CPIA Detailed Report

Country: Angola

Exercise Year: CPIA Exercise 2023

Currency: Angolan Kwanza (AOA)

City: Luanda

Income Group: Lower middle income

Lending Category: IBRD

Final CPIA Score: 3.517

(A) Economic Management

Cluster Score: 4

01. Fiscal Policy

Criteria Score: 3.5

1. Fiscal Policy

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The GoA has implemented measures to broaden the tax collection base and improve efficiency in public resource use. In fact, Angola's tax collection system has undergone important improvements since 2019 due to the implementation of tax reforms like non-oil revenue stemming from excise tax, personal income tax and VAT introduced in 2019. Conservative expenditure policies for 2021, 2022 and 2023 also helped to secure budget surpluses due to higher crude oil prices in 2021 and 2022. Current expenditures achieved 19.9% of GDP in 2020, 14.2% in 2021, and 17,7% in 2022. In June 2023, although significant popular pressure, the Government started phasing out gasoline subsidies in a worthy effort to improve public expenditure.

But the fiscal situation in Angola worsened substantially in 2023. Although the debt indicator decreased significantly between 2020 (129% of GDP) and 2022 (65% of GDP), the end of the debt service moratorium in May 2023 and the scroll account with China have resulted in consecutive salary delays by the government and the postponement of public investments. The fact that recurring expenditure makes up 77% of government spending also severely restricts room for public capital investments.

The most recent data available for the participation of investment and savings in GDP are from 2019, making the requested updated analysis impossible.

Investiment: 23.2% of GDP in 2017, 17.2% in 2018 and 16.2% in 2019.

Saving: 23.2% in 2017, 24.7% in 2018 and 31.3%in 2019.

Banco Nacional de Angola (bna.ao)Banco Nacional de Angola (bna.ao)

02. Monetary Policy

Criteria Score: 4

2. Monetary Policy

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0

Final Score	4.0

Country Notes:

Until the onset of the COVID-19 pandemic, the base money was a central pillar of Angola’s monetary policy. Amid the COVID-19 pandemic, Angola adapted its monetary policy at the end of March 2020 by gradually eliminating the monetary tightening in order to support the economy with increased liquidity and credit during the crisis.The post COVID-19 pandemic and rise in oil prices put pressure on inflation in 2021 and BNA tightened monetary policy again at the beginning of 2021. Due to the successful monetary tightening, the BNA eased its monetary policy stance, and the policy Central Bank interest rate was reduced in January 2023 from 19.5% to 17% amid the lower-than-expected inflation of 13.85% measured by the end of 2022.

In response to rising inflation, which average reached 25.8% in 2021, the Banco Nacional de Angola (BNA) tightened monetary policy at the beginning of 2021. As a result, inflation decreased to 21.4% (annual average) and to 13.85% by the end of 2022. In January 2023 the BNA entered a new cycle of monetary loosening lowering reference interest rate from 19.5% to 17% amid the lower-than-expected inflation by the end of 2022. In September 2023 the IMF reviewed its inflation projection for 2023 from 12% to 18.8% and for 2024 from 9.6% to 25.6% following the 60% currency devaluation observed in 2023.

However, the devaluation of the kwanza and the rise in inflation did not lead the BNA to resume monetary tightening, and the interest rate remains at 17%. Consequently, there has been a decoupling between the official interest rate and the rate of fundraising in the markets, which is considerably higher.

Macroeconomic situation deteriorated severely since May 2023. Despite that and accelaration of inflations, the Monetary authority haven´t changed the interest rate. Population have had problem to have access to cash in the formal bank system.

03. Debt Policy

Criteria Score: 4.5

3. Debt Policy

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

The public debt in Angola reduced from 129% in 2020 to 66% in 2022 due: i) Broadening the tax collection base and increasing efficiency in the use of public resources, including a reduction in gasoline subsidies as of June 2023; and ii) Conservative expenditure policies for 2021, 2022 and 2023 that helped to secure budget surpluses due to higher crude oil prices in 2021 and 2022.

However, a significant proportion of debt is dollar denominated, creating a key vulnerability to exchange rate fluctuations like the 60% devaluation of the national currency between May and July of 2023 reflecting a drop in FX supply from both lower oil revenues in 2023 (lower production and prices) and higher external debt amortizations due to the end of the debt service moratorium in May 2023. Because of the scroll account with China, oil price increments have lagged effects on the domestic supply of foreign currency supply and, so, on the exchange rate. Angola's debt is expected to be around 83% of GDP by the end of 2023.

(B) Structural Policy

Cluster Score: 3.389

04. Policies and Institutions for Economic Cooperation, RI and Trade

Criteria Score: 3.333

4.a. Regional Integration and Economic Cooperation

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Currently Angola is one of the least integrated countries into regional trade. Based on the African Regional Integration Index, Angola ranks second lowest compared to other countries in the region and those in the Southern African Development Community (SADC). According to this index, Angola lacks particularly behind on infrastructure and macroeconomic integration. In terms of productive integration, which includes the extent of merchandise trade and the share of intra-regional intermediate imports and exports, Angola performs better than the average African country.[1], [2]

The African Continental Free Trade Area (AfCFTA) includes 54 African countries and will become the world’s largest trade agreement by country count after the World Trade Organization.[3] Angola was the 30th country to ratify the AfCFTA in November 2020. Also, the free movement of people as part of AfCFTA will create opportunities for Angola to gain human capital from within Africa. Nevertheless, the country must be prepared to compete with members of the AfCFTA by improving its human capital and business environment. Moreover, Angola asked in February 2020 to join the European Union Partnership agreement signed in 2016 with other SADC countries.

By joining the SAPP[4] (Southern Africa Power Pool), Angola could benefit from trading its electricity surplus to the region which is facing energy shortages due to lack of generation sources. The planned interconnection with Namibia via the Baynes hydro power plant (600 MW) would link Angola to the Southern African Power Pool. Discussions continue with the Democratic Republic of Congo (DRC) on the expansion of the Inga hydroelectric dam that would provide a connection to the Central Africa Power Pool.

[1]https://www.integrate-africa.org/rankings/countries/angola/

[2] Page 20 and 26 : https://www.integrate-africa.org/fileadmin/uploads/afdb/Documents/ARII-Report2019-FIN-R40-11jun20.pdf

[3]https://www.africancfta.org/aboutus

[4]The SAPP was created in August 1995 at the SADC summit held in Kempton Park, South Africa, when member governments of SADC (excluding Mauritius) signed an Inter-Governmental Memorandum of Understanding for the formation of an electricity power pool in the region under the name of the Southern African Power Pool. The SAPP has twelve member countries represented by their respective electric power utilities organised through SADC. https://www.sapp.co.zw/about-sapp

I really didn´t have find the requested detailed information.

4.b. Trade restrictiveness

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5

Final Score	3.5

Country Notes:

The poor condition of its infrastructure is the Angola's main obstacle to regional integration and is reflected in various indicators. Angola ranked 29th out of 54 countries in the 2020 Africa Infrastructure Development Index. Even though Angola's index score improved significantly since 2002, Angola ranks worse than most countries in the region, such as South Africa (4th), Botswana (10th), Zimbabwe (19th), Zambia (23rd), with the exception of the Democratic Republic of the Congo (50th) and the Republic of the Congo (32nd). According to the African Regional Integration Index, Angola ranks 10th and 8th in terms of infrastructural integration and the free movement of people among the 16 countries in the Southern African Development Community. Much of Angola's infrastructure was destroyed or deteriorated during its long civil war. Currently, only the main roads in the western part of the country are in a reasonable condition. Therefore, investments in repair and building of inland roads and Trans-African Road Corridors are crucial for a better integration with other SADC countries. In fact, these roads form a crucial part of the COMESA-EAC-SADC Tripartite Transportation and Transit Facilitation Program (TTTFP) whereby two major transport corridors from Tripoli to Cape Town and from Beira to Lobito pass through Angola. Moreover, Angola's National Development Plan (2018-2022) mentions cross border train connections as an important long-term development plan.

Angola has also four major ports: Luanda, Lobito, Cabinda and Namibe, which are open for international transportation. However, investments in improving ship inspection capacity are necessary to ease trade and play a crucial role in the process of economic diversification. Moreover, improvements have been made by the Angolan tax authority at ports and airports by implementing automated administrative systems, to reduce a non-trade barrier affecting regional integration.

