

Date: 08-Jan-2024

H. E. Vera Daves De Sousa
Minister of Finance
Ministry of Finance
Largo da Mutamba
Luanda
Republic of Angola

**Re: Republic of Angola: Advance Agreement for Preparation of
Proposed Digital Acceleration Project
Project Preparation Advance No. IBRD-P508-AO**

Honorable Minister:

In response to the request for financial assistance made on behalf of Republic of Angola (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“Bank”) proposes to extend to the Recipient an advance out of the Bank’s Project Preparation Facility in an amount not to exceed five million two hundred seventy-five thousand Dollars (\$ 5,275,000) (“Advance”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in financing the activities described in the Annex (“Activities”). The objective of the Activities is to facilitate the preparation of a proposed project designed to accelerate digital inclusion and adoption of innovative digital solutions for the advancement of Recipient’s digital economy (“Project”), for the carrying out of which the Recipient has requested the Bank’s financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the Bank. Upon receipt by the Bank of this countersigned copy, this Agreement shall become effective as of the date of the notice of effectiveness from the Bank to the Recipient, confirming in accordance with the provisions of Section 6.02 of the Annex to this Agreement that the Bank has accepted the supporting document provided by the Recipient to the Bank to establish that the condition of effectiveness listed in Section 6.01 of the Annex to this Agreement has been satisfied.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By Albert Zeufack
Albert G. Zeufack
Country Director for Angola
Africa Region

AGREED:
REPUBLIC OF ANGOLA

By Dass Daves
Authorized Representative
Name H.E. Vera Daves De Sousa
Title Mrs
Date 09-Jan-2024

Enclosures:

- (1) "Standard Conditions for Advances Made by the Bank under its Project Preparation Facility", dated August 1, 2022; and
- (2) Disbursement and Financial Information Letter for the Advance of the same date as this Agreement, together with "Disbursement Guidelines for Investment Project Financing", dated February 2017.

**PPA No. IBRD-P508-AO
ANNEX**

**Article I
Standard Conditions; Definitions**

1.01. **Standard Conditions.** The Standard Conditions (as defined in Section 1.02 below) constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Section

- (a) “Anti-Corruption Guidelines” means, for purposes of paragraph 11 of the Appendix to the Standard Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January, 2011, and as of July 1, 2016.
- (b) “Category” means a category set forth in the table in Section 3.01 of this Agreement.
- (c) “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated December 12, 2023, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments^{vi} to be prepared thereunder.
- (d) “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
- (e) “Implementing Entity” means *Instituto de Modernização Administrativa*.
- (f) “*Instituto de Modernização Administrativa*” or “IMA” the Recipient’s Institute for Administrative Modernization, as established and operating under the Recipient’s Presidential Decree No. 80/21 dated April 7, 2021, or any successor thereto acceptable to the Bank.

- (g) “Mediateca” means digital multimedia centers managed by the Recipient’s Ministry of Telecommunications, aimed to promoting the use of information and communication technologies.
- (h) “Project Implementation Unit” or “PIU” means the unit being setup for the implementation of the proposed Project, in accordance with paragraph 2.01(a) of this Annex.
- (i) “Procurement Regulations” means, for purposes of paragraph 50 of the Appendix to the Standard Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
- (j) “Operating Costs” means the incremental operating expenses incurred on account of the implementation of the Activities, management and monitoring including on account of operation and maintenance costs of office and office equipment, office supplies, additional staff costs, travel and supervision costs, *per diem*, but excluding the salaries and indemnities of officials and public servants of the Recipient’s civil service.
- (k) “Standard Conditions” means the “Standard Conditions for Advances Made by the Bank under its Project Preparation Facility”, dated August 1, 2022.
- (l) “Subsidiary Agreement” means the agreement referred to in Section 2.03 (c) of this Annex, pursuant to which the Recipient shall make the proceeds of the Advance available to the Implementing Entity.
- (m) “Training” means the reasonable costs associated with training, study tours, seminars and workshops (other than for consultants’ services), including: (i) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses.
- (n) “Universal Access Fund” means a public fund managed by the Recipient’s Ministry of Telecommunications, aimed to expand communications services to underserved areas and populations.

