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# Seventh Quarterly Progress Report of the Angola Fiscal Reform Project

April to June 2008

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## ABBREVIATIONS

AFRP	Angola Fiscal Reform Project
BNA	National Bank of Angola ( <i>Banco Nacional de Angola</i> ) (Central bank)
CTO	Cognizant Technical Officer
DNT	National Treasury Department
DfID	Department for International Development (U.K.)
CUT	Single Treasury Account ( <i>Conta Única do Tesouro</i> )
DNC	National Accounting Directorate ( <i>Direcção Nacional de Contabilidade</i> )
DMFAS	Debt Management and Financial Administration System
DNI	National Tax Directorate ( <i>Direcção Nacional de Impostos</i> )
DNT	National Treasury Directorate ( <i>Direcção Nacional do Tesouro</i> )
DTO	Budget Directorate
FISCAL REFORM I	Fiscal Reform in Support of Trade Liberalization Project
GEREI	Office of Studies and International Economic Relations ( <i>Gabinete de Estudos e Relações Económicas Internacionais</i> )
MTFF/MMM	Medium-term Fiscal Framework
OGE	General Budget of the State (Orçamento Geral do Estado)
SIGFE	Integrated Financial Management System ( <i>Sistema Integrado de Gestão Financeira do Estado</i> )
SONANGOL	National Oil Company of Angola
SOW	Scope of Work
UPF	Financial Programming Unit ( <i>Unidade de Programação Financeira</i> )
USAID	United States Agency for International Development

## 1. INTRODUCTION

The Angola Fiscal Reform Project (AFRP) provides intermittent technical assistance and training in the strengthening of the Financial Programming Unit (UPF) of the Ministry of Finance of Angola. The project duration is from August 15, 2007 to December 13, 2008. This is the sixth quarterly report, covering the period April to June 2008. The Second Annual Workplan was approved by both USAID and the Angolan Ministry of Finance in January 2008. This quarterly report provides project implementation data in accordance with the format and substance of the Second Annual Workplan.

## 2. HIGHLIGHTS

The focus of the AFRP this quarter was the training in Government Finance Statistics that our consultants conducted in May.

Due to funding shortfalls, USAID/Angola has informed DAI that there will be no incremental funding for AFRP. Therefore, the project will terminate in December 2008, as originally planned, but will consolidate activities by prioritizing to meet with a near \$200,000 shortfall.

Although we had been planning to report on the PMP in this quarterly report, the cutback in AFRP funding made it impossible to travel to Angola in June to conduct this assessment. A separate report on PMP will be prepared in July-August 2008, as part of Paul Beckerman's visit to Angola.

## 3. BUILDING UPF CAPACITY IN FISCAL REPORTING

Capacity building work during the quarter was mainly focused on delivery of a three-week course in Government Finance Statistics (GFS). The course was led by Ms. Maria Arminda de Sousa, along with Dr. Paul Beckerman. Ms. Bryn Saxe, of DAI head quarters, also traveled to Angola to provide logistic and management support to the training activity.

**Table 1: UPF statistical capacity deliverables**

<b>Deliverable</b>	<b>Date of delivery</b>	<b>Status</b>
1. GFS course design	11-Feb	Completed. Course held in Q2:08
2. Debt reporting assessment	14-Mar	Delayed until after elections
3. Training in debt reporting	16-May	Pending
4. Assessment on reporting of direct administration	20-Jun	Cancelled
5. Assessment of reporting of indirect administration	18-Jul	Completed
6. Assessment of reporting of public enterprises	11-Mar	Cancelled
7. Final handoff of UPF manual	21-Nov	Ongoing

The GFS course had 24 participants from a number of government agencies, including: UPF, Ministry of Planning, Treasury, BNA, Ministry of Trade, and others. Most participants took both a pre-course and a post-course technical examination to gauge their knowledge and understanding of the GFS system and methods. All participants took the post-course exam. For the most part, participants' knowledge and understanding increased, and of those who sat for the post-course exam, all demonstrated at least a sufficient level of knowledge and understanding. For all participants who took the two exams, scores were improved in the second sitting.

The annex is a listing of all participants, their affiliations, and their exam results.

### **Debt reporting, below the line accounts, and Sonangol**

The Finance Ministry generally and the GEREI and UPF in particular need up-to-date reports on external debt that they can use to inform policy decisions. The MOF has been asking the BNA to provide reports, but thus far the BNA's external-debt unit has been unable to provide the kind of report the MOF requires. The BNA's external-debt unit has focused in recent years on compilation of debt data, which continues to present significant problems. Unfortunately, it has focused insufficiently on processing the data it has collected into summary reports that policy-makers can use. This problem is complicated by the reality that staff in the MOF and the BNA are insufficiently trained in basic external-debt concepts.

