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From: Schnittger, David <david.schnittger@squirepb.com>
Sent: Monday, March 22, 2021 9:42 AM
Subject: Moody's Analyst: Angola is Africa's most 'reformist' country in the last 5 years - FurtherAfrica.com

Angola: Africa's most 'reformist' country in the last 5 years – Moody's analyst

Aurelien Mali, a senior analyst who follows the Angolan economy at the rating agency Moody's, has considered that Angola is the most reformist country in Africa.

By FurtherAfrica.com Staff
March 22, 2021
https://furtherafrica.com/2021/03/22/angola-africas-most-reformist-country-in-the-last-5-years-moodys-analyst/

Analyst Aurelien Mali, from Moody's rating firm, has foreseen an improvement of Angola's economic situation in the near future. The firm revised this week the country's growth forecast giving it an upturn trend, from 1.2% to 2.7%, possibly marking the end of five years of negative economic growth.

The senior analyst who follows the Angolan economy has considered that Angola is the most reformist country in Africa and that the budgetary adjustment effort is "commendable."

"Among most African countries, Angola is probably the country that has undergone the most structural reforms in the last five years," Aurelien Mali said in an interview to the Portuguese "Lusa," held by videoconference from Dubai, pointing to budgetary consolidation, the new budget law, the introduction of Value Added Tax (VAT) and adjustment of public finances as examples.

However, the analysts defended close attention to the country's economic reality.

"It is necessary to see what reality will be like" and underlined that "for now, the risks reflected in the 'rating' are balanced and three months of positive environment is a short time frame to change the assessment of the quality of Angola's sovereign credit."

In the interview, Aurelien Mali agrees that Angola should not need to seek debt relief beyond the Debt Service Suspension Initiative (DSSI) and pointed out that the Angolan economy is in a very different situation compared to Zambia, Ethiopia and Chad, which requested adherence to the Common Framework for Debt Treatment in addition to the DSSI.

"When looking at the external debt service and financial aid package of international financial institutions and taking into account the adjustment that the country has already made, it shows that there is a possible way for the country not to need debt relief under the Common Framework," he underlined.

SQUIRE PATTON BOGGS

Dave Schnittger
Principal
Squire Patton Boggs (US) LLP
2550 M Street NW
Washington, DC 20037
M +1 202 536-7600
david.schnittger@squirepb.com | squirepattonboggs.com
Find Us: Twitter | LinkedIn | Facebook | Instagram

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From: Schnittger, David <david.schnittger@squirepb.com>
Sent: Tuesday, March 23, 2021 10:30 AM
Subject: Angola: Only country to restructure private debt without rating downgrade - UN

https://www.macaubusiness.com/angola-only-country-to-restructure-private-debt-without-rating-downgrade-un/

Angola: Only country to restructure private debt without rating downgrade – UN

March 22, 2021

Angola is the only country that has managed to restructure the debt it owes to private creditors without this implying a downgrade in its rating as calculated by international credit rating agencies, the executive secretary of the United Nations Economic Commission for Africa, Vera Songwe, noted on Monday.

"Angola was a kind of precursor of what the Common Framework for dealing with debt beyond the Debt Service Suspension Initiative [DSSI] should be, because in a way the authorities managed to negotiate with Chinese public and private creditors and had long talks and resolve the debt, before the launch of the Common Framework," she said. "They were lucky and did it quickly, but no country has yet gone through the process of the framework."

Songwe, speaking to Lusa on the sidelines of a conference of African finance ministers that runs until Tuesday, referred to the Common Framework for Debt Treatments beyond the DSSI, an initiative launched

by the G20 (the governments and central bank governors of 19 countries and the European Union) to deal with unsustainable debt.

The DSSI, which was launched y the G20 in April last year, guaranteed a moratorium on debt payments of most-indebted countries to most-developed countries and multilateral financial institutions, with an initial deadline of December 2020, later extended to June this year. While the DSSI only suggested that countries seek debt relief from the private sector, the Common Framework, which was approved in November, states that private creditors must be approached, while not specifying what happens if no agreement is reached.

The new approach was an attempt to bring all debt actors on board, including China's private and public banks, which have become the largest creditors of developing countries' governments, particularly those in Africa.

Songwe confirmed that that going beyond the DSSI and joining the framework implies a downgrade, but downplayed the issue.

"You can't have your cake and eat it at the same time," Songwe said, pointing out that "so far there have been three countries that have joined the Common Framework, while there have been 27 that have joined the DSSI, allowing five billion dollars [€4.2 billion] to be released."

The DSSI, she pointed out, "does not directly affect the rating, while the Common Framework does, and we have to be very clear about this, because it is a restructuring of private debt and when you join there has to be comparable treatment between private and public creditors."

A downgrade is not the end of the world, so "those who need a debt restructuring have to call it that and say so, because there is too much stigma" around the issue, she argued, noting that several countries in Latin America, such as Ecuador and Argentina, have already been through the same process.

"If the debt is unsustainable, it is better for them to join the Common Framework than to have a disorderly evolution of the problem," she said, stressing that the process is ongoing "because no country has completed the Common Framework."

Asked whether the commission she heads advocates debt forgiveness or debt relief, Songwe replied: "Debt forgiveness or restructuring in countries with market access leads to an immediate downgrade, but for the very, very poor, we continue to advocate forgiveness, because for example for Mali market access is not a concern, because they have no viable opportunities to meet their financial obligations."

The International Monetary Fund, she recalled, "has already forgiven the debt of 17 very low-income countries" under its Rapid Credit Facility (RCF) and so debt relief, that is, the suspension of debt servicing payments, should be for countries that have a good macroeconomic framework.

"It should be remembered that this crisis is not an Africa crisis: it did not arise due to mismanagement," she stressed. "Africa suffered because it does not have access to a strong currency, and while developed countries have given twenty percent of their GDP in stimulus to the economy, with the United States approving a 1.9 trillion-dollar plan, Japan with seven-hundred billion dollars, the fifty-four countries of Africa are asking for one hundred billion dollars in terms of easier market access.

"We cannot wait for Africa to collapse: we have to make sure that Africa does not collapse because Africa is part of the global community," she concluded.

The United Nations Economic Commission for Africa was established in 1958 by the UN's Economic and Social Council to encourage economic cooperation among member states, following a recommendation from the UN General Assembly. It is one of five regional commissions.

Received by NSD/FARA Registration Unit 03/24/2021 3:31:39 PM

SQUIRE PATTON BOGGS

Dave Schnittger
Principal
Squire Patton Boggs (US) LLP
2550 M Street NW
Washington, DC 20037
M +1 202 536-7600
david.schnittger@squirepb.com | squirepattonboggs.com
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