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Angola: Current Overview

The ruling Popular Movement for the Liberation of Angola (Movimento Popular de Libertação de Angola: MPLA) retains a firm grip on power despite a poor performance in the August 2022 general election. The party lost its two-thirds parliamentary majority, required to pass key legislation, for the first time since independence in 1975, and its vote share dropped to 52% from 61% in 2017. Although the main opposition party, the National Union for the Total Independence of Angola (União Nacional para a Independência Total de Angola: UNITA), bolstered its position (securing 44% of the vote), the MPLA and elites close to President João Lourenço continue to dominate state institutions and the levers of power. Lourenço continues to dismantle the influence network of his predecessor (four-decade ruler José Eduardo dos Santos) but his second term has been more focused on reforms intended to stabilize Angola's shrinking, oil-dependent economy.

Despite the MPLA's efforts to suppress opposition activities and influence the electoral system, its support has been undermined among Angola's youthful urban population, which no longer puts stock in the MPLA's civil war achievements and blames it for years of austerity measures and a significant erosion of living standards since the 2014 crude price fall. Notwithstanding belated diversification efforts (forced by lower prices), the hydrocarbon sector generates around 25% of GDP, 95% of exports and over half of total government revenues. Lower crude prices sparked by global trade war fears are likely to put further pressure on Angola's fiscal consolidation and debt reduction efforts in 2025, and the government is considering requesting another IMF funding program. The economic outlook remains challenging, with contraction or muted growth on a per capita basis expected from 2025 through 2030.

Under Lourenço, the government has reorganized the hydrocarbon sector – including the ongoing restructuring of national oil company (NOC) Sonangol and the creation of independent regulator the National Oil and Gas Agency (Agência Nacional de Petróleos e Gás; ANPG) in mid-2019 – and introduced several fiscal incentives, including for marginal, mature and frontier fields and for gas resources, to revive upstream investment in costly deepwater projects curtailed post-2014. In his second term Lourenço has retained key hydrocarbon sector and NOC officials. The MPLA's stated oil and gas policy aims have changed little since 2017 and are likely to remain stable over the coming years: review the Petroleum Activities Law, expand local content, increase domestic gas supply and oil refining capacity, and boost crude production from both existing and new upstream developments.

Angola: 5-Year Outlook

The MPLA's ongoing dominance and the successful transfer of power from Dos Santos to Lourenço has sustained Angola as one of the more stable countries in a region increasingly afflicted by leadership uncertainties, military coups, and security crises. Crude price volatility and dwindling production will continue to necessitate fiscal prudence and economic diversification (towards agriculture, mining, banking, and telecoms) over the longer term. Rising social unrest and political violence fueled by socio-economic factors, particularly among the young UNITA-supporting urban population, remain important watchpoints for broader stability through the forecast period. The government's efforts to reduce fuel subsidies amid a cost-of-living crisis have met with strong popular opposition, demonstrating the difficulty of balancing fiscal prudence and socio-economic stability. The question of Lourenço seeking a currently-unconstitutional third term has already arisen ahead of the 2027 general elections, but the MPLA has so far publicly downplayed that possibility – aware of the unrest it could cause – emphasizing instead that its focus is on delivering economic gains.

Angola's government intends to complete the restructuring of Sonangol's vast cross-sector asset base in the next few years. The NOC's profitable upstream operations have been separated from its loss-making non-core activities (such as airlines, telecoms, and healthcare), and some of its subsidiaries are being privatized. However, the government's ambitious plans to publicly list 30% of the NOC's equity in Luanda prior to 2027 have been pushed back to post-2030 due to multiple corporate and market challenges. Even so, Sonangol's previously fragile finances and high debt levels — which compelled it to accept a $10-billion China-funded state-backed bailout in 2016-17 — are finally stabilizing, helped by upstream asset sales. However, cash call arrears with foreign E&P partners are proving hard to reduce. The NOC's regulatory, operational, and decision-making influence is likely to diminish further over the forecast period.

