The Angolan Economy

Expansionary budget aimed at boosting growth

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Economics
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Economic growth expected to continue to accelerate in 2025

The 2025 budget proposal assumes that real GDP growth will continue to accelerate and reach 4.1% next year. This forecast reflects a recovery in the oil sector (1.6%) and faster growth in the non-oil sector (5.2%). Inflation is expected to trend downwards due to a persistently tight monetary policy followed by the BNA and more stable AKZ exchange rate. The budget proposal assumes oil prices will average US$ 70 per barrel. This is higher than the US$ 65 in the 2024 budget, but below the US$ 83 now projected for 2024. The government also sees average daily crude production rising by 1.0% to 1.098 million barrels in 2025 due to the start of production at certain oil fields.

Government expects to reach a budget deficit equivalent to -1.7% of GDP

The budget proposal amounts to AKZ 34,634 billion, standing 40.1% above the 2024 budget and 12.4% ahead of the expected figure for the year. The budget assumes that the government will reach a negative fiscal balance of AKZ 1,495 billion (equivalent to -1.7% of GDP) following a deficit of -1.5% expected in 2024. The government also forecasts a primary surplus (excluding debt payments) equivalent to 3.2% of GDP, below the surplus of 4.8% expected in 2024.

Public investment levels anticipated to see a significant increase

The government forecasts that total revenues and expenditure will each increase by more than 19% relatively to 2024 estimates, amounting to 21.9% and 23.6% of GDP, respectively. The budget proposal assumes that (1) tax revenues from the oil sector will continue to improve and represent over 60% of total tax receipts (thanks to the higher oil production expected for the year), (2) non-oil tax receipts will increase by double-digits and (3) other (unspecified) revenues will see another significant surge (nearly sevenfold). Meanwhile, the higher expenditure mainly results from the 71.5% increase in public investment, as the government plans to continue to raise spending on key projects that will boost economic growth. On the other hand, the government expects to reduce its spending on transfers, namely subsidies (-71.9%), as it continues to implement the fuel subsidies reform. All in all, oil receipts are still anticipated to represent more than half of total revenues (54.7%), while capital expenditure account for 28.8% of total expenditure (significantly higher than in recent years).

Sensitivity analysis to different oil price scenarios

Angola remains very dependent on the oil sector, with the evolution of crude prices (and production) having a material impact not only on economic growth, but also on fiscal receipts. Our sensitivity analysis to different oil price scenarios suggests that if the average oil price reaches US$ 80 in 2025 (instead of US$ 70 assumed in the budget proposal) then total revenues would be 7.8% higher than the current forecast and the government would reach a budget surplus equivalent to 0.1% of GDP (instead of the -1.7% now predicted). On the other hand, if the average oil price reaches US$ 55 then revenues would be 11.7% lower and the budget deficit would stand at -4.2% of GDP.

Higher public investment will hopefully help improve growth prospects

Contrary to the 2024 budget, the 2025 budget proposal assumes a significant increase in public investment levels, as these are expected to represent 6.7% of GDP (vs. 3.5% in 2024). This means higher total expenditure that will most likely lead to another budget deficit in the period. However, with public debt levels seemingly under control and on a downward trajectory, higher public investment levels will hopefully help improve Angola's economic growth prospects. This is positive news and something that the country really needs.

BUDGET PROPOSAL (2025)

Macroeconomic Projections

Economic growth in Angola accelerated in 2024 after a relatively weak performance in the previous year

Economic growth in Angola accelerated in 2024 after a relatively weak performance recorded in the previous year, when real GDP growth advanced at only 1.0% YoY in the period. According to the latest available figures from the National Statistics Institute (INE), real GDP growth stood at 4.3% YoY in the first half of 2024 on the back of a favorable evolution in both the oil (4.6%) and the non-oil (4.2%) sectors. On one hand, oil production recovered following the conclusion of the planned and non-planned emergency stoppages (due to maintenance works at some of the oil platforms as well as breakdowns in certain oil blocks, including Blocks 0, 14, 15, 15/06, 17 and 18) that clearly affected oil output in 2023. On the other hand, activity in the non-oil sector continued to expand thanks to the favorable contributions from key sectors such as transport and communication, retail as well as agriculture and fishing.

The government revised upwards its real GDP growth forecast for 2024

All in all, this better-than-expected performance in the first half of 2024 led the government to revise upwards its real GDP growth forecast for the year to 3.3% from 2.8% previously expected in its 2024 budget. This revision reflects a lower than anticipated decline in oil output (-1.0% vs. -2.5% previously estimated) and a relatively stronger contribution in terms of the non-oil sector (5.1% vs. 4.6% projected in the 2024 budget). The government now expects a better performance in sectors like the extractive industry and manufacturing.

The 2025 budget proposal assumes that economic growth will continue to accelerate to 4.1%

The Angolan government's 2025 budget proposal assumes that economic growth will continue to accelerate next year, reaching 4.1% in the period. This assumption is based on a sharp increase in public investment levels, namely in important structuring projects in several key areas that will help lift potential growth in the country.

It reflects a recovery in the oil and gas sector and a marginal improvement in the non-oil sector

It also reflects a recovery in the oil and gas sector and a marginal improvement in the non-oil sector relatively to the previous year. Growth in the oil and gas sector is expected to reach 1.6% while in the non-oil sector it is anticipated to stand at 5.2%. Economic growth in the country is expected to remain relatively in line with the IMF's projection for Sub-Saharan Africa (4.2%).

REAL GDP GROWTH	2019	2020	2021	2022	2023	2024 (1)	2024 (2)	2025 (1)
Real GDP Growth	**-0.7%**	**-5.6%**	**1.2%**	**3.0%**	**1.0%**	**2.8%**	**3.3%**	**4.1%**
- Oil and Gas	-6.5%	-6.7%	-11.5%	0.5%	-2.4%	-2.5%	-1.0%	1.6%
Oil	-7.6%	-8.1%	-11.5%	1.1%	-3.4%	-2.6%	-1.0%	1.0%
Gas	13.2%	-12.8%	10.3%	-11.7%	11.0%	3.8%	0.2%	35.8%
- Non-oil	2.2%	-5.1%	5.5%	3.9%	2.2%	4.6%	5.1%	5.2%
Agriculture	5.9%	5.5%	5.2%	3.8%	2.7%	6.5%	4.3%	8.4%
Fishing	-14.8%	-6.1%	46.4%	4.2%	2.8%	6.0%	6.4%	6.1%
Extractive Industry	4.6%	-11.0%	10.4%	0.5%	12.2%	5.5%	31.3%	15.6%
Manufacturing	-5.1%	2.7%	0.8%	2.5%	1.4%	2.5%	4.6%	5.4%
Construction	4.5%	-25.8%	-6.7%	5.5%	-1.5%	3.2%	1.7%	6.9%
Energy	4.5%	2.9%	1.8%	4.7%	5.3%	10.6%	8.8%	11.5%
Commerce	1.9%	3.5%	6.3%	2.5%	2.4%	4.6%	4.7%	3.2%
Other	2.3%	-3.2%	2.6%	7.5%	-0.2%	3.0%	3.6%	5.8%

(1) Initial Budget; (2) Estimate. Source: Angolan authorities.

