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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROGRAM APPRAISAL DOCUMENT
ON A
PROPOSED LOAN
IN THE AMOUNT OF US\$300 MILLION

TO THE
REPUBLIC OF ANGOLA

FOR THE
ANGOLA SECONDARY CITIES SUPPORT PROGRAM

May 29, 2024

Urban, Resilience and Land Global Practice
Eastern And Southern Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2024)

Currency Unit = ANGOLAN KWANZA
(AOA)

AOA 834.54 = US\$1

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

ACD	Guided Self-Construction Project (<i>Auto-Construção Dirigida</i>)
APA	Annual Performance Assessment
CE	Citizen Engagement
DAA	DLI Advance Account
DGFH	National Directorate of Land Management and Housing (<i>Direcção Nacional de Gestao Fundiaria e Habitação</i>)
DLI	Disbursement-Linked Indicator
DLR	Disbursement-Linked Result
DNIT	National Directorate of Urban Infrastructure (<i>Direcção Nacional de Infraestrutura Urbana</i>)
DNOE	National Directorate for the State Budget (<i>Direcção Nacional do Orçamento do Estado</i>)
EDGE	Excellence in Design for Greater Efficiencies
ENAPP	National School for Administration and Public Policy (<i>Escola Nacional de Administração e Políticas Publica</i>)
E&S	Environment and Social
ESMS	Environmental and Social Management System
ESSA	Environmental and Social Systems Assessment
FM	Financial Management
FSA	Fiduciary Systems Assessment
GBV	Gender-based Violence
GDP	Gross Domestic Product
GEPE	Cabinet of Studies, Planning and Statistics (<i>Gabinete de Estudos, Planeamento e Estatística</i>)
GGC	Cabinet of Contract Management (<i>Gabinete de Gestão de Contratos</i>)
GoA	Government of Angola
GRM	Grievance Redress Mechanism
IFMIS	Integrated Financial Management and Information System
IGAE	General Inspectorate of State Administration (<i>Inspecção Geral da Administração do Estado</i>)
IGF	General Inspectorate of Finance (<i>Inspecção Geral de Finanças</i>)
IMF	International Monetary Fund
INH	National Housing Institute (<i>Instituto Nacional de Habitação</i>)
INOTU	Institute for Territorial and Urban Planning (<i>Instituto Nacional de Ordenamento do Território</i>)
IPF	Investment Project Financing
IRCOP	Regulating Institute for Civil Construction and Public Works (<i>Instituto Regulador da Construção Civil e Obras Públicas</i>)
ISO	International Organization for Standardization
IVA	Independent Verification Agent
MAPS	Methodology for Assessing Procurement Systems
MAT	Ministry of Territorial Administration (<i>Ministério da Administração do Território</i>)
M&E	Monitoring and Evaluation
MFD	Mobilizing Finance for Development
MINAMB	Ministry of Environment (<i>Ministério do Ambiente</i>)
MINEA	Ministry of Energy and Water (<i>Ministério da Energia e Águas</i>)
MINFIN	Ministry of Finance (<i>Ministério das Finanças</i>)
MINJUSDH	Ministry of Justice and Human Rights (<i>Ministério da Justiça e dos Direitos Humanos</i>)

MINOPUH	Ministry of Public Works, Urbanism and Housing (<i>Ministério das Obras Públicas, Urbanismo e Habitação</i>)
MINPLAN	Ministry of Planning (<i>Ministério do Planeamento</i>)
MINTRANS	Ministry of Transport (<i>Ministério dos Transportes</i>)
MTEF	Medium-Term Economic Framework
NDC	Nationally Determined Contribution
NDF	National Directorate of Finance
NDPA	National Directorate of Public Accounting
NHP	National Housing Policy
NTPUP	National Territorial Planning and Urbanism Program
OGE	General State Budget (<i>Orçamento Geral do Estado</i>)
OPRC	Operations Procurement Review Committee
PAP	Program Action Plan
PCE	Private Capital Enabling
PDO	Program Development Objective
PDN	National Development Plan (<i>Plano de Desenvolvimento Nacional</i>)
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PforR	Program-for-Results
PLANEAT	Strategic National Plan for the Administration of Territory (<i>Plano Nacional Estratégico da Administração do Território</i>)
POM	Program Operational Manual
PP	Procurement Plan
PPL	Public Procurement Law
RA	Results Area
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
SAI	Supreme Audit Institution
SEA/SH	Sexual Exploitation and Abuse/Sexual Harassment
SEP	Stakeholder Engagement Plan
SIGFE	Integrated Financial Management Information System (<i>Sistema Integrado de Gestão Financeira</i>)
SNCP	Public Procurement Authority (<i>Serviço Nacional da Contratação Pública</i>)
SNCPE	National Electronic Public Procurement System (<i>Sistema Nacional da Contratação Pública Electrónica</i>)
SPA	Special Purpose Account
TA	Technical Assistance
TC	Supreme Audit Institution of Angola (<i>Tribunal de Contas</i>)
TOR	Terms of Reference
WFA	World Bank Group Finance and Accounting