4.c. Customs/trade facilitation

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Recent reforms reducing a non-tariff barrier, by introducing the automated customs system "Asycuda" in ports and at the airport and reducing the time for documentary compliance for import and export is reflected in improvements in Angola's score on the "trading across borders" indicator in the World Bank's Doing Business report from 17.2 in 2017 to 36.2 in 2020. This are however improvements from a very low reference point as Angola still after these improvements ranks 174th (relative to 190 other countries in terms of the ease of trading across borders indicator of the World Bank's Doing Business report) and remains the lowest ranking country in the region on this indicator. This suggests that more reforms are needed to facilitate simpler and less costly regional trade.

In absolute terms though it became since 2017 easier to trade across borders in Angola, with the indicator score rising from 17.2 to 36.2. This can particularly be attributed to a reduction of the hours spend on import border compliance by almost three quarters to 72 hours and close to halving documentary import and export and export border compliance. Trading costs in USD terms, however, remained high and in particular import border compliance costs much higher than in other countries in the region. Only in the two Congo's trading across borders is even more cumbersome.[1] Also looking at regulatory and service delivery aspects of trade, namely customs, infrastructure, international shipments, logistics competence and quality, tracking and tracing and timeliness in the Logistical Performance index, Angola's challenges in trading across borders become apparent. So did Angola's rank drop between 2012 and 2018 to the second worst out of 160 countries.[2] In line with these indexes Angola is also one the least integrated countries into regional trade based on the African Regional Integration Index. It scores second lowest compared to other countries in the region and those in the Southern African Development Community (SADC). Based on this index Angola particularly lacks behind on infrastructure and macroeconomic integration. Only in terms of productive integration, which includes the extent of merchandise trade and the share of intra-regional intermediate imports and exports, Angola performs better than the average African country.[3][4]

[1]https://www.doingbusiness.org/en/rankings

[2]https://lpi.worldbank.org/

[3]https://www.integrate-africa.org/rankings/countries/angola/

[4] Page 20 and 26 : https://www.integrate-africa.org/fileadmin/uploads/afdb/Documents/ARII-Report2019-FIN-R40-11jun20.pdf

05. Financial Sector Development

Criteria Score: 3.167

5.a. Financial stability

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Following the oil crisis of 2014, which resulted in a spike in non-performing loans, Angola's banking system had a challenging period. Subsequent stringent measures adopted as part of the Government's Macroeconomic Stability Plan and the IMF's Extended Fund Facility (EFF) Program have contributed to a more resilient and modern financial sector.

During the three years of the International Monetary Fund's extended arrangement that concluded in December 2021, Angola enacted five critical financial sector reforms. These reforms included finalizing a strategy regarding the State's future involvement in the banking sector, adopting amendments to the financial institutions law in 2020, implementing a restructuring and recapitalization program for the banking sector, and strengthening Recredit to maximize the recovery value of non-performing loans.[1] The IMF program's primary focus was to ensure financial sector stability, which required adopting reforms to the regulatory framework for banks, restructuring two public banks, and the resolution of non-performing loans and other vulnerabilities within the banking sector, among other measures[2].The Government established the National Council of Financial Stability (CNEF), which approved in 2018 the Strategy for the Development of the Financial Sector (PDSF), wherein financial education is one of the main components of the pillar of financial inclusion. Moreover, the government approved in 2020 the AML/CFT law and a new Payment Systems Law to integrate Angola with international markets and accommodate the evolution of financial products.

[1] Pdf page 69, IMF fourth review

[2] Pdf page 59, IMF fourth review

5.b. Sector's efficiency, depth, and resource mobilization strength

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The Angolan banking sector remains the third largest in Sub-Saharan Africa with a penetration rate of 72% in 2017, after Nigeria and South Africa according to a study performed by McKinsey (Roaring to life: Growth and innovation in African retail banking, Global Banking, McKinsey & Company 2018). Angola is ranked in the 140th position among 141th countries in Financing SMEs, according to WEF GCI 2019. In 2019, the PRODESI program that aims at promoting the private sector and export diversification was introduced and also aimed at supporting micro, small and medium enterprises (MSMEs). Even with subsidized interest rates, it is difficult to find well-structured bankable SME's projects due to the current crisis.

Angola's financial sector was composed of 26[1] banking institutions and 113 non-banking institutions at the end of 2019**.**[2]The 5-year recession that started in 2016 worsened the asset quality of the banking sector, which was verified by the Asset Quality Review (AQR) completed by the BNA in December 2019. In such review it was found that seven banks required capital shortfalls and the two largest troubled public banks required restructuring.Following the AQR, the financial sector became stronger and was composed of 23 banking institutions and 103 non-banking institutions in January 2023.

[1] In 2020 this number dropped to 25, with assets totalling AOA 16,822.32 billion (USD 25.6 billion) and the five largest banks holding 72% of all asset.

[2]Page 13, https://www.bna.ao/uploads/%7Be003d8ff-fa07-4cef-9342-cc48fa1b1568%7D.pdf

5.c. Access to financial services

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Banks are concentrated in Luanda (55%), Benguela (8%) and Huila (5%), and microfinance institutions are primarily located in the first two. This demonstrates unequal access to finance, which is exacerbated by inadequate mobile payment systems. Although commercial banks provide microfinance services and the government actively promotes the microfinance sector, the lack of a comprehensive legal framework and high operational costs have hindered private sector development. Nevertheless, several NGOs have established microfinance programs in the country[1].

At individual level, only 49% of adults are estimated to have access to a transactional bank account. Large demographic differences are observed as 41% of female have access to a transactional bank account compared to 55% of male adults. In addition, only 29% of rural adults have access to a transactional bank account, compared to 58% of urban adults. The main reasons for not having a bank account are the lack of money and documents. Whereas in other African countries mobile money has contributed to financial inclusion, mobile money is still underutilized in Angola, where only 9.2 per 1000 adults have a mobile account, compared to 650 out 1000 adults in other countries of the region.[2]

At the business level, in 2020 Angola was ranked 185th out of 190 countries in terms of the ease of getting credit indicator from the Doing Business report. In absolute terms, Angola's score of the ease of getting credit did not improve since 2017**.** Angola was ranked 138th out of 141 countries in the financial systems indicator of the Global Competitiveness Index 2019. This indicates a lower score than the previous year, and a score of around 20 points lower on a 100-point scale than the average sub-Saharan African and lower-middle-income country. Angola's financial system indicator breakdown shows that it has the lowest availability of venture capital and the second-lowest financing for SMEs among all countries included in the index.

[1] Page 17, https://www.bna.ao/uploads/%7Be003d8ff-fa07-4cef-9342-cc48fa1b1568%7D.pdf

[2] Page 2, https://www.bna.ao/uploads/%7Be003d8ff-fa07-4cef-9342-cc48fa1b1568%7D.pdf

06. Business Regulatory Environment

Criteria Score: 3.667

6.a. Regulations affecting entry, exit, and competition

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Looking at regulatory and service delivery aspects of trade, namely customs, infrastructure, international shipments, logistics competence and quality, tracking and tracing and timeliness in the Logistical Performance index, Angola's challenges in trading across borders become apparent. Angola's challenging business environment poses barriers for the required structural transformation and economic diversification. The country is ranked in the 177th place out of 190 countries and is one of the least favorable business environments globally according to the last World Bank Doing Business report (2020), which makes the country unattractive to private sector development and FDI. The discontinued Doing Business Report showed that Angola's 2020 Doing Business (DB) ranking moved up 4 places, from 181 out of 190 countries in 2016 to 177 in 2020, scoring 41.3, which is below the average SSA score of 51.8.

6.b. Regulations of ongoing business operations

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Angola is also one the least integrated countries into regional trade based on the African Regional Integration Index. It scores second lowest compared to other countries in the region and those in the Southern African Development Community (SADC). Based on this index Angola particularly lacks behind on infrastructure and macroeconomic integration. Only in terms of productive integration, which includes the extent of merchandise trade and the share of intra-regional intermediate imports and exports, Angola performs better than the average African country[1][2]

In order to unlock the infrastructure development challenges, institutional improvements in the regulatory framework are needed to allow for the participation of Independent Power Producers (IPPs) and the structure of Public-Private Partnerships (PPPs) in infrastructure for various sectors.

[1]https://www.integrate-africa.org/rankings/countries/angola/

[2] Page 20 and 26 : https://www.integrate-africa.org/fileadmin/uploads/afdb/Documents/ARII-Report2019-FIN-R40-11jun20.pdf

6.c. Regulations of factor markets (labor and land)

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

,+

Large part of Angola's infrastructure was destroyed during its long civil war and the rehabilitation and construction of new railways, airports, maritime and public transportation infrastructure and a national logistics platform are being addressed in the National Development Plan (2023-2027). For instance, the ongoing reforms on the land-ownership legal and regulatory frameworks are however expected to facilitate private investment in the mining and agriculture sectors, which requires stronger tenure security to encourage long-term investments.