Inflation has increased in recent months, leading the government to revise upwards its inflation forecast for the year

Meanwhile, inflation continued to increase in 2024 and is now projected to end the year at 23.4%. This figure compares with the government's initial forecast of 15.3% for the period. The higher inflation mainly reflects the impact of (1) the adjustment of the price of diesel in April (from 135 to 200 AKZ/liter), (2) the increase in taxi fares in May, (3) the increase in ticket prices of urban public road transport in May (from 50 to 150 AKZ), and (4) the impacts related to exchange rate expectations in light of the exchange rate depreciation of the kwanza recorded throughout the year. Overall, it is worth noting that more than half of the increase in inflation continues to reflect the higher cost of food items and non-alcoholic beverages.

Annual inflation is expected to decelerate to 16.6% by year-end 2025

Inflation is expected to trend downwards next year due to a persistently tight monetary policy followed by the central bank. The government forecasts in its 2025 budget proposal that annual inflation will end the year at 16.6% while average inflation for the period should stand at 19.3%.

The 2025 budget proposal assumes that oil prices will average US$ 70, and crude production will see a slight increase from the previous year

The 2025 budget proposal assumes that oil prices will average US$ 70 per barrel in the year. This is higher than the US$ 65 per barrel included in the 2024 budget, but below the US$ 83 that the government now projects for this year. The government also foresees that average daily crude production will increase to 1.098 million barrels in 2025 (from 1.087 million barrels this year). This 1.0% expected increase in oil production is due to the start of production in certain oil fields, namely (1) South Ndola in Block 0, (2) Ndungu Full Field in Block 15/06, (3) CLOV Phase 3 in Block 17 and (4) Begonia in Block 17/06.

ECONOMIC INDICATORS	2019	2020	2021	2022	2023	2024 (1)	2024 (2)	2025 (1)
Inflation (end of period)	16.9%	25.1%	27.0%	13.9%	20.0%	15.3%	23.4%	16.6%
Inflation (average)	17.1%	22.3%	25.7%	21.7%	13.6%	16.6%	26.9%	19.3%
Annual Oil and LNG Production	638.7	579.9	539.3	521.3	518.9	525.4	515.9	561.4
Oil Production (MBbl)	504.8	463.9	410.4	414.9	400.8	388.0	397.6	400.8
LNG Production (MBOE)	133.9	116.0	128.9	106.4	118.1	137.4	118.3	160.6
Daily Oil Production (Million Bbl/day)	1.383	1.271	1.124	1.137	1.098	1.060	1.087	1.098
Average Oil Price (US$/Bbl)	65.2	41.0	70.7	101.8	81.2	65.0	83.0	70.0
Average LNG Price (US$/BOE)	29.2	29.2	21.3	38.0	39.0	42.0	45.1	46.0
Nominal GDP (AKZ billion)	30,625.0	33,041.0	44,535.9	52,184.0	61,993.2	73,550.4	80,044.7	90,594.0
Oil	9,454.6	8,131.1	14,582.9	15,422.1	18,381.7	15,914.3	23,456.7	23,126.3
Non-oil	21,170.4	24,909.9	29,953.1	36,761.9	43,611.4	57,636.2	56,588.0	67,467.7

(1) Initial Budget; (2) Estimate. Source: Angolan authorities.

The Angolan economy is projected to advance at an average annual rate of 3.2% during the 2025-30 period

The government's medium-term projections suggest that the Angolan economy is expected to grow at an average annual rate of 3.2% during the 2025-30 period. These projections are mainly supported by the favorable growth prospects of the non-oil sector, which are expected to advance at an average annual rate of 4.5% in the same period.

The growth outlook for the oil sector remains negative

The oil sector will continue to be impacted by a declining trend in oil production, posing a major risk for the government's fiscal accounts. The government's baseline forecasts show a negative growth outlook for the oil sector of -1.5% on average for the 2025-30 period, despite the average daily production of 1.025 million barrels projected for this period remaining slightly above the forecast of 1.0 million barrels foreseen in the National Development Plan 2023-27.

Oil production will kick off at certain blocks over the next years

Apart from the start of production in the oil fields mentioned above in 2025, the government also expects that production will kick off at certain blocks in the following years:

- **2026** - the Agogo project in Block 15/06 and three infill wells in the Dália field in Block 17;
- **2027** - the Manganês field, the Phase 4 of the Dália project and the ACCE project in Block 32;
- **2028** – the Cameia field in Block 20 and the PAJ project in Block 31;
- **2029** – the Golfinho field in Block 20 and the Mostardes Este F2 and Colorau fields in Block 32; and
- **2030** – the Kalimba, Afoxé and Agidigbo fields in Block 15/06.

Fiscal Accounts

The 2024 budget assumed that oil prices would average US$ 65 per barrel

The 2024 budget was prepared assuming that oil prices would average US$ 65/barrel, and that daily crude production would average 1.06 million barrels. These assumptions led the Angolan government to forecast a balanced budget (corresponding to 0.02% of GDP), a primary surplus of 6.3% of GDP and a non-oil primary deficit of 4.1% of GDP (below the threshold of 5.0% of GDP set in the Public Finances Sustainability Law).

Key factors that impacted the government's 2024 accounts

In 2024, the evolution of the government's accounts was mainly impacted by several key factors:

1. Oil prices in international markets, including for Angola, remained above the average price of US$ 65/barrel set in the budget (US$ 84.2 in the first quarter and US$ 82.6 in the second quarter);
2. Average daily oil production remained above the expected 1.06 million barrels (1.13 million in the first quarter and 1.12 million in the second quarter);
3. The kwanza exchange rate kept a downward trajectory;
4. Restrictive conditions to mobilize financial resources in the external and domestic markets, with the latter reflecting the impact of the tight monetary policy followed by the central bank to control inflation;

5. Prioritization of the mandatory expenses, with special focus going toward debt service payments;
6. Upward revision to the government's economic growth forecast for the year (from 2.8% to 3.3%) following the better-than-expected performances in the first and second quarters; and
7. High inflation.

The government's current projections indicate that the average oil price will end the year 2024 at US$ 83.02 per barrel, while average daily oil production will reach 1.086 million barrels. This means that oil-related tax revenues are now expected to surpass the budget projections by 27.9% and more than offset the impact of significantly lower other (unspecified) revenues (deviation of -69.3%). As a result, total revenues are now projected to stand 13.1% above the government's budget estimates at AKZ 16,637 billion.

Higher oil prices and production than initially expected means that total revenues should surpass the budgeted figure

Total expenditure is expected to surpass the 2024 budget projections by 21.2% because of the significantly higher amount of transfers anticipated for the year (more than double the budgeted figure). This largely explains the 17.9% deviation in current expenditure from the initial budget. Capital expenditure is also expected to surpass the budgeted amount by 36.6% thanks to the higher investment in projects in several sectors aimed at boosting economic growth in the second half of the year.

Total expenditure is also expected to surpass the budget forecast

Overall, this means that the Angolan government now expects to end the year 2024 with a fiscal deficit corresponding to -1.5% of GDP and continue to reach a primary surplus for the period. Although this is expected to stand at 4.8% of GDP, it is below the 6.2% initially forecasted. Also, both the fiscal and primary balances are expected to record an improvement relatively to 2023, as detailed in the table below.

