



Ministry of Finance Announcement Regarding the Republic of Angola's US\$1,500,000,000 9.5% Notes due 2025

With reference to the Republic of Angola's US\$1,500,000,000 9.5% Notes due 2025 issued on 12 November 2015 (the "**2025 Notes**"), the prospectus for which disclosed certain infrastructure projects to be partially financed with proceeds of the 2025 Notes, the Ministry of Finance makes the following announcement.

The Republic of Angola's public infrastructure project priorities have evolved over time, and the Government is currently prioritising public infrastructure projects in the energy and water, construction, education and health sectors and to partially finance the same with the proceeds of the 2025 Notes (the "**infrastructure projects**"). Some, but not all, of the infrastructure projects are the same as those referenced in the Republic of Angola's November 2015 prospectus and the Ministry of Finance's announcement dated 31 July 2017, each relating to the 2025 Notes. Each of the infrastructure projects is contained within the National Development plan 2018-22, and each infrastructure project contract has been awarded in compliance with the Angolan public procurement regime, including (where applicable) approval by Angola's Audit Court. The ministries of Construction, Education, Health and Energy & Water are the responsible ministries for the infrastructure projects.

Although not contractually obliged to make such appointment in the terms and conditions of the 2025 Notes, as published on 27 March 2017 the Ministry of Finance (on its own behalf and not by or on behalf of any holder of the 2025 Notes) appointed Aurecon Angola Lta. ("**Aurecon**"), an international engineering and design consultancy, as technical adviser for the infrastructure projects, and to advise and report to the Ministry of Finance on the progress and payments in respect thereof.

Following Aurecon's appointment, the process of Aurecon's review and certification to the Ministry of Finance of projector contractor invoices – both in advance of payment (to ensure payments correspond to the programme of works that have been completed and have properly fallen due) and post-payment (to confirm that payments have been made directly to project contractors for appropriate amounts certified by Aurecon) - has resulted in significant delays to the Government financing the infrastructure projects with proceeds of the 2025 Notes and a significant majority of the US\$1,492,500,000 net proceeds from the sale of the 2025 Notes remains unspent, which proceeds are held in a designated account maintained by the Ministry of Finance at the BNA separate from the general funds of the Ministry of Finance.

In addition to the relevant contracting ministry monitoring progress for infrastructure projects, the Ministry of Finance has in place internal approval mechanisms for the process of

reviewing and certifying project contract invoices, both in advance of payment and post-payment. These mechanisms include approval by the Treasury Department within the Ministry of Finance, and validation by the Technical Unit for Project Monitoring (“UTAP”), an administrative entity with administrative autonomy under the responsibility of the Ministry of Finance. UTAP has responsibility for the overall monitoring of public infrastructure project processes, including providing specialized technical, financial and legal support.

Accordingly, the Ministry of Finance does not intend to renew Aurecon’s existing annual contract with the Ministry of Finance for technical advisory services in relation to the infrastructure projects when it expires on 28 September 2019. Thereafter, the infrastructure projects’ progress (and payments in respect thereof) will be monitored solely by the relevant contracting ministry and the Ministry of Finance.

If holders of the Notes have any questions or require any clarifications with respect to the information set out in this Announcement, they may contact Walter da Cruz Pacheco, Director of the Office of Public Debt, Ministry of Finance, Republic of Angola, walter.pacheco@minfin.gov.ao

This Announcement is given by The Ministry of Finance of the Republic of Angola on 17 May 2019.