The Presidential Decree nº 189/23 of September 2023 establishes the legal regime of exemption and simplification of procedures for granting tourist visas to 98 countries including all EU countries, USA, China, Brazil, Russia, Canada, UAE, Indonesia, Cape Verde, São Tomé and Príncipe, Zambia, Norway, Israel, Morocco, Japan, Malawi, India, Cuba, the Swiss Federal Council, among others.

(C) Policies for Social Inclusion/Equity

Cluster Score: 3.453

07. Gender Equality

Criteria Score: 3.5

7.a. Promotion of equal access for men and women to human capital development opportunities

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The Angolan constitution establishes for equal rights for men and women. The principle of equality, states that no one may be discriminated against, privileged, deprived of any right or exempted from any duty on the basis of ancestry, sex, race, ethnicity, color, disability, language, place of birth, religion, political, ideological or philosophical beliefs, level of education, economic, social or professional condition.

World Bank's Human Capital Index (HCI) in 2020 indicates that a child born in Angola today will be 36 percent as productive when she grows up as she could be if she enjoyed complete education and full health. The HCI for girls is lower than for boys, 0,36 and 0.37, respectively.

Males who starts school at age four can expect to complete 9.2 years of school by its 18th birthday while females can expect to complete 7.0 years of school, a gap of 2.2 years of schooling. This gap is larger than 2 years ago when it was 1.6. Increasing the level of schooling is necessary for generating decent formal jobs in a context of low levels of human capital with gender disparities where 56% of men pursue secondary education compared to only 38% of women according to an AfDB 2021 study.

However, many children still do not attend school, with large gender gaps, with net primary enrollment rates of only 66.4 percent for females and 88.8 percent for males Improving both access and the quality of education are critical for strengthening the quality of the labor force, reducing population growth and improve human capital in general.

Angola's current National Development strategy as of 2018 raises gender equality concerns with the objective to (i) promote equal opportunities for men and women with the recognition and enhancement of the role of women in all areas of society; and to (ii) ensure, more significantly, the empowerment of young women and rural women, by strengthening their professional qualifications.

7.b. Promotion of equal access for men and women to productive and economic resources

Score Type	Value
Draft Score	3.0

Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The Angolan constitution does not prohibit women to hold economic assets. Women are free to have shares, companies and business. A married woman's ownership rights depend to a large extend under which regime she is married, and the spouse might have a limited right to independently administer his/her assets. The law gives women and men equal access to land, but, in practice land distribution follows traditional rules, where men are treated favorably. Moreover, women's right to use land is often overlooked when previously displaced people are settled back in rural areas.

According to INE data, in 2020 the female population represents 51.71% of the economically active population in the country. However, the participation rate of the population aged 15 and over for men (89.9%) is slightly higher than that of women (88.4%), with a difference of 1.5 percentage points. This trend is observed in all age groups. Data from the National Institute of Statistics (INE)'s IDREA from March 2020 show that the overall literacy rate is 69.1 percent. Literacy rate was reported to be 82.6 percent for males and 69.1 percent for females above 15 years of age. This represents an improvement when compared to the 2014 Census published in 2016 where literacy rate for women was reported to be 53.0 percent and for men was 80.0 percent, for the population above 15 years of age.

In addition, according to the Survey on Expenditure and Income and Employment in Angola (IDREA), the average monetary income of women is, on average, 24.32% lower than that of men. A 2021 AfDB study shows that women's average income is not even two-thirds that of men. Observable characteristics, such as education and experience, can explain 54.6% of this wage gap. However, 45.4% of the wage gap is unexplained and can be linked to gender inequality.

There are large disparities in access to finance across gender. The percentage of adults with a transaction account in a financial institution is less than 30 percent. Among those with transactional account, only 22 are women.

In the country, it is observed that 34.5% of households are led by women (IIMS 2015-2016). The Multidimensional Poverty Index of Angola (IPM-A) shows that, although very similar, the poverty rate among households with female heads of household is slightly higher (about two percentage points) compared to households with male heads of household.

The Global Gender Gap Index was introduced for capturing the magnitude of gender-based disparities and tracking their progress over time. Angola is confirmed as the 118th in the world and the 24th in Sub-Saharan Africa.

7.c. Men and women equal status and protection under the law

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The Angolan Government, has recently passed a law against domestic violence, Law No. 25/11 of July 14th, 2011 and Angola is a state party of the CEDAW. The law aims to criminalize the aggressors and to create the institutional mechanisms, and financial and human resources to care for the victims. Furthermore, an integrated gender indicator system was created to monitor the work of Counselling Centers (FCCs). The government has public declared the need to strengthening the role of families as the main social pillar and for that needs to ensure its stability by firmly fighting domestic violence and all forms of sexual assaults, especially those affecting women, children and youths. The law has creating better awareness amongst women who tend to press charges if they suffer any kind of aggression. This has helped the number of charges to increase and curbed aggressions. In the political front, there are 81 women in the parliament amongst 220 members of parliament, representing 36.8% of the total members of parliament. This is still short to the SADC target of 40% and puts Angola on 19th place in the world.

As of 2018, the National Development strategy addresses gender equality issues with two main objectives: (i) Promote equal opportunities between men and women, with the recognition and enhancement of the role of women in all areas of society; (ii) To ensure, more significantly, the empowerment of young women and rural women, by strengthening their professional qualifications. It sets a target by 2022 which includes: 1,000 activists are trained to develop gender awareness in the community; 75,000 people are sensitized on gender issues aiming at a changing behaviors; 5,000 rural women are trained as Traditional Midwives; 9,000 young women are trained in small business management.

08. Equity of Public Resource Use

Criteria Score: 3.5

8.a. Poverty Measurement

Score Type	Value
Draft Score	3.0

Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Angola's real GDP growth during 2002-2022 has not led to poverty reduction. The official monetary poverty rate rose between 2008 and 2018 by 4 percentage points to 40.6%[1]. The negative GDP growth rates between 2016 and 2020, and the COVID-19 pandemic worsened this trend. Although the poverty rate is almost twice as high in rural compared to urban areas, the recent weak development outcomes were especially felt in urban areas where more jobs got lost, and prices of imported food increased. According to the IMF (2021) the Covid-19 pandemic had a disproportionately negative impact on poor people, youth, women, minorities, workers in low-paying jobs and the informal sector mainly because they have limited access to social safety nets[2].Angola was ranked 149 out of 189 countries in the Human Development Index (HDI) in 2021, and its inequality Gini coefficient is 0.51, one of the highest in Africa, revealing that the oil-based economic progress did not trickle down on the rest of the economy. Therefore, there is still a long way to achieve United Nations SDGs despite the development aspirations of the GoA.

Angola's population growth has not kept pace with its job creation potential. The country's fast population growth (3.2% annually) adds about 700,000 youth to the workforce every year[3]. The economy has been creating far fewer jobs; for instance, only 400,000 jobs were created annually over 2009-2019 being 75% in the informal sector[4]. As a result, unemployment rate remains high; at 29.6% nationally and at 52.9% among the youth (15-24)[5]. Labour market vulnerability is female phenomenon in Angola as women constitute 90% of informal employment. Unemployment is fuelled by labour market supply side constraints including lack of skills and skills mismatches. Angolans also lack entrepreneurship and innovation related skills. For instance, in 2020, Angola's established business ownership (EBO) rate, which measures the share of people aged 18 to 64 years who own established businesses that have lasted for at least 3.5 years old, was only 9.2%, behind countries like Burkina Faso (12.4%) and Togo (17.8%)[6].

[1] INE, 2019. According to the latest 2019 data and using the international poverty line of USD 1.90 per day (2011 PPP), poverty rates increased from 34.3 % to 51.8% over the period 2008-2018 (WB, 2020). The high poverty and inequalities sources in Angola are: i) a lack of good-quality jobs since 77,8% of the jobs are informal; ii) high unemployment rate (rural areas 38% & youth 50%); iii) high population growth rate (3.2%/y); and iv) very low levels of investment in key social sectors (education, health, water & sanitation and social protection) combined adding up to only 17 per cent of the State Budget and approximately 6% of GDP in 2022. The Kwenda cash transfer program launched by the GoA in 2020 is an important initiative to urgently support families in need and in vulnerable situations.

