



ANGOLA

June 7, 2021

FIFTH REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUEST FOR MODIFICATIONS OF PERFORMANCE CRITERIA AND WAIVER OF NONOBSERVANCE OF PERFORMANCE CRITERION—SUPPLEMENTARY INFORMATION, AND SUPPLEMENTARY LETTER OF INTENT

Approved By

**Vitaliy Kramarenko
(AFR) and Gavin Gray
(SPR)**

Prepared by the Angola Team of the African Department.

This supplement provides new information regarding a temporary accumulation of external debt payment arrears.

EXTERNAL DEBT PAYMENT ARREARS

- 1. The Angolan authorities recently temporarily accumulated external debt payment arrears.** They were overdue on USD 4.1 million owed to an external financial institution between May 17–26 and on EUR 12.5 million owed to an official export finance agency between May 14–June 3. Both sets of arrears have now been fully cleared and arose in the first place because of technical issues¹.
- 2. The authorities request a waiver of nonobservance of the performance criterion (PC) on non-accumulation of external debt payment arrears.** The temporary accumulation of debt payment arrears represents a breach of the continuous PC which places a zero ceiling on accumulation of external debt payment arrears by the Central Government and the BNA. The accumulation was due to technical issues and was quickly rectified.
- 3. Staff supports the authorities' request for a waiver of nonobservance of the continuous PC on non-accumulation of external debt payment arrears.** In light of the temporary nature of the arrears, staff assesses that there is no need for further corrective action.

¹ The authorities explained that in the first case, the arrears were due to the receipt of a number of payment orders with different due dates, and that in the second case, the arrears arose due to administrative complications following amendments of terms linked to the DSSI.

Appendix I. Supplementary Letter of Intent

Luanda, June 7, 2021

Madame Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, DC 20431
USA

Dear Madame Georgieva:

This Letter of Intent (LOI) supplements that signed on May 24, 2020 and related Memorandum of Economic and Financial Policies (MEFP) and Technical Memorandum of Understanding (TMU).

We report that we temporarily accumulated and subsequently cleared external debt payment arrears not exceeding US\$20 million in May and June 2021. We request a waiver of nonobservance of the continuous performance criterion on non-accumulation of external debt payment arrears which was breached for a short period of time due to technical issues.

All policy commitments contained in the May LOI remain valid.

Please accept the assurances of our highest consideration and esteem.

/s/

Manuel José Nunes Júnior
State Minister for Economic Coordination

/s/

Vera Daves de Sousa Minister
Ministry of Finance

/s/

José de Lima Massano Governor
Banco Nacional de Angola