Angola hopes to maintain crude production at or above 1 million b/d per day to 2030, a far cry from its 2 million b/d aspirations of less than a decade ago. The country's late 2023 departure from OPEC was primarily driven by the government's desire to be unconstrained in attracting investment to boost production but may also be symbolic of a broader political shift towards the US and Europe as international partners. The key strategic Lobito Corridor railway project, partly funded by the Group of Seven (G7) countries, underscores Angola's desire to diversify away from entrenched Chinese political and financial influence. For new hydrocarbon resources, Angola's 2019-25 Licensing Plan appears unlikely to drive the hoped-for material exploration breakthroughs needed to reverse decline. However, the authorities continue to hold out hope for new offshore and onshore plays, introducing improved terms for frontier areas such as the Namibe and Kwanza Basins to protect the country's competitiveness in an increasingly capital- and carbon-constrained world.

Angola: Overall Rating

	Current	5 Year Outlook
	6.37 C	6.80 C
Politics	5.00 C	4.75 D
Economics	5.05 C	6.35 C
Hydrocarbon Sector Entry	7.30 B	8.13 B
Hydrocarbon Sector Operations	5.50 C	5.75 C

	Current	5 Year Outlook
Hydrocarbon Sector Shocks	8.33 B	8.33 B

Angola: Politics

	Current	5 Year Outlook
	5.00 C	4.75 D
State Capacity Formal institutional capacity remains low, despite improvements since the end of the Angolan civil war in 2002. Historically, the primary function of most state institutions has been the distribution of patronage to the ruling elite. President Lourenço's pledge to make government institutions more transparent and effective has not yielded tangible improvements and is unlikely to do so during the forecast period.	4.00 D	4.00 D
Political Legitimacy Most Angolans do not accept the political system as fully legitimate, as access to political power and economic opportunity remains in the hands of the ruling elite. Successive elections have been considered neither free nor fair by domestic and international observers, and the MPLA again attempted to rig the country's constitutional court and influence the electoral system ahead of the 2022 vote. A challenge to the election results by UNITA was unsuccessful, but the opposition still managed to reduce the MPLA's vote share to 52% on turnout of 45%. President Lourenço gained popular support with moves to limit the influence of the dos Santos family during his first term, but he is likely now more concerned with shoring up his power base ahead of the 2027 elections than creating a truly legitimate mandate or an inclusive political system.	5.00 C	5.00 C
Political Violence Political violence has decreased markedly since the end of the Angolan civil war in 2002 and the signing of a peace agreement with Cabinda insurgents in 2006. Nevertheless, the state continues to rely on coercion, and opposition protests and non-oil sector industrial strike actions have grown in response to austerity measures implemented by the government since 2014 and deepened through the COVID-19 pandemic. Reduced government revenues have constrained social spending, suggesting that	5.00 C	4.00 D

	Current	5 Year Outlook
civil disorder and instability are likely to rise in advance of the 2027 election against the backdrop of an empowered political opposition.		
Geopolitical Risk The biggest source of geopolitical risk to Angola comes from its relationship with the Democratic Republic of the Congo (DRC), which is marked by a history of conflict and border disputes. The relationship has stabilized in recent years, but tensions will probably remain elevated through the forecast period. Proposed joint oil exploration of the shared common interest zone established in 2007 has yet to proceed after various disagreements, but in mid-2023 talks yielded a breakthrough, with a new agreement for a shared PSC for the Chevron-operated Block 14 in which both countries' NOCs will take a 30% stake.	6.00 C	6.00 C

Angola: Economics

	Current	5 Year Outlook
	5.05 C	6.35 C
Non-Payment Risk Angola's import cover stands at around 9 months and will increase towards one year of coverage during the forecast period. However, non-payment risks associated with the state are high. Government agencies continue to experience cashflow problems, and since 2016 Sonangol has faced difficulty in meeting upstream cash calls in joint ventures with international oil companies (IOCs). The NOC used the China-funded government cash injection to pay down $4 billion in cash-call debts in 2016-2017, but stubborn operational expenditure arrears of between $500 million and $2 billion have remained in recent years, standing at just under $1 billion at end-2024. In addition, Sonangol faces arrears in fuel import payments and power sector debts, both due to the NOC's role in the subsidy system and delayed reimbursement from the state.	5.00 C	7.00 B
Primary Fiscal Balance Angola's primary and overall fiscal balances have fluctuated greatly in recent years in tandem with oil prices and often substantial debt repayment obligations. Due to the impacts of the COVID-19 crisis, the		