[2] IMF, 2021. "A Fair Shot," IMF Fiscal Monitor April 2021.

[3] World Bank. 2022. Creating Good Jobs for Angolans. Washington D.C

[4] World Bank. Forthcoming. Creating Good Jobs for Angolans. Washington D.C

[5] See 2022. 4th quarter report of Instituto Nacional de Estatísticas (INE).

[6] See Global Entrepreneurship Indicator (2022), Angola Country Brief – found at https://www.gemconsortium.org/

8.b. Public Expenditures: Priorities and strategies

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Angola gave a huge step forward to put in place an strategy to identify and assist the poor with the scope of a new cash transfer program launched in May 2020. The project can be very important to improve the capacity of the social protection system in a context where poverty incidence is 40.6% according to the 2020 Poverty Report. A major initiative to fight poverty is the cash transfer program KWENDA that was established by the presidential decree 125/20 from May 2020. The program defines a monthly income of KZ 8,500 for the most vulnerable over the three year of the program. In its four phases, the program expects to reach up to 1,608,000 beneficiary poor families. The cost of the program is USD 420 million, with the World Bank financing USD 320 million.

In addition to the direct cash transfer program, the launch of the Program to Support Production, Export Diversification, and Import Substitution (PRODESI) in July 2018 through the Presidential Decree 169/18 represents another initiative that aims at generating jobs and consequently contribute to poverty reduction. Also, Angola has been promoting the participation of the private sector in the economy as the government elected in August 2017 recognized the urgent need to diversify the economy to promote inclusive growth. The new Private Investment Law approved in June 2018 and the publication of the privatization law and approval of the privatization program for 2019-2021 by the Law No 10/19, from May 2019 are clear signs of the willingness to promote the private sector to complement limited public sector investments in times of fiscal constraints.

8.c. Regressive Tax

Score Type	Value
Draft Score	4.0

Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The Government introduced the value-added tax in October 2019 in a major effort to broaden the tax base and reduce the distortions that exists in the tax system at the same time that is reduces the dependency on oil-related revenues. The first phase of VAT implementation includes only large tax contributors and the expansion of the tax base to smaller tax contributors will occur progressively in 2020 and 2021. Progressive VAT implementation and personal income tax collections are expected to generate an additional 0.53 percent of GDP in 2021. Also, the excise tax was introduced by the Law No 7/19 from April 2019. Also, another major change was introduced to the tax system as the new income tax code introduced progressivity in the system. The new income tax code is in force since September 2020 and aims at contributing to a fairer system and increase tax revenue. A major change was the new law that introduced 13 brackets with taxation varying from 10 to 25 percent.

09. Building Human Resources

Criteria Score: 3.167

9.a. Health and nutrition services

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Angola was ranked 149 out of 189 countries in the Human Development Index (HDI) in 2021, and its inequality Gini coefficient is 0.51, one of the highest in Africa.

A decreasing though still high share of children born in Angola do not survive to age of 1 or 5 respectively, as infant and under 5 mortality rates of 50.2 and 74.7 per 1,000 live births are above that of all countries in the region except the Democratic Republic of the Congo. Although under 5 mortality has more than halved since the end of the civil war, malnutrition is still highly prevalent. In 2015, 37.6% of children under 5 year-old were stunted.[1] Moreover, the 2015/2016 DHS-MICS survey shows that only 31% of children between 1 and 2 years of age receive all basic vaccinations, with 18% receiving even none at all. Vaccination coverage is particularly low in Bié, Moxico and Cuando Cubango, where just 10% or less received all vaccinations (INE et al., 2017, ch10).

These indicators reveals that the oil-based economic progress did not trickle down on the rest of the economy, and that there is still a long way to achieve United Nations SDGs.

[1]https://data.worldbank.org/indicator/SH.STA.STNT.ZS?end=2019&locations=AO-BW-CG-CD-NA-MZ-ZW-ZM-XN-XM&start=2002

9.b. Education, ECD, training and literacy programs

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Angola has a young population with over 60% under the age of 25, but education is inaccessible due to significant poverty incidence, with only 18.5% completing secondary education in 2020. Gender disparities in enrollment are significant, and the education system is not certified by UNESCO, making it difficult for local students to pursue further schooling abroad and international job opportunities. Vocational training is necessary in a context of weak formal education, but only 4.5% of the population above 15 years old was enrolled in the past year. Strengthening the National Institute of Employment and Vocational Training is important, along with the development of relevant technical courses designed according to market demands to increase the probability of finding a job after training. The quality of education is also a problem and increasing schooling levels is necessary to generate formal jobs in a context of low human capital. This becomes even more important given the marked gender disparities, whereby 56% of men pursue secondary education while only 38% of women do.

Angola's population growth has not kept pace with its job creation potential. The country's fast population growth (3.2% annually) adds about 700,000 youth to the workforce every year[1]. The economy has been creating far fewer jobs; for instance, only 400,000 jobs were created annually over 2009-2019 being 75%

in the informal sector[2]. As a result, unemployment rate remains high; at 29.6% nationally and at 52.9% among the youth (15-24)[3]. Labour market vulnerability is female phenomenon as women constitute 90% of informal employment. Unemployment is fuelled by labour market supply side constraints including lack of skills and skills mismatches. Angolans also lack entrepreneurship and innovation related skills. For instance, in 2020, Angola's established business ownership (EBO) rate, which measures the share of people aged 18 to 64 years who own established businesses that have lasted for at least 3.5 years old, was only 9.2%, behind countries like Burkina Faso (12.4%) and Togo (17.8%)[4].

Technical and Vocational Education & Training emerges as an important tool for skill development, and it is also a moderating factor of the change of being unemployed[5]. Holding a TVET certificate increases employability[6] but only 4% of Angola's population have a TVET qualification, half in non-agricultural fields. An indicator of skills matches as well as lack of low, middle, and high level (agricultural related) and artisan skills (such as plumbing, brick laying, installation, construction, etc.) among the youth. Developing a more effective TVET system that responds to the needs of the industry and enables workers to find jobs requires close interaction and coordination of all stakeholders. The private sector needs to take an important role in financing the costs, in particular the on-the-job component of the TVET programs.

[1] World Bank. 2022. Creating Good Jobs for Angolans. Washington D.C

[2] World Bank. Forthcoming. Creating Good Jobs for Angolans. Washington D.C

[3] See 2022. 4th quarter report of Instituto Nacional de Estatísticas (INE).

[4] See Global Entrepreneurship Indicator (2022), Angola Country Brief – found at https://www.gemconsortium.org/

[5] AfDB (2021). The impact of COVID-19 in the labour market in Angola.

[6] Cravo et al (2023), Determinants of Labour Market Outcomes in Angola, AfDB Working Paper

9.c. Prevention and treatment of HIV/AIDS, tuberculosis, and malaria

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

There is a lack of awareness for nutrition and malaria prevention in Angola even among the higher income and better educated households because the multi-dimensional poverty rates are higher for the younger age groups than the older, except for the above 65-year-old age group (INE, 2020; INE and UNICEF, 2018). Noteworthy, is also that socio-economic quintile and the mother's and household head's level of education hardly affects the probability of under 2-year-old being nutrition and malaria prevention deprived, whereas it has a large effect on other poverty dimensions (INE and UNIEF, 2018, page 40 Table 2).