TABLE OF CONTENTS

DATASHEET..... ii

I. STRATEGIC CONTEXT1

A. Country Context..... 1

B. Sectoral (or Multi-Sectoral) and Institutional Context..... 2

C. Relationship to the CPS/CPF and Rationale for Use of Instrument 5

II. PROGRAM DESCRIPTION6

A. Government Program 6

B. Theory of Change 7

C. PforR Program Scope 7

D. Program Development Objective(s) (PDO) And PDO Level Results Indicators..... 13

E. Disbursement Linked Indicators and Verification Protocols 13

III. PROGRAM IMPLEMENTATION16

A. Institutional and Implementation Arrangements..... 16

B. Results Monitoring and Evaluation 17

C. Disbursement Arrangements 18

D. Capacity Building..... 18

IV. ASSESSMENT SUMMARY18

A. Technical (including program economic evaluation)..... 18

B. Fiduciary 21

C. Environmental and Social 23

V. RISK..... 24

ANNEX 1. RESULTS FRAMEWORK MATRIX26

ANNEX 2. SUMMARY TECHNICAL ASSESSMENT.....39

ANNEX 3. SUMMARY FIDUCIARY SYSTEMS ASSESSMENT41

ANNEX 4. SUMMARY ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT43

ANNEX 5. PROGRAM ACTION PLAN45



DATASHEET

BASIC INFORMATION

Project Beneficiary(ies)	Operation Name		
Angola	Angola Secondary Cities Support Program		
Operation ID	Financing Instrument	Does this operation have an IPF component?	
P181160	Program-for-Results Financing (PforR)	No	

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Contingent Emergency Response Component (CERC)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Small State(s)	<input type="checkbox"/> Conflict
<input type="checkbox"/> Alternative Procurement Arrangements (APA)	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)	

Expected Approval Date	Expected Closing Date
20-Jun-2024	31-Dec-2029
Bank/IFC Collaboration	
No	

Proposed Program Development Objective(s)

The objective is to strengthen institutional capacity for climate-informed urban growth management and urban infrastructure delivery, and increase access to affordable housing solutions in select urban areas in Angola



Organizations

Borrower: Republic of Angola
 Implementing Agency: Ministry of Public Works, Urbanization, and Housing
 Contact: Carlos Alberto dos Santos
 Title: Minister
 Telephone No: 244222556888
 Email: luisagarcia442@gmail.com

COST & FINANCING (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)? Yes
 Is this project Private Capital Enabling (PCE)? Yes

SUMMARY

Government program Cost	1,900.00
Total Operation Cost	400.00
Total Program Cost	399.25
Other Costs (Front-end fee,IBRD)	0.75
Total Financing	400.00
Financing Gap	0.00

Financing (US\$, Millions)

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	300.00
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Non-World Bank Group Financing

Counterpart Funding	100.00
Borrower/Recipient	100.00



Expected Disbursements (US\$, Millions)

WB Fiscal Year	2024	2025	2026	2027	2028	2029	2030
Annual	0.00	35.90	41.90	64.20	83.80	74.20	0.00
Cumulative	0.00	35.90	77.80	142.00	225.80	300.00	300.00

PRACTICE AREA(S)

Practice Area (Lead)

Urban, Resilience and Land

Contributing Practice Areas

Finance, Competitiveness and Innovation; Water; Transport; Energy & Extractives

CLIMATE

Climate Change and Disaster Screening

Yes, it has been screened and the results are discussed in the Operation Document