The government expects to end the year with a budget deficit of -1.5% of GDP

FISCAL ACCOUNTS	% of GDP					
	2020	2021	2022	2023	2024 (1)	2024 (2)
Non-oil Revenues	10.4%	9.8%	10.8%	8.7%	9.3%	8.2%
Taxes	9.1%	8.3%	8.6%	7.7%	7.1%	7.0%
Primary Expenditure	16.3%	15.2%	20.2%	17.4%	13.8%	16.0%
Non-oil Primary Balance	**-5.9%**	**-5.3%**	**-9.4%**	**-8.7%**	**-4.5%**	**-7.8%**
Oil Revenues	10.9%	14.9%	14.8%	12.5%	10.7%	12.6%
Primary Balance	**5.0%**	**9.5%**	**5.4%**	**3.8%**	**6.2%**	**4.8%**
Interests	6.9%	5.5%	4.4%	6.6%	6.2%	6.2%
Overall Fiscal Balance	**-1.9%**	**4.0%**	**1.0%**	**-2.8%**	**0.0%**	**-1.5%**

(1) Initial Budget; (2) Estimate. Source: Ministry of Finance.

Budget Proposal

The 2025 budget proposal amounts to AKZ 34,634 billion, representing an increase of 40.1% from the 2024 budget and standing 12.4% above the government's expected figure for the year 2024. The proposal assumes that the government will reach a negative overall fiscal balance of AKZ 1,495 billion (equivalent to -1.7% of GDP) following a deficit of -1.5% of GDP expected in 2024. The government also projects a primary surplus of 3.2% of GDP, below the surplus of 4.8% expected in 2024. We recall that the 2024 budget assumed an overall balanced budget and primary surplus equivalent to 6.2% of GDP.

The Angolan government expects to reach a budget deficit of -1.7% of GDP in 2025

In the 2025 budget proposal, the government forecasts that total revenues and expenditure will reach AKZ 19,848 billion and AKZ 21,344 billion, respectively. This represents an increase of 19.3% in revenues and 19.9% in expenditure relative to the figures now expected for 2024. The budget proposal assumes that (1) tax revenues from the oil sector will continue to improve (7.9%) and represent close to 64% of total tax receipts (thanks to the higher oil production expected for the year), (2) non-oil tax receipts will increase by double-digit figures (10.1%) and (3) other (unspecified) revenues will see another significant surge (nearly sevenfold) when compared with the expected figures for 2024.

Revenues are forecasted to increase by 19.3% and expenditure by 19.9% from the figures expected for 2024

The higher expenditure projected for the year comes on the back of a 72.5% increase in capital expenditure, including public investment, as the government plans to continue to raise spending on key/structural projects aimed at boosting economic growth. These include investments in road

Total expenditure is expected to increase thanks to the sharp increase in capital expenditure, infrastructure and production of energy and water resulting from the government's commitment to expand and upgrade production capacity.

including public investment

Current expenditure is expected to advance at a more moderate pace (6.7%), despite the sharp increase in wages (44.1%) and spending on goods and services (75.4%). Wages are expected to reflect a 25% adjustment in the salaries of public sector employees as well as promotions and some limited new hirings, namely in the education and healthcare sectors. Spending on goods and services will be mainly allocated to the healthcare, education and basic sanitation areas.

Current expenditure is expected to advance at a more moderate pace

On the other hand, the government expects to cut the amount of spending on transfers (-42.6%), namely subsidies (-71.9%), as it continues to implement the fuel subsidies reform in the country. Spending on interest payments is also anticipated to decline (-11.6%) in the period following the significant increases recorded in recent years.

Spending on transfers, including subsidies, is expected to fall sharply

GOVERNMENT ACCOUNTS	AKZ Billion					Change				
	2022	2023	2024 (1)	2024 (2)	2025 (1)	2023 / 2022	2024 (2) / 2023	2024 (2) / 2024 (1)	2025 (1) / 2024 (1)	2025 (1) / 2024 (2)
Revenues	**13,336**	**13,130**	**14,710**	**16,637**	**19,848**	**-1.5%**	**26.7%**	**13.1%**	**34.9%**	**19.3%**
Current Revenues	13,333	13,123	14,697	16,637	19,848	-1.6%	26.8%	13.2%	35.1%	19.3%
Tax Revenues	12,212	12,529	13,050	15,640	17,000	2.6%	24.8%	19.8%	30.3%	8.7%
Oil Revenues	7,706	7,741	7,859	10,055	10,852	0.4%	29.9%	27.9%	38.1%	7.9%
% of Total Tax Revenues	*63.1%*	*61.8%*	*60.2%*	*64.3%*	*63.8%*	*-1.3%*	*2.5%*	*4.1%*	*3.6%*	*-0.5%*
Non-oil Revenues	4,506	4,788	5,191	5,585	6,147	6.3%	16.6%	7.6%	18.4%	10.1%
Social Contributions	409	549	568	666	580	34.3%	21.3%	17.4%	2.1%	-13.0%
Other Revenues	712	44	1,079	331	2,269	-93.8%	650.6%	-69.3%	110.3%	585.4%
Capital Revenues	3	8	13	0	0	169.0%	-100.0%	-100.0%	-100.0%	-
Expenditure	**12,800**	**14,891**	**14,692**	**17,807**	**21,344**	**16.3%**	**19.6%**	**21.2%**	**45.3%**	**19.9%**
Current Expenditure	9,326	11,843	12,084	14,243	15,198	27.0%	20.3%	17.9%	25.8%	6.7%
Wages	2,360	2,722	3,062	2,983	4,300	15.3%	9.6%	-2.6%	40.4%	44.1%
Goods and Services	2,054	1,816	2,651	2,454	4,306	-11.6%	35.1%	-7.4%	62.4%	75.4%
Interests	2,277	4,089	4,558	5,000	4,418	79.5%	22.3%	9.7%	-3.1%	-11.6%
Transfers	2,635	3,216	1,813	3,806	2,175	22.1%	18.3%	110.0%	20.0%	-42.9%
Subsidies	2,071	2,367	880	2,823	793	14.3%	19.3%	220.9%	-9.9%	-71.9%
Capital Expenditure	3,473	3,048	2,608	3,564	6,146	-12.3%	16.9%	36.6%	135.6%	72.5%
Public Investment	3,139	2,925	2,585	3,532	6,058	-6.8%	20.8%	36.6%	134.4%	71.5%
Primary Fiscal Balance	**2,813**	**2,328**	**4,576**	**3,830**	**2,922**	**-17.3%**	**64.5%**	**-16.3%**	**-36.1%**	**-23.7%**
% of GDP	*5.4%*	*3.8%*	*6.2%*	*4.8%*	*3.2%*	*-1.6%*	*1.0%*	*-1.4%*	*-3.0%*	*-1.6%*
Overall Fiscal Balance	**536**	**-1,761**	**17**	**-1,170**	**-1,495**	**-**	**-33.6%**	**-**	**-**	**27.8%**
% of GDP	*1.0%*	*-2.8%*	*0.0%*	*-1.5%*	*-1.7%*	*-3.9%*	*1.4%*	*-1.5%*	*-1.7%*	*-0.2%*

(1) Initial Budget; (2) Estimate. Source: Ministry of Finance.

Overall, total revenues are projected to represent 21.9% of GDP, with tax revenues representing 18.8% of GDP. This compares with 20.8% and 19.5%, respectively, expected in 2024. On the other hand, total expenditure is expected to account for a higher 23.6% of GDP (vs. 22.2% in 2024) because of the sharp increases in capital expenditure as well as spending on wages and on goods and services, as depicted in the table below.

