



BANCO NACIONAL DE ANGOLA

Policy Response to Covid-19

MAY 2020



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I. Introduction

Since the beginning of the year, the world has been under attack of a pandemic disease, the coronavirus outbreak, which has collapsed the strongest economies around the world. African countries have a strong commercial bond with the rest of the world, specially on selling their commodities. Most of the countries sells their products for the Europeans countries and China.

As the beginning of the lockdown, those countries stopped importing African commodities, which made the African trade decline, decreasing their revenues and increasing debts.

In the case of Angola, which is an oil dependent country, it has been suffering from the negative impact of the decline in oil prices in the international markets, as a result of the excess supply combined with a weak demand around the world. In order to response to the negative effects of the covid-19, the Banco Nacional de Angola has implemented a set of the economic stimulus measures to support the recovery of growth, particularly in the non-oil sector.

On this note, it will be presented an analysis of the measures setting out, the objectives for which they were implemented, as well as the expected impacts

II. Policies Implemented

1. Establishment of a liquidity channel with a maximum value of KZ 100 billion for the acquisition of the government bonds held by non-financial corporations¹. The intension is to pay all overdue public debt entered on SIGFE (Integrated State Financial Management System) to support those companies that hold the government bonds and wish to convert them into currency to access the liquidity channel provided by the BNA for the discounting bonds with lower costs.

It is expected that small and medium sized companies manage to convert certain Treasury Bonds into immediate liquidity, thereby facilitating their cash management during this period of lower activity and thus providing liquidity to continue producing and overcome the effects of the covid-19.

2. Extension for 54 products related to the PRODESI program (production support, diversification of exports and imports substitutions), in which the commercial banks have to concede credit, in order to reduce, in the same amount, the mandatory reserves required by the BNA². The commercial banks with assets recorded on their balance sheet, on 31 December 2019, equal to or greater than one trillion and five hundred billion Kwanzas, should finance a minimum of 50 new credits for Cooperatives and small and medium companies in the production chain, in one of the 54 products defined in the Credit Support Programme (CAP) and

¹ [INSTRUTIVO N.º 06/2020 DE 06 DE ABRIL.](https://www.bna.ao/Conteudos/Legislacao/pesquisa_legislacao.aspx?idc=140&idsc=155&idl=1)

https://www.bna.ao/Conteudos/Legislacao/pesquisa_legislacao.aspx?idc=140&idsc=155&idl=1

² [Aviso nº 10/2020 de 3 de](https://www.bna.ao/Conteudos/Legislacao/pesquisa_legislacao.aspx?idc=140&idsc=155&idl=1)

[Abril](https://www.bna.ao/Conteudos/Legislacao/pesquisa_legislacao.aspx?idc=140&idsc=155&idl=1)https://www.bna.ao/Conteudos/Legislacao/pesquisa_legislacao.aspx?idc=140&idsc=155&idl=1



PRODESI during 2020. The others commercial banks must fund a minimum of 25 new credits for the same entities and purposes. The funding of new credits is deducted from the mandatory reserves and must be equivalent to a minimum of 2.5% of the total value of the net asset of each bank. The cost of credit may not exceed 7.5% and must respect the maturities set out in the CAP.

By taking this measure, it is expected a leverage of the credit to the economy in order to stimulate the domestic production so as to minimize pressures on the Angola's Balance of Payment.

3. Temporarily exempt the payment limits per instrument, for importing of goods from the basic basket, medicines and biosafety materials.³

- a) The exemption from the limits set out in Instruction No. 18/19, 25 October, for imports of medicinal products, biosecurity material and food products (sugar, rice, corn grain, wheat grain, beans, milk powder, Oil, Beef, pork, chicken Meat), provided that payments are made directly to the producers of those products or their legal representatives;
- b) Suspension for a period of 90 days, the limits set in instructive No. 18/19, of 25 October, with the aim of simplifying and ensuring greater celerity in the procedures for the payment of imports of essential goods for the prevention and combating of the pandemic caused by the outbreak of Covid-19;
- c) Exemption from the presentation of good-performing bank guarantees, in cases of advance payments to import the products mentioned in a), in the amount exceeding USD 100.000,00 which require licensing from the BNA;
- d) Greater celerity in the processes that requires licensing by the BNA, for other products, not mentioned above that may be considered essential. It is now responsibility of the Exchange Control Department of the BNA to respond the requests for authorization, within 48 hours of their receipt or additional clarifications if requested.

It is expected that the facilitation and less bureaucratization on the procedures to license the imports of essential goods and foreign exchange transactions, for the payment of imports, will enable the efficient internal supply with regard to food from the basic basket products and medicines to soften the negative impacts of the pandemic.

4. Since 1st of April, the Bloomberg platform started to be used for the sale of foreign currency by the oil companies and the National Agency of oil and Gás (ANPG) to commercial banks.⁴ This new mechanism will provide greater dynamism and complete flexibility of the foreign exchange market.

³ [Instrutivo nº 05/2020 de 30 de Março](#)

https://www.bna.ao/Conteudos/Legislacao/pesquisa_legislacao.aspx?idc=140&idsc=155&idl=1

⁴ [Instrutivo nº 02/2020 de 30 de Março. The "FX GO" system is being used.](#)

https://www.bna.ao/Conteudos/Legislacao/pesquisa_legislacao.aspx?idc=140&idsc=155&idl=1



- 5. It was defined the flexibility of deadlines for the fulfillment of credit obligations. In the context of Presidential Decree No. 82/20 of 26 March, which defined, among other measures, the suspension of interpellations, late constitutions and executions resulting from the delay of obligations that cannot be performed due to the State of Emergency, motivated by the significant impact of the pandemic caused by the Covid-19 outbreak.⁵**

- 6. Delegation to commercial banks, the licensing of all service provision contracts, to allow dynamism in the processes and hiring of domestic companies with abroad companies.**

7. Additionally, the BNA board had its MPC meeting on the 7th of May and decided to:
 - a. Ensure the permanent lending facility, making up to Kz 100 billion available to commercial banks to essentially make their access to liquidity predictable and stable if necessary.
 - b. Include large companies in the liquidity channel for the purchase of the Government bonds to provide direct support to the productive sector and relieve the pressures on the companies balances whom have large numbers of employees, and so they can continue their activities and maintain of the jobs.

8. In the context of supervision, to ensure that institutions continue to play their role in the functioning of the real economy, within an appropriate framework of corporate governance and risk control, during this exceptional period, the National Bank of Angola suspended and extended the period of reporting of compulsor information to BNA through the Financial Institutions Portal (PIF), in accordance with the Directive N.º 02/DSB/2020.

9. The BNA also adopted measures to contain Covid_19, among which, offsite working, reducing the number of employees per department and limiting operating hours at the main building for the granting of minimal services.

10. Finally, During the emergency period, the National Bank of Angola will ensure the regular handling of complaints, requests for clarification and through its usual channels, namely: www.consumidorbancario.bna.ao; reclamacoes@bna.ao or bnacorrespondencia@bna.ao; and Telephone: 222 679 244.

⁵ [Instrutivo nº 04/2020 de 30 de Março](#)

https://www.bna.ao/Conteudos/Legislacao/pesquisa_legislacao.aspx?idc=140&idsc=155&idl=1