividends transfers. The 2.5 percent special contribution tax on individuals now applies to most of the cross-border payments and transfers with limited exceptions for payments and transfers for medical and educational services.

[15] FX allocation and prioritizations occur via (i)-(v) listed in the next bullet point on MCPs.

banks to raise the over-the-counter (OTC) rates above the guided tolerance margins in the estimates range of 6 and 12 percent.

Policy Discussions

32. **Facilitating greater exchange rate flexibility and price discovery in the foreign exchange market is critical in aligning the official exchange rate to a market-clearing rate.** While foreign exchange (FX) interventions can help contain episodes of excessive volatility that threaten macro-financial stability, they should remain limited, transparent, and guided by a clear, rules-based framework to avoid delaying necessary adjustments and eroding reserves.[16] Strengthening FX market functioning is critical, with reforms aimed at reducing market concentration, eliminating measures that hinder price discovery,[17] and clearing interbank backlogs. Adopting a coherent exchange rate policy consistent with a flexible exchange rate regime and developing the FX derivatives market will further enhance market depth and resilience. Strengthening the central bank's communication strategy will help anchor expectations and improve confidence in the FX market. These identified structural reforms are essential concurrent requirements for achieving a full and durable FX adjustment. In parallel, prudent external financing strategies and reserve management are needed to safeguard stability and mitigate vulnerability to external shocks. The 2025 AFRITAC South technical assistance mission made specific recommendations to address these challenges.

33. **Promoting export diversification remains vital for a sustainable external position.** Despite recent progress, Angola's external sector continues to rely heavily on oil exports, leaving the economy vulnerable to external shocks and commodity price volatility. Diversification efforts should include expanding the range of export products, enhancing product quality and complexity, broadening the base of trading partners, and other broad-based horizontal reforms that are essential to create an enabling environment for private sector development (Section E).

Authorities' Views

34. **The authorities broadly concurred with staff's external sector assessment.** The authorities reiterated their commitment to maintaining adequate reserve levels and building external buffers when conditions permit. They acknowledged the importance of mitigating external imbalances and noted data constraints that add to the uncertainty. The BNA uses the EBA-Lite REER model more frequently to monitor exchange rate developments, while relying on the CA model primarily after year-end. They maintained that the exchange rate remains largely market-determined, with minimal BNA interventions. The authorities acknowledged the importance of exchange rate flexibility to address excess demand in the FX market and clear backlogs, while expressing concerns about a potential inflationary pass-through. The authorities emphasized structural challenges in the FX market, including limited supply by few participants, lack of depth, dominance of the oil sector,

[16] The Application of the Integrated Policy Framework (IPF), Annex VIII of IMF Country Report No. 24/80.

[17] Measures that hinder price discovery include bid rate caps and restrictions on daily rate adjustments that limit responsiveness.

and high margins charged by commercial banks. They noted that indicative exchange rate and FX Bureau rates may not fully reflect market conditions due to low transaction volumes. Finally, the authorities reaffirmed their commitment to implementing IMF TA recommendations to improve FX operations and deepen the market.

D. Safeguarding Financial Stability and Integrity

Background

35. **The banking sector (87 percent of total financial sector assets) remains broadly sound while risks remain elevated with persistently high non-performing loans (NPLs) and intensifying sovereign-bank nexus**.[18] The recent stress tests conducted on all 22 banks by the FSAP indicate that banks may be vulnerable to economic downturns. Although liquidity at the system level appears adequate, banks' heavy reliance on sovereign bonds as a source of liquidity, combined with depositor concentration and FX liquidity shortages, poses challenges for many institutions. The NPL ratio, at 16.7 percent in September 2025, has been declining since the end of 2024 (Table 7). The profitability remains high largely due to significant income from FX transactions and the return on large holdings of government bonds. The decline in oil exports may be reflected in a fall in net open position (NOP) with the current ratio at -38 percent as of the end of the third quarter of 2025 (Table 7).

36. **The 2025 FSAP recognized progress made in implementing reforms since the last FSAP in 2011** (Annex VII). The reforms include enhancing the regulatory and supervisory framework, designating the BNA as the resolution authority, formalizing the BNA's financial stability mandate,[19] and establishing regulators and supervisors for the non-bank financial sector. To be fully operational, many of these newly adopted functions require significant, coordinated efforts by the authorities supported by an appropriately prioritized action plan.

37. **The 2025 FSAP also highlighted vulnerabilities in the financial system.**

- Angola has one of the highest **government-bank nexuses** in the region (over 30 percent of bank assets are allocated to claims on the government), while its credit-to-GDP gap remained negative for several years (Text Figure 4).

- Additional vulnerabilities have been identified through elevated **impaired loans** and NPLs, partly as a result of legacy problem loans in the banking sector (three banks hold the majority of NPLs). Stage 3 loans (as per the International Financial Reporting Standards) are significant, with a large amount having been at that category for over 5 years and a large portion denominated in

[18] Other institutions in the financial sector include payment service providers (PSPs), state-owned funds, insurance companies, pension fund managers, and capital market participants (Financial System Stability Assessment).

[19] The National Bank of Angola (BNA), as the macroprudential authority, oversees systemic risk monitoring and policy design through its Financial Stability Committee (CEF), in coordination with other supervisory agencies and the Council of Supervisors of the Financial System (CSSF).

foreign currency. Despite actions taken by the Angolan authorities, NPL resolution is incomplete and legal and regulatory challenges remain.

- Notwithstanding the relative success of subsidized lending through AVISO-10[20] in spurring an increase in **credit to the private sector**, distortions in credit and possible contingent liabilities associated with the program remain a concern: AVISO-sponsored loans now account for 70 percent of lending to private non-financial corporates (Annex V).

- BNA recently revised its Domestic Systemically Important Banks (**DSIB**) methodology and published a new, streamlined list of DSIBs[21], reflecting FSAP observations that the previous list, while comprehensive, may have strained supervisory capacity.

- Other issues include insufficient **foreign exchange liquidity** for some banks and persistent gaps in the Anti-Money Laundering and Countering the Financing of Terrorism (**AML/CFT**) framework that led Angola to be added to Financial Action Task Force (FATF) grey list (in 2024) and the European Union's (EU) high-risk third countries list for AML/CFT deficiencies (in 2025).[22] The implementation of FATF recommendations is still ongoing. There has been no deterioration in correspondent banking relationships to date, and two banks have recently reestablished corresponding relationships with two large banks in the US and EU.

Policy Discussions

38. **Banking supervision has improved but would benefit from further material strengthening through a more risk-sensitive, forward-looking approach**. While Angola has updated its legal and regulatory framework and aligned it with international standards, significant gaps remain. These include insufficient adaptation of regulations to the local context, limited supervisory intrusiveness, and persistent human resource constraints—especially in risk expertise. Increasing supervisory capacity, raising the frequency and depth of on-site inspections, and leveraging technology for data quality and real-time risk monitoring are crucial. A more proportionate application of Basel standards, better governance, and stronger integration of qualitative assessments would enhance oversight effectiveness and resilience.

39. **Operationalizing the bank resolution and the financial safety net remains a priority.** The restructuring of one large bank is progressing, guided by a plan. The resolution of a problem bank has not progressed, and continues to pose a contingent fiscal liability, and another (third) bank is undergoing a restructuring program. To support effective resolution of problem banks, the authorities should tailor the resolution framework to the local Angolan financial system, and

[20] The Aviso-10/2024 (BNA's Notice No. 10) offers a relief on mandatory reserve requirements to encourage banks to lend to the private sector, and caps interest rates at 7.5–10 percent.

[21] The BNA published the Methodological Note for Identifying Eligible Institutions for Application of DSIB Reserves and Requirement Calibration in December 2025.

[22] These include lack of adequate criminalization of money laundering (ML), risk-based supervision, notably of non-financial institutions, access to beneficial ownership information, capacity to pursue ML investigations and prosecutions, and implementation of targeted financial sanctions.

dedicate resources and build capacity for financial safety net functions. The Deposit Guarantee Fund (DGF) should finalize its government backstop funding with documented agreements. The BNA should finalize resolution plans for banks that could be systemic upon failure, including current problem banks. Financial safety net authorities should refine contingency plans to support timely and coordinated crisis management actions. The BNA should ensure that the eligibility of the emergency liquidity assistance (ELA) facility is limited to solvent and viable entities with adequate collateral. The BNA should also be able to provide ELA on a discretionary basis under robust safeguards (e.g., a government guarantee), to a bank which is considered systemic and viable in the context of a realistic and time-bound resolution plan.

40. **Strengthening Angola's macroprudential framework is important to safeguard financial stability.** Key actions include finalizing a comprehensive policy structure and enhancing institutional coordination through the Council of Supervisors of the Financial System (CSSF)'s strategic plan and regular interagency meetings. Improving data infrastructure and analytical capacity is essential for robust systemic risk monitoring, forward-looking assessments, and calibration of macroprudential tools. The BNA could expand its toolkit to mitigate sovereign bank-linkages, FX risks and address emerging vulnerabilities in the household sector by strengthening by strengthening the macroprudential toolkit in line with FSAP recommendations. It should also enhance borrower-based measures such as Loan-to-Value (LTV) and Debt Service-to-Income (DSTI) limits, and strengthening institutional capacity to monitor compliance and assess macroprudential policies. Greater transparency through timely publication of Financial Stability Reports and systematic evaluation of policy effectiveness will reinforce accountability and resilience. In the medium term, the authorities should aim to publish the ELA framework, covering eligibility criteria and solvency and viability requirements.

41. **The active implementation of the FATF Action Plan remains a priority to ensure timely exit from the FATF grey list.** The authorities should expedite progress, among other areas, by improving risk-based supervision of non-bank financial institutions and designated non-financial businesses and professions; ensuring that the authorities have adequate, accurate and timely access to beneficial ownership information and that breaches to obligations are adequately addressed; improving money laundering and terrorist financing investigations and prosecutions; and establishing an effective process to implement targeted financial sanctions without delay. The 2025 FSAP also identified significant shortcomings in AML/CFT supervision of the banking sector.

Authorities' Views

42. **The authorities signaled their commitment to financial sector reforms to preserve financial stability.** The authorities expressed their support for the findings of the 2025 FSAP, noting plans to develop an action plan to support implementation of FSAP recommendations, supported by a plan to develop a recruitment campaign for the BNA. The BNA has advanced its work on the draft macroprudential framework and the CSSF strategic plan. The authorities agreed to focus on strengthening the supervision function through developing a more risk-sensitive, forward-looking approach. The BNA reaffirmed that it will continue its current approach of monitoring a problem bank and the implementation of voluntary measures with a view to limiting legal risks to the BNA.

In parallel, the BNA noted that it will continue to operationalize the resolution regime and ELA regime. Authorities remain committed to progressing AML/CFT reform to achieve timely exit from the FATF grey list.

E. Economic Diversification and Sustainable Growth

Background

43. **The authorities remain committed to advancing the economic diversification and sustainable growth.**[23] Despite efforts to diversify, Angola remains highly dependent on oil and vulnerable to oil price volatility. While authorities' strategies promote broad-based horizontal reforms to strengthen the business environment and close both human capital and infrastructure gaps, greater emphasis has been placed on industrial policies aimed at import substitution and credit subsidies targeting agriculture and food processing and infrastructure financing channeled to Angola's special economic zones and development corridors, most notably the Lobito Corridor.[24,25]

44. **The authorities have made some progress in governance and anti-corruption reforms:**

- **Fiscal Governance.** Quarterly fiscal reports under the GFSM 20214 methodology started to be published in October 2025. A comprehensive PFM reform action plan is expected to be adopted by the second half of 2026. The publication of a medium-term fiscal framework and fiscal strategy reports alongside the budget is being institutionalized.

- **Extractive Industries Transparency Initiative (EITI).** Angola completed its validation process in June 2025. The validation recognized Angola's progress in increasing transparency, including the publication of audited financial statements by extractive SOEs, but identified several corrective actions such as the elimination of tax-payer confidentiality legislative provisions which prevent public disclosure of oil and mining revenues, and the need for more inclusive stakeholder engagement. The authorities have committed to developing an action plan to address them ahead of the next EITI assessment in April 2028.

- **Regulatory Reform.** Legal reforms removed the state monopoly on electricity transmission, allowing for greater private sector participation. However, Angola's competition regulatory authority (ARC) has faced enforcement challenges for some divestiture orders and still lacks operational and financial autonomy.[26]

[23] The authorities' strategy is outlined in the National Development Plan 2023–27(NDP), Long-Term Vision (Angola 2050), and the African Union's Agenda 2063.

[24] See *Harnessing Non-Oil Economic Growth: Economic Diversification in Angola* (SIP/2025/059).

[25] Angola hosted the AU Summit on Infrastructure financing in October 2025.

[26] Sonangol has argued that it is not capable to proceed with a fair sale of its stake in fuel-distribution joint ventures as fuel prices subsidies undermines private interest.

- **Rule of Law.** Angola's judiciary is focusing on implementing a new strategic plan (2025–29) to strengthen judicial independence and improving efficiency through the decentralization and digitalization of citizen complaint handling to provinces with the support of a new Ombudsman Law approved in March 2025 and the launching of virtual hearings.

- **Anti-corruption.** Angola started its National Strategy for the Prevention and Repression of Corruption (2024–27), introducing codes of conduct and mandatory integrity training for public officials and setting up a multi-sectoral commission to oversee its implementation. The strategy is yet to be fully operationalized with separate action plans being developed by the Office of the Inspector General of State Administration (IGAE) on preventive measures – and by Prosecutor General's Office (PGR) on repressive measures.[27] A new draft law establishing a central beneficial ownership registry has been submitted to Parliament as part of measures to address AML/CFT weaknesses. No progress has been reported on facilitating access to asset declarations (ADs) of high-ranking officials and politically exposed persons (PEPs) and the effectiveness of the whistleblower protection system. On the recovery of illicit assets, new recoveries are expected to be reported once the migration of the reporting system from the National Service of Asset Recovery website to that of PGR is completed.[28]

Policy Discussions

45. **Reform efforts should aim to strike a balance between addressing infrastructure gaps and boosting efficiency and productivity**. With low growth and limited fiscal space, prioritizing low-cost reforms with positive demand effects remains critical. While significant investments are required in infrastructure, particularly in energy, transportation, and logistics, these efforts must be complemented by targeted initiatives to improve education, health, and workforce skills. Reforms to promote deregulation and competition, enhance financial openness through the easing of foreign exchange constraints, and streamline import licensing to improve access to critical production inputs will be essential to foster private sector–led growth. Persistent challenges in accessing foreign exchange remain a constraint to attracting foreign investment and continue to hinder diversification efforts (¶30).

46. **Governance and anti-corruption reforms have achieved some progress, but further efforts are necessary to sustain momentum**. Recommendations in the 2024 Article IV consultation remain pertinent. The fiscal governance reform momentum must be kept by ensuring the timely and effective implementation of the approved PFM reform action plan and addressing the EITI corrective actions. Efforts to curb anti-competitive practices and strengthen the autonomy of regulatory agencies, notably by allowing them to function with their own revenues as predicted by law, should be stepped up. The anti-corruption strategy adopted in 2024 needs to be fully operationalized through an effective implementation plan and governance structure under the multisectoral commission. Legislation ensuring the establishment of a beneficial ownership registry should be

[27] See *Governance and the Fight Against Corruption in Angola: Quid Vales? Quo Vadis?* (SIP/2025/060) for specific actions needed to be undertaken.

[28] The amount recovered remains at $19 billion as previously reported.

approved in a timely manner. Initiatives to facilitate access of ADs from high-ranking officials and PEPs and enhance the effectiveness of whistleblowing protection systems should be prioritized.

Authorities' Views

47. **The authorities agreed on the importance of economic diversification and structural reforms to reduce reliance on oil and foster sustainable growth.** They highlighted measures to support SMEs and improve the business environment, including initiatives to facilitate access to financing and streamline company registration and licensing through one-stop shops. The authorities underscored the need for high-quality, large-scale projects and committed to strengthening monitoring and evaluation frameworks to ensure effective implementation. They emphasized the role of the import substitution policy in enhancing agriculture and food security. The authorities underscored the importance of ongoing development projects across key sectors, such as agriculture, digital services, tourism, and social programs, aimed at reducing urban poverty and fostering inclusive growth. The authorities also shared updates on key infrastructure projects, including the Lobito Corridor, and outlined their vision for development timelines across priority sectors to support near-, medium-, and long-term growth and export diversification. Finally, they reaffirmed their commitment to governance reforms and anti-corruption measures to enhance competitiveness, increase the operational and financial autonomy of regulators, reduce external financing costs, attract FDI, and advance structural transformation. To this effect, they requested staff assistance to identify key reform priorities.

STAFF APPRAISAL

48. **Growth momentum sustained in 2025 and the recent surge in oil prices has improved near-term outlook.** Despite a decline in oil production, overall growth reached 3.1 percent in 2025—exceeding earlier projections—driven by resilient non-oil growth. The fiscal outlook is projected to improve in 2026, with planned expenditure cuts under the budget and more recently oil price increases. However, growth is projected to decelerate in 2026, largely reflecting restrained public spending. Inflation has eased from its peak and is projected to continue declining. Near-term financing pressures have eased but are projected to re-emerge in the following years, as oil production and prices are expected to decline. Angola's improved market access should help alleviate these pressures, but high interest costs will continue to crowd out development spending.

49. **Staff welcomes the authorities' strong resolve to adjust expenditure under the 2026 budget to reduce the fiscal deficit**. The 2026 fiscal stance is considered mildly contractionary, with the overall deficit expected below the debt-stabilizing levels. However, the fiscal deficit is projected to widen in following years as the windfall fades. The decline in oil revenues in the following years is compounded by structural changes in oil taxation, and the non-oil primary balance remains below the floor under the FSL. A tighter fiscal stance is warranted to reach FSL targets.

50. **A fiscal adjustment should be supported by exchange rate flexibility and an appropriately tight monetary policy stance**. Oil windfall should be used to reduce debt and build buffers. Given the magnitude of the potential revenue shortfall following the projected normalization

of oil prices, sufficient macroeconomic adjustment solely relying on fiscal consolidation would be socially costly, and difficult to sustain. Moreover, the need for growth-friendly adjustment calls for allowing the exchange rate to serve as an automatic stabilizer. On expenditure measures, staff recommends adhering to the 2026 budget envelope and containing it as a share of GDP in the coming years. Achieving credible and permanent savings on fuel subsidy requires further adjustments to pump prices to align them with market levels, alongside the authorities' ongoing efforts to remove wholesale fuel consumption from subsidy coverage. Staff also urged the authorities to complete the mandated evaluation of the FSL to preserve strong and credible fiscal anchors.

51. **Stronger progress on revenue mobilization remains critical**. While oil production incentives may yield medium-term benefits, these need to be carefully weighed against near-term fiscal risks. Efforts to strengthen non-oil revenue mobilization are advancing, but the structural decline in oil revenues call for more ambitious revenue measures. Mobilizing revenues from large SOEs—through both one-off inflows from privatization and improved oversight to strengthen tax collection—offers additional scope. More broadly, limited fiscal space underscores the need to meet development spending needs largely through gains in spending efficiency.

52. **Prudent debt management can help mitigate near-term financing pressures.** Angola's improved access to international markets is commendable. The authorities' efforts to transition from oil-collateralized commercial borrowing toward market-based financing should enhance debt transparency and gradually free up liquidity buffers. However, market financing remains costly, crowding out critical spending needs. Prioritizing access to lower-cost financing, deepening of the local government bond market, and continued efforts to reduce sovereign spreads in international markets could help create much-needed fiscal space.

53. **Maintaining a tight monetary policy stance is necessary to sustain the disinflationary trend**. The current monetary policy stance is assessed as mildly tight from a forward-looking perspective. Premature or rapid policy easing could undermine disinflation efforts. A sufficiently positive real interest rate will be required to bring inflation into the single-digit target range over the medium term. Short-term liquidity management should aim to align interbank rates with the policy rate. Continued efforts to strengthen monetary policy implementation would help strengthen the inflation-targeting framework. In parallel, deepening financial intermediation and improving financial infrastructure remain important to support private-sector credit growth.