Revenues are expected to represent 21.9% of GDP (mostly tax revenues) while expenditure is expected to account for 23.6% of GDP

GOVERNMENT ACCOUNTS	% of GDP									
	2017	2018	2019	2020	2021	2022	2023	2024 (1)	2024 (2)	2025 (1)
Revenues	**17.5%**	**22.9%**	**21.4%**	**21.4%**	**24.7%**	**25.6%**	**21.2%**	**20.0%**	**20.8%**	**21.9%**
Tax Revenues	15.8%	21.1%	19.8%	20.0%	23.2%	23.4%	20.2%	17.7%	19.5%	18.8%
Oil Revenues	9.9%	14.5%	12.9%	10.9%	14.9%	14.8%	12.5%	10.7%	12.6%	12.0%
Non-oil Revenues	5.9%	6.6%	6.9%	9.1%	8.3%	8.6%	7.7%	7.1%	7.0%	6.8%
Non-tax Revenues	1.7%	1.8%	1.5%	1.4%	1.5%	2.2%	1.0%	2.3%	1.2%	3.1%
Expenditure	**23.8%**	**20.8%**	**20.8%**	**23.2%**	**20.7%**	**24.5%**	**24.0%**	**20.0%**	**22.2%**	**23.6%**
Current Expenditure	17.3%	16.1%	17.1%	17.9%	15.1%	17.9%	19.1%	16.4%	17.8%	16.8%
Wages	7.4%	6.0%	6.5%	6.3%	4.7%	4.5%	4.4%	4.2%	3.7%	4.7%
Goods and Services	4.1%	3.4%	2.8%	2.9%	3.7%	3.9%	2.9%	3.6%	3.1%	4.8%
Interests	3.3%	4.7%	5.9%	6.9%	5.5%	4.4%	6.6%	6.2%	6.2%	4.9%
Transfers	2.3%	1.9%	2.0%	1.8%	1.2%	5.0%	5.2%	2.5%	4.8%	2.4%
Subsidies	0.5%	0.3%	0.3%	0.1%	0.1%	4.0%	3.8%	1.2%	3.5%	0.9%
Capital Expenditure	6.5%	4.6%	3.7%	5.4%	5.6%	6.7%	4.9%	3.5%	4.5%	6.8%
Public Investment	5.9%	4.6%	3.7%	4.0%	5.4%	6.0%	4.7%	3.5%	4.4%	6.7%
Primary Fiscal Balance	**-3.0%**	**6.8%**	**6.5%**	**5.0%**	**9.5%**	**5.4%**	**3.8%**	**6.2%**	**4.8%**	**3.2%**
Overall Fiscal Balance	**-6.3%**	**2.1%**	**0.6%**	**-1.9%**	**4.0%**	**1.0%**	**-2.8%**	**0.0%**	**-1.5%**	**-1.7%**
Non-oil Primary Balance	**-12.9%**	**-7.7%**	**-6.5%**	**-5.9%**	**-5.3%**	**-9.4%**	**-8.7%**	**-4.5%**	**-7.8%**	**-8.8%**
Non-oil Total Balance	**-16.2%**	**-12.4%**	**-12.3%**	**-12.8%**	**-10.8%**	**-13.7%**	**-15.3%**	**-10.7%**	**-14.0%**	**-13.6%**

(1) Initial Budget; (2) Estimate. Source: Ministry of Finance.

Oil-related tax receipts are expected to continue to represent most revenues, standing at 54.7% of the total in 2025. This figure is well below the 60.4% projected for 2024, but above the 53.4% included in the 2024 budget proposal. This reflects the lower oil price assumed in the 2025 budget proposal and the impact that it is expected to have on fiscal receipts. The contribution from non-oil tax receipts is also projected to be lower than in 2024 (31.0% vs. 33.6%). However, non-tax revenues are expected to see a significant increase in the period, reaching 14.4% of total revenues (well above the 6.0% estimated for 2024).

Tax receipts from the oil sector will continue to represent the largest share of total revenues

Meanwhile, the proportion of public expenditure is expected to be more evenly balanced among wages, goods and services and interest payments, with each of these accounting for roughly 20% of total spending. This was not the case in recent years when the government spent a significantly larger amount on debt interest payments than it did on wages and goods and services. The amount spent on transfers is also expected to see a marked decline, representing 10.2% of total spending (vs. 21.4% of the total in 2024).

Wages, goods and services and interests are each expected to represent about 20% of total expenditure

As mentioned above, capital expenditure is anticipated to see a significant increase in 2025 largely due to the government's efforts to accelerate economic growth in the country. As a result, their contribution to total spending is projected to reach 28.8% in the period, which stands well above the 20.0% foreseen for 2024.

Capital expenditure is expected to see a significant increase in 2025

GOVERNMENT ACCOUNTS	% of Total									
	2017	2018	2019	2020	2021	2022	2023	2024 (1)	2024 (2)	2025 (1)
Revenues										
Tax Revenues (Oil)	56.7%	63.4%	60.4%	51.2%	60.2%	57.8%	59.0%	53.4%	60.4%	54.7%
Tax Revenues (Non-Oil)	33.7%	28.9%	32.4%	42.4%	33.7%	33.8%	36.5%	35.3%	33.6%	31.0%
Non-tax Revenues	9.6%	7.7%	7.2%	6.4%	6.1%	8.4%	4.6%	11.3%	6.0%	14.4%
Total Revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Expenditure										
Current Expenditure	72.6%	77.7%	82.3%	76.9%	73.1%	72.9%	79.5%	82.2%	80.0%	71.2%
Wages	31.3%	28.9%	31.4%	26.9%	22.7%	18.4%	18.3%	20.8%	16.8%	20.1%
Goods and Services	17.4%	16.6%	13.3%	12.6%	17.9%	16.0%	12.2%	18.0%	13.8%	20.2%
Interests	14.0%	22.8%	28.2%	29.7%	26.6%	17.8%	27.5%	31.0%	28.1%	20.7%
Transfers	9.8%	9.3%	9.4%	7.7%	5.9%	20.6%	21.6%	12.3%	21.4%	10.2%
Subsidies	1.9%	1.6%	1.2%	0.6%	0.7%	16.2%	15.9%	6.0%	15.9%	3.7%
Capital Expenditure	27.4%	22.3%	17.7%	23.1%	26.9%	27.1%	20.5%	17.8%	20.0%	28.8%
Total Expenditure	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

(1) Initial Budget; (2) Estimate. Source: Ministry of Finance.

In terms of expenditure by sector, the government expects to spend AKZ 16,926 billion in 2025 if excluding spending on public debt operations. This is a sharp increase of 67.0% from what it forecasted in the 2024 budget and results from significantly higher spending in all sectors. We also note that public debt amortization is anticipated to see an increase of 21.4% and account for 51.1% of total budgeted expenditure (vs. 59.0% of the total projected in the 2024 budget).

Total expenditure (excluding spending on public debt operations) is expected to see a sharp increase in 2025

As detailed in the table below, spending on the social sector is projected to once again account for the largest share of total expenditure, representing 44.1% of primary expenditure (excluding public debt operations) and 21.6% of total expenditure. Most of this spending will be allocated to the education and health sectors.

The social sector will remain by far the most relevant in terms of expenditure

We also highlight the sharp increase in spending on areas that are part of the economic sector, namely agriculture and fishing (308.5%), fuel and energy (146.8%) and the extractive industry, manufacturing and construction (274.2%). The government stated that agriculture and fishing is one of its priorities in 2025 as it aims to continue its efforts to improve food security for the local population. Fuel and energy will also see a significant increase in spending thanks to the need to conclude several structural projects in this area.