SYSTEMATIC OPERATIONS RISK- RATING TOOL (SORT)

Risk Category

Rating

1. Political and Governance	● Moderate
2. Macroeconomic	● Substantial
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Substantial
8. Stakeholders	● Moderate
9. Overall	● Substantial



POLICY COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

LEGAL

Legal Covenants

Sections and Description

Schedule 2 Section I A - Overall Implementation. The Program overall implementation falls within MINOPUH with the support of: (i) the Selected Provinces; (ii) the Selected Municipalities; and (iii) MAT; all in accordance with the provisions of Article V of the General Conditions, the Program Operational Manual, the Memoranda of Understanding; and Schedule 2 to this Agreement.

Schedule 2 Section I A - Program Team. The Borrower shall establish a Program Team within MINOPUH, in an acceptable manner, and shall ensure that the Program is implemented according to the Program Operational Manual. The Program Team shall be responsible for the coordination, the day-to-day management of the Program activities, the monitoring of results, and the performance and financial reports on Program implementation. The Program Team shall also be responsible for providing relevant information for the Verification Protocols, and for preparing the consolidated interim financial reports and the consolidated annual financial statements, and shall be assigned with technical, social and environmental safeguards, fiduciary and other Program related responsibilities for implementing the Program, all with powers, functions, capacity, staffing and resources appropriate to fulfill their respective functions under the Program and in accordance with the Program Operational Manual.

Schedule 2 Section I A - Technical Operational Group. The Borrower shall maintain the Technical Operational Group chaired by MINOPUH with representatives from MINFIN, MAT, Implementing Agencies, and any other relevant entity for the purposes of providing oversight of the Program and ensure convergence towards the Program objectives, as further detailed in the Program Operational Manual.

Schedule 2 Section I B - Memoranda of Understanding. To facilitate the carrying out of the Program, the Borrower, through MINOPUH shall enter into and thereafter maintain Memoranda of Understanding with the Implementing Agencies, under terms and conditions acceptable to the Bank. The Borrower shall exercise its rights under the Memoranda of Understanding in such manner as to protect its interests and the interests of the Bank in order to accomplish the purposes of the Program. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, or waive the Memoranda of Understanding or any of their provisions.



Schedule 2 Section I B - Program Operational Manual. The Borrower, through MINOPUH, shall adopt and thereafter maintain a Program Operational Manual in form and substance satisfactory to the Bank; and carry out and cause the Program to be carried out in accordance with said Program Operational Manual. Except as the Bank may otherwise agree in writing, the Borrower shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Program Operational Manual or any provision thereof. In case of any conflict between the terms of the Program Operational Manual and this Agreement, the provisions of this Agreement shall prevail.

Schedule 2 Section I B - Program Action Plan. The Borrower shall, through MINOPUH, carry out the Program Action Plan or cause the Program Action Plan to be carried out, in accordance with the schedule set out in said Program Action Plan, in a manner acceptable to the Bank. In case of any conflict between the terms of the Program Action Plan and those of this Agreement, the terms of this Agreement shall prevail.

Schedule 2 Section I B - Verification Protocols. The Borrower shall, through MINOPUH: (a) carry out verification missions through an Independent Verification Agent for the verification of DLIs and DLRs in accordance with the Verification Protocols; and (b) furnish to the Bank, not later than sixty (60) days after the verification of compliance of said DLRs, a report on the results of said verification of compliance process of such scope and in such detail as the Bank shall reasonably request.

Schedule 2 Section I B - Annual Work Plan. The Borrower shall, through MINOPUH, prepare no later than May 31 in each year, an Annual Work Plan (the first such Annual Work Plan being due as part of the Program Operational Manual on or before the Effective Date) and thereafter carry out the Program during the following PY, in accordance with the Annual Work Plan; said Annual Work Plan to contain all activities proposed for inclusion in the Program for the next PY, including detailed timetables for the sequencing and implementation of proposed Program activities. The Borrower shall afford the Bank a reasonable opportunity to exchange views on each such proposed Annual Work Plan, and thereafter ensure that the Program is implemented with due diligence during said following PY in accordance with such Annual Work Plan as shall have been approved by the Bank. The Annual Work Plans may only be amended from time to time in consultation with, and after approval of the Bank. In case of any conflict between the terms of the Annual Work Plans and those of this Agreement, the terms of this Agreement shall prevail.