Angola's major health burden are communicable diseases, in 2011 according to the National Health Development Plan (2012-2025) malaria, acute respiratory diseases, acute diarrheal diseases, tuberculosis and measles, account for about 96.3% of all diseases reported.[1] Malaria is highly prevalent.[2] Tuberculosis is with 351 cases per 100,000 comparatively prevalent as in other countries in the region, but much more prevalent than the average of 206 cases measured for the average lower middle-income countries.[3] Mortality from cardiovascular diseases, cancer, diabetes or chronic respiratory diseases was in 2016 estimated to represent 16.5% of death among the 30-70-year-old, which is still the lowest in the region and lower than the average of 22.3 low income countries.[4] The prevalence of HIV was in 2019 with 1.9% in the population aged 15-49 the same as the average in low-income countries and the second lowest after the Democratic Republic of the Congo in the region.[5] However, between 2009 and 2019 HIV/AIDS related death had the highest growth rate among the top 10 causes of death.[6] Besides, there have been periodic outbreaks of other diseases which have been challenging the health system, such as major yellow fewer and cholera outbreaks in 2016.[7]

[1]Page 27, https://extranet.who.int/countryplanningcycles/sites/default/files/planning_cycle_repository/angola/plano_nacional_de_des
2025.pdf

[2]https://data.worldbank.org/indicator/SH.MLR.INCD.P3?end=2019&locations=AO-BW-CG-CD-NA-MZ-ZW-ZM-XN-XM-ZA&start=2002

[3]https://data.worldbank.org/indicator/SH.TBS.INCD?end=2019&locations=AO-BW-CG-CD-NA-MZ-ZW-ZM-XN-XM-ZA&start=2002

[4]https://data.worldbank.org/indicator/SH.DYN.NCOM.ZS?end=2019&locations=AO-BW-CG-CD-NA-MZ-ZW-ZM-XN-XM-ZA&start=2002

[5]https://data.worldbank.org/indicator/SH.DYN.AIDS.ZS?end=2019&locations=AO-BW-CG-CD-NA-MZ-ZW-ZM-XN-XM-ZA&start=2002

[6] Figure "What causes most death? http://www.healthdata.org/angola

[7] Page 7, http://documents1.worldbank.org/curated/en/993611521943236640/pdf/ANGOLA-PAD-03022018.pdf

10. Social Protection and Labor

Criteria Score: 3.1

10.a. Social safety net programs

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Angola’s limited growth performance, high unemployment rate, high population growth and the COVID-19 pandemic might have led to a higher poverty rate from 36.6% in 2008 to 40.6% in 2019. A major initiative to fight poverty is the cash transfer program KWENDA that was established by the presidential decree 125/20 from May with the goal of reaching 1.6 million households by the end of 2022.

Kwenda is a monthly cash transfer of AOA 11,000 (until May 2023 it used to be AOA 8,500) to 1.6 million poor households, this amount is equivalent to AOA 163.2 billion annually[1].Simulations done by AfDB 2022 suggests that Kwenda also contributes to household demand that is related to jobs generation that contributes to a 0.46 p.p decrease in unemployment mainly for the most vulnerable workers[2].

[1]To minimize the negative social impacts of the reduction of the fuel subsidies, the GoA announced in June 2023 that the payment per person under the Kwenda Program will be increased from 8,500 Kwanzas to 11,500 Kwanzas. At least in the first moment, sensible activities like public transport and agriculture will keep paying 160 Kwanzas per gasoline litre, and prices of other petrol products will not increase.

[2]https://www.afdb.org/en/countries/southern-africa/angola

10.b. Protection of basic labour standards

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0

Final Score	3.0

Country Notes:

Angola ratified the Worst Forms of Child Labor Convention from 1999 in June 2001, indicating clearly its support to eradicate child labor. The labor law was enacted in June 2015 (Law 7/15) fully revoking the previous general labor law from 2000. The main objective of the new law was to increase flexibility in the labor market. The new law significantly liberalizes the ability of employers to use fixed-term contracts which are no longer dependent on justification but can be entered into based on mutual agreement.

This law is the main reference for employment and labor protection. The law protects all employees working under a contract for public, mix, private company and cooperatives. The General Labor Inspection was created in 1995 and its role is to ensure the application of the normative conditions regarding labor conditions and relationships. According to the law, all citizens have the right to freely choose their work with equal opportunity without any discrimination based on their race, color, sex, ethnic origin, civil state, ascendancy, social condition, religious right, political right, trade and language affiliation. However, it has been difficult to enforce this clause as most employment in the country are offered by convenience and rarely are the cases of fair selection.

The country system does not yet have a culture of competitive selection to fill in vacancies either in private or public sector. Most people are employed due to personal contacts with the hiring management. The state has the obligation to create programs and policies to promote employment in the economy and the creation of a social protection system in case of unemployment, lack of work or incapacity to work. For instance, the National Institute of Employment and Vocational Training (INEFOP) is responsible for the implementation of policies related to the organization of employment and vocational training. Nevertheless, the system is still weak connect the demand and supply of labor through a public labor exchange. According to the WEF GCI, Angola scored 12.8 for Active Labor policies and is ranked 137 out of 141 countries, indicating that the country needs to improve its labor policies.

10.c. Labour market regulations

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The social safety net system should be further developed to cover the vulnerable population that is unable to raise resources in the labor market to make a living.

One of the goals of the Sustainable Development Goals (SDGs) is to substantially reduce the proportion of unemployed youth that was 37% in the second quarter of 2020. In the 2nd quarter of 2020, of the total of 5 995 113 young people aged between 15-24 years, 32.5% were unemployed and were not studying or in training as shown in an AfDB study completed in 2021.

Therefore, the potential to increase the workforce is high to support business and contribute to the diversification of the economy. Poor teaching standard hampers the quality of education, translating into low graduation rates and high unemployment among educated youth.

10.d. Community driven initiatives

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

Several NGOs operates in Angola to provide support to communities, especially rural communities. Angola does not have a forum for NGOs coordination neither for civil society to participate in the public administration decision and policies. Most NGOs tend to specialize in one or two social areas with some being more involved in education, health, sports, employment opportunities and crime.

For instance, ADRA (Action for Rural Development and Environment) is a NGO committed to building democratic, sustainable, social, economic and environmentally fair development, and to the process of national reconciliation and peace for Angola that was established in 1990. Another long-established NGO is World Vision, which is an international NGO of origin American organization, founded in 1950. This organization operates in more than 70 countries in Africa, Asia and Latin America. In Angola, World Vision is present in Angola since the 1989. At the time of its arrival in Angola, World Vision had as its intervention focusing social assistance actions. However, over time it gained experience with the national context and broaden its work to include issues related to the socio-economic development of the population. World Vision is also a executing agency of many projects financed by multilateral institutions, including a USD 1 million grant provided by the AfDB to fight child malnutrition in the Bié province. NGOs that are associated with churches are also present as the Caritas Angola that has initiatives on social assistance and health.

10.e. Pension and old age savings programs

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Angola does not have a general social assistance program for elderly, it has only a mandatory contributory national social insurance program that covers only formal sector workers.

The National Institute of Social Security (INSS) is the entity responsible for the management of the Social Security System. Founded in 1992, it is a Public Institute integrated in the indirect administration of the State, endowed with administrative, financial and patrimonial autonomy. The INSS is responsible to run and coordinate the system under the Law on Social Protection as per the Law No. 07/04 from 15th October 2004. The INSS also it makes also provision for supplementary pensions. The mission of INSS is designed to mitigate the effects of reduced workers' incomes in situations of work incapacity, maternity leave, unemployment and ensures benefits to dependent of their family members in the event of death. Nevertheless, the scheme is available only for formal private sector workers. Therefore, there is a need to develop pension and saving schemes for informal workers that are the large majority of 75% of the workforce in Angola works in the informal sector according to a 2021 AfDB report.

11. Environmental Policies and Regulations

Criteria Score: 4

11. Environmental Policies and Regulations

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Angola faces challenges in its national climate change governance and exhibits moderate performance in green growth. The country is grappling with a significant increase in drought (9.4) and moderate occurrences of flood extremes (6.1). Angola lacks the necessary physical and social infrastructure (7.3), as well as institutional coping capacity (6.1), to build resilience and transition toward a low-carbon economy (INFORM[1], 2023). From 2017 to 2020, Angola, has experienced a 17.79% decrease in Greenhouse Gas (GHG) emissions per capita, and a 5.87% decrease in its economy-wide emissions[2]. However, GHG emissions in the power, industrial, and transport sectors increased by 15.13%, 33.26%, and 15.38% respectively. Meanwhile, GHG emissions from the other sector and the building sector have decreased by 41.49% and 0.41% respectively. Challenges remain in reducing the country's carbon footprint in energy-intensive sectors, while non-energy-intensive sectors such as agriculture, forestry, and land use (AFOLU) and waste sectors provide opportunities to enhance the country's decarbonization. Aligning climate finance with Angola's NDC priorities is crucial to achieve a 61% emissions reduction target by 2030 (USD76,420.22 million required). Priority adaptation sectors include agriculture, fishery, coastal zone, forestry, ecosystem and biodiversity, water resources, human health, and infrastructure while mitigation sectors include energy, AFOLU, waste, and industry.

