

## ANGOLA

UNITARY COUNTRY

## BASIC SOCIO-ECONOMIC INDICATORS

INCOME GROUP: LOWER MIDDLE INCOME

LOCAL CURRENCY: ANGOLAN KWANZA (AOA)

## POPULATION AND GEOGRAPHY

**Area:** 1 246 700 km<sup>2</sup> (2017)**Population:** 29.8 million inhabitants (2017), an increase of 3.5% per year (2010-2015)**Density:** 24 inhabitants / km<sup>2</sup>**Urban population:** 64.8% of national population (2017)**Urban population growth:** 4.4% (2017 vs 2016)**Capital city:** Luanda (25.2% of national population)

## ECONOMIC DATA

**GDP:** 197.9 billion (current PPP international dollars), i.e. 6 643 dollars per inhabitant (2017)**Real GDP growth:** -0.15% (2017 vs 2016)**Unemployment rate:** 24.2% (2014)**Foreign direct investment, net inflows (FDI):** -7 397 (BoP; current USD millions, 2017)**Gross Fixed Capital Formation (GFCF):** 23.2% of GDP (2017)**HDI:** 0.581 (medium): rank 147 (2017)

## MAIN FEATURES OF THE MULTI-LEVEL GOVERNANCE FRAMEWORK

Angola is a unitary country with two levels of subnational governments, composed of provinces and municipalities. The Constitution also recognizes sub-municipalities, such as "traditional authorities". Local government is enshrined in the 2010 Constitution (Art. 213). The Constitution states that the state at local level shall be structured on the basis of principle of political and administrative decentralization which shall include forms of local government organization and that such forms of local government organization shall include local authorities, the institutions of the traditional authorities and other specific forms of citizen participation.

The Constitution also outlines the principles of local autonomy which include the right and effective capacity of local authorities to manage and issue regulations for public matters, under the terms of the Constitution and the law, on local authorities own account and in the interest of the local population (Art. 214)

Decentralization in Angola has significantly evolved since the late 1999s, when the Local Administration Decree was enacted outlining the framework for decentralization. The passing of Local Administration Law 02/07 in 2007 supported the full decentralization of political power across different levels of government. Law 02/07 clarifies the responsibilities for service delivery at the provincial, municipal and communal levels, it allows municipalities to become independent budget units, and to establish a direct connection with the central government through the Ministry of Territorial Affairs (MAT).

In 2008, Decrees 08/08 and 09/08 were passed to complement and support Law 02/07. These two pieces of legislation establish a Fund for Municipal Management Support (FUGEM) to transfer funds to finance services and investments according to local needs. Decree 09/08 similarly provides technical support to municipalities to comply with their new functions. Decree 40/18 allows for some levels of fiscal autonomy for municipalities and for the decentralization of skills.

## TERRITORIAL ORGANISATION

2017	MUNICIPAL LEVEL	INTERMEDIATE LEVEL	REGIONAL OR STATE LEVEL	TOTAL NUMBER OF SNGS
	Municipality ( <i>Município</i> )		Province ( <i>Província</i> )	
	163		18	181

**OVERALL DESCRIPTION.** Angola has 18 provinces, divided in 163 municipalities, which are in turn divided into 532 communes. Provincial and Municipal governments in Angola can be described in practice as deconcentrated state entities, as there are no local elected councils, no community participation, and no representative body or mechanisms in place for voicing citizen's concerns. The move to democratically elected, accountable, and fiscally autonomous decentralize subnational government is still ongoing.

**MUNICIPAL LEVEL.** All of the rules and regulations pertaining to the local level are provided by the Ministry of Territorial Affairs (MAT) and communicated through training activities of the *Instituto de Formação na Administração Local* (IFAL).

Subnational authorities at a commune level are not elected but instead are nominated by MAT based on the Provincial Governor's suggestion. At the municipal level, Municipal Administrators are appointed, not elected, much like the commune level. The introduction of local elections has been high on the agenda of the government over the recent years. In May 2015, the Parliament approved a plan for the preparation of local elections, which are anticipated to occur before the general election in 2022.