Article II

Execution of the Activities

2.01. ***Description of the Activities.*** The Activities for which the Advance is provided consist of the following parts:

- (a) establishment and operationalization of the PIU, including acquisition of office equipment and hiring of key staff;
- (b) preparation of key Project documents including operations manual; Project procurement strategy for development; procurement plan; and environmental and social safeguards documents;
- (c) carrying out: (i) assessment of digital inclusion needs; and (ii) broadband market gap analysis for Universal Access Fund;

- (d) preparing the design of bidding process for network expansion program;
- (e) carrying out assessment of Mediateca needs, and developing performance contracts;
- (f) preparing pricing guidelines, model contract, dispute resolution mechanism for infrastructure-sharing;
- (g) providing legal technical assistance for strengthening the enabling legal and regulatory environment for digital acceleration;
- (h) providing technical assistance to IMA in developing a digital transformation strategy and action plan;
- (i) carrying out Project preparatory technical and feasibility studies including *inter alia*: (i) a study for defining the digital public infrastructure (DPI); and (ii) a study for improving digital skills;
- (j) carrying out cybersecurity maturity assessment, and developing a whole-of-government cybersecurity strategy and action plan;
- (k) developing monitoring and evaluation frameworks including simplified regimes for collecting investigation and enforcement data; and
- (l) carrying out assessment for defining areas of technical assistance to support digital entrepreneurship and preparation of defined activities.

2.02. ***Execution of the Activities Generally.*** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall cause the Activities to be carried out by the Implementing Entity in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the Anti-Corruption Guidelines; and (d) the Subsidiary Agreement.

2.03. ***Institutional and Other Arrangements.*** Without limitation upon the provisions of Section 2.02 above:

(a) The Recipient shall, throughout the Refinancing Date, cause the Implementing Entity to maintain a structure, functions and responsibilities acceptable to the Bank, with competent staff, in adequate numbers, with qualification and experience satisfactory to the Bank, to be responsible for the overall implementation, procurement and fiduciary aspects of the Activities.

(b) If, before the Refinancing Date, the PIU under IMA has been set up with staffing, functions and resources satisfactory to the Bank, the overall implementation of the Activities, including financial management and procurement, shall be transferred to the PIU.

(c) The Recipient shall make the proceeds of the Advance available to the Implementing Entity on a grant basis under a subsidiary agreement between the Recipient and the Implementing Entity, in accordance with terms and conditions approved by the Bank (“Subsidiary Agreement”), including terms whereby the Implementing Entity shall be required to: (i) carry out the Activities with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank,

including in accordance with the provisions of the Anti-Corruption Guidelines; (ii) provide, promptly as needed, the resources required for the purpose; (iii) procure the goods and services to be financed out of the Advance in accordance with the provisions of this Agreement; (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Activities and the achievement of their objectives; (v) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Activities; and (B) at the Bank's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Recipient and the Bank; (vi) enable the Recipient and the Bank to inspect the Activities, their operation and any relevant records and documents; and (vii) prepare and furnish to the Recipient and the Bank all such information as the Recipient or the Bank shall reasonably request relating to the foregoing.

(d) Notwithstanding the foregoing, in the event of a conflict among the provisions of the Subsidiary Agreement and those of this Agreement, the provisions of this Agreement shall prevail.

2.04. *Environmental and Social Standards*

- (a) The Recipient shall, and shall cause the Implementing Entity to, ensure that the Activities are carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
- (b) Without limitation upon paragraph (a) above, the Recipient shall, and shall cause the Implementing Entity to, ensure that the Activities are implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Recipient shall, and shall cause the Implementing Entity to, ensure that:
 - (i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (ii) sufficient funds are available to cover the costs of implementing the ESCP;
 - (iii) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (iv) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- (c) In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- (d) The Recipient shall, and shall cause the Implementing Entity to, ensure that:

- (i) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, inter alia: (A) the status of implementation of the ESCP; (B) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (C) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (ii) the Bank is promptly notified of any incident or accident related to or having an impact on the Activities which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- (e) The Recipient shall, and shall cause the Implementing Entity to, establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Activities-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

2.05. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall ensure that each Activity Report is furnished to the Bank not later than forty-five (45) days after each calendar quarter, covering the calendar quarter.