A major recent development was the ratification of the Paris agreement in August 2020, which is a bold step regarding the commitment respond to the threat of climate change. The AFDB currently support the Government in the effort to preserve the environment through the project “Climate Change Integration in Environmental Management and Sustainable Land use Project” which is a USD 4.4 million from the Global Environmental Fund (GEF). Also, the AfDB’s budget support project “Economic Diversification Support Program (EDSP I)” promoted Transparency in Natural Resources Management. The Government has enhanced its Paris Agreement commitment with a pledge to mitigate carbon footprint. Priority mitigation measures include: (i) scaling up renewable energy; (ii) promoting energy-efficient lighting; (iii) shifting to low carbon transportation modes; (iv) composting municipal waste; (v) reforestation and (vi) reducing flaring in the industrial sector. Overall, conditional and unconditional Green House Gas (GHG) emissions reduction by 2025 are set to 10% and 14% respectively, while by 2030 the target is 15% and 21% respectively, with 2015 as the base year (Angolan Nationally Determined Contributions 2021).

[1] European Commission Disaster Risk Management Knowledge Centre.

[2] Emissions Database for Global Atmospheric Research (EDGAR, 2023).

(D) Public Sector Management and Institutions

Cluster Score: 3.525

12. Property Rights and Rule-based Governance

Criteria Score: 3.75

12.a. Legal basis for secure property and contract rights

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

It took 190 days on average to register property in Angola, which is significantly below the SSA average of 51.6 days according to the last edition of the discontinued World Bank's Doing Business Report in 2020. The poor performance regarding property registration prevents the benefit of using property as collateral in investments. Also, the process of contract enforcement in Angola is relatively higher than in the sub-Sahara Africa. It took 1296 days to resolve a dispute in Angola, counted from the moment the plaintiff decides to file the lawsuit in court until payment. In sub-Sahara Africa (SSA) it takes an average of 654.9 days, about half the number of days it takes to resolve the issue in Angola (World Bank Doing Business Report, 2020).

12.b. Predictability, transparency, and impartiality of laws affecting economic activity

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Angola rose to 40th place (out of 54 countries) in the Ibrahim Index of African Governance (IIAG) 2022, reflecting positive developments in the categories: "Security and the rule of law", "Participation, rights and inclusion", "Foundations for economic opportunities" and "Human development". The replacement of President José Eduardo dos Santos, who was in power for 39 years, with João Lourenço contributed significantly to improved transparency and accountability.

Despite having registered a slight progress of 1.1 points in the last decade, between 2012 and 2021, the growth curve of the IIAG has stagnated since 2019, the period of the pandemic. According to the IBRAHIM index, this is mainly due to the increase in armed conflicts, repression against civilians and democratic setbacks in general, which have caused deteriorations in terms of security, respect for the rule of law, participation, and civil rights. These setbacks have undone progress in Africa with more economic opportunities and human development, particularly in access to health care.

12.c. Difficulty in obtaining business licenses

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

Registering a business in Angola normally has the following key steps, which are: (i) Obtaining certificate of availability; (ii) Paying registration fee and notarizing the company's documents (iii) obtaining the company's articles of association; (iv) obtain the company's tax identification number (NIF); (v) obtain the Commercial Operations Permit from the Ministry of Commerce; (vi) register the company in the official gazette office.

According to the latest version of the discontinued World Bank's Doing Business Report, it takes 36 days to register a business, significant longer than the average for the Sub-Saharan (24 days). Despite the implementation of the Government one stop shop's (GUE, Guichê Único da Empresa) system launched in March 2019 to expedite business related bureaucratic procedures, Angola still performs much worse than Sub-Saharan countries regarding the time needed to open a business.

12.d. Crime and violence as an impediment to economic activity

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0

Second Draft Score	4.0
Final Score	4.0

Country Notes:

Despite the high unemployment rate (29.6% in the fourth quarter of 2022) the Mo Ibrahim Index show that Angola improved its scores, in the 2022 report, on the reliability of the police services when compared to the same over the past recent years. Nevertheless, it must also be noted that on the Security & Rule of Law front, Angola's score is around 20% below of the African average score. This improvement is in the context of President João Lourenço’s election in the end of 2017 and his commitment to fight crime seemed to yield some positive results.However, the country still needs to strengthen its social protection system to prevent crimes from a vulnerable population without employment and living in poverty.

13. Quality of Budgetary and Financial Management

Criteria Score: 3.875

13.a. Comprehensive and credible budget

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

The Budget is elaborated and approved under the terms of Article 104, Constitution of the Republic of Angola, 2010 (Law 15/10), which provides guidance to the Government’s Public Financial Management (PFM) system. Each fiscal year, the budgets are implemented by respective distinct laws, decrees and regulations covering specific aspects of PFM. The State Budget integrates both the Central and Local State Administration budgets, Public Institutions, Services and Autonomous Funds, Social Security and subsidies and transfers to be realized for Public Companies, as well as Public Utility Institutions.

From 2021 to the first quarter of 2023 the Angola's recent medium-term growth outlook showed improvements due to higher oil prices resulting from the post-COVID-19 economic recovery and Russia's invasion of Ukraine.[1] Macroeconomic reforms introduced since 2016 also contributed to the medium-term growth outlook.

Oil prices started to recover in 2021 when it peaked to USD65.69 pb on average for Angola's crude, above the conservative USD39.00 pb estimated in the national budget. The recovery of the brent crude oil price continued in 2022 because of the Russia-Ukraine conflict, which contributes to the improvement of the medium-term growth prospects. The average price of Angola's crude in 2022 was USD100.65 pb and generated an additional revenue of USD 17.18 billion compared to the reference budget oil price.[2]

But in the second quarter of 2023, the extension of maintenance oil operations worsened the medium-term outlook resulting in an average drop of 9.2% in production in the first six months of 2023 compared to same period of 2022. In fact, the oil production has been declining in Angola since 2015, mainly due to diminishing investment, recurring technical problems, and the ageing of the Angolan offshore. In this context the expected GDP growth was reviewed from 3.5% to 0.9% in 2023 and from 3.9% to 3.1% in 2024.

[1] Agreed wording at the African Development Bank Annual Meetings 2022 in Ghana - Algeria, China, Egypt and South Africa entered a reservation and proposed "Russia-Ukraine Conflict.

[2] AfDB (2022) shows that the extra revenue can be associated with the generation of 284 thousand jobs.

Expenses on education and health have represented the largest shares in the sector social, combined around 60%. However, in terms of weight in the OGE, these are still in the middle of the journey to achieve the goals set out in the Declarations from Incheon and Abuja, where the commitment to invest was made at least 15%-20% of the Budget on education and 15% on health. Currently allocating 7.7% of the budget to education and 6.7% of the budget to health.

13.b. Effective financial management systems

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The Angolan government has made significant reform efforts to improve public financial management that have driven improvements in governance indicators. However, challenges remain,in particular concerning limited institutional capacity to align core institutions to international standards, such as the General Inspectorate of Finance (IGF), the National Service for Public Procurement (SNCP). Based on a formal assessment by the World Bank and the AfDB in 2020, there is also limited capacity of external audit firms. Key reforms undertaken were (i) the revision of the Anti-Money Laundering Law (Law No.5/20 of January 27, 2020); (ii) the approval of updated AML/CFT regulation for financial institutions by the Central Bank; (iii) the creation of a National Coordination Committee to join the Extractive Industry Transparency Imitative (EITI) by means of a Presidential Order 117/20; and (iv) the creation of a working group for the articulation of a National Anti-Corruption Strategy. The public expenditure financial accountability assessment (PEFA) was finalizes but is still not public available, and the Country Fiduciary Risk Assessment suggests a mismatch between the competence level of government procurement officials and their responsibilities.

From a global perspective, practically every value budgeted in recent years was executed. At the However, looking at some items in the social sector such as health, education and social protection, it is noted that the level of average expenditure execution, in the period 2017-2021, it is between 69-83%.

13.c. Timely and accurate fiscal reporting

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

In the long-term there have been improvements in the information readily available to the public as the National Public Procurement Service (SNCP) increases transparency, for instance. The Open Budget Index Score reflects these changes in budget transparency and the index improved from 25 in 2017 to 36 in 2019, but it reduced to 30 in 2021.

https://internationalbudget.org/sites/default/files/country-surveys-pdfs/2021/open-budget-survey-angola-2021-en.pdf

The classification used in expenditure in-year budget reports is consistent with what is used in the budget documentation and the in-year budget reports (Relatorios de Balanço de Execuçao do OGE published by the Ministry of Finance) are prepared quarterly by DNCP (National Directorate of Public Accounts.

The AfDB report of the Methodological Assessment of Procurement System confirms recent progress in public procurement. Angola fully or partially meets most of the criteria on indicators assessed, with strengths in the legal, regulatory, and public policy framework and the accountability, integrity, and transparency of the public procurement system.

