

ANGOLA

UNITARY COUNTRY

AFRICA

BASIC SOCIO-ECONOMIC INDICATORS

Income group - **UPPER MIDDLE INCOME** Local currency - **Angolan Kwanza (AOA)**

POPULATION AND GEOGRAPHY

AREA: **1 246 700** km²

POPULATION: **22.1** million inhabitants (2014),
an increase of 5.0% per year (2010-14)

DENSITY: **18** inhabitants/km²

URBAN POPULATION: **43.3%** of national population

CAPITAL CITY: **Luanda** (23.9% of national population)

Sources: World Bank, UNDP-HDR, ILO

ECONOMIC DATA

GDP: **(-)** billion (current PPP international dollars)
i.e. (-) dollars per inhabitant (2014)

REAL GDP GROWTH: **3.9%** (2014 vs 2013)

UNEMPLOYMENT RATE: **7,6%** (2014)

FOREIGN DIRECT INVESTMENT, NET INFLOWS (FDI): **1 922** (BoP, current USD millions, 2014)

GROSS FIXED CAPITAL FORMATION (GFCF): **24%** of GDP (2014)

HUMAN DEVELOPMENT INDEX: **0.526** (low), **rank 149**

TERRITORIAL ORGANISATION AND SUBNATIONAL GOVERNMENT RESPONSIBILITIES

MUNICIPAL LEVEL decentralized level	INTERMEDIATE LEVEL	REGIONAL OR STATE LEVEL decentralized level	TOTAL NUMBER OF SNGs
162 162 MUNICIPALITIES (MUNICIPIO)		18 18 PROVINCES (PROVINCAS)	180

MAIN FEATURES OF TERRITORIAL ORGANISATION. Angola is a unitary country with two levels of subnational governments, composed of 18 provinces and 162 municipalities. The Constitution also recognizes sub-municipal entities, such as "traditional authorities". Municipalities are further divided into 532 communes for administrative purposes. Governors of the provinces are appointed by the executive, and municipal administrators are appointed by the governor of the province in which the municipality is located. According to the Constitution, sub-national governments are separate legal entities. Municipalities are independent budget units since 2007 (following the implementation of the Local Administration Law 02/07). Decentralisation in Angola has significantly evolved since the late 2000s. Major recent legislation texts include the Decree 08/08 modifying local financial arrangements through the introduction of the Fund for Municipal Management Support), and the Decree 09/08 aiming to provide technical support to municipalities in order to comply with their new functions. 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 that has however been delayed.

MAIN SUBNATIONAL GOVERNMENTS RESPONSIBILITIES. The competences allocated to each level of government are defined in the Constitution (art. 219), the Local Administration Law 02/07, and the Law 17/10. The provinces are responsible for the promotion and orientation of socio-economic development, provincial planning, social support, education (alphabetisation, primary education), healthcare, environment protection, etc. They also play a role in the execution of decisions made by central authorities regarding regional/local matters, and supervise public institutes and companies of provincial/local importance. Municipalities are responsible for municipal and urban planning, agriculture and rural development, primary healthcare, municipal police, sanitation, etc.

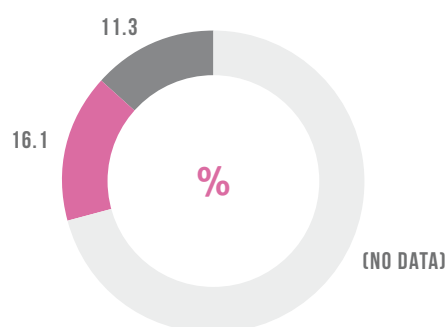
SUBNATIONAL GOVERNMENT FINANCE

EXPENDITURE	% GDP	% GENERAL GOVERNMENT (same expenditure category)	% SUBNATIONAL GOVERNMENT
TOTAL EXPENDITURE (2012)	5.8%	12%	100%
CURRENT EXPENDITURE	5.0%	-	86.4%
STAFF EXPENDITURE	-	-	-
INVESTMENT	-	-	-

Considering the distribution of expenditures by level of administration, Angola has a low degree of fiscal decentralization. In 2012, the local level was responsible for 12% of the expenditures made. Strong participation at the central government level can be explained by the capital expenditure that continued to be undertaken directly by bodies that are dependent on the central structure.

EXPENDITURE BY FUNCTION

% SUBNATIONAL GOVERNMENT EXPENDITURE



Healthcare and education represent a significant share of sub-national expenditures. Education expenditure is mostly related to provinces, which are responsible for primary education, although a few large municipality also have some degree of education spending. Both provinces and municipalities have healthcare expenditure; these include provincial hospitals, and primary healthcare.

REVENUE BY TYPE	% GDP	% GENERAL GOVERNMENT (same revenue category)	% SUBNATIONAL GOVERNMENT
TOTAL REVENUE (2012)	8.5%	15.9%	100%
TAX REVENUE	-	-	-
GRANTS AND SUBSIDIES	-	-	-
OTHER REVENUES	-	-	-

The prominence of the central government can also be observed on the revenue side in this natural-resources based country. Out of the total fiscal revenue collected in Angola, only 15,9% was in respect of the provinces and municipalities that make up the country.

TAX REVENUE. Provincial and local governments in Angola do not raise any own tax. In practice, they are budget units under a centrally managed budget. While they benefit from shared taxes described in the Decree 30/10 (see below), all tax receipts are transferred to the "Single Treasury Account" (Conta Única do Tesouro, CUT); a share of these transfers is then re-distributed to sub-national governments. Another issue worth pointing out is related to the strong concentration of tax revenue collection (both with respect to central and local governments) on the province of Luanda.

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.

According to the Decree 30/10, municipalities benefit from a share of the following taxes: personal income tax, real estate tax, real estate transfer tax, tax on industrial companies, inheritance and donation tax, excise duties, circulation tax, etc. These funds are transferred to local authorities from the "Single Treasury Account".

The Fund for Municipal Management Support is a main source of transfer 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.

OTHER REVENUES. Additional revenues for municipalities include service and license fees that do not enter in the "Single Treasury Account", for instance local market fees.

OUTSTANDING DEBT

% GDP

% GENERAL GOVERNMENT

OUTSTANDING DEBT (2013)

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Sub-national governments in Angola do not possess legal authority to contract debt.

A joint- study of:



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Sources: <http://www.mat.gov.ao> • Relatório e Parecer sobre a Conta Geral do Estado 2012 • Ministério Das Finanças: Resumo Das Despesas De Funcionamento Do Órgão Por Uo • UNDP (2006): "Diagnóstico da Descentralização Fiscal em Angola" Decreto Presidencial n. 30/10 • Fjeldstad, O. and A. Orre (2011): "Porquê Cobrar Impostos Locais Em Angola?", Angola Brief Volume 1 • Yilmaz, S. and M. Felício (2009): "Angola: Local Government Discretion and Accountability" • Africa Region Working Paper Series No. 128 • Own calculations based on Ministério Das Finanças, Resumo Das Despesas De Funcionamento Do Órgão Por Uo £M. Lemos Gabriel (2014): "Poder local e autarquias locais: institucionalização e modelos para sua implementação", Justiça Do Direito v. 28 • PAANE (2015): "Guia Básico Sobre Descentralização E Autarquias Locais No Contexto De Angola" • C. Teixeira (2012): "Administração e governação local em Angola", História: Debates e Tendências – v. 11