54. **Elevated inflation with limited nominal exchange rate flexibility over the last year has contributed to a real exchange rate appreciation.** Angola's external position is assessed to be moderately weaker than the level implied by fundamentals and desirable policies. Gradual liberalization of the foreign exchange market—aimed at eliminating highly distortionary exchange restrictions and multiple currency practices—is needed to address existing FX backlogs and improve market functioning. FX market reforms should be implemented concurrently with the exchange rate adjustment, ensuring full and durable alignment with the market-clearing rate. Over time, foreign exchange interventions should be conducted in a more transparent manner. Developing a rules-based FX intervention framework could support price discovery while safeguarding international

reserves and addressing excessive exchange rate volatility, if it threatens macroeconomic stability. Staff does not recommend approval of the identified Article VIII measures at this time.

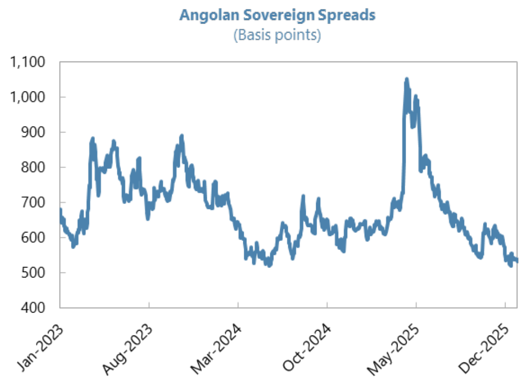
55. **Certain aspects of the financial sector demonstrate resilience, but vulnerabilities persist, as confirmed by the FSAP**. The sovereign–bank nexus has increased over the past year and warrants close monitoring. Policies aimed at broadening the investor base in the domestic debt market could help mitigate this nexus. Legal reforms have broadly aligned the BNA's supervision and resolution frameworks with international best practices, but further progress remains necessary. Continued vigilance and readiness for decisive action through effective contingency planning is needed, particularly regarding the resolution of a large insolvent bank. The authorities should also aim to publish in the medium term its ELA Framework. The authorities should prioritize the operationalization of the financial safety net and finalize resolution plans for banks that could be systemic upon failure. Given the decision to build the ex-ante resolution fund alongside the deposit guarantee fund, arrangements for government back-up funding for the deposit guarantee fund should be finalized and documented.

56. **Achieving more rapid, sustainable, and inclusive growth will require broad-based structural reforms to attract foreign investment and ease domestic savings constraints**. The payoff from addressing governance vulnerabilities, streamlining business regulations, addressing persistent challenges in accessing foreign exchange, and improving access to private sector credit is higher than ever. Addressing AML/CFT weaknesses to ensure a timely exit from the FATF grey list is also important. Conversely, delays in operationalizing anti-corruption reforms risk undermining public trust, weakening reform ownership, and raising Angola's cost of financing.

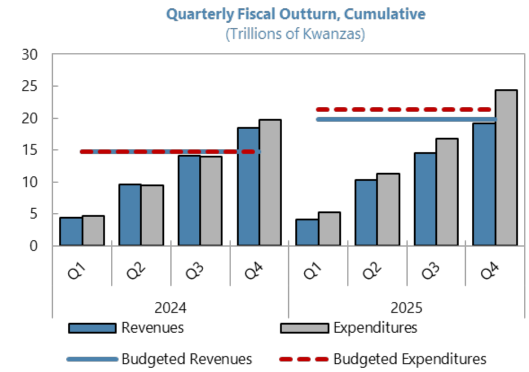
57. **Staff recommend that the next Article IV consultation for Angola be held on the 12-month cycle.** With Angola's credit outstanding to the IMF amounting to SDR 2.5 billion (338 percent of quota) as of Feb-2026 (Table 8)—exceeding both the SDR 1.5 billion and 200 percent of quota thresholds—a post financing assessment is anticipated in 6 months.

Figure 1. Angola: Fiscal Developments, 2018–26

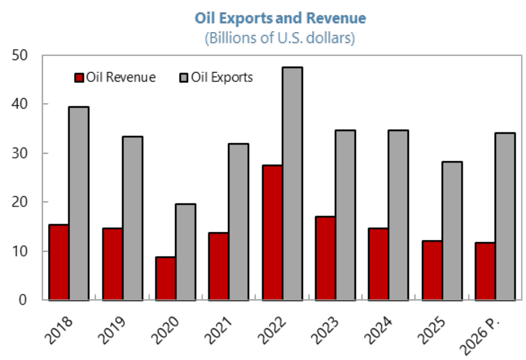
Sovereign spreads narrowed significantly from the spike in May 2025…



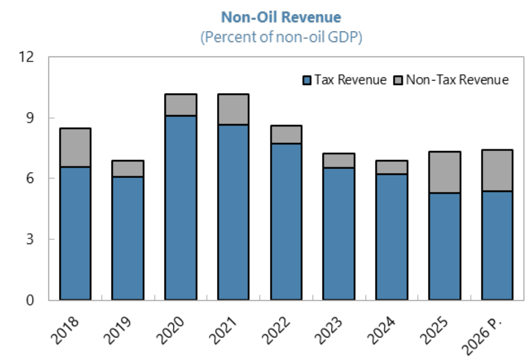
…but the fiscal deficit for 2025 widened due to higher-than-budgeted expenditures.



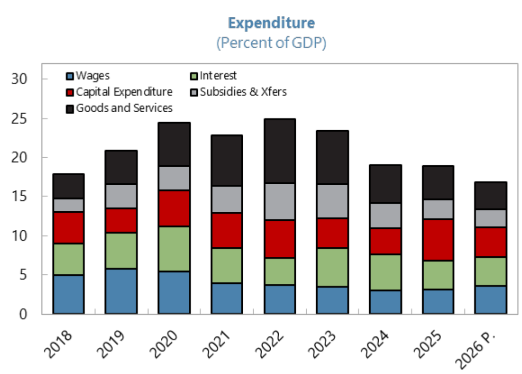
Oil revenues continued to decline in 2025 …



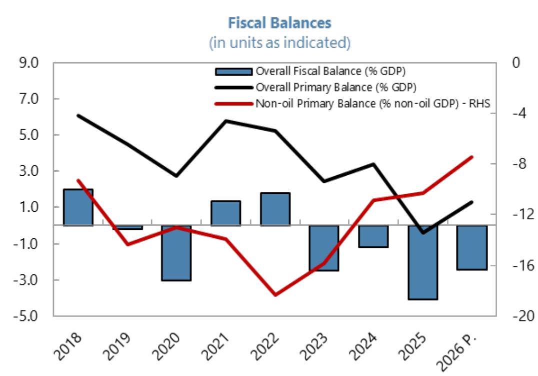
…while non-oil revenues remain persistently weak.



Capital expenditure increased in 2025.



The fiscal position weakened in 2025, with the primary balance turned negative.



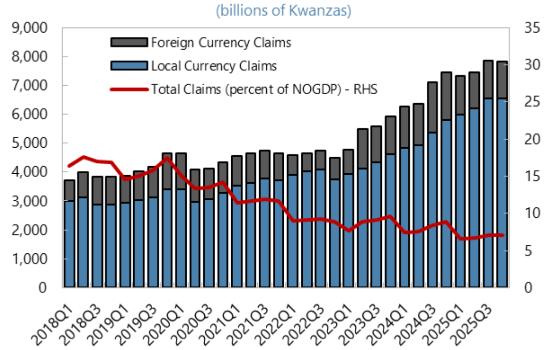
Sources: Angolan authorities; Haver Analytics; and IMF staff estimates and projections.

Note: Historical fiscal data has been revised in line with the authorities' publication of government finance statistics using the GFSM2014 methodology.

Figure 2. Angola: Financial Sector Developments, 2018–26

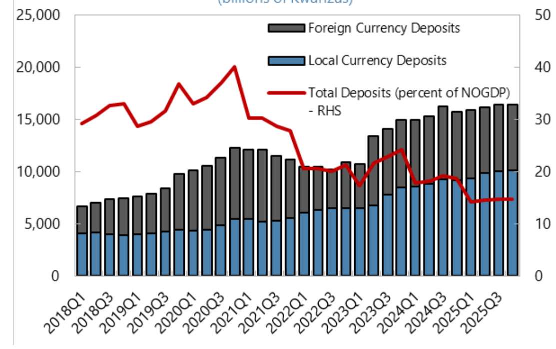
Credit to the private sector grew in nominal terms but remains low as a share of non-oil GDP…

Credit to the Private Sector, Total
(billions of Kwanzas)



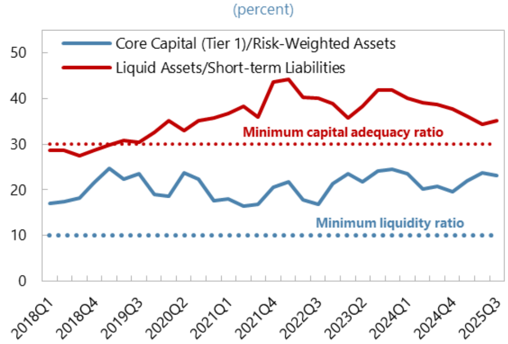
…and total deposits remained robust but their ratio to non-oil GDP has some declines.

Total Deposits
(billions of Kwanzas)



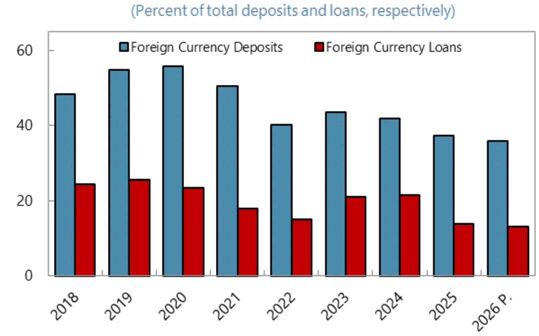
Despite some declines in capital buffers, liquidity and capital ratios remained above regulatory minimums…

Capital Adequacy and Liquidity Ratios
(percent)



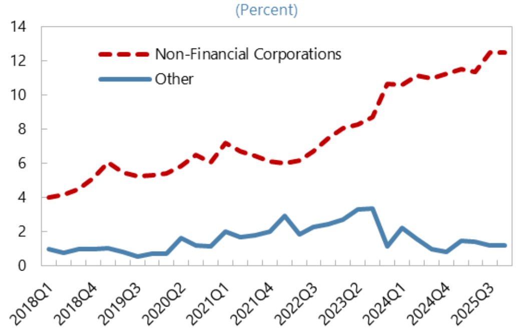
… and foreign currency deposits and loans remained broadly stable.

Foreign Currency Deposits and Loans - All Sectors
(Percent of total deposits and loans, respectively)



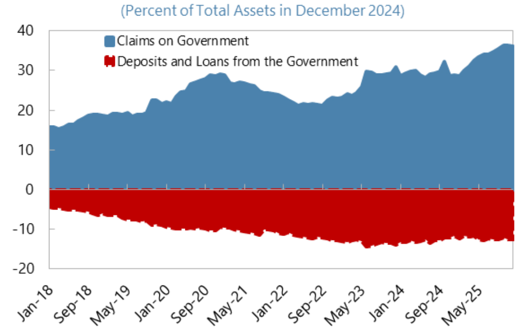
Nonbanks' market share has increased to 14 percent of total private sector loans in 2025Q4…

Non-Bank Financial Insitutions' Share in Credit to the Private Sector
(Percent)



… while banks' exposure to the government remained elevated.

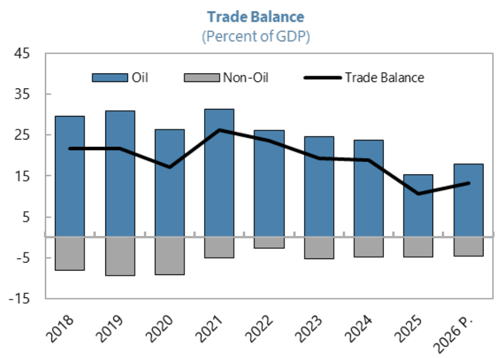
Banks' Exposure to the Government
(Percent of Total Assets in December 2024)



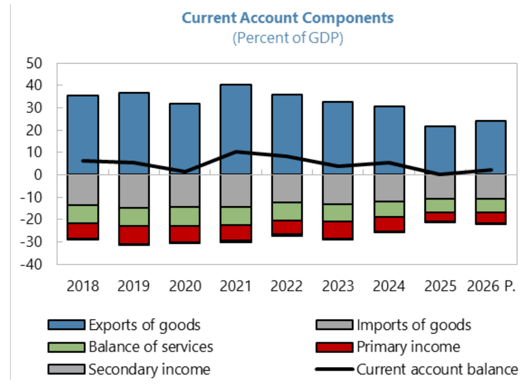
Sources: Banco Nacional de Angola; Angolan authorities; and IMF staff estimates.

Figure 3. Angola: External Sector Developments, 2010–26

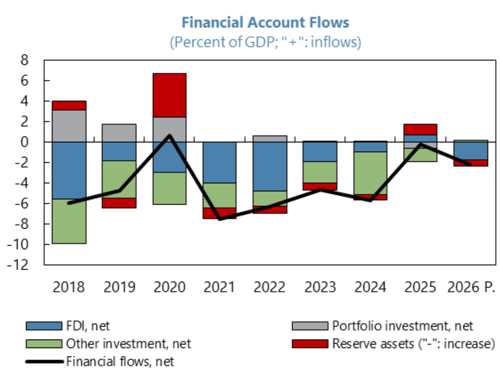
The trade balance narrowed in 2025 amid lower oil export receipts, but is expected to recover in 2026 on the back of higher oil exports…



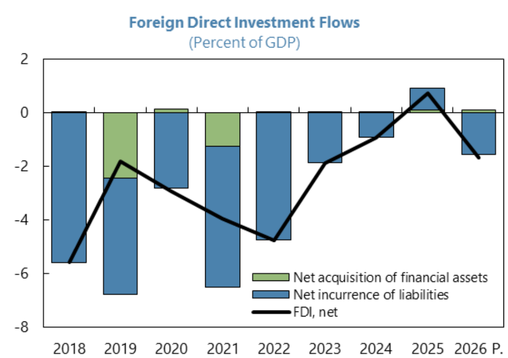
…contributing to a higher current account surplus and stronger external buffers in 2026.



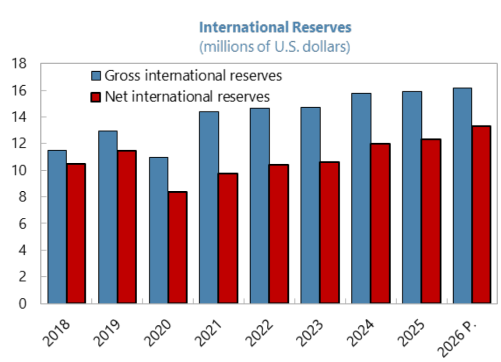
The financial account was broadly balanced in 2025 and is projected to record higher outflows in 2026 …



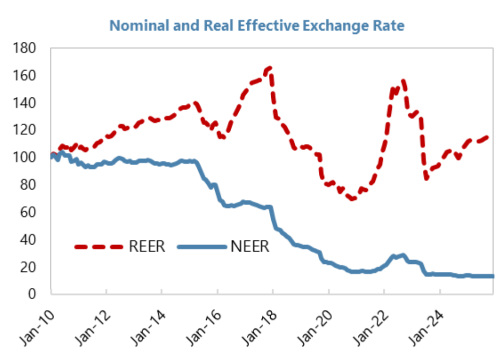
…driven by an increase in net FDI outflows (a decrease in net incurrence of liabilities).



International reserves remained broadly stable in 2025 and are projected to increase modestly in 2026.



The REER appreciated, reflecting persistent domestic inflation pressures, while the NEER remained broadly stable.



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

Table 1. Angola: Main Economic Indicators, 2024–31

	2024	2025	2026	2027	2028	2029	2030	2031
		Prel.			Proj.			
Real Economy (percent change, except where otherwise indicated)								
Real gross domestic product	5.0	3.1	2.3	2.6	2.8	3.0	3.0	3.1
Oil sector	3.3	-5.2	1.6	0.0	0.0	0.0	0.0	0.0
Non-oil sector	5.4	5.2	2.4	3.2	3.4	3.6	3.6	3.7
Consumer prices (annual average)	28.2	20.2	12.9	12.8	10.3	10.0	9.9	9.8
Consumer prices (end of period)	27.5	15.7	13.1	11.2	10.0	10.0	9.8	9.7
Gross domestic product per capita (U.S. dollars)	3,156	3,614	3,754	3,677	3,661	3,655	3,685	3,732
Investment and Savings (percent of GDP)								
National Savings	15.9	12.9	13.6	13.0	13.0	12.8	12.5	12.4
Government	-5.8	1.2	1.3	0.5	0.2	-0.1	-0.1	-0.1
Private	21.7	11.7	12.3	12.5	12.8	12.8	12.6	12.5
Gross Investment	10.6	12.5	11.4	12.0	12.1	11.9	11.9	11.9
Government	3.3	5.3	3.7	4.1	4.1	3.9	3.8	3.8
Private	7.3	7.2	7.6	7.9	8.0	8.0	8.1	8.1
Saving-Investment Balance	5.3	0.4	2.2	1.0	0.8	0.8	0.7	0.6
Budgetary Central Government (percent of GDP)								
Total revenue	17.8	14.8	14.4	13.6	13.6	13.6	13.5	13.4
Of which: Oil-related	12.2	8.5	7.6	6.7	6.4	6.2	6.1	5.9
Of which: Non-oil related	5.6	6.3	6.8	7.0	7.1	7.3	7.4	7.5
Total expenditure	19.0	18.9	16.8	17.2	17.5	17.5	17.4	17.3
Current expenditure	15.7	13.6	13.1	13.1	13.4	13.6	13.6	13.5
Of which: Subsidies	*2.6*	*1.7*	*1.1*	*1.0*	*1.0*	*1.0*	*0.9*	*0.8*
Capital spending	3.3	5.3	3.7	4.1	4.1	3.9	3.8	3.8
Overall fiscal balance	-1.2	-4.1	-2.4	-3.6	-3.9	-4.0	-3.8	-3.9
Primary balance	3.4	-0.4	1.3	0.2	0.0	0.1	0.3	0.3
Non-oil primary fiscal balance (NOPB)	-8.8	-8.9	-6.3	-6.5	-6.4	-6.1	-5.8	-5.6
Money and Credit (end of period, percent change)								
Broad money (M2)	5.0	8.5	14.0	14.5	14.8	15.0	15.1	15.1
Percent of GDP	15.8	13.8	14.2	14.6	15.0	15.2	15.5	15.8
Broad money - local currency (LC M2)	7.6	16.5	16.7	17.1	17.3	17.5	17.5	17.5
Velocity (GDP/M2)	6.3	7.3	7.1	6.9	6.7	6.6	6.5	6.3
Credit to the private sector (annual percent change)	25.4	13.8	11.6	11.3	11.1	11.1	10.8	10.7
Balance of Payments								
Trade balance (percent of GDP)	18.9	10.6	13.2	11.2	10.6	10.4	10.0	9.8
Exports of goods, f.o.b. (percent of GDP)	30.8	21.6	24.0	21.7	20.9	20.4	19.8	19.3
Of which : Oil and gas exports (percent of GDP)	29.0	19.9	22.4	20.0	19.1	18.5	17.8	17.3
Imports of goods, f.o.b. (percent of GDP)	11.9	10.9	10.8	10.5	10.2	10.0	9.7	9.5
Terms of trade (percent change)	-1.9	-17.4	10.6	-9.6	-2.6	-0.9	-1.0	-0.9
Current account balance (percent of GDP)	5.3	0.4	2.2	1.0	0.8	0.8	0.7	0.6
Gross international reserves								
End of period, millions of U.S. dollars	15,768	15,895	16,195	15,695	15,295	14,945	14,945	15,045
Months of next year's imports	7.9	7.4	7.7	7.4	7.2	6.9	6.8	6.4
Exchange Rate								
Official exchange rate (average, kwanzas per U.S. dollar)	870	912	...	...	...	...	...	...
Official exchange rate (end of period, kwanzas per U.S. dollar)	924	923	...	...	...	...	...	...
Public Debt (percent of GDP)								
Public sector debt (gross)	57.1	51.3	51.6	53.5	55.2	56.6	57.1	57.7
Of which: Central Government debt	54.8	48.8	49.8	53.7	55.2	55.3	56.5	57.1
Of which: External debt	42.8	36.3	36.2	37.5	38.1	38.9	39.4	40.5
Oil								
Oil production (millions of barrels per day)	1.10	1.03	1.05	1.05	1.05	1.05	1.05	1.05
Oil and gas exports (billions of U.S. dollars)	34.6	28.1	34.1	30.8	30.3	30.4	30.6	31.1
Angola oil price (average, U.S. dollars per barrel)	78.5	67.2	79.1	70.4	68.6	68.3	68.3	67.7
Brent oil price (average, U.S. dollars per barrel)	79.9	68.3	80.2	71.5	69.7	69.4	69.4	69.1