**PROVINCIAL LEVEL.** Provincial government organs are subordinate to the central government. In areas where provincial and local government are functioning, these bodies receive resources from the central government, as well as international partners. Provincial governors are appointed by the President and are, in theory, responsible for responding to their constituencies through the provision of basic services, hiring public sector staff, and strategic planning and budgeting of regional priorities. However, in practice they are limited in their ability to make decisions without approval from the President.

## SUBNATIONAL GOVERNMENT RESPONSIBILITIES

The Constitution specifies the scope of authority granted to local authorities and the financial resources proportionally to the responsibilities assigned, stating that a part of local resources must come from local revenue and taxes.

The Local Administration Law 02/07 and the Organization and Functioning of the Local State Administration Authorities Law 17/10 state that provinces are responsible for the promotion and orientation of socio-economic development, provincial planning, social support, education, healthcare, environment protection and also play a role in the execution of decisions made by central authorities, sharing some of these responsibilities with the municipal level. The communal administrative level submits budget proposals to the municipal administration and supervises financial revenues collection.

However, these laws have not been operationalized; currently local governments have only a slight impact on the provision of local public services and the definition of responsibilities across levels of government remains vague to the local authorities on the ground.

### MAIN RESPONSIBILITY SECTORS AND SUB-SECTORS

	REGIONS	MUNICIPAL LEVEL
1. General public services	Public buildings and facilities; Supervision of public institutes and significant companies	Public buildings and facilities
2. Public order and safety		Municipal police; Civil defense
3. Economic affairs/transport	Promotion and orientation of socio-economic development	Promotion of economic development; Energy
4. Environmental protection	Some environmental protection	Some environmental protection; Sanitation
5. Housing and community amenities	Provincial planning	Municipal and urban planning; Housing provision
6. Health	Some healthcare functions	Primary healthcare (medical centers)
7. Recreation, culture & religion		Sports facilities; Culture and science facilities
8. Education	Primary schools	Primary and secondary schools
9. Social protection	Social support	Promotion of social development

## SUBNATIONAL GOVERNMENT FINANCE

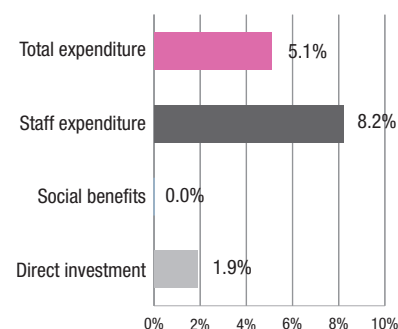
Scope of fiscal data: provinces and municipalities.	SNA: Other	Availability of fiscal data: <b>Low</b>	Quality/reliability of fiscal data : <b>Low</b>
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**GENERAL INTRODUCTION.** Angola has highly centralized control of all government expenditure, although there appears to be a move towards allowing local governments greater control of their finances. In 2008, municipal governments became budget units for the first time under the Law on State Organs of the state. 68 municipalities were selected as part of the pilot to roll out financial decentralization by receiving transfers from the 2008 budget.

The Financial Regime of Local State Organs (Presidential Decree 40/18) has enabled subnational governments to have a greater level of fiscal autonomy. The decree applies to both provincial and municipal governments and it makes provisions for subnational governments to establish and manage some of their locally generated revenues, which were previously channeled to the national state's account. However, collection and sharing of revenues between the provinces and the municipalities remains under the responsibility of the central government.