	Current	5 Year Outlook
primary fiscal surplus narrowed slightly to 5% of GDP in 2020, with the overall fiscal account dipping into negative territory due to heavy debt servicing obligations, which were equivalent to around 12% of GDP in 2020. Higher crude prices drove a rebound to a 7% primary fiscal surplus in 2022, which is expected to narrow to 1.3% in 2025 then widen slightly by the end of the forecast period.	7.00 B	8.00 B
Real Per Capita GDP Growth Angola’s population growth of 3% per annum constrains economic expansion measured on a per capita basis, and a contraction of 1.3% on this basis is expected in 2025. Annual per capita contraction is likely through most of the forecast period, although slight growth is possible towards 2029. Overall, real GDP is set to grow by around 3% per annum through the forecast period.	4.00 D	5.00 C
Level of Development Decades of civil war left Angola severely underdeveloped, especially the interior of the country, and Angola ranks in the second-to-bottom quintile of the UN’s Human Development Index. Despite external donor support, economic flux amid declining oil production and revenues will probably continue to undermine the government’s development plans, and living standards are unlikely to improve notably over the next five years.	3.00 D	3.00 D

Angola: Hydrocarbon Sector Entry

	Current	5 Year Outlook
	7.30 B	8.13 B
International Openness Foreign investor access to Angola's upstream continues to improve as the government implements reforms and strategies intended to maintain the country’s international competitiveness, support investment, and open new areas for exploration. Angola's five-year Licensing Plan and Exploration Strategy will likely help to ease new entry terms and drive a shift in the country’s competitive landscape over the forecast period and beyond. The government is moving away from its previously selective, majors-focused approach to licensing in favor of a more open strategy, which includes promoting new onshore areas to local and foreign	9.00 A	10.00 A

	Current	5 Year Outlook
independent firms. Moreover, the ANPG will continue to pursue a strategy of “permanent offer”, in which any blocks not awarded during its Licensing Plan will remain open for direct negotiation.		
Government Take Angola’s Government Take score has improved from a historically uncompetitive baseline due to the cumulative impacts of pragmatic measures to boost competitiveness, which began under Dos Santos in 2016 and gathered momentum and effectiveness under Lourenço from 2018. The government has adjusted fiscal and operational terms on a case-by-case basis in several deepwater production sharing contracts, while also introducing tax breaks and incentives for marginal and mature fields, frontier areas, natural gas, and improved cost recovery for near-field exploration. The authorities have indicated that they will be flexible in their application of the marginal field terms in order to support investment and fight production decline, raising the prospect that the terms could be applied to a large proportion — potentially even the majority — of new deepwater field developments. S&P Global Energy CERA fiscal modeling suggests that the application of marginal terms to the 2019 Offshore Model PSC for an oil project would result in an easing of Government Take to “D” (3). While the broad applicability of the marginal terms makes them a de facto tax cut for deepwater oil, the application of frontier-focused terms for the 2025 Kwanza Basin bid round model contract could further boost the attractiveness of more technically challenging pre-salt exploration. Take rates are substantially lower for gas, with the 2018 Natural Gas Framework Law offering fiscal and contractual incentives for standalone non-associated gas developments.	4.00 D	4.50 D
Government Take: Oil	3.00 D	4.00 D
Government Take: Gas	5.00 C	5.00 C
Expeditiousness of Contract Contract ratification in Angola is speeding up as the 2019-25 Licensing Plan progresses and regulator ANPG becomes more efficient. Contracts issued in the most recently completed bid round, the 2023 second onshore round, were ratified within six months — half the time taken to ratify contracts in the two previous licensing rounds. The 2025 Kwanza and Benguela bid round will act as watchpoint for expeditiousness where deepwater contracts to larger foreign investors are concerned, and that process is likely to take longer than for onshore contract issuances to local	6.00 C	7.00 B

	Current	5 Year Outlook
firms. Previous deepwater contract awards took over a year to ratify.		
State/NOC Role Sonangol plays a moderate role in Angola's upstream sector, historically enjoying more influence over project decisions and operations than its working interest share in oil production (21% in 2025) and general status as a non-operator minority partner might suggest. Until 2018 Sonangol was the sole rights holder to non-associated gas resources. Gas output is expected to nearly double by 2030 as IOC operators take advantage of new gas development incentives, but Sonangol's share of output will remain steady at around 16%. Overall, Sonangol's regulatory and operational roles are diminishing due to institutional reforms, asset sales, and the NOC's constrained finances, suggesting a slight improvement in the score for State/NOC Role during the forecast period. However, state institutions will continue to play an influential role in directing IOC activities.	6.50 C	7.00 B
State/NOC Role: Oil	6.00 C	7.00 B
State/NOC Role: Gas	7.00 B	7.00 B