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

Table 2a. Angola: Statement of Budgetary Central Government Operations, 2024–31[1]

(Billions of Kwanzas, unless otherwise indicated)

	2024	2025	2026		2027	2028	2029	2030	2031
		Prel.	Budget	Proj.			Proj.		
Revenue	**18,504**	**19,108**	**18,181**	**20,615**	**21,745**	**24,116**	**27,422**	**30,927**	**34,522**
Taxes	8,421	8,666	9,631	8,953	9,976	11,308	13,126	14,987	16,955
Oil	3,181	2,787	2,311	2,384.51	2,368	2,505	2,751	2,974	3,177
Non-oil	5,241	5,879	7,320	6,569	7,609	8,803	10,375	12,014	13,778
Social contributions	0	0	896	672	748	833	949	1,071	1,208
Grants	0	0	7	0	0	0	0	0	0
Other revenue	10,083	10,441	7,647	10,990	11,021	11,974	13,347	14,868	16,359
Oil	9,530	8,176	5,190	8,532.779	8,288	8,929	9,879	10,954	11,944
Non-oil	553	2,265	2,457	2,457	2,733	3,045	3,468	3,914	4,415
Expenditure	**19,744**	**24,369**	**21,980**	**24,120**	**27,500**	**31,109**	**35,457**	**39,676**	**44,515**
Current expenditure	**16,292**	**17,529**	**16,608**	**18,748**	**20,962**	**23,824**	**27,567**	**30,999**	**34,727**
Compensation of employees	3,168	4,103	5,094	5,094	5,666	6,313	7,189	8,115	9,153
Use of goods and services	4,975	5,523	4,023	4,873	5,620	6,462	7,608	8,689	9,800
Interest	4,778	4,763	4,316	5,356	6,033	7,054	8,315	9,481	10,805
Domestic	1,713	1,647	1,758	1,825	2,434	2,963	3,639	4,174	4,560
Foreign	3,065	3,116	2,557	3,531	3,600	4,091	4,675	5,306	6,245
Subsidies[2]	2,713	2,208	1,235	1,585	1,595	1,737	1,971	1,983	1,971
Other expense	659	932	1,940	1,840	2,047	2,258	2,484	2,731	2,998
Net investment in nonfinancial assets	**3,453**	**6,840**	**5,372**	**5,372**	**6,538**	**7,284**	**7,890**	**8,678**	**9,788**
Net lending (+) / Net borrowing (-)	**-1,240**	**-5,261**	-3,799	**-3,505**	**-5,755**	**-6,993**	**-8,035**	**-8,750**	**-9,993**
Primary balance	**3,538**	**-498**	517	**1,851**	**278**	**61**	**279**	**731**	**812**
Non-oil primary balance	-9,173	-11,461	-6,985	-9,067	-10,377	-11,373	-12,351	-13,197	-14,309
Statistical discrepancy	64	755	0	0	0	0	0	0	0
Net acquisition of financial assets (+: increase)	**-2,083**	**495**	**313**	**587**	**437**	**478**	**462**	**589**	**651**
Domestic	-1,823	137		587	437	478	462	589	651
Cash and deposits	284	264		587	437	478	462	589	651
Equity and investment fund shares	-19	-62		0	0	0	0	0	0
Other accounts receivable	-2,087	-65		0	0	0	0	0	0
Foreign	-260	358		0	0	0	0	0	0
Net incurrence of liabilities (+: increase)	**-778**	**6,511**	**4,112**	**4,093**	**6,193**	**7,471**	**8,497**	**9,339**	**10,644**
Domestic	396	4,869		2,221	3,263	4,598	5,058	4,265	3,683
Debt securities	-1,646	4,173		2,892	3,663	5,003	5,454	4,623	4,017
Disbursements	2,948	6,257		7,962	7,965	12,271	13,409	14,118	14,544
Amortizations	-4,594	-2,084		-5,070	-4,302	-7,268	-7,955	-9,495	-10,526
Loans	-163	-424		-371	-100	-105	-96	-58	-35
Account payable to Sonangol (net)[3]	…	0		0	0	0	0	0	0
Other accounts payable	2,204	1,120		-300	-300	-300	-300	-300	-300
Foreign	-1,174	1,643		1,872	2,930	2,873	3,440	5,073	6,961
Debt securities	0	1,060		1,176	1,783	1,136	852	1,554	1,958
Disbursements	0	1,831		1,176	2,013	3,628	3,998	2,994	5,370
Amortizations	0	-771		0	-230	-2,492	-3,146	-1,441	-3,412
Loans	-1,174	583		696	1,146	1,737	2,588	3,519	5,003
Other accounts payable	0	0		0	0	0	0	0	0
Memorandum items:									
Angola oil price (average, U.S. dollars per barrel)	78.5	67.2	61.0	79.1	70.4	68.6	68.3	68.3	67.7
Oil revenues	12,711	10,963	7,501	10,917	10,655	11,434	12,630	13,928	15,121
Non-oil revenues	5,794	8,144	9,777	9,026	10,342	11,849	13,843	15,928	18,193
Social expenditures[4]	5,837	7,254		8,045	8,949	9,971	11,354	12,817	14,456
Fuel subsidies (gross)	2,713	2,208		1,585	1,595	1,737	1,971	1,983	1,971
Public sector debt (gross)[5]	59,397	66,322		73,938	85,337	98,101	114,431	130,427	148,671
Of which : Central Government	56,957	63,135		71,382	82,898	95,703	111,879	129,065	147,206

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

[1] Data reflects the authorities' adoption of the GFSM 2014 methodology in October 2025. Historical data and projections reflect revisions due to methodological changes. Also, the additional cash raised in March 2026 to rollover Eurobond maturing in the future is not reflected in this Table.

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

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

Table 2b. Angola: Statement of Budgetary Central Government Operations, 2024–31[1]

(Percent of GDP, unless otherwise indicated)

	2024	2025	2026		2027	2028	2029	2030	2031
		Prel.	Budget	Proj.			Proj.		
Revenue	**17.8**	**14.8**	**12.7**	**14.4**	**13.6**	**13.6**	**13.6**	**13.5**	**13.4**
Taxes	8.1	6.7	6.7	6.2	6.3	6.4	6.5	6.6	6.6
Oil	3.1	2.2	1.6	1.7	1.5	1.4	1.4	1.3	1.2
Non-oil	5.0	4.5	5.1	4.6	4.8	5.0	5.1	5.3	5.3
Social contributions	0.0	0.0	0.6	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
Other revenue	9.7	8.1	5.3	7.7	6.9	6.7	6.6	6.5	6.4
Oil	9.2	6.3	3.6	6.0	5.2	5.0	4.9	4.8	4.6
Non-oil	0.5	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Expenditure	**19.0**	**18.9**	**15.3**	**16.8**	**17.2**	**17.5**	**17.5**	**17.4**	**17.3**
Current expenditure	**15.7**	**13.6**	**11.6**	**13.1**	**13.1**	**13.4**	**13.6**	**13.6**	**13.5**
Compensation of employees	3.0	3.2	3.6	3.6	3.6	3.6	3.6	3.6	3.6
Use of goods and services	4.8	4.3	2.8	3.4	3.5	3.6	3.8	3.8	3.8
Interest	4.6	3.7	3.0	3.7	3.8	4.0	4.1	4.2	4.2
Domestic	1.6	1.3	1.2	1.3	1.5	1.7	1.8	1.8	1.8
Foreign	2.9	2.4	1.8	2.5	2.3	2.3	2.3	2.3	2.4
Subsidies[2]	2.6	1.7	0.9	1.1	1.0	1.0	1.0	0.9	0.8
Other expense	0.6	0.7	1.4	1.3	1.3	1.3	1.2	1.2	1.2
Net investment in nonfinancial assets	**3.3**	**5.3**	**3.7**	**3.7**	**4.1**	**4.1**	**3.9**	**3.8**	**3.8**
Net lending (+) / Net borrowing (-)	**-1.2**	**-4.1**	**-2.7**	**-2.4**	**-3.6**	**-3.9**	**-4.0**	**-3.8**	**-3.9**
Primary balance	**3.4**	**-0.4**	**0.4**	**1.3**	**0.2**	**0.0**	**0.1**	**0.3**	**0.3**
Non-oil primary balance	**-8.8**	**-8.9**	**-4.9**	**-6.3**	**-6.5**	**-6.4**	**-6.1**	**-5.8**	**-5.6**
Statistical discrepancy	0.1	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net acquisition of financial assets (+: increase)	**-2.0**	**0.4**	**0.2**	**0.4**	**0.3**	**0.3**	**0.2**	**0.3**	**0.3**
Domestic	-1.8	0.1		0.4	0.3	0.3	0.2	0.3	0.3
Cash and deposits	0.3	0.2		0.4	0.3	0.3	0.2	0.3	0.3
Equity and investment fund shares	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Other accounts receivable	-2.0	-0.1		0.0	0.0	0.0	0.0	0.0	0.0
Foreign	-0.3	0.3		0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities (+: increase)	**-0.7**	**5.0**	**2.9**	**2.9**	**3.9**	**4.2**	**4.2**	**4.1**	**4.1**
Domestic	0.4	3.8		1.5	2.0	2.6	2.5	1.9	1.4
Debt securities	-1.6	3.2		2.0	2.3	2.8	2.7	2.0	1.6
Disbursements	2.8	4.8		5.6	5.0	6.9	6.6	6.2	5.6
Amortizations	-4.4	-1.6		-3.5	-2.7	-4.1	-3.9	-4.2	-4.1
Loans	-0.2	-0.3		-0.3	-0.1	-0.1	0.0	0.0	0.0
Account payable to Sonangol (net)[3]	...	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Other accounts payable	2.1	0.9		-0.2	-0.2	-0.2	-0.1	-0.1	-0.1
Foreign	-1.1	1.3		1.3	1.8	1.6	1.7	2.2	2.7
Debt securities	0.0	0.8		0.8	1.1	0.6	0.4	0.7	0.8
Disbursements	0.0	1.4		0.8	1.3	2.0	2.0	1.3	2.1
Amortizations	0.0	-0.6		0.0	-0.1	-1.4	-1.6	-0.6	-1.3
Loans	-1.1	0.5		0.5	0.7	1.0	1.3	1.5	1.9
Other accounts payable	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:									
Angola oil price (average, U.S. dollars per barrel)	78.5	67.2	61.0	79.1	70.4	68.6	68.3	68.3	67.7
Oil revenues	12.2	8.5	5.2	7.6	6.7	6.4	6.2	6.1	5.9
Non-oil revenues	5.6	6.3	7.5	6.8	7.0	7.1	7.3	7.4	7.5
Social expenditures[4]	5.6	5.6		5.6	5.6	5.6	5.6	5.6	5.6
Fuel subsidies (gross)	2.6	1.7		1.1	1.0	1.0	1.0	0.9	0.8
Public sector debt (gross)[5]	57.1	51.3		51.6	53.5	55.2	56.6	57.1	57.7
Of which : Central Government	54.8	48.8		49.8	52.0	53.9	55.3	56.5	57.1

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

[1] Data reflects the authorites' adoption of the GFSM 2014 methodology in October 2025. Historical data and projections reflect revisions due to methodological changes. Also, the additional cash raised in March 2026 to rollover Eurobond maturing in the future is not reflected in this Table.

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

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

Table 3. Angola: Depository Corporations Survey, 2024–31

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

	2024	2025	2026	2027	2028	2029	2030	2031
		Prel.			Proj.			
				Depository Corporations Survey				
Net foreign assets	**12,383**	**12,831**	**14,858**	**16,455**	**18,142**	**20,332**	**22,571**	**24,754**
Net domestic assets	**4,038**	**4,989**	**5,466**	**6,812**	**8,561**	**10,374**	**12,761**	**15,916**
Claims on central government (net)	6,283	9,143	11,598	15,554	20,708	26,375	31,168	35,363
Claims on other financial corporations	742	899	985	1,116	1,254	1,435	1,629	1,850
Claims on other public sector	333	457	500	567	637	729	828	940
Claims on private sector	6,551	7,456	8,324	9,262	10,290	11,427	12,667	14,028
Other items (net)[1]	-9,872	-12,967	-15,942	-19,688	-24,326	-29,591	-33,531	-36,265
Broad money (M3)	**16,420**	**17,820**	**20,324**	**23,267**	**26,703**	**30,707**	**35,332**	**40,670**
Money and quasi-money (M2)	16,420	17,820	20,324	23,267	26,703	30,707	35,332	40,670
Money	6,177	6,897	8,053	9,435	11,068	12,992	15,256	17,915
Currency outside banks	678	781	920	1,090	1,274	1,467	1,694	1,958
Demand deposits, local currency	5,499	6,116	7,133	8,345	9,794	11,526	13,562	15,956
Quasi-money	3,643	4,546	5,302	6,203	7,280	8,567	10,081	11,860
Time and savings deposits, local currency	3,643	4,546	5,302	6,203	7,280	8,567	10,081	11,860
Foreign currency deposits	6,600	6,378	6,969	7,629	8,355	9,147	9,995	10,895
				Central Bank Survey				
Net foreign assets	**10,512**	**10,968**	**12,875**	**14,293**	**15,810**	**17,752**	**19,793**	**21,766**
Net international reserves	11,073	11,344	13,093	14,531	16,067	18,036	20,099	22,095
Net incurrence of liabilities	-560	-376	-218	-238	-257	-284	-306	-329
Net domestic assets	**-6,345**	**-6,626**	**-8,090**	**-8,976**	**-10,123**	**-11,630**	**-13,171**	**-14,575**
Claims on other depository corporations	398	270	305	339	373	411	451	495
Claims on central government (net)	1,035	2,213	1,943	2,063	2,063	2,063	2,063	2,063
Claims on private sector	99	92	100	114	128	146	166	188
Other items (net)[1]	-7,877	-9,200	-10,439	-11,492	-12,687	-14,250	-15,852	-17,322
Reserve money	**4,167**	**4,342**	**4,785**	**5,317**	**5,687**	**6,122**	**6,622**	**7,191**
Currency outside banks	909	1,065	1,254	1,486	1,737	1,999	2,310	2,669
Commercial bank deposits	3,258	3,278	3,531	3,831	3,950	4,123	4,312	4,522
***Memorandum items*:**								
Nominal gross domestic product (percent change)	34.2	24.3	10.9	11.2	11.4	13.9	12.9	12.8
Reserve money (percent change)	11.9	4.2	10.2	11.1	6.9	7.7	8.2	8.6
Money and quasi-money (M2) (percent change)	5.0	8.5	14.0	14.5	14.8	15.0	15.1	15.1
Claims on private sector (percent change)	25.4	13.8	11.6	11.3	11.1	11.1	10.8	10.7
Claims on central government (percent of bank assets)[2]	27.9	31.9	40.9	45.8	51.0	54.8	56.9	13.7
Money multiplier (M2/reserve money)	3.9	4.1	4.2	4.4	4.7	5.0	5.3	0.0
Velocity (GDP/M2)	6.3	7.3	7.1	6.9	6.7	6.6	6.5	6.3
Velocity (non-oil GDP/M2)	5.1	6.2	6.0	5.9	5.8	5.8	5.7	5.6
Credit to the private sector (percent of GDP)	6.3	5.8	5.8	5.8	5.8	5.6	5.5	5.4
Foreign currency deposits (share of total deposits)	41.9	37.4	35.9	34.4	32.9	31.3	29.7	28.1
Credit to the private sector in foreign currency (share of total credit)	21.6	13.8	13.1	12.9	12.5	12.4	12.1	11.7

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, 2024–31

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

	2024	2025	2026	2027	2028	2029	2030	2031
		Prel.			Proj.			
Current account	**6,310**	**536**	**3,367**	**1,570**	**1,292**	**1,364**	**1,181**	**1,062**
Trade balance	22,605	15,038	20,164	17,271	16,890	17,105	17,238	17,549
Exports, f.o.b.	36,795	30,555	36,599	33,499	33,186	33,481	33,891	34,627
Crude oil	31,398	24,440	30,310	26,962	26,287	26,185	26,160	26,460
Gas and oil derivatives	3,247	3,707	3,768	3,875	4,045	4,235	4,435	4,642
Diamonds	1,536	1,761	1,832	1,925	2,061	2,206	2,369	2,511
Other	614	648	690	737	792	855	927	1,015
Imports, f.o.b	14,190	15,517	16,435	16,228	16,295	16,376	16,653	17,078
Services (net)	-8,363	-8,393	-9,183	-8,961	-8,898	-8,940	-9,092	-9,224
Credit	129	118	131	136	136	139	141	144
Debit	8,492	8,511	9,314	9,097	9,035	9,079	9,233	9,368
Primary income (net)	-7,644	-5,710	-7,252	-6,378	-6,329	-6,418	-6,565	-6,844
Credit	671	779	810	842	876	909	944	981
Debit	8,315	6,489	8,062	7,220	7,205	7,327	7,510	7,825
Secondary income (net)	-287	-399	-362	-361	-371	-383	-399	-419
General Government	-17	-5	-15	-9	-8	-8	-8	-9
Others	-258	-382	-347	-352	-363	-375	-391	-410
Of which: Personal transfers	-47	-50	-54	-55	-57	-59	-61	-64
Capital account	**-109.0**	**-5.7**	**1.0**	**1.3**	**1.3**	**1.3**	**1.3**	**1.3**
Financial account (+ = outflows)	**6,086**	**1,717**	**2,331**	**1,334**	**954**	**1,161**	**689**	**739**
Direct investment	1,143	-1,024	2,567	2,609	3,314	3,227	3,038	3,103
Net acquisition of financial assets	33	125	151	137	135	135	136	138
Net incurrence of liabilities	-1,110	1,149	-2,415	-2,472	-3,179	-3,092	-2,902	-2,965
Portfolio investment	-38	888	-27	-710	-1,973	-1,930	-873	-2,306
Net acquisition of financial assets	-38	1,138	1,223	1,240	1,277	1,320	1,377	1,444
Net incurrence of liabilities	0	250	1,250	1,950	3,250	3,250	2,250	3,750
Financial derivatives (net)	1	0	0	0	0	0	0	0
Other investment	4,981	1,853	-208	-565	-387	-137	-1,477	-58
Trade credits and advances	1,452	988	1,190	1,080	1,063	1,066	1,073	1,091
Currency and deposits	-211	588	-1,605	-1,514	-1,489	-1,494	-1,502	-1,527
Loans	3,746	122	-375	-789	584	479	-303	-412
Of which: Central Government (net)	1,133	-303	-739	-888	676	454	-1,562	-1,111
Others	-6	155	582	657	-545	-188	-744	791
Errors and omissions	**561**	**-260**	**0**	**0**	**0**	**0**	**0**	**0**
Overall balance	**676**	**-1,446**	**1,037**	**238**	**339**	**205**	**494**	**325**
Financing	**-676**	**1,446**	**-1,037**	**-238**	**-339**	**-205**	**-494**	**-325**
Change in gross reserves (- = increase)	-676	-128	-300	500	400	350	0	-100
Repurchases/repayments to the Fund (- = increase)	-237	-504	-737	-738	-739	-555	-494	-225
***Memorandum items*:**								
Current account (percent of GDP)	5.3	0.4	2.2	1.0	0.8	0.8	0.7	0.6
Goods and services balance (percent of GDP)	11.9	4.7	7.2	5.4	5.0	5.0	4.7	4.6
Trade balance (percent of GDP)	18.9	10.6	13.2	11.2	10.6	10.4	10.0	9.8
Capital and financial account (percent of GDP)	6.2	-0.8	2.9	1.2	1.0	1.0	1.0	0.8
Overall balance (percent of GDP)	0.6	-1.0	0.7	0.2	0.2	0.1	0.3	0.2
Exports of goods, f.o.b. (percent change)	-0.2	-17.0	19.8	-8.5	-0.9	0.9	1.2	2.2
Of which: Oil and gas exports (percent change)	-0.1	-18.8	21.1	-9.5	-1.6	0.3	0.6	1.7
Imports of goods, f.o.b. (percent change)	-5.9	9.4	5.9	-1.3	0.4	0.5	1.7	2.5
Terms of trade (percent change)	-1.9	-17.4	10.6	-9.6	-2.6	-0.9	-1.0	-0.9
Exports of goods, f.o.b. (share of GDP)	30.8	21.6	24.0	21.7	20.9	20.4	19.8	19.3
Imports of goods, f.o.b. (share of GDP)	11.9	10.9	10.8	10.5	10.2	10.0	9.7	9.5
Gross international reserves								
Millions of U.S. dollars	15,768	15,895	16,195	15,695	15,295	14,945	14,945	15,045
Months of next year's imports	7.9	7.4	7.7	7.4	7.2	6.9	6.8	6.4
Percent of ARA metric (floating)	138.7	144.7	140.0	127.3	121.1	113.3	110.9	108.9
Percent of ARA metric (managed)	97.5	101.9	97.3	90.8	85.8	80.6	78.1	75.4