13.d. Clear and balanced assignment of expenditures and revenues to each level of government

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

In the long-term there have been improvements in the information readily available to the public as the National Public Procurement Service (SNCP) increases transparency, for instance. The Open Budget Index Score reflects these changes in budget transparency and the index improved from 25 in 2017 to 36 in 2019, but it reduced to 30 in 2021.

https://internationalbudget.org/sites/default/files/country-surveys-pdfs/2021/open-budget-survey-angola-2021-en.pdf

The classification used in expenditure in-year budget reports is consistent with what is used in the budget documentation and the in-year budget reports (Relatorios de Balanço de Execuçao do OGE published by the Ministry of Finance) are prepared quarterly by DNCP (National Directorate of Public Accounts.

Plans to revise revenue distribution and hold local elections could strengthen local administrations, but despite the previous indications in 2019 that the plans for local elections might finally progress, the government cited the COVID-19 pandemic as the main reason for further postponing the elections and now a new political division of the country proposal under public consultation.As a result, despite of the existence of longstanding plans for administrative and political decentralization through the conduction of local elections, Angola continues to function as a highly centralizedstate. As a result of their reduced autonomy and minimal competences, local administrations in Angola have a very limited capacity to provide for the needs of the population.[1] The central government provides funding for essential services and the lack of representation at the local level contributes to the country's stability and governance issues. According to the latest Mo Ibrahim report from 2019, there has been a decline in governance over the past few years partly due to the lack of representation at the local level.

[1]BTI report, 2022.

14. Efficiency of Revenue Mobilization

Criteria Score: 3.5

14.a. Tax policy

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Dependence on oil revenues makes Angola’s total revenues highly vulnerable to oil price shocks and difficult to project. To face this constraint, the GoA has implemented measures to broaden the tax collection base and improve efficiency in public resource use. In fact, Angola's tax collection system has undergone important improvements since 2019 due to the implementation of tax reforms like non-oil revenue stemming from excise tax, personal income tax and VAT introduced in 2019.

In recent years, the contribution of oil to Angola's GDP has decreased, while the non-oil GDP has increased. The ratio of oil GDP to non-oil GDP has decreased from 0.39 in 2014 to a projected 0.31 in 2023. This increase in non-oil GDP has been accompanied by a rise in non-oil tax revenue as a percentage of GDP, from 7.9% in 2021 to 8.4% in 2022. So, compared to other countries in the region, Angola still has potential to further raise its non-resource tax revenue.

Oil taxes and debt continue to be the main sources of OGE revenue with Kz. 7.2 billion (36%) and Kz. 6.6 billion (33%), respectively, both representing more than two thirds of total revenue. Revenues in the oil companies are still modest, revealing that the reforms implemented have not yet fully reflected the expansion of the revenue base. No data available detailing the contribution of each tax category to the overall revenue pool.

14.b. Tax administration

Score Type	Value
Draft Score	3.5

Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Conservative expenditure policies for 2021, 2022 and 2023 also helped to secure budget surpluses due to higher crude oil prices in 2021 and 2022. In June 2023, although significant popular pressure, the Government started phasing out gasoline subsidies in a worthy effort to improve public expenditure.

In light of the investment challenges, Angola needs to keep the reform path and further improve public finance management and governance to further improve the tax system and the quality of spending. The government's plans that are being implemented to promote economic diversification (e.g. Planagrão, Planapecuária) require large investments that can only materialize if the business environment is ready to attract private sector investment in the desired scale to unbound the potential of agriculture that is important to lead the economic diversification process. Economic diversification and productivity increase is also needed to compete in the context of the AfCFTA agreement that was ratified by Angola. Similarly, in order to unlock the infrastructure development challenges, institutional improvements in the regulatory framework are needed to allow for the participation of Independent Power Producers (IPPs) and the structure of Public-Private Partnerships (PPPs) in infrastructure for various sectors. Keeping with the gradual reduction in subsidies, which started in June 2022, and improvements in public utilities' tariff regime are key to support private investments.

15. Quality of Public Administration

Criteria Score: 3

15.a. Policy coordination and responsiveness

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

According to the 2010 constitution, the State Ministers and the Ministers are mere assistants to the President who holds all the decision power. Minister can only deliberate upon the President delegation. Moreover, the President shall respect and defend the constitution, ensure compliance with laws, agreements and international treaties and promote and guarantee the regular functioning of the state and public administration. He is also responsible to coordinate all Government social, economic and security policies and ensure that the country delivers the essential public services. These policies will be the pillars to which the public administration guides their actions and provides the right framework to respond to the general public demand.

Overall, there is limited coordination policy approach at national level among different actors and existing initiatives at sub-national level, which have had negatively impacted the public policies implementation specially when it requires decisions by several ministries.

During the VIII edition of the Forum of Municipalities and Cities of Angola in December 2022, Angolan President João Lourenço emphasized the importance of decentralization and the transfer of powers to municipalities, which is essential for their financial decentralization. He stated that municipalities must work to acquire their own revenues to reduce dependence on the General State Budget. The President also spoke about the proposal of a new Politico-Administrative Division of the country, aimed at bringing the government closer to citizens, which takes into account the extension of the territory, requiring more provinces and municipalities. He highlighted the need for municipal administrations to improve services and for the government to find solutions to address the concerns of the population.[1]

[1]https://www.angop.ao/en/noticias/politica/pr-reitera-compromisso-com-descentralizacao-administrativa/

15.b. Service delivery and operational efficiency

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Angola is divided into 18 provinces, 164 municipalities, and 532 communes, and the president appoints the provincial governors. Decentralization was initially planned for 2020 but has not been fully implemented yet. One of the new administration's top priorities intended to establish autarquias in 2020, which is important for the country's democracy and socio-economic development. Decentralization is a core element of the PND (2018-2022) and the Strategic National Plan for the Administration of Territory (PLANEAT 2015–2025), as strengthening local government was seen as critical to improving public services, state-building, and the effectiveness and legitimacy of the state. The first autarquias (local government) were supposed to be established in 2020, with other municipalities to be elected later, in line with the state's gradualist approach.[1]

Plans to revise revenue distribution and hold local elections could strengthen local administrations, but despite the previous indications in 2019 that the plans for local elections might finally progress, the government cited the COVID-19 pandemic as the main reason for further postponing the elections and now a new political division of the country proposal under public consultation.As a result, despite of the existence of longstanding plans for administrative and political decentralization through the conduction of local elections, Angola continues to function as a highly centralizedstate. As a result of their reduced autonomy and minimal competences, local administrations in Angola have a very limited capacity to provide for the needs of the population.[2] The central government provides funding for essential services and the lack of representation at the local level contributes to the country's stability and governance issues. According to the latest Mo Ibrahim report from 2019, there has been a decline in governance over the past few years partly due to the lack of representation at the local level.

[1]PID 2019.

[2]BTI report, 2022.

15.c. Merit and ethics

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The law 3/10 of March 2010 regulates the public servant principles and functions. The law states that the public servants should be guided by the legal, competence and respect to public asset principle. They should also be impartial, look after the public interest, responsible, discreet, loyal, and prudent on exercise of their duties. The public servant should not accept any form of gift, loans, facilities which might compromise his/her independence, credibility and authority in the public administration.

Most public servants' admissions and promotions are not done in a transparent manner. Public servants are appointed due to their party affiliation and not based on their competencies. The government lacks the merit and ethics culture in order to promote professionalism and excellence in the public sector. However, the current administration that came into power in 2017 pledge to apply existing laws to curb corruption and nepotism.

Efforts to professionalize the public sector career include the creation of the National School of Administration and Public Policy (ENAPP) and digitalization of service to reduce possibilities of briberies. The presidential decree nº 207/20, from 3rd August 2020 institutes ENAPP as the sole organizer of public sector selection procedures to bring transparency to the hiring procedures and avoid unethical behavior and nepotism in public administration.

15.d. Pay adequacy and management of the wage bill

No score data available for this subcriteria.

16. Transparency, Accountability, and Corruption in the Public Sector

Criteria Score: 3.5

16.a. Accountability of the executive to oversight institutions

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The Parliament is responsible to oversee the budget with the support of the Audit Court that publishes audit reports on the yearly General State Accounts but audits do not cover all government entities and there is little evidence of follow-up on audit recommendations.

