HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

ANGOLA

Macroeconomic Framework Technical Assistance: Scoping Mission

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The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: This document outlines the initiation and early stages of a Technical Assistance project designed to improve Angola's Ministry of Planning (MinPlan) macroeconomic framework, ensuring consistency across the four sectors of the economy. Following a request from Angolan authorities, IMF ICD staff engaged in comprehensive virtual discussions with the MinPlan and Ministry of Finance in February, March, and May 2025. A scoping mission was held in Luanda in May 2025 to diagnose existing capacity and resources at the National Directorate of Socioeconomics Studies (DNESE) for forecasting and policy analysis. The agreed-on action plan is centered around the customization of the Macroeconomic Foundations Tool (MFT), which will assist the directorate in more effectively achieving their responsibilities as coordinator of the Macroeconomic Programming exercise.

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Background

The technical assistance (TA) project in Angola was initiated following a request from the Ministry of Planning (MinPlan) to strengthen their macroeconomic forecasting capabilities. Angola's economy, heavily reliant on the oil sector, faces significant volatility due to fluctuating oil prices, impacting fiscal revenues and economic stability. The authorities recognized the need for a robust macroeconomic framework to better navigate these challenges and ensure consistency across economic sectors.

A scoping mission initiated a Macroeconomic Framework TA project to support the DNESE in building capacity and enhancing their macroeconomic programing. The scoping mission took place in Luanda during May 26-30, 2025. This mission diagnosed and assessed the current macroeconomic forecasting and policy analysis systems at the DNESE, including current tools in use, and delivered a training course focusing on the essentials of financial programming. The scoping information was used to develop and agree with the authorities on an action plan for the TA project.

This initiative aligns with previous Fund capacity development projects and surveillance priorities, offering a structured approach to macroeconomic forecasting that incorporates sector-specific inputs and facilitates dialogue among ministries. The recommendations are expected to improve policy formulation and execution, particularly in managing the economic impacts of oil price shocks and transitioning to an inflation-targeting monetary policy framework.

Summary of Findings

The DNESE is adequately staffed at this moment to support its core functions and efficiently absorb the CD project. DNESE is composed of 2 Departments, one dedicated to macroeconomic projections, the Department for Macroeconomic Policy and Management (DPGM), and another related to demographics. DPGM has 7 staff, including the Chief of Department. The authorities are committed to making their team fully available for the duration of the CD project.

The DNESE has good working relationships with other technical teams in other agencies. There is a multi-agency working group, including MinFin, the National Bank of Angola (BNA) and the National Institute of Statistics (INE). An accessible macroeconomic framework tool would foster further cooperation among the teams and discussions at the expert level.

Both MinFin and BNA have been recipients of TA projects. MinFin has started publishing the Medium-Term Fiscal Framework (MTFF) and fiscal strategy in 2024 and BNA maintains a rich portfolio of analytical tools for current economic situation assessments, Nowcasting and Near-Term Forecasting capabilities (NNTF) and medium-term forecasting, including a Forecasting Policy Assessment System (FPAS)/Quarterly Projection Model (QPM).

The DNESE's current macroeconomic framework to produce forecasts has some gaps. The DNESE uses isolated regression models and forecasting tools, which are helpful, but lack integration and feedback loops. In addition, beyond the baseline, policy makers are not well equipped with the ability of alternative risk scenarios. The DNESE has a new mandate to prepare a comprehensive macroeconomic financial program. This calls for a unified framework tool to analyze, forecast, and assess the impact of macroeconomic policies effectively.

Summary of Recommendations

The DNESE would benefit from a macroeconomic framework tool with an economic structure to produce consistent baseline forecasts and assess policy and risk scenarios. Developing and building the capacity to operate a macroeconomic framework tool with behavioral linkages across the macroeconomic sectors will enhance the DNESE input into policymaking and assist in achieving their newfound responsibilities. A consistent macroeconomic framework tool will allow the DNESE to produce baseline forecasts with a satisfactory economic narrative and to assess a range of policy and risk scenarios.

Training in macroeconomic and forecasting techniques is crucial to equip the core team with the skills needed to develop and operate the MFT effectively. The project should prioritize intensive training at the onset, ensuring a homogeneous knowledge base among staff. Regular remote check-ins and in-person missions will provide ongoing support, facilitating the development of the MFT and corresponding policy analysis framework.

The mission team recommended to both MinPlan and MinFin to participate jointly in this TA to enhance coordination and ensure good practices for the macro-fiscal projections. While MinPlan is the main counterpart of this TA, it was recommended that MinFin leads on the customization of the fiscal sector within the MFT development, ensuring consistency with the MTFF used by MinFin.

Next Steps and Agreed Action Plan

The authorities agreed with the mission team on an Action Plan for a macroeconomic framework TA project, centered on the customization of the Fund's Macroframework Foundations Tool (MFT). The MFT is an internally consistent model of the economy, based on FPP principles. Its key advantage, compared to the more traditional (accounting-based) FPP Frameworks, is that it incorporates a basic underlying economic structure and behavioral relationships to help develop coherent economic narratives and to run internally consistent scenarios. The tool is user-friendly, and its accessibility lowers turnover risks and related challenges.

A core team from the DNESE will customize and adapt the MFT to their needs, with ICD support. The core team is comprised of 7 members of DNESE. The core team will coordinate the macroeconomic forecasting exercise in close interaction with the MinFin, BNA and INE. The project has 4 missions planned from May 2025 to the end of 2026.

The TA project has been split into three phases: (Phase 1) delivery of customized training and introduction to the MFT. (Phase 2). The core team will begin customizing the canonical version of the MFT to the Angolan economy and, if sufficient capacity exists, start using it in practice. (Phase 3) The MFT will be expanded to further meet the needs of the core team and used independently to develop policy and risk scenarios for their medium-term projections.