**Article III
Withdrawal of the Advance**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; and (b) this Section, to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance (“Category”), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, consulting services; Operating Costs and Training under the Activities	5,275,000	100%
TOTAL AMOUNT	5,275,000	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Refinancing Date.** The Refinancing Date is November 1, 2024.

Article IV Terms of the Advance

4.01. **Interest.** The Recipient shall pay interest on the Withdrawn Advance Balance at a rate, for each Interest Period, equal to the Reference Rate plus the Variable Spread; subject to Section 4.01 (d) of the Standard Conditions. Interest shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. The Interest Period Determination Dates are January 1 and July 1 in each year.

4.02. **Repayment.** The Withdrawn Advance Balance shall be repaid by the Recipient to the Bank (together with interest accrued thereon) in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) *Refinancing under the Refinancing Agreement:* If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the Bank (together with interest accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such interest, in accordance with the provisions of the Refinancing Agreement.

(b) *Repayment in the absence of a Refinancing Agreement:* If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date, it has been so executed but terminates without becoming effective, then:

(i) if the amount of the Withdrawn Advance Balance does not exceed \$50,000, it shall be repaid by the Recipient to the Bank (together with interest accrued on the Withdrawn Advance Balance to the date of repayment) on such date as the Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and

(ii) if the amount of the Withdrawn Advance Balance exceeds \$50,000, it (together with interest accrued on the Withdrawn Advance Balance to the Notice Date) (the "Aggregate Balance") shall be paid by the Recipient to the Bank in ten approximately equal semiannual installments, in the amounts and on the dates ("Payment Dates") which the Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date ("Notice Date") of dispatch of such notice. The Recipient shall pay interest on the Aggregate Balance at a rate, for each Interest Period, equal to the Reference Rate plus the Variable Spread, payable in arrears on each Payment Date. Notwithstanding the foregoing, if any amount of the Aggregate Balance remains unpaid when due and such non-payment continues for a period of thirty days, then

the Recipient shall pay the Default Interest Rate on such overdue amount in lieu of the interest rate specified above in this subparagraph (ii) until such overdue amount is fully paid. Interest at the Default Interest Rate shall accrue from the first day of each Default Interest Period and shall be payable semi-annually in arrears on each Payment Date.

Article V Additional Remedies

5.01. ***Additional Events of Suspension.*** The Additional Event of Suspension consists of the following, namely, the Decree pursuant to which the Implementing Entity has been established and operating has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of Implementing Entity to perform any of its obligations under this Agreement.

Article VI Effectiveness; Termination

6.01. This Agreement shall not become effective until evidence satisfactory to the Bank has been furnished to the Bank that the following condition, namely, the Subsidiary Agreement has been executed on behalf of the Recipient and the Implementing Entity.

6.02. Except as the Recipient and the Bank shall otherwise agree, the date on which this Agreement shall enter into effect shall be the date upon which the Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 6.01 of this Annex (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

6.03. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The Bank shall promptly notify the Recipient of such later date.

Article VII Recipient’s Representative; Addresses

7.01. ***Recipient’s Representative.*** The Recipient’s Representative referred to in Section 9.02 of the Standard Conditions is the Minister responsible for finance.

7.02. ***Recipient’s Address.*** The Recipient’s Address referred to in Section 9.01 of the Standard Conditions is:

Ministry of Finance
Largo da Mutamba
Luanda, Republic of Angola

Facsimile:

+244 222 706 002/3

7.03. ***World Bank's Address.*** The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex:

Facsimile:

248423 (MCI) or
64145 (MCI)

1-202-477-6391