The economic sector will also see a significant increase in spending

EXPENDITURE BY SECTOR	AKZ Billion		Change	% Total Exp. (1)		% Total Exp.		% of GDP	
	2024	2025	2025 / 2024	2024	2025	2024	2025	2024	2025
Social Sector	4,977	7,470	50.1%	49.1%	44.1%	20.1%	21.6%	6.8%	8.2%
Education	1,574	2,241	42.4%	15.5%	13.2%	6.4%	6.5%	2.1%	2.5%
Health	1,359	1,936	42.4%	13.4%	11.4%	5.5%	5.6%	1.8%	2.1%
Social Protection	868	1,376	58.5%	8.6%	8.1%	3.5%	4.0%	1.2%	1.5%
Housing	1,058	1,678	58.6%	10.4%	9.9%	4.3%	4.8%	1.4%	1.9%
Other	117	238	103.6%	1.2%	1.4%	0.5%	0.7%	0.2%	0.3%
Economic Sector	1,206	2,762	129.1%	11.9%	16.3%	4.9%	8.0%	1.6%	3.0%
Agriculture, Fishing	162	663	308.5%	1.6%	3.9%	0.7%	1.9%	0.2%	0.7%
Transports	542	835	54.1%	5.3%	4.9%	2.2%	2.4%	0.7%	0.9%
Fuel and Energy	269	665	146.8%	2.7%	3.9%	1.1%	1.9%	0.4%	0.7%
Extractive Ind., Manufacturing, Construction	76	283	274.2%	0.7%	1.7%	0.3%	0.8%	0.1%	0.3%
General Economic Matters	117	80	-31.7%	1.2%	0.5%	0.5%	0.2%	0.2%	0.1%
Other	39	236	502.4%	0.4%	1.4%	0.2%	0.7%	0.1%	0.3%
Defense, Security and Social Order	1,739	2,688	54.6%	17.2%	15.9%	7.0%	7.8%	2.4%	3.0%
Defense	805	1,328	65.0%	7.9%	7.8%	3.3%	3.8%	1.1%	1.5%
Security and Social Order	934	1,361	45.6%	9.2%	8.0%	3.8%	3.9%	1.3%	1.5%
General Public Services and Other	2,212	4,005	81.1%	21.8%	23.7%	8.9%	11.6%	3.0%	4.4%
General Services	836	1,063	27.0%	8.3%	6.3%	3.4%	3.1%	1.1%	1.2%
Executive Branches	872	2,042	134.3%	8.6%	12.1%	3.5%	5.9%	1.2%	2.3%
Other	504	901	78.8%	5.0%	5.3%	2.0%	2.6%	0.7%	1.0%
Total Expend. (Ex. Public Debt Operations)	**10,134**	**16,926**	**67.0%**	**100.0%**	**100.0%**	**41.0%**	**48.9%**	**13.8%**	**18.7%**
Public Debt Operations	**14,581**	**17,708**	**21.4%**			**59.0%**	**51.1%**	**19.8%**	**19.5%**
Domestic	5,940	6,522	9.8%			24.0%	18.8%	8.1%	7.2%
Overseas	8,341	10,350	24.1%			33.7%	29.9%	11.3%	11.4%
Other Expenses and Transfers	300	836	178.4%			-	2.4%	0.4%	0.9%
Total Expenditure	**24,715**	**34,634**	**40.1%**			**100.0%**	**100.0%**	**33.6%**	**38.2%**

(1) Excluding Public Debt Operations. Source: Ministry of Finance.

Tax revenues are expected to represent 49.1% of the total receipts for 2025

The government expects to finance its 2025 budget by once again relying comparatively more on current receipts, mainly taxes (49.1% of total receipts), as opposed to debt financing. Still, the projected amount of debt financing is expected to increase by 27.4% relative to the forecasted figure for 2024 and stand 46.3% above the projection included in the 2024 budget.

Total debt amortization (interest and capital) is expected to represent about 48.8% of total expenditure

On the other hand, the government expects to cut the amount of debt interest payments (-11.6%) and debt amortization (-2.7%) relative to 2024, with these representing 12.8% and 36.0% of total expenditure, respectively. In other words, about 48.8% of total expenditure is projected to be allocated to debt service payments (debt amortization plus interest). This is significantly lower than the 57.8% projected in the 2024 budget.

FINANCING	AKZ Billion			Change		% of Total			% of GDP		
	2024 (1)	2024 (2)	2025 (1)	2025(1) / 2024(1)	2025(1) / 2024(2)	2024 (1)	2024 (2)	2025 (1)	2024 (1)	2024 (2)	2025 (1)
Receipts											
Current Revenues	14,697	16,637	19,848	35.1%	19.3%	59.5%	54.0%	57.3%	20.0%	20.8%	21.9%
Taxes	13,050	15,640	17,000	30.3%	8.7%	52.8%	50.7%	49.1%	17.7%	19.5%	18.8%
Oil Sector	7,859	10,055	10,852	38.1%	7.9%	31.8%	32.6%	31.3%	10.7%	12.6%	12.0%
Non-oil Sector	5,191	5,585	6,147	18.4%	10.1%	21.0%	18.1%	17.7%	7.1%	7.0%	6.8%
Social Contributions	568	666	580	2.1%	-13.0%	2.3%	2.2%	1.7%	0.8%	0.8%	0.6%
Other	1,079	331	2,269	110.3%	585.4%	4.4%	1.1%	6.6%	1.5%	0.4%	2.5%
Capital Revenues	13	0	0	-	-	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset Sales	2	167	148	8428.3%	-11.9%	0.0%	0.5%	0.4%	0.0%	0.2%	0.2%
Financing	10,004	11,491	14,638	46.3%	27.4%	40.5%	37.3%	42.3%	13.6%	14.4%	16.2%
Domestic	3,833	7,345	7,548	96.9%	2.8%	15.5%	23.8%	21.8%	5.2%	9.2%	8.3%
International	6,171	4,146	7,090	14.9%	71.0%	25.0%	13.5%	20.5%	8.4%	5.2%	7.8%
Treasury Reserves	0	2,525	0	-	-100.0%	0.0%	8.2%	0.0%	0.0%	3.2%	0.0%
Total Receipts	**24,715**	**30,821**	**34,634**	**40.1%**	**12.4%**	**100.0%**	**100.0%**	**100.0%**	**33.6%**	**38.5%**	**38.2%**
Expenditure											
Staff Costs	3,062	2,983	4,300	40.4%	44.1%	12.4%	9.7%	12.4%	4.2%	3.7%	4.7%
Goods and Services	2,651	2,454	4,306	62.4%	75.4%	10.7%	8.0%	12.4%	3.6%	3.1%	4.8%
Interests	4,558	5,000	4,418	-3.1%	-11.6%	18.4%	16.2%	12.8%	6.2%	6.2%	4.9%
Domestic	1,750	1,827	1,782	1.8%	-2.5%	7.1%	5.9%	5.1%	2.4%	2.3%	2.0%
External	2,809	3,174	2,636	-6.1%	-16.9%	11.4%	10.3%	7.6%	3.8%	4.0%	2.9%
Transfers	1,813	3,806	2,175	20.0%	-42.9%	7.3%	12.3%	6.3%	2.5%	4.8%	2.4%
Subsidies	880	2,823	793	-9.9%	-71.9%	3.6%	9.2%	2.3%	1.2%	3.5%	0.9%
Capital Expenditure	2,608	3,564	6,146	135.6%	72.5%	10.6%	11.6%	17.7%	3.5%	4.5%	6.8%
Debt Amortization	9,723	12,806	12,454	28.1%	-2.7%	39.3%	41.5%	36.0%	13.2%	16.0%	13.7%
Domestic	4,190	8,185	4,740	13.1%	-42.1%	17.0%	26.6%	13.7%	5.7%	10.2%	5.2%
External	5,533	4,621	7,714	39.4%	66.9%	22.4%	15.0%	22.3%	7.5%	5.8%	8.5%
Other Financial Investments	300	208	836	178.4%	302.3%	1.2%	0.7%	2.4%	0.4%	0.3%	0.9%
Treasury Operations	0	0	0	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Expenditure	**24,715**	**30,821**	**34,634**	**40.1%**	**12.4%**	**100.0%**	**100.0%**	**100.0%**	**33.6%**	**38.5%**	**38.2%**

(1) Initial Budget; (2) Estimate. Source: Ministry of Finance.