Conditions

Type	Citation	Description	Financing Source
Effectiveness	Article V. Section 5.01 (a)	The Borrower has adopted the Operational Manual and established the Technical Operational Group, in form and substance satisfactory to the Bank.	IBRD/IDA
Effectiveness	Article V. Section 5.01 (b)	The Program Team has been created and is operational under terms and conditions acceptable to the Bank, including adequate resources, mandate and staffing to	IBRD/IDA



		include: (i) a coordinator, (ii) a financial management specialist; (iii) a procurement specialist; (iv) an environmental management specialist; and (v) a social management specialist.	
Effectiveness	Article V. Section 5.01 (c)	The Memoranda of Understanding with the Implementing Agencies have been signed in form and substance satisfactory to the Bank.	IBRD/IDA
Disbursement	Schedule 2, Section IV, B 2	The Borrower may withdraw: (i) an amount not to exceed \$ 75,000,000 as an advance; provided, however, that if the DLRs in the opinion of the Bank, are not achieved (or only partially achieved) by the Closing Date, the Borrower shall refund such advance (or portion of such advance as determined by the Bank in accordance with the provisions of paragraph (3) of this Part B) to the Bank promptly upon notice thereof by the Bank. Except as otherwise agreed with the Borrower, the Bank shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Bank shall specify by notice to the Borrower.	IBRD/IDA



I. STRATEGIC CONTEXT

A. Country Context

1. **After a strong recovery in 2022 from a five-year long recession (2016-2020), Angola's economy stagnated in 2023. Real Gross Domestic Product (GDP) growth rate is estimated to have reached only 0.8 percent in 2023, down from 3 percent in 2022.**¹ The oil sector experienced a recession of 4.1 percent due to a longer-than-expected maintenance shutdown at a major oil field. In addition, growth in the non-oil sector slowed to 2.1 percent due to a cost-push shock to key inputs driven from a one-off adjustment in gasoline prices and a sharp currency depreciation (40 percent in May-June 2023), affecting imports of capital goods. Consequently, the cost of living has risen, with year-on-year inflation increasing from 12.5 percent in January 2023 to 22 percent in January 2024. The oil-based growth model has not been inclusive since extreme poverty affects around 36 percent of the population (US\$2.15 per day, 2017 purchasing power parity), accompanied by a Gini coefficient of 51.3. Additionally, Angola's 2020 Human Capital Index (HCI) score of 0.36 is below the Sub-Saharan Africa (SSA) average (0.40). The benefits of economic growth have not been widely distributed in Angola's cities, and residents face challenges of unemployment, poverty, and inequality, with many living in informal settlements that lack basic services and are at risk from natural hazards.

2. **In November 2023, the Government of Angola (GoA) endorsed a National Development Plan 2023 – 2027 (*Plano de Desenvolvimento Nacional*, PDN) centered on human capital, infrastructure, and economic diversification.** Despite a political commitment to diversify the economy, the country remains dependent on oil and gas, which account for 95 percent of exports. The sector saw a drop in productivity from a peak of 1.9 million barrels per day in 2008 to 1.2 million in 2022. It is predicted to decline further as low-cost reserves are exhausted. Moving forward, economic diversification will be key to reduce the effects of oil price volatility. The PDN sets ambitious goals for increasing access to adequate housing, water and sanitation, and road infrastructure in urban areas as an input to more balanced territorial growth and economic development.

3. **The five-year PDN will be carried out in the context of the climate crisis, which is already demonstrating devastating effects for the country.**² Warming in Angola has accelerated significantly in recent years – the annual mean temperature has increased by 1.4°C since 1951 and is expected to keep rising. By 2040–2060, most of the country is projected to be 1.5–2.5°C warmer, with significant implications for water availability, drought severity, and, in some areas, extreme heat. Precipitation trends are more uncertain, but rainfall variability is clearly increasing. Economic modeling shows that without adaptation measures, climate change impacts could reduce Angola's GDP by 3–6 percent by 2050. Urban areas are especially vulnerable to flooding, heatwaves (increase in urban heat island effect), and drought (stressing water-provision in cities), and current urban growth and land use patterns are exacerbating this vulnerability. As emphasized in the Country Climate and Development Report for Angola, achieving economic diversification is inextricably linked to developing its resilience to the climate crisis. Notably, building green and resilient cities is one of the five pathways to climate resilient development through their role as engines for inclusive and resilient growth.

