



Press Release No. 10/XX
FOR IMMEDIATE RELEASE
August 6, 2010

International Monetary Fund
Washington, D.C. 20431 USA

Statement by an IMF Mission to Angola

A mission of the International Monetary Fund (IMF) led by Mr. Lamin Leigh visited Luanda during July 28-August 6 to conduct policy discussions for the second and third reviews of Angola's 27-month Stand-By Arrangement ([see Press Release No. 09/425](#)).

At the end of the visit, Mr. Lamin Leigh, mission chief for Angola issued the following statement:

"The mission has held constructive discussions with the government's economic team, representatives of the private sector, and donors. The mission reached understandings with the economic team on key policy measures that are needed to strengthen macroeconomic performance. In the coming weeks, the Angolan authorities and IMF staff will continue to work together to finalize the remaining elements of the package of measures that would provide the basis for completing the second and third reviews of the SBA.

"Economic developments since the program was approved have been broadly in line with expectations. Data for the first half of 2010 show signs of a solid economic recovery, reflecting higher oil prices and production that have boosted government revenues and international reserves. Foreign exchange market pressures that were prevalent at the outset of the program have eased considerably. However, government payment arrears are weighing on output and employment in the non-oil sectors, notably construction and services. Inflation in recent months, at some 14 percent, has shown little movement.

"Policy implementation under the program has been broadly satisfactory, contributing to a steady improvement in macroeconomic conditions. With further reforms of the foreign exchange auction system, the exchange rate depreciated gradually during the first four months of this year but appreciated modestly in May-June on stronger oil revenues. The fiscal position also improved in the first half of 2010 on the back of tight expenditure restraint and higher oil revenues. These together have contributed to the steady buildup of international reserves and to the improvement in market confidence.

“While the economic outlook is generally favorable, further steps are needed to create a sustainable fiscal position, reduce inflation, and fully rebuild foreign reserves. The current round of discussions focused on policies to engineer a further decline in the non-oil primary fiscal deficit during the remainder of 2010 and in 2011, and bring this deficit measure closer to its medium-term sustainable level while supporting further reserve accumulation. Discussions also covered the implementation of the government’s strategy to clear its domestic payment arrears; the measures needed to improve public financial management and domestic debt management; and the government’s tax reform strategy to broaden the revenue base and boost non-oil tax revenues. Finally, there was a discussion of the steps needed to further improve the workings of the foreign exchange market system and to strengthen liquidity management by the National Bank of Angola (BNA).

“The mission would like to express its gratitude to the authorities for their hospitality and productive discussions.”