### SUBNATIONAL GOVERNMENT EXPENDITURE BY ECONOMIC CLASSIFICATION

2017	DOLLARS PPP / INH.	% GDP	% SNG EXPENDITURE	% GENERAL GOVERNMENT EXPENDITURE (SAME EXPENDITURE CATEGORY)
<b>Total expenditure</b>	<b>81</b>	<b>1.2%</b>	<b>100%</b>	
<b>Inc. current expenditure</b>	<b>75</b>	<b>1.1%</b>	<b>92.6%</b>	
Staff expenditure	44	0.7%	53.7%	8.2%
Intermediate consumption	28	0.4%	34.8%	
Social expenditure	0	0.0%	0.0%	0.0%
Subsidies and current transfers	0	0.0%	0.3%	
Financial charges	0	0.0%	0.0%	
Others	3	0.0%	3.8%	
<b>Incl. capital expenditure</b>	<b>6</b>	<b>0.1%</b>	<b>7.4%</b>	
Capital transfers				
Direct investment (or GFCF)	6	0.1%	7.4%	1.9%



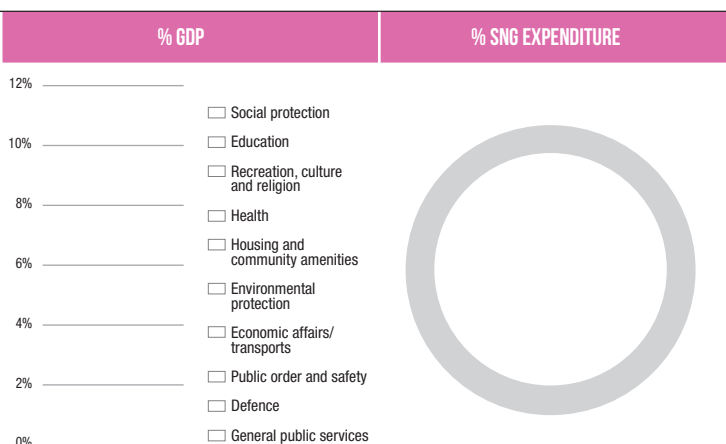
**EXPENDITURE.** In 2017, total sub-national government expenditure made up only 5% of the total public expenditures. Over 90% of expenditures at the local level correspond to current expenditures, of which the main lines of expenditure are personnel-related expenses and intermediate consumption. SNG direct investment is extremely low.

**DIRECT INVESTMENT.** Direct investment represented 7.4% of subnational expenditure in 2017, accounting for 0.1% of GDP and 1.9% of total public investment.

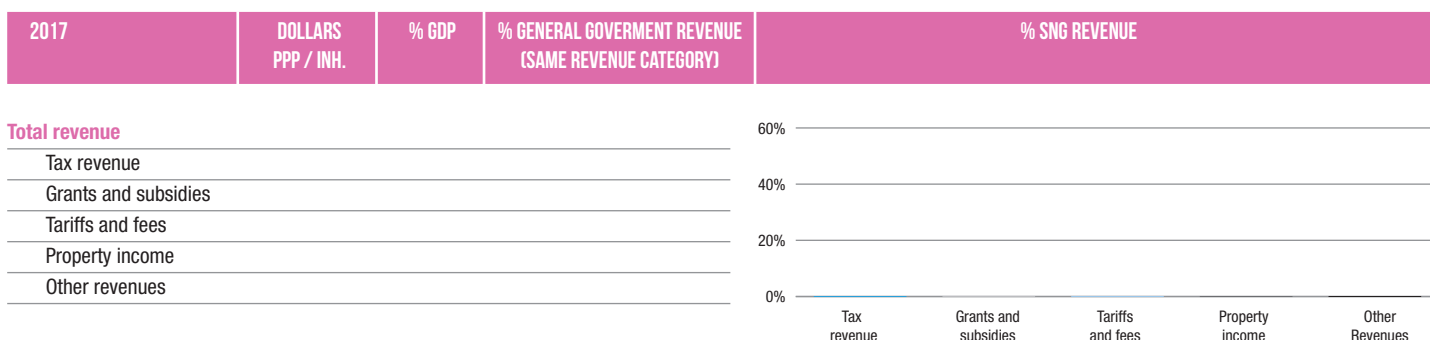
# ANGOLA

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## SUBNATIONAL GOVERNMENT EXPENDITURE BY FUNCTIONAL CLASSIFICATION – COFOG



## SUBNATIONAL GOVERNMENT REVENUE BY CATEGORY



**OVERALL DESCRIPTION.** According to the UNICEF national budget report for 2018, the government of Angola has made provisions in the upcoming year to increase fiscal allocations and improve budget transparency at the subnational level.