4. **The PDN 2023-2027 specifies a National Housing Program (Program 8, NHP) with the objective to produce adequate and affordable housing and reduce the infrastructure deficit and a National Territorial Planning and Urbanism**

¹ Macroeconomic data and analysis is drawn from the World Bank's Macro Poverty Outlook for Sub-Saharan Africa available at https://www.worldbank.org/en/publication/macro-poverty-outlook/mpo_ssa.

² World Bank Group. 2022. Angola Country Climate and Development Report. CCDR Series;. © World Bank, Washington, DC.



Program (Program 9, NTPUP) to strengthen and decentralize territorial planning and urban management. Within the context of the NHP, the GoA established the Guided Self-Construction Project (*Projecto de Auto-Construção Dirigida*, ACD) in 2023. The ACD is an inter-ministerial initiative that aims to promote private sector construction of decent and accessible housing. The ACD was formulated as a mechanism for the implementation of land management and housing construction policies that support the right to decent housing and quality of life in alignment with international commitments made by Angola to the United Nations, with particular emphasis on the New Urban Agenda and the Sustainable Development Goals. The long-term objective of the ACD is to deliver 4 million housing solutions by 2050, representing a doubling of today's residential building stock. Within the context of the NTPUP, the GoA is advancing investments in urban upgrading, environmental and hazard risk reduction, promotion of green space, and urban mobility.

B. Sectoral (or Multi-Sectoral) and Institutional Context³

5. **Two-thirds of Angolans live in urban areas, but urbanization has not fully translated into economic growth and poverty reduction.** The growth of Angola's cities was fueled by the protracted civil war (1975-2002) and the discovery of oil. The dominance of the oil sector has led to the development of consumption cities with low labor productivity and low (formal) urban employment, limiting competitiveness, development, and productive opportunities. As a result, Angola's GDP per capita lags other regions at comparable urbanization rates. Moreover, the oil industry in Angola does not correlate positively with urbanization and crowds out the development of manufacturing and service employment that usually tend to spur these new sources of productivity. And at the same time, oil dependency has removed the impetus to develop land management practices and a business environment that support these emerging sectors.

6. **Angola has undergone rapid urbanization to become among the most urbanized countries in Sub-Saharan Africa.** Over 21 million Angolans live in urban areas, and the urban population is expected to reach 61 million – a threefold increase – by 2050. Since 2005, annual urban growth rates have been between 4-5 percent per year. Urban population growth has mostly been accommodated through sprawl at the urban periphery, which elevates the cost of infrastructure and service provision by the government, and costs to access markets and employment opportunities for households and firms. Low-density and fragmented spatial growth patterns imply greater distances between residences, jobs, and commercial areas. Longer travel distances translate into higher user costs, higher congestion as well as higher air pollution and greenhouse gas emissions (e.g., CO₂ emissions from transport more than tripled from 2005-2015 in Angola). The cost of living in Angolan cities – including food, housing, and transport – is 32 percent higher than cities in developing countries at similar income levels and one of the highest in Sub-Saharan Africa.

7. **Somewhat unique in the African context, Angola has several large secondary cities with populations over 500,000, including the metropolitan areas of Huambo, Lubango, and Benguela.** At the coastal edge of the Lobito Corridor, the port city of Benguela serves as a commercial link between western and eastern Angola for agricultural products and services. Further East along the Corridor, Huambo is an interior hub-city with an economy based on the processing of agricultural products from its hinterlands. Huambo and Benguela are poised to receive considerable investment through the development of the Lobito Corridor as a major regional trade route, and both Huambo and Lubango are well poised to become key agri-business centers. Each of these cities have an important role to play as regional centers for service delivery and employment and as markets for trade and commercialization of agricultural production. Improving connectivity among this system of cities is highlighted in Angola's 2025 Territorial Development Strategy as key for economic growth and a means of reducing inequalities between the coastal and interior regions of the country.