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

Table 4b. Angola: Balance of Payments, 2024–31

(Percent of GDP)

	2024	2025	2026	2027	2028	2029	2030	2031
		Prel.			Proj.			
Current account	**5.3**	**0.4**	**2.2**	**1.0**	**0.8**	**0.8**	**0.7**	**0.6**
Trade balance	18.9	10.6	13.2	11.2	10.6	10.4	10.0	9.8
Exports, f.o.b.	30.8	21.6	24.0	21.7	20.9	20.4	19.8	19.3
Crude oil	26.3	17.2	19.9	17.5	16.5	15.9	15.2	14.7
Gas and oil derivatives	2.7	2.6	2.5	2.5	2.5	2.6	2.6	2.6
Diamonds	1.3	1.2	1.2	1.2	1.3	1.3	1.4	1.4
Other	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6
Imports, f.o.b	11.9	10.9	10.8	10.5	10.2	10.0	9.7	9.5
Services (net)	-7.0	-5.9	-6.0	-5.8	-5.6	-5.4	-5.3	-5.1
Credit	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Debit	7.1	6.0	6.1	5.9	5.7	5.5	5.4	5.2
Primary income (net)	-6.4	-4.0	-4.8	-4.1	-4.0	-3.9	-3.8	-3.8
Credit	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.5
Debit	7.0	4.6	5.3	4.7	4.5	4.5	4.4	4.3
Secondary income (net)	-0.2	-0.3	-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
Others	-0.2	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
Of which: Personal transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital account	**-0.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Financial account (+ = outflows)	**5.1**	**1.2**	**1.5**	**0.9**	**0.6**	**0.7**	**0.4**	**0.4**
Direct investment	1.0	-0.7	1.7	1.7	2.1	2.0	1.8	1.7
Net acquisition of financial assets	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Net incurrence of liabilities	-0.9	0.8	-1.6	-1.6	-2.0	-1.9	-1.7	-1.6
Portfolio investment	0.0	0.6	0.0	-0.5	-1.2	-1.2	-0.5	-1.3
Net acquisition of financial assets	0.0	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Net incurrence of liabilities	0.0	0.2	0.8	1.3	2.0	2.0	1.3	2.1
Financial derivatives (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investment	4.2	1.3	-0.1	-0.4	-0.2	-0.1	-0.9	0.0
Trade credits and advances	1.2	0.7	0.8	0.7	0.7	0.6	0.6	0.6
Currency and deposits	-0.2	0.4	-1.1	-1.0	-0.9	-0.9	-0.9	-0.8
Loans	3.1	0.1	-0.2	-0.5	0.4	0.3	-0.2	-0.2
Of which: Central Government (net)	0.9	-0.2	-0.5	-0.6	0.4	0.3	-0.9	-0.6
Others	0.0	0.1	0.4	0.4	-0.3	-0.1	-0.4	0.4
Errors and omissions	**0.5**	**-0.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Overall balance	**0.6**	**-1.0**	**0.7**	**0.2**	**0.2**	**0.1**	**0.3**	**0.2**
Financing	**-0.6**	**1.0**	**-0.7**	**-0.2**	**-0.2**	**-0.1**	**-0.3**	**-0.2**
Change in gross reserves (- = increase)	-0.6	-0.1	-0.2	0.3	0.3	0.2	0.0	-0.1
Repurchases/repayments to the Fund (- = increase)	-0.2	-0.4	-0.5	-0.5	-0.5	-0.3	-0.3	-0.1
***Memorandum items*:**								
Gross international reserves	13.2	11.2	10.6	10.2	9.6	9.1	8.7	8.4

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

Table 5. Angola: Public Debt, 2024–31

(Percent of GDP)

	2024	2025	2026	2027	2028	2029	2030	2031
		Prel.	Proj.					
Total public debt[1]	**57.1**	**51.3**	**51.6**	**53.5**	**55.2**	**56.6**	**57.1**	**57.7**
Short-term	2.6	1.5	1.0	1.5	1.5	0.9	0.7	0.8
Medium and long-term	54.5	49.9	50.6	52.0	53.7	55.6	56.4	56.9
Domestic	14.3	15.0	15.3	16.0	17.1	17.7	17.7	17.2
Short-term	2.5	1.4	0.9	1.4	1.4	0.8	0.6	0.7
Medium and long-term	11.8	13.6	14.5	14.6	15.7	16.9	17.1	16.5
External	42.8	36.3	36.2	37.5	38.1	38.9	39.4	40.5
Owed to: Commercial banks	26.9	23.4	19.8	18.9	17.6	16.7	15.7	15.8
Owed to: Official creditors	11.9	9.9	12.1	12.5	12.5	12.6	13.2	13.5
Owed to: Other private sector	4.1	3.0	4.4	6.1	8.0	9.5	10.6	11.2
Short-term	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Medium and long-term	42.7	36.3	36.2	37.4	38.0	38.8	39.3	40.4
Of which: Sonangol	1.8	2.1	1.6	1.4	1.3	1.2	0.6	0.6
Of which: TAAG	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

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

Table 6. Angola: Financing Needs and Sources of the Budgetary Central Government, 2025–31

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

	2025	2026	2027	2028	2029	2030	2031
	Prel.	Proj.					
Financing Needs[1] (A)	**13.6**	**16.0**	**16.6**	**23.1**	**22.4**	**21.7**	**22.9**
Primary deficit	0.5	-2.0	-0.3	-0.1	-0.2	-0.5	-0.6
Debt service	13.0	17.7	16.6	22.8	22.3	22.0	23.3
External debt service	4.3	9.7	9.7	13.3	12.6	11.4	12.5
Principal	0.8	5.9	6.2	9.6	8.8	7.5	8.2
Interest	3.4	3.8	3.5	3.7	3.8	4.0	4.4
Domestic debt service	8.7	8.0	6.9	9.5	9.7	10.5	10.8
Principal	6.9	6.1	4.6	6.9	6.8	7.4	7.6
Interest	1.8	1.9	2.4	2.7	3.0	3.1	3.2
Recapitalizations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net clearance of domestic arrears / accounts payable	0.0	0.3	0.3	0.3	0.2	0.2	0.2
Net clearance of external arrears / accounts payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing Sources (B)	**8.4**	**16.0**	**16.6**	**23.1**	**22.3**	**21.7**	**22.9**
External debt disbursements	2.0	7.9	9.0	12.2	11.6	11.3	13.0
Domestic debt disbursements	6.4	8.2	7.6	10.8	10.8	10.4	9.9
Financing Gap (A-B)	**5.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Program financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum Items **:**							
Total usable cash balances[2]	0.4	0.3	0.1	0.1	0.1	0.1	0.1
Total usable cash balances (in months of expenditure)[3]	0.5	0.3	0.2	0.1	0.1	0.1	0.1
External debt rollover rate (in percent)[4]	47.1	33.3	52.6	55.1	51.1	44.4	55.6
Domestic debt rollover rate (in percent)[5]	167.7	115.5	118.3	119.9	115.6	103.3	96.4

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 Stability Indicators, 2016–25 [1, 2, 3]

(Percent)

	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Mar-25	Jun-25	Sep-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	20.7	22.9	24.8	24.1
Core capital (Tier 1) to risk-weighted assets	14.3	17.6	21.7	19.1	17.7	20.6	21.3	24.6	19.7	21.9	23.7	23.1
Nonperforming loans net of provisions to capital	27.4	35.0	19.9	28.4	38.3	32.9	14.1	13.6	18.5	13.3	11.1	12.7
Asset quality												
Foreign exchange loans to total loans	29.5	25.1	28.1	31.6	30.3	21.7	20.0	25.2	25.4	21.5	20.1	20.5
Nonperforming loans to gross loans	13.1	28.8	28.3	32.4	18.4	20.3	14.4	15.6	19.2	17.2	16.9	16.7
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	11.3	11.7	12.5	11.8
Credit to private sector to total credit	91.3	89.1	88.5	90.3	89.8	90.9	91.9	87.7	88.7	88.3	87.6	88.2
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	5.2	4.3	4.4
Return on equity (ROE)	15.6	14.5	26.6	-10.0	-29.8	26.7	22.1	21.2	24.8	39.1	32.4	31.9
Expense/income	99.7	99.8	99.6	109.8	121.5	81.3	76.3	66.3	77.5	64.2	66.8	71.2
Lending rate minus demand deposit rates	19.3	23.8	27.3	20.4	14.5	10.2	8.2	3.4	8.3	11.6	9.9	11.6
Saving deposit rates	4.8	9.7	4.5	8.3	11.4	10.8	10.0	10.2	9.8	9.4	8.8	9.7
Interest margin to gross income	63.1	72.3	43.2	44.9	168.3	91.0	73.2	63.6	61.1	58.2	63.5	64.8
Liquidity												
Liquid assets/total assets	46.3	33.8	22.2	26.6	30.1	35.8	30.9	35.3	31.1	29.5	27.7	28.5
Liquid assets/short term liabilities	59.2	43.2	28.6	32.6	35.8	43.6	38.9	41.8	37.7	36.1	34.3	35.2
Loan/deposits	51.6	49.3	44.2	42.0	32.7	35.9	34.4	34.9	43.6	42.7	43.0	44.0
Foreign exchange liabilities/total liabilities	34.4	33.5	46.1	53.0	54.2	45.5	36.3	42.0	40.0	38.8	37.5	35.8
Sensitivity to market risk												
Net open position in foreign exchange to capital [4]	42.9	46.1	36.5	2.1	32.6	39.6	17.2	…	-25.9	-22.1	-26.5	-37.6
NUMBER OF REPORTING BANKS [5]	**27**	**29**	**27**	**26**	**26**	**25**	**23**	**23**	**22**	**22**	**21**	**21**

Sources: Angolan authorities; and IMF staff estimates.

[1] This data is 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] During 2022Q3, a small bank voluntarily surrendered its license and another had its license revoked by the BNA.

Table 8. Angola: Capacity to Repay the IMF, 2023–32

	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	512.9	641.3	619.2	601.4	450.2	392.2	187.2	21.5
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	139.3	105.7	83.7	65.8	48.7	35.4	25.3	21.5
Of which: Basic charges	146.2	152.5	103.3	79.7	62.4	44.5	27.4	14.1	3.9	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
Fund obligations, in percent of										
Quota	44.2	51.9	69.3	86.6	83.7	81.3	60.8	53.0	25.3	2.9
Gross domestic product	0.4	0.4	0.5	0.6	0.6	0.5	0.4	0.3	0.1	0.0
Export of goods and services	1.2	1.4	2.3	2.4	2.5	2.5	1.9	1.6	0.7	0.1
Gross international reserves	3.0	3.2	4.4	5.4	5.4	5.4	4.2	3.6	1.7	0.2
Government revenue	2.2	2.5	3.3	4.2	4.2	4.0	2.9	2.4	1.1	0.1
External debt service	5.1	5.3	6.0	9.1	8.8	6.2	4.9	4.7	2.1	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	3.6	3.2	2.4	1.8	1.3	0.8	0.4	0.1	0.0	0.0
Exports of goods and services	11.1	10.3	11.3	7.5	6.0	3.8	2.1	0.7	0.0	0.0
Gross international reserves	27.9	24.1	21.7	16.9	12.8	8.3	4.8	1.5	0.0	0.0
Government revenue	21.1	19.0	16.7	13.1	9.9	6.1	3.3	1.0	0.0	0.0
External debt	8.2	7.9	6.8	5.6	3.9	2.4	1.3	0.4	0.0	0.0
Non-collateralized external debt	10.6	9.6	7.8	6.2	4.2	2.5	1.3	0.4	0.0	0.0

Sources: Angolan authorities; and IMF staff projections.

Annex I. Risk Assessment Matrix[1]

Risks	Likelihood	Potential Impact	Mitigation measures
Geopolitical Tensions. Rising geopolitical tensions, and a weakening of multilateralism, raise the risk of an escalation in military conflicts, accompanied by damage to key physical and financial infrastructure, disruptions in major transit routes and supply chains, higher migration pressures, additional financial frictions and market volatility.	**High**	**High.** The direct impact of geopolitical tensions is limited. However, oil price volatility and shifts in global financial conditions—driven by investor sentiment toward emerging markets—could adversely affect Angola's oil exports and external financing.	• **Pursue fiscal consolidation** through both revenue mobilization and expenditure control to reduce the financing needs and 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. • **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.
Commodity Price Volatility. Supply and demand imbalances—triggered by geopolitical tensions, coordinated production decisions, shifts in investor preferences, or structural changes in demand—fuel commodity price swings, amplifying external and fiscal pressures, social unrest, and macro instability.	**High**	**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.	• **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. • **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.
Disorderly AI Correction. An abrupt revision in expectations of strong AI-led productivity gains causes a sharp market correction, investment decline, and wealth loss, which suppress demand and tighten financial conditions globally	**High**	**High.** Swings in investor sentiment and financial conditions tightening in global market can exacerbate external financing pressures, increase exchange rate pressures and elevate the cost of servicing sovereign debt.	• **Pursue fiscal consolidation** through both revenue mobilization and expenditure control to reduce the financing needs and 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
			• **Diversify financing sources** to reduce reliance on external financing and improve access to funding for domestic businesses. • **Strengthen financial regulation** to increase resilience of banks to market shocks, including stricter capital requirements and stress testing.
Rising Social Discontent. Persistently high living costs, youth unemployment and inequality, amid an erosion in governance standards and pressures from geoeconomic realignments, trigger social unrest, political repression and instability, affecting countries' capacity to pursue economic reforms	**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. Financial tail-risks may worsen with delays to transitioning to a less oil dependent economy. 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.

Annex II. Baseline, Downside, and Adjustment Scenarios

Baseline Scenario

1. **The baseline scenario assumes the continuation of current policies settings, with no major reforms, under the current external outlook**. The oil windfall is projected to provide temporary relief to fiscal and external balances (thus alleviate short-term financing pressures and strain on gross international reserves) under the baseline.[1] Financing of the fiscal deficit remains a mix of domestic and external borrowing, assuming the continued market access without major changes in sovereign spreads. Under this scenario, fiscal policy would not be consistent with the Fiscal Sustainability Law (FSL), as the non-oil primary balance remains below the -5 percent of GDP floor. The debt-to-GDP ratio is projected to remain below the 60 percent ceiling, but unaddressed parallel market spreads cloud the credibility of the debt trajectory.

Adverse Scenario

2. **An adverse scenario highlights economy's sensitivity to oil sector developments and risks from hypothetical yet plausible developments, aiming to inform robust policy advice.** In this scenario, oil prices are assumed to reverse the recent gains following the war in the Middle East, to decline at a $67 per barrel on average in 2026, and further down to around $65 in 2027. This scenario also assumes a moderate intensification of domestic oil production challenges, with output slowing to 1 million barrels per day—around 5 percent below the baseline and at a lower end of the authorities' target range. The scenario assumes a gradual recovery in the oil production toward the baseline levels over the medium term. The primary purpose of the adverse scenario is to highlight sensitivity to oil sector assumptions (Annex II, Table 1).

3. **Government oil revenues are projected to fall short of the baseline by about $3.1 billion (2.3 pp of GDP) under this scenario.** The impact would propagate through multiple channels, generating the following spillovers:

- ***External sector:*** Oil exports would decline by about $4.1 billion (2.9 ppts of GDP), pushing the current account into a deficit of around 0.6 percent of GDP. Weaker oil prices could increase risk aversion toward Angola in international markets, tightening external financing conditions. Given Angola's reliance on external borrowing to meet maturing debt, higher risk premiums could heighten FX liquidity pressures and put strain on the exchange rate and domestic interest rates. Financing shortfall could emerge if global market conditions deteriorate. Depending on the BNA's policy response, international reserves would decline, or the exchange rate would need to adjust more markedly. If exchange controls are further intensified to prevent exchange rate adjustment, parallel market spreads could widen, generating cost-push inflationary pressures and weighing on non-oil growth, including foreign investment.

[1] For a comparison with the previous outlook, see the latest published report: 2025 Post-Financing Assessment (PFA) (IMF Country Report 25/269).

- ***Growth****:* The oil sector would contract by 3.3 percent in 2026— about 5 ppts below the projected recovery of 1.6 percent growth under the baseline. Overall GDP growth would be about 1.4 ppts lower, reflecting the impact of the oil sector and related spillovers. While the financial sector is expected to remain resilient, increased reliance on domestic borrowing to offset limited external financing would further crowd out private sector credit and amplify the contractionary impact.

- ***Fiscal outcome:*** Both the direct impact of the oil revenue shortfall and the indirect effect through weaker non-oil sector growth would reduce the overall fiscal balance by about 2.3 ppts of GDP. Greater exchange rate flexibility could help cushion the impact of declining foreign exchange revenues, albeit at a cost of a temporary increase in the public debt-to-GDP ratio due to valuation effects on foreign currency debt.

4. **Policy response:** Under this scenario, the optimal policy mix remains broadly unchanged, with increased emphasis on containing expenditure in line with revenues to prevent the primary balance from deteriorating below 3.0 percent of GDP. Exchange rate adjustment should be critical to serve as a key shock absorber, complemented by monetary policy tightening as needed to contain second-round inflationary pressures. Exchange rate flexibility should also serve as key contingency measure if fiscal consolidation effort proves insufficient. Preemptive policy efforts should focus on fiscal consolidation while protecting social spending and advancing structural reforms more decisively to promote growth and reduce public debt-to-GDP. Accelerating privatization to use proceeds for lowering debt and creating fiscal space while redirecting fuel subsidy savings toward poverty-reducing social spending also remain critical.