**TAX REVENUE.** Local governments have little authority in determining current tax base and rates, central government is responsible for setting new taxes. According to a City Alliance and UCLGA study, 85% of total tax revenues in Angola are collected by the central government and the remaining 15% is collected by the provincial governments. Municipalities are still not fiscal entities. Law No. 02/07 provides for communes to collect revenues from various sources, yet this does not apply in reality and they have not been able to collect their own taxes nor elaborate budgets.

Some of the revenue streams at provincial level which have emerge from Presidential Decree 40/18 include: 70% of Employment Tax (*Imposto sobre Rendimento do Trabalho – IRT*), 50% of Industrial Tax, 70% of Property Tax, 80% of Tax on Inheritances and Donations, 70% of Real Estate Tax, 100% of Consumption Tax (excluding revenues generated through import), 30% of license fees and traffic control and 90% of the value of fines for administrative transgressions.

**GRANTS AND SUBSIDIES.** Some provinces rely heavily on transfers based on revenues from oil or diamond extraction. For instance, the provinces of Luanda-Norte, Luanda-Sul and Moxico receive a transfer amounting to 10% of tax receipts on diamond extraction. The provinces of Cabinda and Zaire receive similarly funds from oil extraction.

The Fund for Municipal Management Support is a main source of transferred revenues for municipalities. These transfers are not formula-based and consist of the same amount for all municipalities irrespectively of their size or population. They mainly aim at financing infrastructure investments.

The National Balance Fund (*Fundo de Equilibrio Nacional*) is responsible for creating some equity between the revenues of different sub-national governments. This National Balance Fund receives 10% of the tax on oil revenues, as well as the balance of the revenue streams listed in Decree 40/18.

**OTHER REVENUES.** Possible additional provincial government revenues include service and license fees that do not enter in the “Single Treasury Account”, as is the case of local market fees. Law 02/07 further grants local authorities the power to generate revenue from interests for circulations and financing of traffic, rent from housing, community services revenues and Community services revenues. Local governments also receive an additional 10% of the value of fines and inherent interests related to the use of land.

## SUBNATIONAL GOVERNMENT FISCAL RULES AND DEBT

	DOLLARS PPP/INH.	% GDP	% GENERAL GOVERNMENT DEBT	% SNG DEBT
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### Total outstanding debt

Financial debt\*

\* Currency and deposits, loans and bonds

**FISCAL RULES.** No information available.

**DEBT.** Sub-national governments in Angola do not possess legal authority to contract debt or make investments on their own.



Lead responsible: UCLG  
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[www.sng-wofi.org](http://www.sng-wofi.org)

**Socio-economic indicators:** World Bank // UNDP // UN Desa // ILO.

**Fiscal data:** Ministério das Finanças (2018) Orçamento Geral do Estado // OECD/UCLG (2016) Subnational Governments Around the World Structure and Finance: A First Contribution to the Global Observatory on Local Finances // UNICEF (2018) National Budget Report.

**Other sources of information:** Cities Alliance & UCLG-A (2018) Assessing the institutional environment of local governments in Africa // SAPO 24 (2018) Angola Begins This Year to Decentralize Skills and Resources to Municipalities // Aalen, L. & Muriaas, R. L. (2017) Power calculations and political decentralisation in African post-conflict states // UNDP in Angola (2008) Decentralization and Local Governance // Election Calendar (2018) Electoral Institute for Sustainable Democracy in Africa // National Democratic Institute for International Affairs (1996).