The AFRP has provided assistance to the UPF in understanding external-debt concepts, and has sought to help the UPF compensate for the inadequacy of the BNA's debt reporting through its own reports. Thus far, these efforts have been only partially successful. Over the remainder of the project, Mr. Beckerman plans to focus on deepening assistance in this area, despite the budget cutback. In upcoming visits, he will work with the UPF, with other relevant MOF units, and with the BNA's debt unit toward developing the necessary reporting procedures. He plans to present a one-day seminar on basic debt concepts (and if necessary repeat it). In addition, his work with the PMP and its documentation will give close attention to the relevant concepts as applied in projection procedures.

### **Fiscal bulletins and reporting**

There was limited follow-up work in this area during the quarter. Although the UPF began drafting a new bulletin intended to bring data reporting through 2007, progress was interrupted by several significant problems with data. The UPF has carried out some updating as well some restructuring and "cleaning-up" of the Excel workbook containing the basic data set. Further follow-up work will be undertaken with assistance from Paul Beckerman.

### **Liaison with other organizations**

No activity during the quarter.

### **Manual**

The UPF's operating manual is essentially complete, but will continue to be amended and updated, since it has been conceived as being subject to update whenever office procedures

change. Additions to the Manual will include (i) the description of the Excel workbook used to develop the below-the-line data for the fiscal accounts, and (ii) some description of the methodology used for the macroeconomic programming (although a separate manual will be developed for that work).

### **Coordination**

No activity during the quarter.

## **4. DEVELOP MACRO-FISCAL PROGRAMMING CAPACITY**

AFRP assistance will help develop the capacity of UPF to develop and use a medium-term macroeconomic and fiscal framework (MMM). The MMM includes projecting the course of the macroeconomy within a consistency framework, along with its various components, and including fiscal projections, such as revenues, spending, investment, balances, and financing.

Technical assistance has been and will continue to be provided, along with some specialized training in MMM development and in the relevant macroeconomics. Specific deliverables that were to have been presented are listed in the following table:

**Table 2: UPF macro-fiscal programming deliverables**

<b>Deliverable</b>	<b>Date of delivery</b>	<b>Status</b>
1. Macroeconomics course developed and delivered	11-Jul	cancelled
2. Macroeconomics course delivered in Angola	26-Sep	cancelled
3. MMM Manual	21-Nov	Pending

The AFRP consultant, Paul Beckerman, continued working with UPF staff, remotely (by Email and telephone), toward developing a programming exercise.

## **5. FINANCIAL REPORT**

As of June 31, 2008, AFRP has utilized 90% of the funds that have been obligated. The project will terminate in December, 2008.

**Table 3: AFRP Financial report**



ANNEX: GFS COURSE PARTICIPANTS AND EXAM SCORES

<b>Nome</b>	<b>Entidade</b>	<b>Classificação final</b>	<b>Conhecimentos iniciais</b>
<b>Adriana Costa</b>	MINPLAN	Suficiente	Médios
<b>Aida Laurélia</b>	DNEP/MINPLAN	Bom	Médios
<b>Alexandre Pedro Manuel</b>	GEREI	Muito Bom	Acima da média
<b>Ana Maria Paulo</b>	DNT	Bom	
<b>António M.A. Vanda</b>	DNC	Muito Bom	Acima da média
<b>Arlete Cândida Monteiro de Sousa</b>	GEREI	Excelente	
<b>Bruno João Tondela</b>	INE	Bom	Médios
<b>Cláudio Sebastião do Amaral</b>	GEREI	Muito Bom	Médios
<b>Cristina Florência Van-Dunem</b>	BNA	Bom	Médios
<b>Dilma Semedo</b>	DNT	Muito Bom	
<b>Engrácia da Conceição Dias dos Santos</b>	SESEP	Bom	Médios
<b>Feliciana Teresa</b>	DNO	Bom	Acima da média
<b>Francisco Xavier da Graça</b>	BNA	Suficiente	Médios
<b>Gardiana Melo</b>	GEREI	Muito Bom	Médios
<b>José Bongo</b>	MINCOM	Bom	
<b>José dos Santos Calengi</b>	INE	Muito Bom	Acima da média
<b>Josefa Francisco</b>	DNC	Suficiente	
<b>Kundi Helena Domingos Ngone</b>	DNI	Bom	Médios
<b>Lino Quienda</b>	DNO	Muito Bom	
<b>Luísa da Conceição Dias Van-Dunem</b>	DNI	Bom	Médios
<b>Maria Luísa Neto</b>	DNI	Muito Bom	Acima da média
<b>Maria Ofélia Gouveia</b>	DNO	Suficiente	Médios
<b>Nachiungue Ermelinda Saculo</b>	Secret Geral MF	Muito Bom	Acima da média
<b>Nsimba Simão</b>	GEREI	Suficiente	Médios
<b>Olinda Paulete Funzi Daniel</b>	GabPreç/MINFIN	Muito Bom	Acima da média