Annex II. Table 1. Angola: Key Macroeconomic Indicators – Baseline vs. Downside, 2025–28

	2025	2026		2027		2028	
	Prel	Baseline	Downside	Baseline	Downside	Baseline	Downside
Real economy (percent change)							
Real GDP Growth	3.1	2.3	0.9	2.6	2.3	2.8	2.4
Oil	-5.2	1.6	-3.3	0.0	0.0	0.0	0.0
Non-oil	5.2	2.4	1.6	3.2	2.7	3.4	2.9
Consumer prices (annual average)	20.2	12.9	17.3	12.8	15.0	10.3	14.5
Consumer prices (end of period)	15.7	13.1	15.9	11.2	13.4	10.0	14.2
Central government (percent of GDP)							
Total revenue	14.8	14.4	12.1	13.6	12.6	13.6	12.7
Total expenditure	18.9	16.8	16.8	17.2	17.5	17.5	17.8
Overall fiscal balance	-4.1	-2.4	-4.7	-3.6	-4.9	-3.9	-5.1
Primary fiscal balance	-0.4	1.3	-0.8	0.2	-1.0	0.0	-1.0
Non-oil primary fiscal balance	-8.9	-6.3	-6.3	-6.5	-6.8	-6.4	-6.7
Balance of payments (percent of GDP, except where otherwise indicated)							
Current account balance	0.4	2.2	-0.6	1.0	-1.7	0.8	-1.3
Gross international reserves (end of period, millions of U.S. dollars)	15,895	16,195	14,919	15,695	13,859	15,295	11,678
Gross international reserves (months of next year's imports)	7.4	7.7	7.1	7.4	6.6	7.2	5.5
Public debt (percent of GDP)							
Gross debt	51.3	51.6	53.9	53.5	57.8	55.2	59.9
Gross financing needs	19.3	10.4	12.7	10.6	14.5	14.3	16.4
Oil sector (units as indicated)							
Oil production (millions of barrels per day)	1.03	1.05	1.00	1.05	1.00	1.05	1.00
Brent oil price (average, U.S. dollars per barrel)	68.3	80.2	66.9	71.5	64.6	69.7	65.1

Sources: IMF staff estimates.

Adjustment Scenario

5. **The adjustment scenario incorporates (i) a real exchange rate adjustment, (ii) a fiscal adjustment with containing expenditure pressures at the baseline while enhancing revenues, and (iii) a tight monetary policy stance for longer to contain inflation expectations and support orderly exchange rate adjustment**. The adjustment scenario envisages a revenue-based fiscal consolidation of 1.1 percent of GDP in 2026, beyond the oil windfall, with exchange rate adjustment contributing to higher oil revenues.[2] Non-oil revenues are projected to be positively affected in the coming years, reflecting stronger non-oil economic activity. Under this scenario, the primary balance is projected to improve in consistency with the FSL to moderate financing needs and contain the public debt at around current levels. Clearly communicating medium-term fiscal objectives and a plan to restore FSL compliance will be essential to support market confidence and fiscal discipline. [3]

[2] Under the baseline, oil revenues as a share of GDP are still projected to decline in 2026, despite the oil windfall, reflecting underlying structural factors (¶11).

[3] The revision to the GFS led to historical upward revision in the oil revenue (which now includes Sonangol's tax payable to the government), resulting in a downward revision of non-oil primary balance (NOPB). Carrying over this revision to the projection period makes the NOPB reaching -5.0 of GDP by the end of medium-term challenging.

6. **The fiscal adjustment is expected to be growth-friendly, with initially limited growth moderation followed by stronger medium-term growth, supported by improved investor sentiment, improved external price competitiveness, and higher foreign direct investment (Annex II, Table 2)**. Transitioning to a market-clearing exchange rate would also help phase out administrative controls on FX transactions and mitigate distortions in the private sector, supporting economic diversification. Public debt, while initially rising due to exchange rate valuation effects, is projected to decline rapidly as the economy expands and the fiscal position strengthens, stabilizing well below the baseline level over the medium term. BNA's monetary policy will need to effectively anchor inflation expectations and address excessive exchange rate volatility—should it threaten price and macroeconomic stability—through rules-based FX interventions. External buffers would strengthen, financing needs would become more manageable, and public debt would decrease below 60 percent of GDP over the medium term–-in consistent with the FSL. This scenario will reduce Angola's vulnerability to shocks and put Angola on a path to sustainable private-sector led growth.

Annex II. Table 2. Angola. Key Macroeconomic Indicators – Baseline vs. Adjustment, 2025–28

	2025	2026		2027		2028	
	Prel	Baseline	Adjustment	Baseline	Adjustment	Baseline	Adjustment
Real economy (percent change)							
Real GDP Growth	3.1	2.3	2.2	2.6	3.2	2.8	3.4
Oil	-5.2	1.6	1.6	0.0	0.0	0.0	0.0
Non-oil	5.2	2.4	2.3	3.2	3.7	3.4	4.0
Consumer prices (annual average)	20.2	12.9	14.4	12.8	12.0	10.3	10.0
Consumer prices (end of period)	15.7	13.1	14.6	11.2	10.3	10.0	9.7
Central government (percent of GDP)							
Total revenue	14.8	14.4	15.5	13.6	15.2	13.6	15.3
Total expenditure	18.9	16.8	16.8	17.2	17.2	17.5	17.5
Overall fiscal balance	-4.1	-2.4	-1.3	-3.6	-2.1	-3.9	-2.2
Primary fiscal balance	-0.4	1.3	2.4	0.2	1.7	0.0	1.8
Non-oil primary fiscal balance	-8.9	-6.3	-6.3	-6.5	-6.3	-6.4	-5.9
Balance of payments (percent of GDP, except where otherwise indicated)							
Current account balance	0.4	2.2	2.3	1.0	2.3	0.8	2.4
Gross international reserves (end of period, millions of U.S. dollars)	15,895	16,195	16,495	15,695	16,254	15,295	16,154
Gross international reserves (months of next year's imports)	7.4	7.7	7.8	7.4	7.7	7.2	7.6
Public debt (percent of GDP)							
Gross debt	51.3	51.6	57.0	53.5	56.4	55.2	52.9
Gross financing needs	19.3	10.4	10.0	10.6	10.4	14.3	11.3

Sources: IMF staff estimates.

Annex III. Status of Key Recommendations from 2024 Article IV Consultation

Recommendations	Status
Return to a fiscal stabilization path, including by eliminating fuel subsidies, reprioritizing and rationalizing capital expenditure, and mobilizing non-oil revenue.	• The authorities made further progress toward reducing fuel subsidies in 2025; however, the savings were lower than anticipated, partly due to external factors such as international price fluctuations. • Substantial room remains to rationalize capital spending, improve spending efficiency, and implement better prioritization.
Reduce the VAT threshold, adjusting personal income tax (PIT) brackets, introducing corporate income tax (CIT) reforms, developing a property registry, and implementing a property tax, and expanding the tax base by reducing informality.	• Draft PIT and CIT reforms have been submitted to Parliament but may be subjected to additional revisions to better align with staff recommendations. • The VAT threshold has not been reduced. • Progress on expanding the tax base by introducing property tax and reducing informality has been slow.
Advance PFM to support debt sustainability and strengthen fiscal governance.	• Improvements have been made with the publication of quarterly fiscal reports under GFSM 2014 methodology. • A PFM action plan will seek to address gaps in the legal framework, PIM, procurement, SOE oversight.
Maintain tightening bias to address inflation expectations by delaying policy easing until inflation falls below the policy rate.	• BNA maintained its monetary policy rate at 19.5 percent during the first half of 2025 and recently lowered it to 19 percent in September 2025, only after inflation declined to 18.2 percent.

Recommendations	Status
Gradually increase exchange rate flexibility and improve FX market functioning to strengthen external position.	• The exchange rate has remained broadly stable since December 2024 amid building exchange rate pressures. • The authorities are reviewing recommendations by IMF technical assistance in July 2025 to address deficiencies in FX market functioning.
Limit FX interventions and develop a rule-based strategy.	• The BNA's FX interventions continued to be limited to addressing excessive volatility, driven by severe FX liquidity shortages. • The authorities are developing a rules-based FXI strategy and have requested further IMF technical assistance.
BNA lending to the government needs to comply with the central bank law to mitigate risks to international reserves	• BNA lending was repaid by the Treasury by end-2024 in line with the BNA law.
Improve monetary policy framework to absorb excess liquidity.	• Authorities have continued to strengthen the framework supported by past IMF technical assistance.
Address problem banks to strengthen financial stability.	• Resolution of an insolvent bank has been delayed, while preparations aimed at mitigating BNA's legal risks continue.
Closely monitor and manage exposure to sovereign risk.	• The authorities are working to strengthen their macro-prudential policies and regulations benefiting from recommendations and stress tests conducted by the joint IMF-World Bank Financial Sector Assessment Program (FSAP) conducted in 2025.
Continue to strengthen financial stability by prioritizing the implementation of a new bank resolution framework and operationalizing the financial safety net.	• The BNA has started to tailor the bank resolution framework to better suit the local Angolan financial system and continued to build capacity for the supervisory and resolution function. • The list of systemically important domestic banks (D-SIBS) has been refined.

Recommendations	Status
	• Backstop funding for the new Deposit Guarantee Fund (DGF) has yet to be determined. • Authorities are putting together an action plan based on recommendations provided by the 2025 FSAP.
Improve access to credit by (i) completing reforms to streamline property registration; (ii) improving coverage and efficiency of the credit registry bureau; (iii) strengthening insolvency frameworks for companies and individuals; and (iv) revising existing lending and credit guarantee schemes.	• Authorities are putting together an action plan based on recommendations provided by the 2025 FSAP.
Address AML/CFT weaknesses to ensure the timely exit from the FATF grey list.	• Legislation improving the enforcement of beneficial ownership and targeted financial sanctions has been submitted to Parliament. • The National Risk Strategy is being finalized.
Reduce regulatory barriers and promote competition.	• State monopoly on electricity transmission was legally removed, allowing for private sector participation.
Strengthen governance and expedite anti-corruption efforts.	• Prosecution of high-profile corruption cases is progressing. • Angola started its National Strategy for the Prevention and Repression of Corruption (2024–27), introducing codes of conduct and mandatory integrity training for public officials. • National anti-corruption strategy (including on enhancing the asset declaration system for public officials) has yet to be operationalized.

Annex IV. Sovereign Risk and Debt Sustainability Framework

Annex IV. Figure 1. Angola: Risk of Sovereign Stress

Horizon	Mechanical signal	Final assessment	Comments
Overall	…	**High**	Angola's public debt has declined in 2025 benefiting from higher nominal GDP growth, and liquidity risks have eased somewhat following the successful return to market access. However, the risk of debt distress remains high, reflecting elevated fiscal and oil sector vulnerabilities and large debt service needs. The unaddressed parallel market spreads also cloud the credibility of the debt trajectory.
Near term 1/	…	…	
Medium term	**High**	**High**	The medium-term risk of debt distress remains assessed as high, consistent with the mechanical signals from the fan chart and the GFN module. Government buffers are partially incorporated into the GFN module's stress scenario, cushioning the impact under the hypothetical shock. Strong international reserves, though not directly captured in the analysis, remain a key buffer and a risk mitigator.
Fanchart	**High**	…	
GFN	**High**	…	
Stress test	Comm. Prices Cont. Liabty.	…	
Long term	…	**Moderate**	Staff assesses the long-term risk of sovereign stress as moderate, reflecting the expected stabilization of the debt burden, and an improving debt profile.
Sustainability assessment 2/	Not required for surveillance countries	Not required for surveillance countries	
Debt stabilization in the baseline			Yes

DSA Summary Assessment

Liquidity risks have eased following the successful return to market access, and the near-term financing needs have declined with projected oil windfall. However, the risk of debt distress remains high, reflecting elevated fiscal and oil sector vulnerabilities. As the oil windfall fades, gross financing needs are projected to rise in subsequent years. The risks stem from revenue performance, significant currency exposure—with about 70 percent of public debt denominated in foreign currency—and the limited depth of domestic debt markets. With large spending needs and a declining oil revenues, the debt trajectory will depend critically on successful economic diversification and non-oil revenue mobilization. Sustained primary surpluses, a floating exchange rate regime, renewed market access, and an active debt liability management are expected to ease debt vulnerabilities.

Source: Fund staff.

Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.

1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.

2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.

Annex IV. Figure 2. Angola: Debt Coverage and Disclosures

	CG	GG	NFPS	CPS	Other	Comments
1. Debt coverage in the DSA: 1/	CG	GG	NFPS	CPS	Other	
1a. If central government, are non-central government entities insignificant?					n.a.	

2. Subsectors included in the chosen coverage in (1) above:

					Subsectors captured in the baseline	Inclusion	Comments
CPS	NFPS	GG: expected	CG	1	Budgetary central government	Yes	
				2	Extra budgetary funds (EBFs)	No	Not applicable
				3	Social security funds (SSFs)	Yes	
				4	State governments	Yes	
				5	Local governments	Yes	
				6	Public nonfinancial corporations	Yes	
				7	Central bank	No	
				8	Other public financial corporations	No	

3. Instrument coverage:	Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/
4. Accounting principles:	Basis of recording		Valuation of debt stock		
	Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/
5. Debt consolidation across sectors:		Consolidated		Non-consolidated	

Color code: chosen coverage; Missing from recommended coverage; Not applicable

Reporting on Intra-Government Debt Holdings

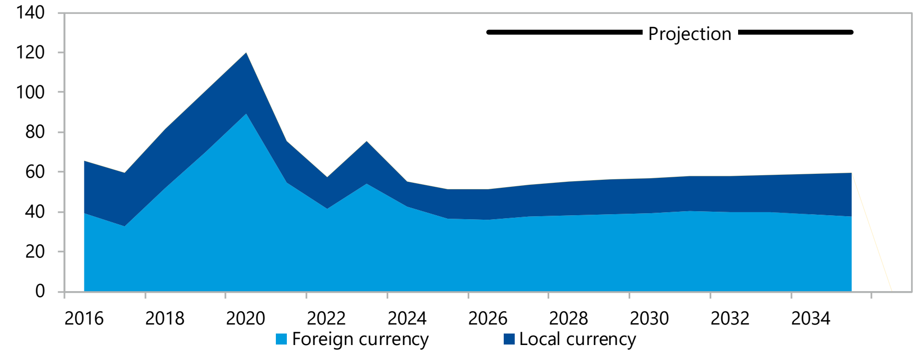
					Issuer \ Holder	Budget. central govt	Extra-budget. funds (EBFs)	Social security funds (SSFs)	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total
CPS	NFPS	GG: expected	CG	1	Budget. central govt									0
				2	Extra-budget. funds									0
				3	Social security funds									0
				4	State govt.									0
				5	Local govt.									0
				6	Nonfin pub. corp.									0
				7	Central bank									0
				8	Oth. pub. fin. corp									0
					Total	0	0	0	0	0	0	0	0	0

1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.
2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.
3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.
4/ Includes accrual recording, commitment basis, due for payment, etc.
5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).
6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.
7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.

The public debt perimeter covers domestic and external debt of the central government; the external debt of the state-owned oil company, Sonangol, and the state-owned airline, TAAG; public guarantees; and reported external liabilities of other state entities, including external arrears.

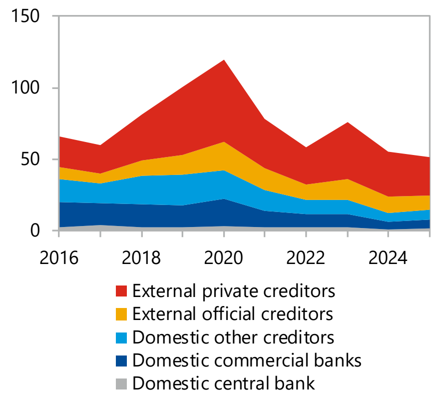
Annex IV. Figure 3. Angola: Public Debt Structure Indicators

Debt by Currency (Percent of GDP)



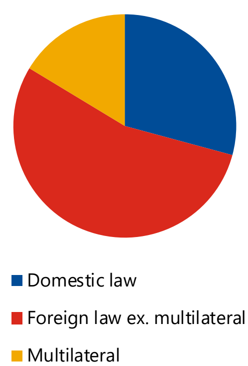
Note: The perimeter shown is general government.

Public Debt by Holder (Percent of GDP)



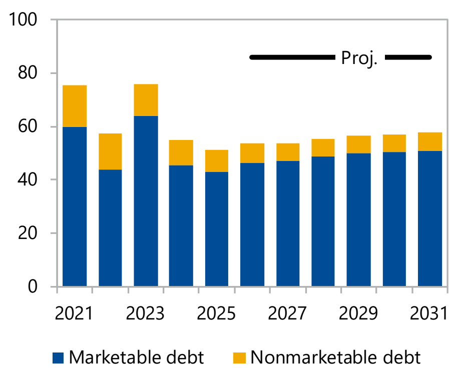
Note: The perimeter shown is general government.

Public Debt by Governing Law, 2025 (percent)



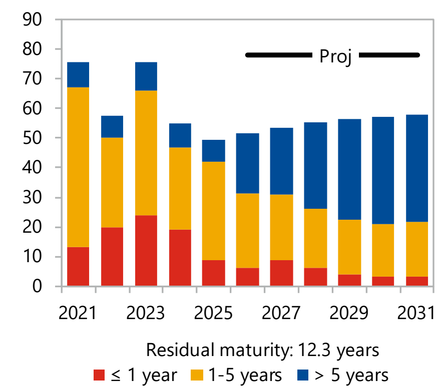
Note: The perimeter shown is general government.

Debt by Instruments (Percent of GDP)



Note: The perimeter shown is general government.

Public Debt by Maturity (Percent of GDP)



Note: The perimeter shown is general government.

The baseline assumes: (i) increased reliance on marketable debt in both external and domestic markets; (ii) a moderate increase of domestic debt share of GDP (this also includes arrears); and (iii) an improving maturity profile, reflecting the authorities' ongoing efforts. Sonangol's external debt is projected to decline from 1.8 percent of GDP in 2024 to 1.4 percent in 2029.

