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IMF: Angola does not need to restructure debt because it is sustainable

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"The recent restructuring with some major creditors and the Debt Service Suspension Initiative (DSSI) has generated savings and decreased *financing* needs in the medium term," the IMF spokesman said in an interview with Lusa, arguing that the debt is sustainable.

"We value *Angola's* debt as sustainable without further restructuring and hope that it will remain sustainable throughout the medium term," the Fund's spokesman added in an interview with Lusa, anticipating some of the recommendations of the full report of the fourth assessment to the *financial* assistance program, which last week was approved and allowed

the disbursement of an additional US\$487.5 million, just over 410 million euros, and will be released soon.

Asked about the possibility of *Angola* having to restructure its debt this year and start negotiations with private creditors, as several analysts say, the IMF spokesman said, not and explained that "from now on, the authorities plan to work to improve their debt management strategy as part of their effort to improve the dynamics of Angolan public debt."

This will be done, he added, "in conjunction with conservative budget implementation," although "the authorities plan to continue to be prepared to act and mitigate the impact of possible shocks on the Angolan economy and its possible negative effect on this public debt dynamic."

In addition to the US\$6.2 billion, about US\$5 billion, the payment *angola* has managed to defer to Chinese creditors, dssi's support also secured a moratorium on the payment of US\$1.8 billion, equivalent to almost 1.5 billion euros, due to the G20 countries.

According to the Fund's latest forecasts, *Angola* is expected to recover from the economic recession of 4% in 2020, growing by 3.2% already this year, also improving the budget deficit from 2.8% to a slight imbalance of 0.1% in 2021.

Public debt, which rose from 90% in 2018 to 120% last year, is also expected to improve to 107.5% this year, still well above the 64% average that the Fund expects for sub-Saharan African economies and the 46.4% it expects for oil exporting countries this year.

Asked whether *Angola's* debt, which along with Eritrea, Mozambique and Cape Verde were the four highest in 2020, is sustainable given *financing* costs and comparison with other African economies, the IMF

spokesman maintained the idea of a *Financial* Default is not on the horizon.

"The debt-to-GDP ratio is expected to fall rapidly, underpinned by the structural fiscal consolidation of the authorities, which should also be sustained by the large percentage of oil revenues in total revenues, which provides a medium-term natural 'cushion' against the initial currency shock that led to the increase in the debt ratio," the spokesman argued.

This means, he added, "that *Angola's* ability to honour commitments is not as negatively affected [as in other countries]," and on the other hand debt restructuring has reduced the need for *financing* from 2021."

The *financial* adjustment programme was agreed with the IMF in December 2018, worth US\$3.7 billion, which was increased in September to around US\$4.5 billion (from EUR 3 billion to EUR 3.7 billion), of which some US\$3 billion (EUR 2.5 billion) has already been delivered , and lasts until the end of the year.

Asked whether the IMF is already preparing new aid to *Angola*, the spokesman said only that "the current focus of the authorities is to maintain macroeconomic stability and progress on the reform agenda under the agreement, and discussions on future engagement will take place during this year."

Regarding the compliance criteria, targets and parameters of the program, which were changed at the request of Luanda and with the IMF agreement, the spokesman declined to disclose them, referring the explanation for the release of the technical team's report, which is expected to take place this week.

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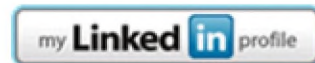
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