Angola: Hydrocarbon Sector Operations

	Current	5 Year Outlook
	5.50 C	5.75 C
Sanctity of Contract Compared to many West African peers, Angola has a generally good long-term track record of upholding upstream contracts. Under the previous Dos Santos government, several arbitration cases put downward pressure on this score, including tax disputes with several majors, contractual disputes at US independent Cobalt's fields, and related international investigations into potential Angolan government ownership of opaque local companies partnering with IOCs. That downward pressure eased under the pro-foreign investment E&P policies of the Lourenço administration.	8.00 B	8.00 B

	Current	5 Year Outlook
Regulatory Burden Regulatory burden in Angola is reducing somewhat amid ongoing institutional restructuring and reform and a stated desire by the Angolan government to boost regulatory transparency, predictability, and efficiency. However, challenges remain, particularly due to the sometimes-conflicting roles of government agencies such as the oil and environment ministries. In terms of local content, the government has recently demonstrated a pragmatic approach, reducing IOC obligations that compromise project economics, and the state is conducting a review of local content policies to keep Angola competitive globally.	5.00 C	6.00 C
Civil Society Risk The Angolan civil society groups that have emerged since the end of the civil war have been unable to exert much influence on the tightly controlled hydrocarbon sector. However, growing political activism among the country's younger, post-civil war generation is a troubling dynamic for the authoritarian ruling regime. Even so, civil society activity is unlikely to have much effect on IOC investments and operations in the country during the forecast period.	7.00 B	7.00 B
Corruption Corruption in Angola is endemic, and the country scores in the bottom quintile on Transparency International's Corruption Perceptions Index. Despite President Lourenço's pledges to crack down on corruption and boost transparency, Angola's position is unlikely to change during the forecast period.	2.00 F	2.00 F
Rule of Law Rule of law in Angola is extremely weak and is unlikely to improve significantly in the medium term. Based on the World Bank's Governance Indicators, Angola falls in the bottom quintile globally for this measure.	2.00 F	2.00 F

Angola: Hydrocarbon Sector Shocks

	Current	5 Year Outlook
	8.33	8.33

	Current	5 Year Outlook
	B	B
Market Access Risks to market access in Angola are generally minimal, given the economic importance of crude and LNG export revenues. Political interference is limited, particularly following Angola's 2023 OPEC exit. Constraints on exports usually arise from planned and unplanned maintenance (in the case of crude, for which there is generally well-established and plentiful export infrastructure) or a lack of infrastructure (in the case of gas). Legislation introduced in 2018 confers ownership of gas resources on foreign investors for the first time, extending export project options. There is spare capacity at Angola LNG, the country's sole export facility, which currently liquefies only gas associated with nearby oil production. Facilitated by the 2018 terms, further associated and non-associated feedstock is expected to supply the plant during the forecast period, while a new floating LNG (FLNG) project with a domestic supply component is under consideration for large Kwanza Basin gas discoveries. Future gas projects may have a domestic market component, but the market will remain limited in size during the forecast period.	8.50 B	8.50 B
Market Access: Oil	9.00 A	9.00 A
Market Access: Gas	8.00 B	8.00 B
Facility and Personnel Violence Oil facilities are heavily guarded. At times, IOC operations in Cabinda province have been threatened by the long-running insurgency there, which is still prone to violent flare-ups.	8.00 B	8.00 B
Ministerial/Policy Volatility Hydrocarbon sector leadership and policy changes have been infrequent in recent years. Policy and personnel continuity are likely for the duration of Lourenço's second term and probably beyond, and he will maintain and, in some cases, deepen the pragmatic remedial hydrocarbon policies originating from the late Dos Santos era, including NOC and institutional restructuring and contractual and fiscal incentives.	8.00 B	8.00 B
Labor Unrest		

	Current	5 Year Outlook
Labor unrest is a rare occurrence in Angola’s hydrocarbon sector. Some instances of strike action have occurred, often related to local grievances and political issues in the Cabinda region.	9.00 A	9.00 A

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