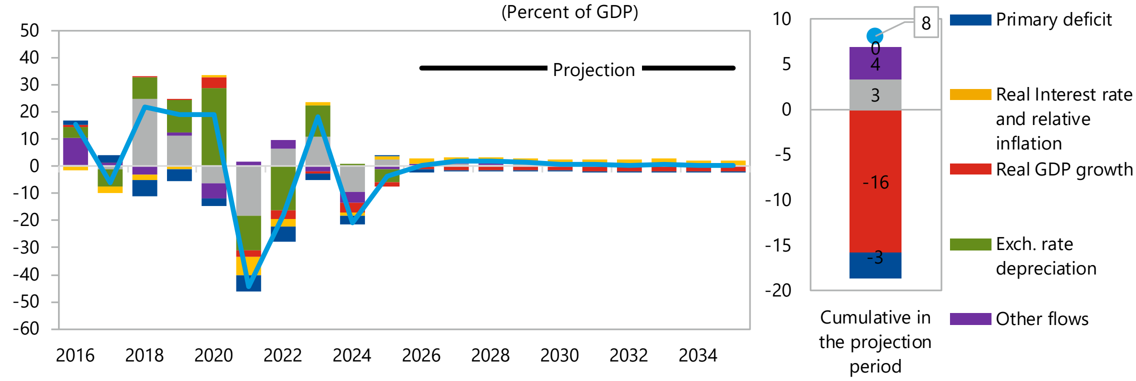
Annex IV. Figure 4. Angola: Baseline Scenario

(Percent of GDP unless indicated otherwise)

	Actual	Prel.	Medium-term projection					Extended projection			
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Public debt	51.3	51.6	53.5	55.2	56.6	57.1	57.7	58.0	58.8	59.2	59.4
Change in public debt	-3.7	0.3	1.9	1.7	1.3	0.5	0.6	0.2	0.8	0.4	0.2
Contribution of identified flows	-6.2	0.2	0.9	1.0	0.5	0.4	0.4	0.4	0.6	0.3	0.1
Primary deficit	0.4	-1.3	-0.2	0.0	-0.1	-0.3	-0.3	-0.2	-0.2	-0.1	0.0
Noninterest revenues	14.8	14.4	13.6	13.6	13.6	13.5	13.4	13.3	13.2	13.1	13.0
Noninterest expenditures	15.2	13.1	13.5	13.5	13.4	13.2	13.1	13.1	13.1	13.0	13.0
Automatic debt dynamics	-5.4	0.8	0.6	0.6	0.2	0.3	0.3	0.4	0.5	0.2	0.0
Real interest rate and relative inflation	1.0	2.0	2.0	2.1	1.8	2.0	2.0	2.1	2.2	1.9	1.8
Real interest rate	-5.4	-0.1	-0.1	0.0	-1.0	-0.6	-0.6	-0.4	0.2	-0.1	-0.3
Relative inflation	6.3	2.1	2.1	2.1	2.8	2.6	2.6	2.4	2.0	2.1	2.1
Real growth rate	-1.7	-1.2	-1.3	-1.5	-1.6	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7
Real exchange rate	-4.7	…	…	…	…	…	…	…	…	…	…
Other identified flows	-1.2	0.6	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.2	0.1
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(minus) Interest Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other transactions	-1.2	0.6	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.2	0.1
Contribution of residual	2.5	0.1	1.0	0.7	0.9	0.2	0.3	-0.2	0.3	0.1	0.1
Gross financing needs	19.3	10.4	10.6	14.3	13.5	12.5	12.6	13.6	13.1	13.3	13.9
of which: debt service	18.9	11.7	10.7	14.4	13.6	12.8	13.0	13.8	13.3	13.4	13.9
Local currency	10.8	5.3	4.5	6.0	5.9	6.2	6.0	6.1	6.2	6.3	6.6
Foreign currency	8.1	6.4	6.3	8.4	7.7	6.7	7.0	7.7	7.1	7.1	7.3
Memo:											
Real GDP growth (percent)	3.1	2.3	2.6	2.8	3.0	3.0	3.1	3.1	3.0	3.0	3.0
Inflation (GDP deflator; percent)	20.5	8.4	8.4	8.4	10.6	9.6	9.4	8.8	7.5	7.7	8.0
Nominal GDP growth (percent)	24.3	10.9	11.2	11.4	13.9	12.9	12.8	12.1	10.8	11.0	11.2
Effective interest rate (percent)	8.3	8.2	8.2	8.3	8.5	8.3	8.3	8.1	7.9	7.5	7.3

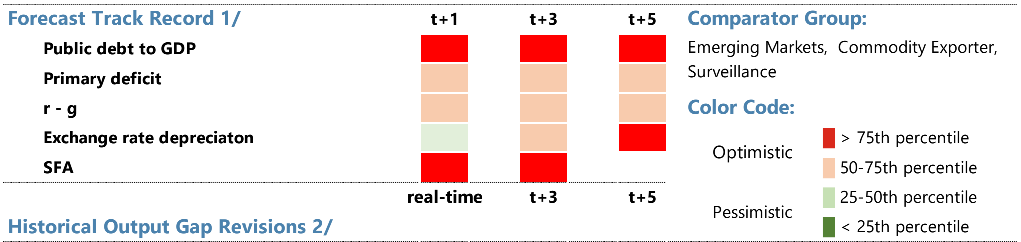
Contribution to Change in Public Debt

(Percent of GDP)



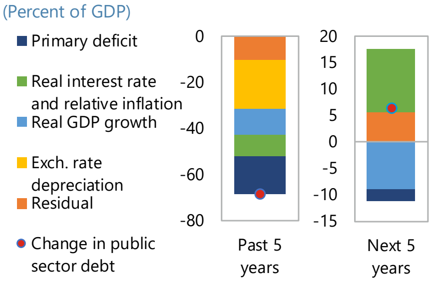
Public debt declined in 2024 benefitting from higher nominal GDP growth and higher external debt repayment and is projected to stabilize around 63 percent in the medium term. This stabilization is driven by a primary surplus and nominal GDP growth. However, gross financing needs have increased reflecting weaker primary balance, and financing pressures became heightened. Successful return to international markets somewhat eased liquidity pressures. However, as reliance on market financing increases, higher interest costs will become a major driver of the debt trajectory. Key risks stem from fiscal revenue performance—both oil and non-oil—economic growth, and valuation effects from exchange rate movements.

Annex IV. Figure 5. Angola: Realism of Baseline Assumptions

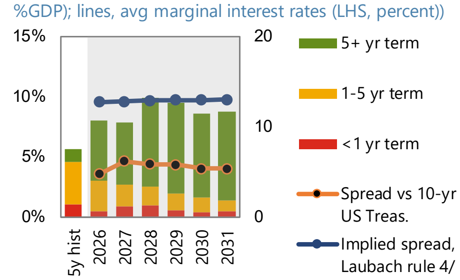


Public Debt Creating Flows

(Percent of GDP)

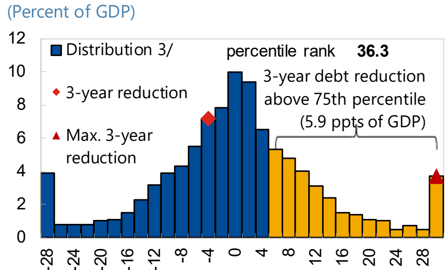


Bond Issuances (Bars, debt issuances (RHS, %GDP); lines, avg marginal interest rates (LHS, percent))

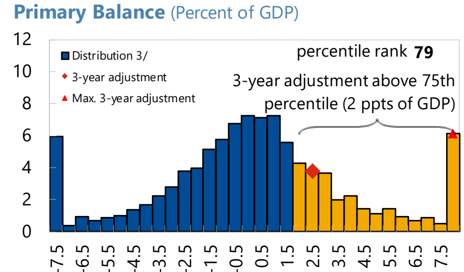


3-Year Debt Reduction

(Percent of GDP)

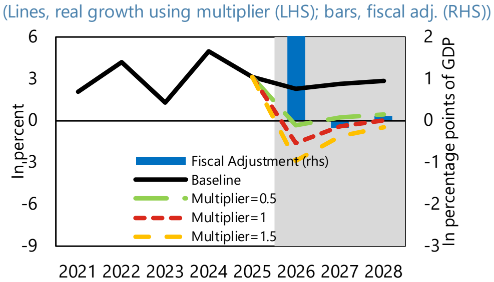


3-Year Adjustment in Cyclically-Adjusted Primary Balance (Percent of GDP)



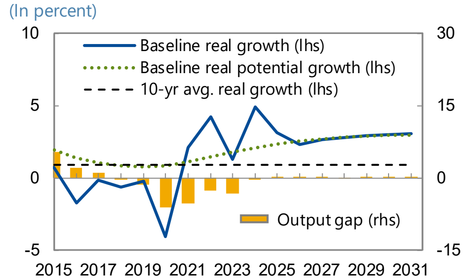
Fiscal Adjustment and Possible Growth Paths

(Lines, real growth using multiplier (LHS); bars, fiscal adj. (RHS))



Real GDP Growth

(In percent)



Commentary: The realism tool indicates a somewhat high probability of optimism in real growth projections, mainly reflecting the sustained momentum in non-oil growth despite expenditure restraint. The baseline over the next five years assumes relatively strong performance in the non-oil sector, contributing to a decline in the debt-to-GDP ratio. The three-year debt reduction and the improvement in the three-year primary balance are both broadly in line with their respective cross-country distributions.

Source : IMF Staff.

1/ Projections made in the October and April WEO vintage.

2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates.

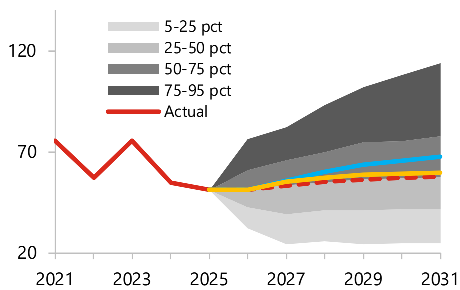
3/ Data cover annual obervations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical axis.

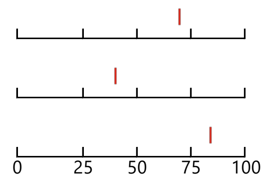
4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

Annex IV. Figure 6. Angola: Medium-Term Risk Assessment

	Value	Contrib 1/	Percentile in peer group 2/
Debt fanchart module			
Fanchart width *(percent of GDP)*	89.1	1.3	
Probability of debt non-stabilizaiton *(percent)*	29.2	0.2	
Terminal debt-to-GDP x institutions index	46.9	1.0	
Debt fanchart index (DFI)		2.6	
Risk signal: 3/		**High**	

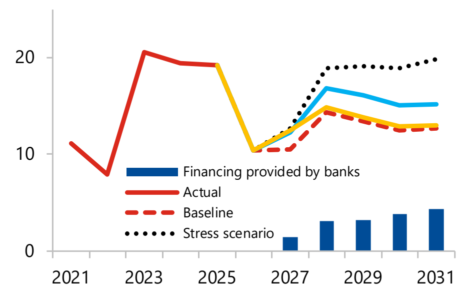
Final Fanchart (Percent of GDP)

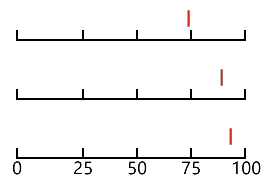




	Value	Contrib 1/	Percentile in peer group 2/
Gross financing needs (GFN) module			
Average baseline GFN *(percent of GDP)*	12.3	4.2	
Initial Banks' claims on the gen. govt *(pct bank assets)*	21.6	7.0	
Chg. In banks' claims in stress *(pct banks' assets)*	35.6	11.9	
GFN financeability index (GFI)		23.1	
Risk signal: 4/		**High**	

Gross Financing Needs (Percent of GDP)

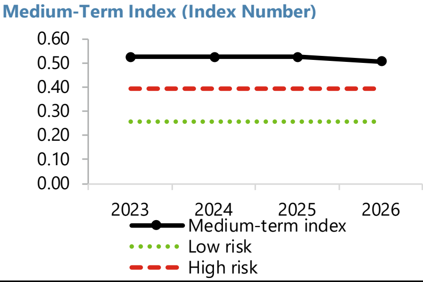




Triggered stress tests (stress tests not activated in gray)

Banking crisis | Commodity prices | Exchange rate | Contingent liab. | Natural disaster

Medium-Term Index (Index Number)



Medium-term risk analysis

	Value	Value (normalized)	Weight	Contribution
Debt fanchart index	2.6	0.6	0.5	0.3
GFN finaceability index	23.1	0.4	0.5	0.2
Medium-term index		0.5		
Risk signal: 5/		**High**		
Final assessment:		**High**		

Prob. of missed crisis, 2026-2031, if stress not predicted: 72.7 pct.
Prob. of false alarms, 2026-2031, if stress predicted: 3.4 pct.

Given the 2023 shock that led to a significant increase in the debt-to-GDP ratio, and high historical volatility of key macroeconomic variables, the debt fan chart continues to indicate a high level of risk. The Gross Financing Needs (GFN) tool also signals a high level of risk, reflecting elevated projected gross financing needs, a heightened sovereign–bank nexus, and relatively limited domestic debt absorption capacity if access to external markets are curtailed. Government buffers are partially incorporated into the GFN module's stress scenario, cushioning the impact under the hypothetical shock. Strong international reserves, though not directly captured in the analysis, remain a key buffer and a risk mitigator.

Major contingent liability risks arise from state-owned enterprises (SOEs), the pending restructuring of a problem bank (estimated at about 1 percent of GDP), and collateralized loans.

Source: IMF staff estimates and projections.

1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.
2/ The comparison group is emerging markets, commodity exporter, surveillance.
3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.
4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.
5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

Annex IV. Figure 7. Angola: Long-Term Risk Assessment

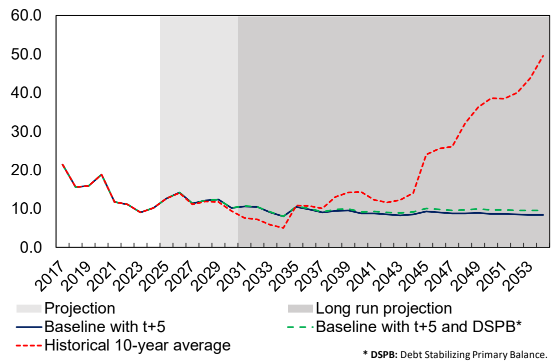
Large Amortization Trigger

Projection	Variable	Risk Indication
Medium-term extrapolation	GFN-to-GDP ratio Amortization-to-GDP ratio Amortization	
Medium-term extrapolation with debt stabilizing	GFN-to-GDP ratio Amortization-to-GDP ratio Amortization	
Historical average assumptions	GFN-to-GDP ratio Amortization-to-GDP ratio Amortization	

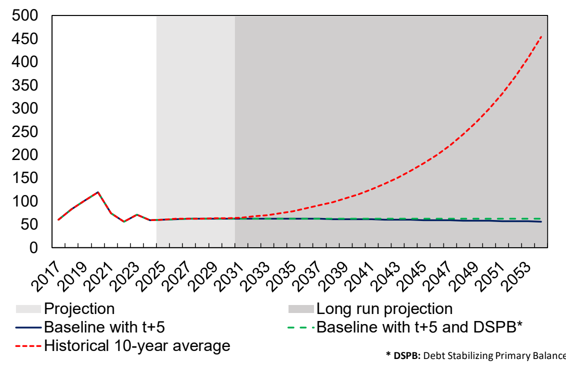
Overall Risk Indication	

Alternative Baseline Long-term Projections

GFN-to-GDP Ratio



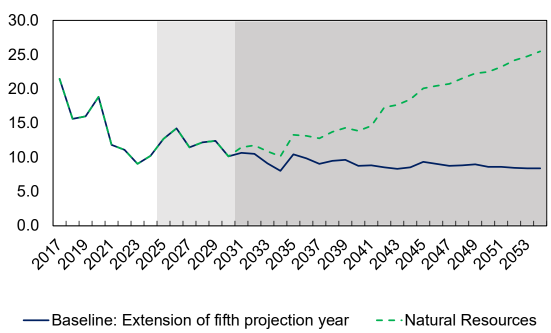
Total Public Debt-to-GDP Ratio



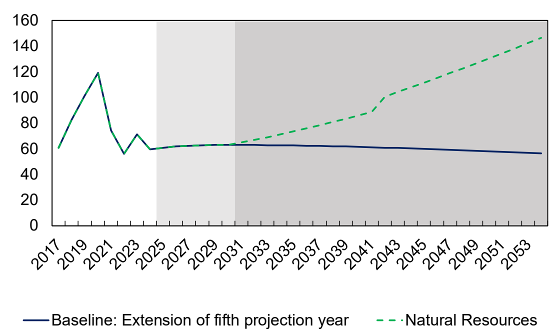
Commentary: Using the historical ten-year average, Angola's debt-to-GDP and GFN-to-GDP ratios are predicted to increase significantly. Sound debt management, fiscal consolidation, mobilization of non-oil revenues, and diversification efforts will be important to contain these fiscal vulnerabilities in the long-run.

Natural Resources

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio



Commentary: This "natural resources" module highlights the sensitivity of the debt outlook to natural resource depletion. The authorities are making efforts to boost exploration and foreign investment in the crude oil sector as well as in the oil refinery sector. However, the long-term debt outlook still hinges on diversification efforts and non-oil revenue mobilization.

Annex V. Financial Inclusion and Deepening

1. **Angola's financial inclusion lags behind peers—only 36 percent of adults have bank accounts (Text Figure 4). Moreover, only 6 percent of adults have e-money accounts**. This is a significant contrast to countries such as Kenya where 91 percent of adults hold e-money accounts. The majority of e-money accounts are provided by non-bank payment service providers (PSPs), and PSPs do not have access to Angola's the real time gross settlement system (SPTR). A large share of government-to-person payments remain cash based too.

2. **Financial deepening (saving and borrowing) is even more limited**. Only 9 percent of adults save and 1 percent of adults borrow from the banking system. Moreover, because of slow growth in private credit (mostly credit to the corporate sector), the credit-to-GDP ratio has been declining over a decade and reached 6 percent of GDP in 2024. This low level of private credit from the banking sector is a significant contrast to peers where median for the sub-Saharan African countries is above 20 percent of GDP.

3. **The government and the BNA use three instruments to ease access to finance to SMEs**: (i) state-owned lenders that channel subsidized credit, (ii) administrative measures directing bank lending to priority sectors, and (iii) credit guarantees. Lending by the Development Bank of Angola (BDA) and Agriculture Development Support Fund (FADA) fall under (i) and funding is backed by the budget. AVISO-10-sponsored credits by banks fall under (ii) and banks offering low-interest credit by receiving a relief on mandatory reserve requirements from the BNA. About 60 percent of new loans are AVISO-10-sponsored loans. Lending by banks with a guarantee from the Credit Guarantee Fund (FGC) or the Agri Credit Campaigning (CCA) fall under (iii) and are heavily dependent on fiscal transfers. All three instruments incur explicit or implicit fiscal costs.

Annex VI. External Sector Assessment

Overall Assessment: Angola's external position in 2025 is assessed to be moderately weaker than the level implied by fundamentals and desirable policies[1]. This assessment reflects the impact of lower oil production and subdued international oil prices, which have significantly weakened the external balance. Moreover, the exchange rate has exhibited limited flexibility since late 2024, constraining its ability to absorb these shocks and adjust to changing external conditions.

Potential Policy Responses: Enhancing external sustainability will require a comprehensive mix of macroeconomic and structural measures. Key priorities include allowing greater exchange rate flexibility to strengthen its role as a shock absorber, maintaining adequate international reserves, and limiting foreign exchange interventions to episodes of disorderly market conditions under a transparent, rules-based framework. Complementary policy actions should prioritize fiscal consolidation to reduce reliance on external borrowing, strengthen debt management, and contain inflation, while improving access to credit and advancing structural reforms to diversify exports and enhance competitiveness.

Foreign Assets and Liabilities: Position and Trajectory

Background. The net international investment position (NIIP) remained in deficit in 2024 and the first half of 2025, with the deficit widening moderately. The NIIP deteriorated from –12.5 percent of GDP (–$14.4 billion) at end-2024 to –15.0 percent of GDP (–$20.6 billion) at end-2025, primarily reflecting a faster accumulation of external liabilities relative to assets. Gross external liabilities rose from $64.8 billion to $75.0 billion, driven mainly by increased external borrowing and, to a lesser extent, higher direct and other investment inflows. Meanwhile, external assets grew more modestly (from $50.4 billion to $54.4 billion), supported by moderate gains in reserve assets and portfolio investment.

Assessment. While the NIIP remains negative, the external balance sheet is assessed to be broadly stable. Risks stemming from the gross liability position are partially mitigated by the presence of external buffers, including oil-related assets held in offshore escrow accounts. Nonetheless, the recent trend underscores the importance of continued vigilance. In particular, the growing reliance on external borrowing warrants close monitoring of debt dynamics, including the maturity structure and currency composition of liabilities, as well as reserve adequacy to ensure resilience against external shocks.

Current Account

Background. The current account balance has shifted from the strong surplus observed in 2024 (4.1 percent of GDP). In 2025, the CA was broadly balanced, with a surplus of 0.4 percent of GDP, mainly reflecting weaker oil exports. Prolonged maintenance operations in oil fields reduced production, while lower international oil prices further weighed on export receipts during the first half of the year. Over the medium term, the CA is expected to gradually stabilize to 0.6 percent of GDP. Risks remain tilted to the downside given oil price volatility and production uncertainty.

Angola: EBA-lite Model Results, 2025
(In percent of GDP)

	CA model 1/	**REER model**
	(in percent of GDP)	
CA-Actual	**0.4**	
Cyclical contributions (from model) (-)	0.1	
Additional temporary/statistical factors (-) 2/		
Natural disasters and conflicts (-)	0.0	
Adjusted CA	**0.3**	
CA Norm (from model) 2/	**1.4**	
Adjustments to the norm (+)	0.0	
Adjusted CA Norm	**1.4**	
CA Gap	**-1.1**	**0.4**
o/w Relative policy gap	-0.4	
Elasticity	-0.2	
REER Gap (in percent)	**5.4**	**-2.1**

1/ Based on the EBA-lite 3.0 methodology
2/ Cyclically adjusted, including multilateral consistency adjustments.