It might also delegate the power to enact legislation to the President, in the form of Presidential Decree on specific matters such as the functioning of the public administration. Although the National Assembly should be responsible to examine and approve the State Budget proposal, quarterly budget execution reports and the final state accounts are not properly scrutinized by the National Assembly. The Government in the most occasion is given power to contract loans and spend without prior authorization from the National Assembly. Although the Audit Court has the capacity and jurisdiction to assess the legal and financial soundness of public spending, it has proven that support may be needed in order to exercise its power. The approval of the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) law on 20th November 2019 is also another step forward to prevent corruption in the public sector. Angola scores 27 (below the sub-saharan Africa average score) and is ranked in the 142th position out of 180 countries in the 2020 Global Corruption Perception index, gaining 4 positions when compared to the 2019 report.

There is no updated information available in the subject.

16.b. Access of civil society to information on public affairs

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Although it still needs a lot of improvement, access to most of the Government’s information is available with delays. Examples of more frequently publicized information are fiscal revenues and the approved budget which are on the Ministry of Finance's portal (https://www.minfin.gov.ao/PortalMinfin). This, is an improvement as previously, obtaining information was difficult and required formal requests to the respective ministers. As the Government aims to be more transparent, it is expected that publishing of the government accounts continues to improve over time. For instance, the report “Conta Geral do Estado 2020” is published and is a set of financial statements, accounting records, budgetary and financial information; management performance regarding all central administration, local governments, public institutes and social security.

Another important advance is the improvement in the information from the National Public Procurement Service (SNCP) on public spending procurement processes to increases transparency. The media has also become freer as citizens practice their freedom of expression. According to the WEF Global Competitiveness Index 2019, the Freedom of the press index improved to 65.0 against 61.7 in 208, ranking 88th out of 141 countries.

There is no updated information available in the subject.

16.c. State captured by narrow vested interests

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The Government elected in 2017 is committed to fighting corruption and eliminating monopolies in the economy. This is evident by legislative reforms such as: (i) the approval of a new Competition Law no. 5/18 (Lei de Concorrência) in May 2018 which aims at creating a more conducive environment that promotes a free and competitive market while protecting consumers' rights; and (ii) the approval of Repatriation of Capital Law no. 9/18 unlawfully domiciled abroad (Lei do Repatriamento deRecursos Financeiros) in June 2018. Furthermore, the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) law on 20th November 2019 is also another step forward to prevent the use of resources captured through corruption in the public sector.

The actions that he has taken to fight corruption reflect the country's efforts in improving its governance. In September 2020, Angola authorities formalized the intention to join The Extractive Industries Transparency Initiative (EITI) in order to join the Global Standard for the Good governance of oil, gas and mineral resources. This will contribute to a better use and management of mineral resources and improve governance in the country.

There is no updated information available in the subject.

(E) Infrastructure and Regional Integration

Cluster Score: 3.125

17. Infrastructure Development

Criteria Score: 3.5

17.a. Sector strategy/policy

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The state of infrastructure in Angola is poor and inadequate to meet the rising demand in a context of limited fiscal space for public investment. Public Private Partnerships (PPPs) have emerged as one of the ways to overcome these constraints. However, sectors in which PPPs have more immediate options such as electricity, water, gas and transport are highly subsidized and make it difficult to structure any market-based oriented partnership. Angola needs to address such structural bottlenecks on economic infrastructure as planned by the Government of Angola in both its medium-term (National Development Plan 2023-2027) and long-term (Angola´s Vision 2050) strategies. Investments to enhance efficiency and sustainability of the energy sector are critical to reduce the current high production costs, reduce/eliminate government subsidies and unlock the full economic potential of the country.

Angola implemented a series of reforms to promote PPPs and private investment, such as the privatisation and PPP law (2019), and in June 2023, initiated a middle-term phasing out of state gasoline subsidies.However, since these subsidies reached 2,7% of Angola´s GDP in 2022, creating fiscal space for the GoA and attracting private sector participation in PPPs is critical[1].

[1] Although the higher-than-expected crude oils price in 2022 provided a good macroeconomic environment, it became the fuel subsidies 0,9 percentual points worse than planned by the GoA at the beginning of 2022, reducing its overall balance estimation from 3.8% of GDP in 2021 to 1.7% in 2022.

17.b. Legal and regulatory frameworks for infrastructure

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The excessive role of the central government, limited concession rights and land titles and a generally unfavourable business environment have constrained the private sector development, giving rise to a relatively large informal economy outside of the oil sector. In addition, the long civil war took its toll on infrastructure and human capital development.

To unlock the infrastructure development challenges, institutional improvements in the regulatory framework are needed to allow for large private sector infrastructure investment. Angola needs to keep in the reform path. An important step in this direction was the announcement of phasing out state subsidies for gasoline from 2 June 2023. It is a must in public finance management and governance to further improve the tax system and the quality of spending in the context of limited fiscal space due to debt payments until 2029.

17.c. Public resource management and accountability in the infrastructure sector

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The Angolan government has made significant reform efforts to improve public financial management that have driven improvements in governance indicators. However, challenges still need to be addressed, particularly concerning limited institutional capacity to align core institutions to international standards, such as the General Inspectorate of Finance (IGF), and the National Service for Public Procurement (SNCP). Based on a formal assessment by the World Bank and the AfDB in 2020, there is also limited capacity of external audit firms. Key reforms undertaken were (i) the revision of the Anti-Money Laundering Law (Law No.5/20 of January 27, 2020); (ii) the approval of updated AML/CFT regulation for financial institutions by the Central Bank; (iii) the creation of a National Coordination Committee to join the Extractive Industry Transparency Initiative (EITI) by means of a Presidential Order 117/20; and (iv) the creation of a working group for the articulation of a National Anti-Corruption Strategy. The Country Fiduciary Risk Assessment suggests a mismatch between the competence level of government procurement officials and their responsibilities.

18. Regional Integration

Criteria Score: 2.75

18.a. Movement of persons and labor and right of establishment

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Angola took steps to facilitate movement of people in recent years. Even during the pandemic, in May 2021, Angola granted visa exemption for up to a 30 day-stay for 10 countries (South Africa, Botswana, Cape Verde, Mauritius, Mozambique, Rwanda, Seychelles, Zambia, Zimbabwe and Singapure.

Despite progress, the cost of the visas is still high and immigration legislation continue to restrict work visa permit. The law of private investment (law10/18 approved on 16th June 2018) establishes the general principles and bases of private investment in Angola and defines facilities that the Angolan State grants to private investors, including regarding visa issuance. Under this law, the visa for investors can be issued by the Agency for Private Investment and Promotion of Exports of Angola (AIPEX). The law states that investors should hire Angolan workers and prohibits salary discrimination between national and expat workers. The law allows hiring of foreign workers but requires investors to submit a strict training plan that indicates the gradual replacement of the foreign workers by national workers. Therefore, labor mobility and right of establishment still remain limited as the process and time for temporary residence remain cumbersome. The oil sector has specific rules that facilitates hiring of foreign workers. In November 2020, Angola became the thirtieth country to ratify the African Continental Free Trade Area (AfCFTA) aims at trade liberalization of goods and services, no further action was taking to ratify the AU Protocol related to free movement of people.

The Presidential Decree nº 189/23 of September 2023 establishes the legal regime of exemption and simplification of procedures for granting tourist visas to 98 countries including all EU countries, USA, China, Brazil, Russia, Canada, UAE, Indonesia, Cape Verde, São Tomé and Príncipe, Zambia, Norway, Israel, Morocco, Japan, Malawi, India, Cuba, the Swiss Federal Council, among others.

18.b. Regional financial integration

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5

Second Draft Score	2.5
Final Score	2.5

Country Notes:

At the business level, in 2020 Angola was ranked 185th out of 190 countries in terms of the ease of getting credit indicator from the Doing Business report. In absolute terms, Angola’s score of the ease of getting credit did not improve since 2017**.** Angola was ranked 138th out of 141 countries in the financial systems indicator of the Global Competitiveness Index 2019. This indicates a lower score than the previous year, and a score of around 20 points lower on a 100-point scale than the average sub-Saharan African and lower-middle-income country. Angola's financial system indicator breakdown shows that it has the lowest availability of venture capital and the second-lowest financing for SMEs among all countries included in the index. Whereas in other African countries mobile money has contributed to financial inclusion, mobile money is still underutilized in Angola, where only 9.2 per 1000 adults have a mobile account, compared to 650 out 1000 adults in other countries of the region[1].

[1] Page 2, https://www.bna.ao/uploads/%7Be003d8ff-fa07-4cef-9342-cc48fa1b1568%7D.pdf