Gross financing needs are expected to represent 16.3% of GDP

The table below summarizes the government's financing needs for 2025. Gross financing needs are expected to amount to AKZ 14,786 billion in the period, representing 16.3% of GDP. These include (1) net financing needs of AKZ 2,332 billion (2.6% of GDP) and (2) debt amortization of AKZ 12,454 billion (13.7% of GDP). We note that 84.2% of the gross financing needs still relates to debt amortization, which compares with 90.3% of the total expected in 2024.

FINANCING	AKZ Billion			Change		% of Total			% of GDP		
	2024 (1)	2024 (2)	2025 (1)	2025(1) / 2024(1)	2025(1) / 2024(2)	2024 (1)	2024 (2)	2025 (1)	2024 (1)	2024 (2)	2025 (1)
Gross Financing Needs											
Net Financing Needs	300	1,378	2,332	676.1%	69.2%	3.0%	9.7%	15.8%	0.4%	1.7%	2.6%
Fiscal Deficit	0	1,170	1,495	-	27.8%	0.0%	8.2%	10.1%	0.0%	1.5%	1.7%
Treasury Operations	0	0	0	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial Investments	300	208	836	178.4%	302.3%	3.0%	1.5%	5.7%	0.4%	0.3%	0.9%
Debt Amortization	9,722	12,806	12,454	28.1%	-2.7%	97.0%	90.3%	84.2%	13.2%	16.0%	13.7%
Domestic	4,190	8,185	4,740	13.1%	-42.1%	41.8%	57.7%	32.1%	5.7%	10.2%	5.2%
External	5,533	4,621	7,714	39.4%	66.9%	55.2%	32.6%	52.2%	7.5%	5.8%	8.5%
Total Gross Financing Needs	**10,023**	**14,184**	**14,786**	**47.5%**	**4.2%**	**100.0%**	**100.0%**	**100.0%**	**13.6%**	**17.7%**	**16.3%**
Receipts											
Asset Sales	2	167	148	8428.3%	-11.9%	0.0%	1.2%	1.0%	0.0%	0.2%	0.2%
Financing	10,004	11,491	14,638	46.3%	27.4%	99.8%	81.0%	99.0%	13.6%	14.4%	16.2%
Domestic	3,833	7,345	7,548	96.9%	2.8%	38.2%	51.8%	51.0%	5.2%	9.2%	8.3%
International	6,171	4,146	7,090	14.9%	71.0%	61.6%	29.2%	48.0%	8.4%	5.2%	7.8%
Fiscal Surplus	17	0	0	-100.0%	-	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Treasury Reserve	0	2,525	0	-	-100.0%	0.0%	17.8%	0.0%	0.0%	3.2%	0.0%
Total Receipts	**10,023**	**14,184**	**14,786**	**47.5%**	**4.2%**	**100.0%**	**100.0%**	**100.0%**	**13.6%**	**17.7%**	**16.3%**

(1) Initial Budget; (2) Estimate. Source: Ministry of Finance.

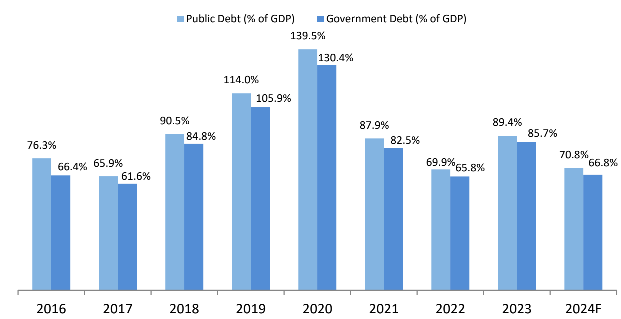
Public debt is expected to resume a downward trajectory in 2024

Meanwhile, Angola's public debt is expected to resume a downward trajectory this year after this path was interrupted in 2023. The government's current estimates indicate that public debt could reach 70.8% of GDP by December 2024, while government debt could stand at 66.8% of GDP. These figures compare with 89.4% and 85.7% of GDP, respectively, in 2023.

Angola's public debt structure is highly exposed to interest rate and exchange rate fluctuations

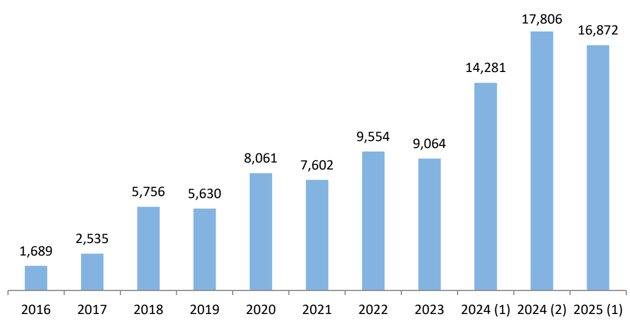
Angola's debt structure is characterized by a high exposure to interest rate and exchange rate fluctuations, particularly regarding external debt as it accounts for about 70% of total government debt. According to the government, the main contributions to the expected reduction in the public debt ratio this year (-18.6 pp) are expected to come from the interest rate-GDP growth differential (-13.9 pp) and, to a lesser extent, the primary balance surplus (-4.8 pp) projected for the period. The exchange rate, although having a smaller impact compared to 2023, is expected to contribute to an increase in the public debt ratio (+8.5 pp), while the deficit-debt adjustments contribute to a reduction in the ratio (-8.3 pp).

PUBLIC DEBT AND GOVERNMENT DEBT (% OF GDP)



Source: Ministry of Finance.

DEBT SERVICE PAYMENTS (AKZ BILLION)

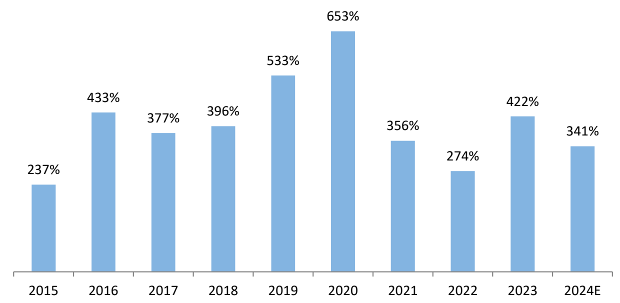


(1) Initial Budget; (2) Estimate. Source: Ministry of Finance.