Assessment. The external position is assessed to be moderately weaker than the level implied by fundamentals and desirable policies, reflecting a slight deterioration compared to the assessment in the 2024 Article IV consultation. This qualitative assessment is informed by both the current account (CA) and real effective exchange rate (REER) models, which indicate a CA gap ranging between -1.1 and 0.4 percent of GDP. Our overall assessment puts more weight on the EBA-lite CA model, where the cyclically adjusted CA is estimated at 0.3 percent of GDP, below the CA norm of 1.4 percent of GDP projected for 2025, indicating a negative gap. While past import compression and exchange rate depreciation contributed to a stronger position in 2024, these effects have largely unwound, leaving the external balance more vulnerable to oil price volatility and production uncertainty.

Real Exchange Rate

Background. The REER continued to exhibit volatility during 2024, following the sharp adjustment in the previous year. After declining in early 2024, the REER stabilized around mid-year but remained below its historical average, suggesting competitiveness gains. In early 2025, the REER recorded a modest appreciation, reflecting a partial recovery in the nominal effective exchange rate (NEER) and narrowing inflation differentials vis-à-vis trading partners. The NEER, which had trended downward through most of 2024, has remained broadly stable since October 2024. The limited flexibility of the exchange rate since late 2024 suggests that the current exchange rate path may not fully capture underlying market pressures. The recent stability of the NEER, combined with moderate appreciation of the REER, points to a period of temporary calm in the foreign exchange market. However, this stability may mask latent imbalances, as Angola's external position remains highly sensitive to oil price volatility and terms-of-trade shocks.

Assessment. The EBA-lite CA model indicates a slight REER overvaluation of 5.4 percent, and the REER model indicates a slight undervaluation of 2.1 percent. Sustained exchange rate rigidity could constrain the economy's ability to absorb external shocks, underscoring the importance of ensuring that exchange rate policy supports external sustainability.

Capital and Financial Accounts: Flows and Policy Measures

Background. The financial account balance recorded a significant change from \$7.0 billion (net outflows) in 2024 to \$1.7 billion in 2025. This change was driven by a contraction in other investment balance, which dropped from \$5.0 billion in 2024 to \$1.9 billion in 2025, reflecting slower liability reduction. Direct investment balance changed from \$1.1 billion in 2024 (net lending, mainly foreign investor's direct investment net outflows) to -\$1.0 billion in the first three quarters of 2025 (net borrowing, mainly foreign investor's investment net inflows). Portfolio flows were mainly driven by net incurrence of liabilities from the Eurobond issuance. Reserve assets increased by \$943 million in 2024 but contracted by about \$1.3 billion in 2025.

Assessment. The shift of financial account from a strong net lending position to a more modest surplus in 2025 underscores significantly higher pressures on external liquidity. These developments highlight the need for close monitoring of external financing risks, particularly given Angola's reliance on debt-creating flows and vulnerability to shifts in investor sentiment. Maintaining prudent debt management will be critical to safeguard external stability.

FX Interventions and Reserves Level

Background. Official reserves remained broadly stable but showed some fluctuations between end-2024 and end-2025. The stock of official reserve assets stood at \$15.8 billion at end-2024, declined to \$15.2 billion in 2025Q3, and recovered to \$15.9 billion by 2025Q4. Foreign currency reserves continued to account for the bulk of holdings, and composition shifted with increased securities and decreased currency and deposits. While reserves assets according to preliminary BOP data contracted by about \$1.3 billion in

2025. The kwanza has remained broadly stable since October 2024 after a period of volatility earlier in the year. The stability of exchange rates along with the declines in reserves reported in early 2025 suggest possible FX interventions to stabilize the exchange rates.

Assessment. Staff assesses that Angola's level of gross international reserves is approximately 102 percent of the ARA metric[2]. While reserves stand at broadly adequate level, the country's heavy reliance on oil exports leaves it vulnerable to terms-of-trade shocks. Consistent with this assessment, it is advisable to build international reserves when feasible over the medium term to bolster external buffers. To reduce the risks associated with volatile terms of trade, maintaining exchange rate flexibility and robust liquidity buffers remain essential. The recent trends of reserve assets underscore emerging pressures on external liquidity and the need for careful monitoring of financing conditions and reserve adequacy.

[1]This assessment is based on projected balance of payments data for 2025 that is subject to revision.

[2]Angola's de jure exchange rate arrangement is floating. However, based on the IMF Exchange Rate Classification Methodology, the de facto exchange rate arrangement is stabilized (see Information Annex and IMF AREAER Database).

Annex VII. Implementation of 2011 FSAP Recommendations and 2025 FSAP Recommendations

1. **The 2025 FSAP took place against an ongoing economic recovery, but noted lingering concerns over liquidity pressures and high sovereign debt distress risk.** The authorities report significant progress in addressing the recommendations of the 2011 FSAP, particularly through legislative and regulatory reforms; however, the implementation of these reforms remains at an early stage, necessitating substantial efforts to achieve full operationalization:

- Considerable progress has been made in aligning the regulatory framework with best international practices and deciding on the adoption of a risk-based approach. Legislative and regulatory reforms since 2021 have expanded BNA's supervisory powers, clarified its financial stability objective, formally designated BNA as the resolution authority, and established the Council of Supervisors of the Financial System. Improvements are still needed for the full implementation of risk-based approaches and for closing significant regulatory gaps, especially in risk management. The supervisory process on corporate governance remains compliance-based rather than intrusive, and supervisory capacity continues to be a critical bottleneck. Material data quality issues in prudential reports persists and monitoring needs to be further developed.

- Notable progress has been made in enhancing the financial safety net and implementing the legal framework for crisis management and resolution. As the resolution authority, BNA has established a resolution department, conducted crisis-simulation exercises, concluded MOUs with foreign counterparts, and set up a DGF in 2019. Yet, there is no interagency forum for crisis-management coordination; recovery planning and resolution planning are at an early stage; and key resolution tools and the DGF are not yet fully operational. The ELA framework is not designed to support resolution, and the collateral framework, haircut calibration, and operationalization require further work.

- A strategic sovereign asset–liability management framework, including an oil stabilization fund, has been established under the Public Finance Sustainability Law to help insulate the economy from volatile oil flows. Progress has been made on the government's plan to bring Sonangol into the budgetary process, reduce quasi-fiscal activities, and divest non-oil-related activities. Public debt management has been reinforced through the adoption of medium-term debt instruments designed to ensure the sustainability of public finances and mitigate the risk of arrears. Reserve management guidelines have been fully implemented, supported by enhanced governance.

- Recent institutional reforms have clarified the respective roles and responsibilities of the macroprudential authority and the supervisory agency. However, deficiencies remain in institutional coordination, accountability and communication, data collection for monitoring systemic risks, risk assessment capacity, and the calibration of macroprudential policy tools. Macroprudential measures have been introduced to manage the impact of oil-related inflows—

namely dollarization pressures, net open FX positions, and high credit growth—by establishing a foreign-exchange regime for the petroleum sector, capping banks' daily net open FX position at the 10 percent regulatory limit and restricting foreign currency lending to the government and exporters.

- Financial sector development has also advanced. A new Payment Systems Law was passed in 2020, which together with new regulations, established the legal and regulatory framework for PSPs. BNA launched an instant payment system switch in 2023, ensuring interoperability among e-money wallets and bank accounts. Capital market developments have advanced through regulatory reforms, privatization, tax incentives, and diversification of instruments. Following the issuance of the enabling regulatory framework in 2020, the first credit bureau started operations in 2021, but its coverage and operations remain limited. BNA issued various regulations in 2023–24 to clarify the establishment and operations of microfinance institutions. Moreover, Angola introduced a new Insurance and Reinsurance Law in 2022, strengthening the independence, autonomy, and enforcement powers of the Angolan Agency for Insurance Regulation and Supervision (ARSEG), and introducing micro-insurance. In 2021, the country also passed laws on secured transactions and corporate restructuring and insolvency.

2. **The 2025 FSAP made recommendations to support authorities' actions to operationalize legislative and regulatory reforms** (Annex VII, Table 1).

Annex VII. Table 1. Angola: Key FSAP Recommendations
Recommendations
Cross-cutting Themes
Strengthen reporting and validation of data to improve their quality for prudential purposes, the calibration of macro-prudential tools, and NPL reporting, including the adoption and consistent use of a single definition of NPLs.
Increase staffing levels within supervision and establish a formal planning process to align recruitment and training with the required professional profiles.
Systemic and Climate Risk Analysis
Improve monitoring of banks' holdings of domestic and foreign government bonds from a market risk measurement perspective to gauge the intensity of the sovereign-bank nexus.
Improve scenario-based solvency stress testing and implement cashflow-based liquidity stress testing.
Monitor the funding concentration risks; regularly conduct systemwide liquidity analysis.
Strengthen capacity on climate risk analysis among policymakers and regulators.
Banking Regulation and Supervision
Adjust indicators in the SREP methodology, improve the assessment of qualitative aspects, and make meetings with relevant bank senior management mandatory.
Enhance on-site supervision of risks other than credit and increase its frequency and depth.
Reflect recent enhancements in related-party regulations within supervisory practices, closely monitoring transactions with related parties.
Adjust regulatory framework to close gaps in corporate governance and risk management and introduce country and transfer risk regulation.
Adjust disclosure requirements to introduce main quantitative information on a quarterly basis and related parties and group structure information.
Macroprudential Framework and Policies
Prioritize the development of the macroprudential policy framework and improve institutional coordination, accountability, communication and the capacity to assess policy impacts.
Strengthen the macroprudential toolkit to address key vulnerabilities, including sovereign risk concentration, FX mismatches, and household sector risks.
Financial Integrity
Address AML/CFT deficiencies identified in the 2023 Mutual Evaluation Report, including by fully criminalizing money laundering; strengthening risk-based supervision of higher-risk financial institutions; ensuring timely, accurate, and verified beneficial ownership information with proportionate and dissuasive sanctions; and remedying gaps in the framework to implement targeted financial sanctions.
Financial Safety Net and Crisis Management Framework
Establish an interagency forum and memorandum of understanding to coordinate crisis management and contingency plans between all financial safety net authorities and document the policies for extraordinary government funding to the DGF and Resolution Fund.
Take decisive actions to resolve or liquidate current problem banks.
Strengthen the framework for early intervention and entry in resolution, with clear triggers that allow supervisors and the resolution authority to intervene much earlier.
Operationalize the transfer and bridge bank tools and ensure the DGF is fully funded.
Ensure that ELA is accessible to banks that may need to be resolved or are in resolution (insolvent but viable), subject to a government guarantee if needed.

Annex VIII. Capacity Development Strategy, 2026

1. **The Angolan authorities have received extensive capacity development (CD) in recent years from the IMF and other institutions, and priorities remain unchanged**. A careful sequencing and prioritization of reforms benefits the absorption and implementation of the recommendations. CD should align with policy priorities discussed in the 2026 Article IV consultation.

2. **The capacity building effort will continue to support the implementation of the authorities' National Development Plan (NDP) 2023–27**. Capacity-building in Angola involves short- and long-term experts, technical assistance (TA) and training across areas such as PFM, tax administration, expenditure policy, AML/CFT, monetary and exchange rate policies, central bank governance, financial stability, statistics, and climate change. Key achievements and plans include the following:

- **Public Financial Management (PFM) is a priority for CD in Angola**. Weaknesses in cash management, expenditure control, and financial reporting continue to hinder the efficient allocation of resources and budget implementation. The Ministry of Finance is prioritizing addressing these gaps, building on progress made with the Medium-Term Fiscal Framework (MTFF), fiscal risk analysis, and the Medium-Term Expenditure Framework (MTEF). The 2024 TA on cash management provided key recommendations for improving processes and a follow-up mission should be considered to ensure effective implementation. In 2025, the Regional Technical Assistance Center for Southern Africa (AFRITAC South, AFS) continued to provide TA on the migration of public accounts from cash to accrual. The 2019 PIMA follow-up is needed to improve capital spending efficiency, a key surveillance priority. A TA on fiscal risks in 2025 helped authorities strengthen the identification, quantification of fiscal risks, notably from SOEs. A joint TA by the Fiscal Affairs Department (FAD) and the Legal Department (LEG) helped the authorities identify gaps in the Organic Budget Law ahead of a forthcoming revision. FAD and AFS experts helped provide desk review in collaboration with other development partners of a comprehensive PFM action plan prepared by the authorities.

- **Fiscal Policy and Institutional Reform.** The IMF Institute for Capacity Development (ICD) has provided TA with macroeconomic frameworks for the Ministries of Planning and Finance to ensure consistent forecasting. The forthcoming mandated evaluation of the Fiscal Sustainability Law is a key priority for CD efforts to maintain robust fiscal anchors and enhance their effectiveness.

- **Public debt management**. AFS is aiming to support the debt unit by conducting a diagnostic on local debt markets building on recommendations from the 2025 FSAP.

- **Tax Policy and Revenue Administration.** The FAD has focused its technical support on reviewing tax policy and boosting revenue administration capacity. This support included modernizing income tax, establishing crisis management implementing project management, and enhancing electronic access and compliance risk management at the Administração Geral Tributária (AGT). Following the 2023 joint policy and revenue administration TA report on income taxation, a review of the new draft income tax law is underway to ensure its compliance with earlier CD recommendations.

- **Monetary policy framework.** The IMF Monetary and Capital Market Department (MCM) and AFS are providing TA to support the transition to an inflation-targeting regime, enhance forecasting and policy analysis systems and strengthen monetary and FX operations frameworks. IMF staff, TA experts, and the authorities have collaborated closely to ensure effective implementation of recommendations and to harness synergies between surveillance and capacity development. Refining the monetary and FX operations framework remains a key priority for the central bank, and capacity development efforts in this area should continue.

- **Financial Sector.** The IMF MCM continues to provide TA on operationalizing the new bank recovery and resolution frameworks. Follow-up TA was undertaken in 2024 in relation to operationalizing the bank resolution framework. Progress has been made on implementing the IMF STA recommendation to improve the accuracy and operational efficiency for compiling financial soundness indicators. The BNA prioritizes the assistance on strengthening macroprudential oversight and policies, with the request made in 2024. BNA participated in AFS' cyber risk supervision and regulation initiatives and received TA on the core elements of risk-based supervision in 2025. In response to the authorities' interest, the 2025 FSAP provided examples of how capacity development including TA, trainings, and staff exchanges could support the implementation of some of its recommendations.

- **AML/CFT framework.** Following Angola's recent grey listing, coordinated capacity development for relevant agencies is essential to reform legal frameworks and address deficiencies in the AML/CFT framework, which remains a key priority. LEG has recently provided CD on the legal framework for targeted financial sanctions and terrorist financing risks of non-profit organizations.

- **Climate Change.** Following the conclusion of the 2022 Country Climate and Development Report (CCDR) for Angola, the World Bank continues providing CD to build climate resilience and support green growth, and the AFD and EU support green financing, and AfDB climate-smart PPPs. An IMF's C-PIMA is also being considered.

- **Statistics.** Rebasing the national accounts to 2019 remains a key CD priority to better reflect economic changes. On government financial statistics, broadening coverage from the budgetary central government to the general government is a priority. Addressing large errors and omissions in external sector statistics are also crucial for data consistency and reliability.

Annex IX. Data Issues

Annex IX. Table 1. Angola: Data Adequacy Assessment for Surveillance

Data Adequacy Assessment Rating 1/							
B							
Questionnaire Results 2/							
Assessment	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Inter-sectoral Consistency	Median Rating
	B	A	B	B	B	C	B
Detailed Questionnaire Results							
Data Quality Characteristics							
Coverage	B	A	C	B	A		
Granularity 3/	B		B	B	B		
			B		C		
Consistency			C	C		C	
Frequency and Timeliness	B	A	B	A	A		

Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.
1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.
2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF *Review of the Framework for Data Adequacy Assessment for Surveillance* , January 2024, Appendix I).
3/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.

A	The data provided to the Fund are adequate for surveillance.
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.

Rationale for staff assessment. Macroeconomic data is broadly available and sufficient for surveillance yet shortcomings persist. Issues with data quality are persistent for government finance statistics. Staff faces challenges when integrating fiscal data due to inconsistencies between data released publicly by authorities and data provided directly to staff from the authorities - though the progress made to transition to the GFSM2014 methodology is welcomed. The resumption of the Public Debt Statistical Bulletin is also welcomed and supportive of debt data transparency. Although the provision of external sector statistics occurs on a timely basis, errors and omissions have been persistently large (i.e., averaging 2 percent of GDP between 2020 and 2024) thus reducing data consistency and certainty regarding Angola's reported external position. In addition, improved granularity in financial sector data would be beneficial for staff to perform deeper analyses of financial sector conditions (e.g., decomposition of household loans). However, staff assesses that data is broadly adequate for surveillance as (i) shortcomings in other sectors are limited; (ii) the central bank and INE have made progress to improve the extensiveness and transparency in statistical reporting; and, (iii) generally, data is published on a timely basis.

Changes since the last Article IV consultation. The authorities have continued their initiatives to strengthen data provision and statistical reporting transparency with the help of IMF and World Bank technical assistance. Since the last Article IV, the authorities have published a historical series of national accounts data that provides a comprehensive breakdown of GDP using both the production and expenditure approach, bosting data granularity (see Text Figure 1). In addition, quarterly GDP data is now fully published using the revised base year. In October 2025, the authorities successfully launched government finance reports that are compliant with GFSM2014, advancing the transition of fiscal reporting from cash to accrual basis. The new Statement of Government Operations provides a detailed breakdown of central government revenues (including different types of oil and tax revenues) and expenditures, improving the granularity of government finance data available to the public and IMF staff (see Box 4). The Public Debt Management Unit has also resumed its publication of the quarterly Public Debt Statistical Bulletin providing comprehensive data on public debt stocks and disbursements, SOE data, and arrears. These data bulletins demonstrate an improvement in the granularity of debt data statistics available in the public domain as staff previously relied on quarterly budget execution reports to monitor debt evolutions. The authorities now publish detailed debt statistics, including a comprehensive breakdown of debt service (i.e. amortization, interest, and commissions) by type of debt and creditor type and an update of Angola's oil-collateralized debt stock. In addition, these debt bulletins offer improved timeliness of government debt data publication. During the last Article IV, quarterly debt statistics were not available on a regular basis (i.e., intermittent publication). The Public Debt Statistical Bulletin is now released on a quarterly basis with a publication lag of approximately two months. Staff has continued to engage the authorities on their integration of the new base year for the national accounts statistics, as well as the migration to the GFSM2014 methodology and their plans to review the CPI basket.

Corrective actions and capacity development priorities. Staff recommends that the authorities complete a rebasing of the national accounts to 2019 to better reflect economic changes and the full adoption of GFSM 2014. Efforts to address large errors and omissions in external sector statistics are also recommended. Continued implementation of technical assistance recommendations by the IMF and the World Bank is also advised.

Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. Staff does not use any data and/or estimates in the policy note in lieu of official statistics. Note that IMF estimates for annual national accounts data beginning in 2023 utilize the new base year.

Other data gaps. Not applicable.

Annex IX. Table 2. Angola: Data Standard Initiatives

Angola participates in the Enhanced General Data Dissemination System (e-GDDS) and publishes the data on its National Summary Data Page since December 2018.

Annex IX. Table 3. Angola: Table of Common Indicators Required for Surveillance

As of December 15, 2025

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data[6]	Frequency of Reporting[6]	Expected Frequency[6,7]	Angola[8]	Expected Timeliness[6,7]	Angola[8]
Exchange Rates	Nov-25	Nov-25	D	D	D	...	...	...
International Reserve Assets and Reserve Liabilities of the Monetary Authorities[1]	Nov-25	Dec-25	M	M	M	...	1M	...
Reserve/Base Money	Nov-25	Dec-25	M	M	M	30	2M	30
Broad Money	Nov-25	Dec-25	M	M	M	30	1Q	30
Central Bank Balance Sheet	Sep-25	Dec-25	M	M	M	30	2M	30
Consolidated Balance Sheet of the Banking System	Sep-25	Dec-25	M	M	M	30	1Q	30
Interest Rates[2]	Nov-25	Dec-25	M	M	M	30	...	30
Consumer Price Index	Nov-25	Dec-25	M	M	M	30	2M	60
Revenue, Expenditure, Balance and Composition of Financing[3]–General Government[4]	NA	NA	NA	NA	A	...	3Q	...
Revenue, Expenditure, Balance and Composition of Financing[3]–Central Government	Jun-25	Oct-25	Q	Q	Q	90	1Q	90
Stocks of Central Government and Central Government-Guaranteed Debt[5]	Sep-25	Oct-25	Q	Q	Q	365	2Q	180
External Current Account Balance	Sep-25	Dec-25	Q	Q	Q	90	1Q	210
Exports and Imports of Goods and Services	Sep-25	Dec-25	Q	Q	M	90	12W	60
GDP/GNP	Sep-25	Dec-25	Q	Q	Q	365	1Q	120
Gross External Debt	Sep-25	Oct-25	Q	Q	Q	90	2Q	210
International Investment Position	Sep-25	Dec-25	Q	Q	A	90	3Q	210

[1] Includes reserve assets pledged or otherwise encumbered, as well as net derivative positions.
[2] Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.
[3] Foreign, domestic bank, and domestic nonbank financing.
[4] The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.
[5] Including currency and maturity composition.
[6] Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual.; ("SA") semiannual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.
[7] Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.
[8] Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (https://dsbb.imf.org/). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "..."

INTERNATIONAL MONETARY FUND

ANGOLA

April 13, 2026

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

Prepared By

The African Department (in consultation with other departments)

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FUND RELATIONS

As of February 28, 2026

Membership Status Joined: September 19, 1989; Article XIV

General Resources Account:	**SDR Million**	**Percent of Quota**
Quota	740.10	100.00
Fund holdings of currency (holdings rate)	3,125.29	422.28
Reserve tranche position	113.53	15.34

SDR Department:	**SDR Million**	**Percent of Allocation**
Net cumulative allocation	982.36	100.00
Holdings	204.42	20.81

Outstanding Purchases and Loans:	**SDR Million**	**Percent of Quota**
Extended Arrangements	2,498.69	337.62

Latest Financial Arrangements

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
Extended Fund Facility	7-Dec-18	27-Dec-21	3,213.40	3,213.40
Stand-By Arrangement	23-Nov-09	30-Mar-12	858.90	858.90

Projected Payments to the Fund (SDR Million)

	Forthcoming				
Year	**2026**	**2027**	**2028**	**2029**	**2030**
Principal	507.36	535.57	535.57	401.48	356.73
Charges/Interest	75.45	82.14	64.61	47.77	34.73
Total	**582.81**	**617.70**	**600.18**	**449.25**	**391.46**

Implementation of HIPC Initiative

Not Applicable

Implementation of Multilateral Debt Relief Initiative (MDRI)

Not Applicable

Implementation of Catastrophe Containment and Relief (CCR)

Not Applicable

Safeguards Assessment:

The safeguards assessment, completed in 2019, recommended legal and institutional reforms to improve the BNA's mandate, autonomy, and governance. Following staff recommendations, the authorities adopted a new BNA Law, and an audit committee was established to provide independent oversight of the central bank's operations. The BNA has also taken steps to strengthen its governance and control environment through (i) an updated foreign reserves management framework, (ii) improved transparency of its financial statements by largely aligning with International Financial Reporting Standards, and (iii) the establishment of the Emergency Liquidity Framework. Efforts continue to modernize the internal audit function, with an external quality assessment planned for 2026.

Exchange Rate Arrangement

The de jure exchange rate arrangement is floating. The de facto exchange rate arrangement is stabilized.

Angola maintains exchange restrictions subject to the Fund's approval under Article VIII Section 2(a) arising from: (i) undue delays in access to FX for the purposes of making current international payments and transfers arising by BNA's imposed range of FX pricing constraints combined with practices of rationing, earmarking and prioritization of FX at the capped rate,[1] while not providing sufficient FX to clear the market; (ii) 10 percent special contribution tax on the cross-border payments and transfers by legal entities with limited exceptions (which include FX transactions by companies involved in diamond mining exploration, oil sector investors, software companies and dividends transfers); (iii) 2.5 percent special contribution tax on cross-border payments and transfers by individuals with limited exceptions for payments for medical and educational services. Angola also maintains five multiple currency practices (MCPs) subject to Fund's approval under Article VIII Section 3 arising from official policies and practices segmenting the FX market which include: (i)Treasury ad hoc sales of FX at an official exchange rate (BNA published bid price) in exchange of signed commitments for treasury bills ; (ii)other ad hoc special allocations BNA's FX allocations to commercial banks at the BNG rate for earmarked purposes; (iii) imposition of the strict price limits on rate level bidding at Bmatch for transactions between banks and exporters in the extractive sector (oil, diamond and gas); (iv) banks' obligation to resell in the interbank market 30 percent of export proceeds purchased in the Bmatch at a controlled exchange rate, the Bmatch purchase price plus up to 1 percent margin and (v) chilling effect of the legal provision on FX market

[1] FX allocation and prioritization occur in the context of (i) Treasury ad hoc sales of FX at an official exchange rate (BNA published bid price) in exchange of signed commitments for treasury bills and other ad hoc special allocations, and (ii) BNA ad hoc earmarked FX allocations to commercial banks at the BNG rate. FX pricing at the Bmatch platform is constrained through imposition of the strict and narrow price limits on the bidding rate, with further obligations on the banks to resell 30 percent of export proceeds at a controlled exchange rate (the Bmatch purchase price plus up to 1 percent margin). Finally, the bank-to-customer rate is constrained by the chilling effect of the legal provision on FX market "speculation" punishable as a criminal offense which disincentivize the banks to raise the over-the-counter rates above the guided tolerance margins in the estimates range of 6 and 12 percent.

"speculation" punishable as a criminal offense which incentivize the banks to rise the over-the-counter rates above the guided tolerance margins in the estimates range of 6 and 12 percent.

Article IV Consultation

Angola is on the standard 12-month cycle.

Financial Sector Assessment Participation

A joint IMF-World Bank Financial Sector Assessment Program (FSAP) has concluded in September 2025. This will include bank stress tests, a comprehensive review of the supervisory framework, and an assessment of financial inclusion. A previous FSAP was conducted in 2011.

Resident Representative

Mr. Victor Duarte Lledo has been the IMF Resident Representative in Angola since August 8, 2023.

TECHNICAL ASSISTANCE

The Fund has been providing Angola with technical assistance and training to help authorities strengthen their capacity to design and implement effective policies. Capacity Development covers wide range of areas in macroeconomic, fiscal, and monetary. Technical assistance activities since 2014 are listed below:

<u>**Description**</u>	<u>**Year of Delivery**</u>
Monetary and Capital Markets (MCM)	
Banking Regulation and Supervision	2025
Emergency Liquidity Assistance and Collateral Frameworks	2024–25
Forecasting and Policy Analysis System (FPAS)	2024–25
Bank Resolution and Financial Crisis Management	2024–25
Monetary Policy Implementation and Operations (MPIO)	2024–25
AFRITAC South: Diagnostic Mission for FMI & Fintech Analysis	2023
In-Debt Assessment of the Internal Audit Function	2023
Operationalizing Bank Resolution Framework	2023
Virtual TA: Enhancing Central Bank Governance	2022
Monetary Policy Framework Modernization/Inflation Targeting	2022
Financial Management	2021
Emergency Liquidity Assistance	2021
Basel II/III SREP Implementation	2021
Banking Sector Restructuring	2020
Development of Capital Markets	2020
Monetary Policy Implementation and Operations	2020
Banking Sector Restructuring	2020
Foreign Operations and FX Policy Implementation	2019–20
Medium- and Long-Term Debt Strategy (with WB)	2019
Technical Assistance on FX Market Operations	2018
Basel II Implementation	2018
Technical Assistance on Correspondent Banking Relationships	2016
AFRITAC South: Liquidity Management (Various Missions)	2015–18
AFRITAC South: Inflation Forecasting Framework (Various Missions)	2015–18
AFRITAC South: Macro-Prudential Analysis	2016, 2017
Fiscal Affairs Department (FAD)	
AFRITAC South: Accounting	2025
Fiscal Responsibility Law and Framework Budget Law	2025

Medium Term Fiscal Framework and Fiscal Risks	2022–23, 2025
Budget Execution Control	2025
Budget Preparation	2024–25
Tax Administration	2024–25
Customs Administration	2024–25
AFRITAC South: Cash Planning	2024
Revenue Administration	2024
Organizational Design, Strategic Management and Leadership	2023
Compliance Risk Management System in VAT	2023
Enhancing Access to Electronic Information	2023
Modernization of Income Taxation	2023
Medium Term Expenditure Framework	2023
Arrear Prevention and Cash Management, Fiscal Risk Managing, Fiscal Reporting and Other Treasury Reforms	2023
Gender Budgeting	2023
Tax Compliance	2022
PIMA Follow-Up	2022–23
Fiscal Reporting (Follow-Up)	2022–23
AFRITAC South: Arrears Prevention and Cash Management	2022
Seminar On Fiscal Risks	2021
PIMA Follow-Up	2021
Gender Budgeting	2021
Tax Policy Unit	2021
AFRITAC South: Medium-Term Expenditure Framework	2021
AFRITAC South: Program-Based Budgeting	2021
AFRITAC South: Expenditure Management Procedures and Capacity Building	2021
AFRITAC South: Improving Cash Management to Prevent Arrears Incurrences	2020
Fiscal Reporting	2019–20
Tax Policy: Tax Expenditure and Revenue Forecasting	2020
Revenue Mobilization and International Taxation	2020
Informality and International Transfer Pricing	2020
Excise Tax	2020
VAT Refunds	2019
Transfer Pricing	2019
VAT Strategy	2019
Tax Policy Diagnostic Assessment	2019
AFRITAC South: Building Capacity in The Implementation and Monitoring of The Multi-Year Reform Plan	2019

AFRITAC South: Enhancing AGT Capacity to Manage Reforms	2019
AFRITAC South: IT Upgrade to Enable Effective Administration of VAT	2019
Public Investment Management Assessment (PIMA)	2019
PFM Diagnostic	2019
FAD And AFRITAC South: Information Requirements for Fiscal Execution Reports	2019
FAD And LEG: Fiscal Responsibility Law	2019
AFRITAC South: Customs and Tax Administration (Various Missions)	2015–18
AFRITAC South: (Incl. FRL And Fiscal Rules) (Various Missions)	2014–18
AFRITAC South: Public Investment Management (Various Missions)	2015, 2017
AFRITAC South: Expenditure Control and Arrears (Various Missions)	2014, 2016, 2017
Vat Implementation	2016, 2017
MTFF (Incl. FRL And Fiscal Rules)	2014, 2016

Statistics Department (STA)

Financial Institutions (Financial Stability Indicators)	2024–25
Consumer Price Index (CPI)	2020–25
Government Finance and Debt Statistics	2019–25
National Accounts, and External and Monetary Statistics	2019–25
Monetary and Financial Statistics (Various Missions)	2014, 2016 ,2017
AFRITAC South: Price Statistics	2017
AFRITAC South: National Accounts (Various Missions)	2015–18

Institute for Capacity Development (ICD)

Macroeconomic Frameworks	2020, 2021, 2025
Financial Programming and Policies (FPP1.0)	2014, 2020

Legal Department

AML/CFT Framework	2017, 2018, 2019, 2020, 2025
BNA Law	2020

RELATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

- World Bank: https://www.worldbank.org/en/country/angola
- African Development Bank: https://www.afdb.org/en/countries/southern-africa/angola
- Regional Technical Assistance Center for Southern Africa (AFRITAC South—AFS): http://www.southafritac.org/

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

May 1, 2026

On behalf of the Angolan authorities, we welcome the constructive engagement with staff and thank Ms. Saito and her team for the candid and insightful discussions, as well as for the well-prepared Staff Report. The authorities also appreciate the high-quality Selected Issues Paper, which provides valuable analysis of the determinants of Sovereign Spreads in Angola. While broadly aligned with staff's assessment and policy recommendations, the authorities hold a somewhat more favorable view of the medium-term outlook and wish to highlight several points for emphasis.

The authorities underscore Angola's tangible progress in strengthening macroeconomic management and institutions. Enhanced policy frameworks, particularly in monetary operations and debt management, have supported continued disinflation, sustained fiscal consolidation, and a gradual shift in growth toward non-oil activity. They note that heightened geopolitical tensions in the Middle East present mixed near-term risks: higher oil prices could bolster fiscal revenues and external balances, while global energy and transport cost shocks could pass through to domestic prices and slow the disinflation process. Against this backdrop, the authorities' commitment to prudent policies positions the economy to sustain growth and strengthen resilience.

The 2026 budget underscores the authorities' determination to contain risks and safeguard debt sustainability, while protecting priority social and development spending. Looking ahead, they remain confident that steadfast implementation of the National Development Plan (NDP) 2023–27, alongside efforts to address infrastructure gaps, improve the business climate, and strengthen human capital, will unlock Angola's non-oil potential, accelerate diversification, and support more inclusive growth.

I. Recent Economic Developments and Outlook

Growth moderated to 3.1 percent in 2025 from 5.0 percent in 2024, largely reflecting lower oil production and softer oil prices. The weaker oil outturn partly reflected necessary inspections and maintenance to preserve operational efficiency and medium-term production sustainability, compounded by a less supportive external environment. Despite these headwinds, non-oil activity remained resilient, expanding by about 4.1 percent. Growth is projected to strengthen to around 4.1 percent in 2026, driven by continued non-oil momentum (projected at about 4.7 percent). Over the medium term, growth is expected to average around 4 percent during 2027–31, led by the non-oil sector.

Inflation continued to ease from its peak in July 2024. Annual inflation declined from 27.5 percent in December 2024 to 15.7 percent in December 2025, supported by exchange rate stability and improved availability of consumer goods. Inflation eased further in early 2026, declining to 12.42 percent in March 2026 (from 23.85 percent in March 2025). Inflation is expected to average about 13.7 percent in 2026 and continue to converge toward the BNA's medium-term objective of single-digit inflation.

Externally, the current account weakened further in 2025, reflecting a wider fiscal deficit and a softer private saving investment balance. Nevertheless, gross international reserves remained broadly stable, covering about 7½ months of imports at end-2025, and continue to provide an important buffer against external shocks.

II. Fiscal Policy and Debt Management

The authorities remain committed to advancing fiscal consolidation to safeguard debt sustainability while protecting priority development and social spending. They acknowledge that fiscal pressures intensified in 2025, reflecting acute liquidity constraints and persistent weaknesses in cash and expenditure management. In response, the 2026–31 Fiscal Strategy anchors policy firmly on the non-oil primary balance (NOPB). Following a projected NOPB deficit of 5.1 percent of GDP in 2026, the fiscal anchor is set on a credible downward trajectory below the 5 percent ceiling from 2027, converging to 2.5 percent of GDP by 2031, consistent with the Fiscal Sustainability Law. The authorities are pursuing a balanced consolidation mix of durable expenditure rationalization and revenue measures to strengthen public finances and reduce borrowing costs.

On the revenue side, the authorities agree that strengthening non-oil revenue mobilization is essential, given structural challenges in oil production and oil-price volatility. In line with the Fiscal Strategy, efforts will focus on improving tax administration, rationalizing tax incentives, scaling up digitalization to strengthen compliance, addressing tax arrears, and mobilizing receivables from state-owned enterprises (SOEs).

The 2026 budget reflects a determined effort to contain borrowing needs, anchored by a planned reduction in primary expenditure of 2.9 percentage points of GDP relative to 2025. This adjustment is supported by targeted rationalization, including restraint in goods and services spending and continued implementation of fuel-subsidy reform. Subsidy spending has been significantly reduced, lowering its share in total fiscal expenditure from 14 percent in 2024 to a projected 9 percent in 2025. Going forward, the authorities intend to further contain subsidy costs and advance the reform in a socially responsible manner, supported by better targeting and strengthened social protection.

The authorities are accelerating public financial management (PFM) reforms to strengthen cash management, expenditure controls, financial reporting, and fiscal-risk analysis, including risks stemming from SOEs. Building on progress with medium-term fiscal and expenditure frameworks and enhanced fiscal-risk work, they are working closely with development partners to address remaining gaps. They are also advancing outstanding Public Investment Management Assessment (PIMA) recommendations to improve project selection and prioritization, raise spending efficiency, and ensure higher development returns.

Prudent debt management remains a priority, supported by the decline in public debt from 59.9 percent of GDP in 2024 to 51.3 percent in 2025. While recognizing continued exposure to external shocks, the authorities will continue prioritizing concessional and low-cost financing, deepening the domestic government securities market, broadening the investor base, and extending maturities in line with the Medium-Term Debt Strategy. Proactive liability management will help mitigate refinancing and liquidity risks, and any central bank financing will remain strictly within the legal framework. The authorities remain committed to keeping the public debt ratio within the legal ceiling of 60 percent of GDP.

III. Monetary and Financial Sector Policies

The authorities remain focused on preserving price stability and strengthening policy credibility through a disciplined, data-driven monetary policy framework. By March 2026, the BNA's policy rate stood at 17.5 percent, with the standing lending facility at 18.5 percent and the standing deposit facility at 16.5 percent, maintaining an appropriately prudent stance while recognizing progress in disinflation. Broad money (M2) expanded by 8.4 percent, consistent with the inflation objective. BNA stands ready to use liquidity management and other instruments as needed to preserve macroeconomic stability and keep inflation on a sustained downward path.

The authorities welcome the findings of the 2025 FSAP, which recognized progress in strengthening regulation and supervision, formalizing the BNA's financial stability mandate, and enhancing oversight of non-bank financial institutions. They also acknowledge remaining vulnerabilities including elevated NPLs, sovereign bank linkages, FX liquidity imbalances, and AML/CFT gaps. To address these, the authorities are advancing a focused FSAP follow-up agenda to strengthen macroprudential oversight, supervisory capacity and on-site inspections, data systems, and the operational readiness of bank resolution. They remain committed to full implementation of the FATF action plan to support a timely exit from the grey list and reinforce confidence in the financial system.

The authorities recognize that financial sector risks remain closely linked to financing conditions and banks' significant holdings of government securities, while gross financing needs and external debt service continue to weigh on policy space. Against this backdrop, they have strengthened cash and debt management to contain liquidity pressures, mitigate refinancing risks, and preserve market confidence. Reflecting improved macroeconomic fundamentals and investor confidence, Angola successfully returned to international capital markets in October 2025 with a Eurobond issuance and tapped markets again in March 2026 through new Eurobond placements and liability-management operations, helping smooth the debt maturity profile and reduce near-term rollover risks. In parallel, the authorities remain committed to deepening the domestic debt market through more predictable issuance and a broader investor base. Continued fiscal consolidation and enhanced debt transparency remain essential to further reduce vulnerabilities and support durable financial stability.

IV. Structural Reforms and Governance

Promoting private sector-led, non-oil growth remains central to the authorities' strategy. Reforms are being advanced to strengthen competitiveness and diversification, including streamlining business registration and licensing, and improving access to finance for SMEs. Targeted initiatives in different sectors such as agriculture and agro-processing aim to support domestic value chains and reduce import dependence.

The authorities highlighted the Lobito Corridor as a flagship initiative with strong potential to improve connectivity, strengthen competitiveness, and support export diversification. They remain committed to timely implementation of the NDP

2023–27 and are strengthening monitoring and evaluation frameworks, institutional coordination, and prioritization of high-impact projects.

Governance and anti-corruption reforms remain central to the authorities' agenda, with a clear emphasis on enforcement and accountability. The authorities are strengthening transparency and control through comprehensive PFM reforms, while actively implementing the National Anti-Corruption Strategy, including codes of conduct. Judicial and AML/CFT reforms, including enhanced investigative capacity, stronger asset recovery frameworks, and the establishment of a beneficial ownership registry, are being advanced to ensure that violations are effectively detected, sanctioned, and prosecuted, thereby reinforcing the rule of law, deterring misconduct, and strengthening confidence in public institutions.

Conclusion

The authorities remain firmly committed to preserving macroeconomic stability, strengthening fiscal governance, and fostering the conditions for inclusive and sustainable growth. They will continue implementing policies to reduce vulnerabilities, improve public sector efficiency, and advance structural and governance reforms to support Angola's long-term development objectives.