Some metrics show an improvement in terms of the burden caused by public debt levels on the government's accounts

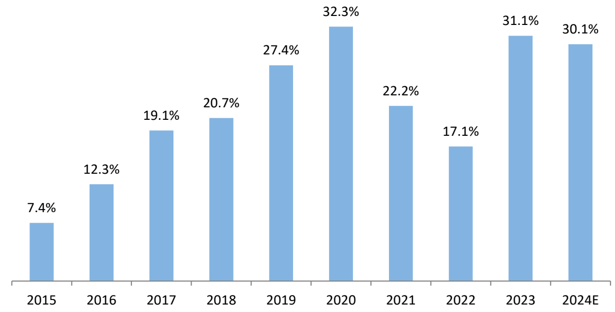
We also note that the burden caused by Angola's public debt levels on the government's accounts are expected to improve in 2024 after deteriorating in the previous year. For example, according to our calculations, the public debt-to-revenues ratio is expected to decline to 341%, standing well below the 422% recorded in 2023. We recall that this ratio reached 653% in 2020 and then fell to 356% in 2021 and 274% in the following year. Moreover, the ratio of interest payments-to-revenues is expected to decline to 30.1% in 2024 from 31.1% in the previous year.

PUBLIC DEBT (% OF REVENUES)



Sources: Ministry of Finance and Eaglestone Securities.

INTEREST PAYMENTS (% OF REVENUES)



Sources: Ministry of Finance and Eaglestone Securities.

Sensitivity Analysis to Oil Prices

The average analyst forecast for the price of Brent crude oil in 2025 is roughly US$ 76 per barrel. However, the evolution of oil prices is always very uncertain and dependent on several factors, namely related to geopolitics or the ones that can affect the balance between supply and demand in the market. These are particularly relevant in the current global environment.

The evolution of oil prices is always dependent on geopolitics and factors that can impact the supply and demand balance

Currently, the two main sources of oil price uncertainty relate to the future course of the ongoing Middle East conflict and the OPEC+ members' willingness to adhere to voluntary production cuts. The geopolitical risk premium seems to be contained now, but the unresolved conflict in the region could raise oil prices at any time. On the other hand, the expectation that OPEC+ could increase supply in the next few months amid signs of weakening global demand for oil could put further pressure on crude prices. On top of this, there could also be further downside risks to oil prices coming from high spare capacity and the implementation of trade tariffs.

The unresolved conflict in the Middle East and the weakening global demand could impact oil prices

Due to this uncertainty about the outlook on oil prices, we carried out a sensitivity analysis to see the potential impact that different oil price scenarios and implied tax rates for the oil sector would have on the government's forecasted revenues for 2025. We assume that all other things would remain equal, namely the expenditure envisaged in the 2025 budget.

We carried out a sensitivity analysis to see the potential impact that different oil prices and implied tax rates would have on revenues

We have collected data on the performance of the oil sector since the year 2017 and present it below in Table 1. Our sensitivity analysis considers an average oil price range of US$ 55 and US$ 80 for 2025, which we consider reasonable bearing in mind current analysts' forecasts for the oil price mentioned above and an implied tax rate ranging from 32.5% to 40.0% based on the data collected. We also assume an average US$/AKZ exchange rate of 1,030 for the year 2025 to reflect an adjustment of 15% to this year's exchange rate. The results of our calculations are summarized in Tables 2 and 3 and detailed in Table 4 below.

Our sensitivity analysis considers an average oil price range of US$ 55-80 per barrel in 2025

TABLE 1 - OIL/FISCAL ACCOUNTS	2017	2018	2019	2020	2021	2022	2023	2024 (1)	2024 (2)	2025 (1)
Oil Sector										
Annual oil production (million) (A)	597.6	539.8	504.8	463.9	410.4	414.9	400.8	388.0	397.6	400.8
Average daily oil production (million bpd)	1.64	1.48	1.38	1.27	1.12	1.14	1.10	1.06	1.09	1.10
Average oil price (US$ per barrel) (B)	53.9	70.6	65.2	41.0	70.7	101.8	81.2	65.0	83.0	70.0
Oil revenues (US$ million) = (A) x (B)	**32,211**	**38,110**	**32,913**	**19,016**	**29,015**	**42,224**	**32,545**	**25,220**	**33,001**	**28,056**
Exchange rate (US$/AKZ) (3)	165.9	252.8	364.6	578.4	624.1	459.8	685.0	875.0	875.0	1,033.8
Oil revenues (AKZ billion) (C)	**5,344**	**9,633**	**12,001**	**10,998**	**18,110**	**19,413**	**22,293**	**22,068**	**28,876**	**29,005**
Government Accounts										
Oil related tax revenues (AKZ billion) (D)	**2,009**	**3,715**	**3,953**	**3,612**	**6,615**	**7,706**	**7,741**	**7,859**	**10,055**	**10,852**
Implied tax rate (oil-related) = (D) / (C)	*37.6%*	*38.6%*	*32.9%*	*32.8%*	*36.5%*	*39.7%*	*34.7%*	*35.6%*	*34.8%*	*37.4%*

(1) Budget Proposal; (2) Forecast; (3) We assume an adjustment of 15% to the US$/AKZ exchange rate in 2025. Sources: Ministry of Finance and Eaglestone Securities.

As an example, if the average oil price for the year 2025 reaches US$ 80 (vs. the existing forecast of US$ 70) and assuming the same implied tax rate of 37.4% then total revenues would be 7.8% higher than the current budget forecast, which would mean that the government would reach a budget surplus equivalent to 0.1% of GDP. On the other hand, if oil prices average US$ 55 then revenues would be 11.7% lower than the current projection and the government would reach a

If oil prices average US$ 80 in 2025 then total revenues would be 7.8% higher and the government would reach a budget surplus of 0.1% of GDP budget deficit equivalent to -4.2% of GDP. Recall that the government's 2025 budget proposal envisages a budget deficit equivalent to -1.7% of GDP.

TABLE 2: Change in Revenues vs Budget 2025

		Average Oil Price (US$)					
		55.0	60.0	65.0	70.0	75.0	80.0
Implied Tax Rate	32.5%	-17.4%	-14.0%	-10.6%	-7.2%	-3.8%	-0.4%
	35.0%	-14.5%	-10.8%	-7.2%	-3.5%	0.1%	3.8%
	37.4%	-11.7%	-7.8%	-3.9%	0.0%	3.9%	7.8%
	38.5%	-10.5%	-6.5%	-2.4%	1.6%	5.6%	9.6%
	40.0%	-8.7%	-4.6%	-0.4%	3.8%	8.0%	12.1%

Source: Eaglestone Securities.

TABLE 3: Overall Fiscal Balance

		Average Oil Price (US$)					
		55.0	60.0	65.0	70.0	75.0	80.0
Implied Tax Rate	32.5%	-5.5%	-4.7%	-4.0%	-3.2%	-2.5%	-1.7%
	35.0%	-4.8%	-4.0%	-3.2%	-2.4%	-1.6%	-0.8%
	37.4%	-4.2%	-3.4%	-2.5%	-1.7%	-0.8%	0.1%
	38.5%	-3.9%	-3.1%	-2.2%	-1.3%	-0.4%	0.5%
	40.0%	-3.6%	-2.7%	-1.7%	-0.8%	0.1%	1.0%

Source: Eaglestone Securities.

TABLE 4 - GOVERNMENT ACCOUNTS		SENSITIVITY TO OIL PRICES (US$/BARREL)					
AKZ BILLION	**2025 Budget**	**55.0**	**60.0**	**65.0**	**70.0**	**75.0**	**80.0**
Scenario 1 (Oil Tax Rate of 32.5%):							
Revenues	**19,848**	**16,402**	**17,076**	**17,749**	**18,422**	**19,096**	**19,769**
% of GDP	*21.9%*	*18.1%*	*18.8%*	*19.6%*	*20.3%*	*21.1%*	*21.8%*
Tax Revenues	17,000	13,554	14,227	14,901	15,574	16,247	16,921
Oil Revenues	10,852	7,407	8,080	8,753	9,427	10,100	10,773
% of Total Tax Revenues	*63.8%*	*54.6%*	*56.8%*	*58.7%*	*60.5%*	*62.2%*	*63.7%*
Change in Revenues vs. 2025 Budget		*-17.4%*	*-14.0%*	*-10.6%*	*-7.2%*	*-3.8%*	*-0.4%*
Scenario 2 (Oil Tax Rate of 35.0%):							
Revenues	**19,848**	**16,972**	**17,697**	**18,422**	**19,148**	**19,873**	**20,598**
% of GDP	*21.9%*	*18.7%*	*19.5%*	*20.3%*	*21.1%*	*21.9%*	*22.7%*
Tax Revenues	17,000	14,124	14,849	15,574	16,299	17,024	17,749
Oil Revenues	10,852	7,976	8,701	9,427	10,152	10,877	11,602
% of Total Tax Revenues	*63.8%*	*56.5%*	*58.6%*	*60.5%*	*62.3%*	*63.9%*	*65.4%*
Change in Revenues vs. 2025 Budget		*-14.5%*	*-10.8%*	*-7.2%*	*-3.5%*	*0.1%*	*3.8%*
Scenario 3 (Oil Tax Rate of 37.4%):							
Revenues	**19,848**	**17,523**	**18,298**	**19,073**	**19,848**	**20,623**	**21,398**
% of GDP	*21.9%*	*19.3%*	*20.2%*	*21.1%*	*21.9%*	*22.8%*	*23.6%*
Tax Revenues	17,000	14,674	15,449	16,224	17,000	17,775	18,550
Oil Revenues	10,852	8,527	9,302	10,077	10,852	11,627	12,403
% of Total Tax Revenues	*63.8%*	*58.1%*	*60.2%*	*62.1%*	*63.8%*	*65.4%*	*66.9%*
Change in Revenues vs. 2025 Budget		*-11.7%*	*-7.8%*	*-3.9%*	*0.0%*	*3.9%*	*7.8%*
Scenario 4 (Oil Tax Rate of 38.5%):							
Revenues	**19,848**	**17,770**	**18,567**	**19,365**	**20,163**	**20,960**	**21,758**
% of GDP	*21.9%*	*19.6%*	*20.5%*	*21.4%*	*22.3%*	*23.1%*	*24.0%*
Tax Revenues	17,000	14,921	15,719	16,517	17,314	18,112	18,909
Oil Revenues	10,852	8,774	9,572	10,369	11,167	11,965	12,762
% of Total Tax Revenues	*63.8%*	*58.8%*	*60.9%*	*62.8%*	*64.5%*	*66.1%*	*67.5%*
Change in Revenues vs. 2025 Budget		*-10.5%*	*-6.5%*	*-2.4%*	*1.6%*	*5.6%*	*9.6%*
Scenario 5 (Oil Tax Rate of 40.0%):							
Revenues	**19,848**	**18,112**	**18,940**	**19,769**	**20,598**	**21,426**	**22,255**
% of GDP	*21.9%*	*20.0%*	*20.9%*	*21.8%*	*22.7%*	*23.7%*	*24.6%*
Tax Revenues	17,000	15,263	16,092	16,921	17,749	18,578	19,407
Oil Revenues	10,852	9,116	9,945	10,773	11,602	12,431	13,259
% of Total Tax Revenues	*63.8%*	*59.7%*	*61.8%*	*63.7%*	*65.4%*	*66.9%*	*68.3%*
Change in Revenues vs. 2025 Budget		*-8.7%*	*-4.6%*	*-0.4%*	*3.8%*	*8.0%*	*12.1%*
Non-oil Revenues	6,147	6,147	6,147	6,147	6,147	6,147	6,147
Non-tax Revenues	2,849	2,849	2,849	2,849	2,849	2,849	2,849
Scenario 1 (Oil Tax Rate of 32.5%):							
Primary Fiscal Balance	**2,922**	**1,205**	**1,878**	**2,551**	**3,225**	**3,898**	**4,571**
% of GDP	*3.2%*	*1.3%*	*2.1%*	*2.8%*	*3.6%*	*4.3%*	*5.0%*
Overall Fiscal Balance	**-1,495**	**-4,941**	**-4,268**	**-3,594**	**-2,921**	**-2,248**	**-1,574**
% of GDP	*-1.7%*	*-5.5%*	*-4.7%*	*-4.0%*	*-3.2%*	*-2.5%*	*-1.7%*
Scenario 2 (Oil Tax Rate of 35.0%):							
Primary Fiscal Balance	**2,922**	**1,775**	**2,500**	**3,225**	**3,950**	**4,675**	**5,400**
% of GDP	*3.2%*	*2.0%*	*2.8%*	*3.6%*	*4.4%*	*5.2%*	*6.0%*
Overall Fiscal Balance	**-1,495**	**-4,371**	**-3,646**	**-2,921**	**-2,196**	**-1,471**	**-746**
% of GDP	*-1.7%*	*-4.8%*	*-4.0%*	*-3.2%*	*-2.4%*	*-1.6%*	*-0.8%*
Scenario 3 (Oil Tax Rate of 37.4%):							
Primary Fiscal Balance	**2,922**	**2,325**	**3,100**	**3,875**	**4,651**	**5,426**	**6,201**
% of GDP	*3.2%*	*2.6%*	*3.4%*	*4.3%*	*5.1%*	*6.0%*	*6.8%*
Overall Fiscal Balance	**-1,495**	**-3,821**	**-3,046**	**-2,271**	**-1,495**	**-720**	**55**
% of GDP	*-1.7%*	*-4.2%*	*-3.4%*	*-2.5%*	*-1.7%*	*-0.8%*	*0.1%*
Scenario 4 (Oil Tax Rate of 38.5%):							
Primary Fiscal Balance	**2,922**	**2,572**	**3,370**	**4,167**	**4,965**	**5,763**	**6,560**
% of GDP	*3.2%*	*2.8%*	*3.7%*	*4.6%*	*5.5%*	*6.4%*	*7.2%*
Overall Fiscal Balance	**-1,495**	**-3,574**	**-2,776**	**-1,978**	**-1,181**	**-383**	**414**
% of GDP	*-1.7%*	*-3.9%*	*-3.1%*	*-2.2%*	*-1.3%*	*-0.4%*	*0.5%*
Scenario 5 (Oil Tax Rate of 40.0%):							
Primary Fiscal Balance	**2,922**	**2,914**	**3,743**	**4,571**	**5,400**	**6,229**	**7,058**
% of GDP	*3.2%*	*3.2%*	*4.1%*	*5.0%*	*6.0%*	*6.9%*	*7.8%*
Overall Fiscal Balance	**-1,495**	**-3,232**	**-2,403**	**-1,574**	**-746**	**83**	**912**
% of GDP	*-1.7%*	*-3.6%*	*-2.7%*	*-1.7%*	*-0.8%*	*0.1%*	*1.0%*

Source: Ministry of Finance and Eaglestone Securities.

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Disclosures

Eaglestone was founded in December 2011 with the aim to be a committed partner for the development of businesses located primarily in Sub-Saharan Africa and to support the development of renewable energy projects on a global basis.

The company has three business activities - financial advisory services, asset management and brokerage - and currently has offices in Amsterdam, Cape Town London, Lisbon, Luanda and Maputo

Eaglestone is committed to operating and behaving according to the highest standards of corporate governance. Its subsidiary in the United Kingdom is authorized and regulated by the Financial Conduct Authority.

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