³ The main reference for this section is World Bank Group. 2024. Angola Urbanization Review. World Bank, Washington, DC. References for specific data are available upon request.



8. **Angola’s low provision of quality infrastructure has been repeatedly identified as a binding constraint to diversified growth and private investment, and has resulted in pervasive informality, low and unequal access to basic services, and a housing deficit estimated at 2.2 million units.** Although post-war Angola made an unprecedented effort to reconstruct its infrastructure (spending 4.1 percent of its GDP per year from 2008-2018), urban infrastructure failed to keep pace with urban growth, and currently Angola’s infrastructure is ranked 126th out of 141 countries. The urban housing deficit is driven by inadequate services and high informality: the number of urban residents without access to improved drinking water has doubled since 2010, with 25 percent of the urban population lacking access to basic sanitation facilities, and only 3 percent of the urban population having a toilet connected to sewerage networks. In secondary cities, such as Lubango and Huambo, the proportion of urban area occupied by informal settlements is estimated at 90 percent.

9. **Unmanaged urban expansion has increased the population’s exposure to natural disasters in Angola, a trend that will worsen with climate change.** Among the impacts of climate change, those that are expected to affect urban areas in Angola most acutely include flooding (increased incidence of extreme rainfall events triggering pluvial and fluvial floods as well as coastal flooding from sea level rise), heatwaves (increase in urban heat island effect), and drought (higher evaporation of unprotected surface water sources for drinking and non-drinking use stressing water-provision in cities). Built-up areas exposed to flooding have grown faster than non-exposed built-up areas since 1985, meaning the exposure of people and assets is increasing year on year. Coastal settlements, including the municipality of Benguela, house 50 percent of the country’s population and are particularly exposed to flooding and sea level rise. The driver of this exposure is the unplanned expansion of cities, primarily for residential use, into flood prone areas. As such, housing policies and programs are a key determinant of low risk, climate-informed urban growth.

10. **Angola’s urban growth over the past several decades has been characterized by low-density expansion of existing cities, a trend that is forecasted to continue and result in escalating emissions from transport.** The current population density of Luanda is approximately 4,400 people per square kilometer, quite low compared to other African cities. Angola’s urban areas contribute an increasing proportion of the country’s greenhouse gas emissions. In 2015, an estimated 33 percent of Angola’s CO2 emissions were emitted in urban areas, up from 23 percent in 1990. From 2005 to 2015, CO2 emissions from transport in Angola’s cities more than quadrupled, and residential CO2 emissions more than doubled. As the rapid pace of urbanization continues in Angola, it is likely that GHG emissions from urban areas will also increase. Compact and coordinated urban growth is essential for reducing transport-related emissions. As the economy continues to grow and incomes continue to rise among Angola’s urbanized populace, the built environment and management of Angola’s cities will be key to determining the country’s emissions’ trajectory in the coming decades. Urban form has a lock-in effect, with long-term implications for climate mitigation and adaptation. Urban infrastructure has a life span of several decades, and the resulting urban form can remain in place for centuries; this is particularly critical in light of urban expansion in Angola’s institutionally weak secondary cities.

11. **Despite ongoing modernization, a weak land administration system currently leaves urban residents vulnerable to eviction and disputes, deters private investment in land and property, restricts the value of property as collateral for lenders, and limits local government revenue potential.** Since the 2010 Constitution, provisions were adopted to modernize land administration and decentralize it to the municipal levels, but the process is still developing, and procedures for granting legal tenure rights remain lengthy and costly. Responsibilities for land administration are fragmented across multiple national, local, and even traditional entities; in this context, important efforts are underway to digitize and connect the land administration services of different institutions, to improve efficiency, transparency, and accessibility of



land administration systems. Despite these efforts, however, approximately 93.4 percent of properties are not registered, leaving most urban households susceptible to evictions, demolitions, and land conflicts; unable to access secured housing finance; and disincentivized to invest in their land. Such limited levels of registration also result in reduced ability of authorities to collect property tax, which could otherwise be an important boost for local revenues.

12. The housing finance system in Angola is underdeveloped, and the absence of a mortgage market and limited micro lending capacity has created a bottleneck for the development of the formal housing sector. Most of the housing stock is informal, built gradually on land not formally granted by the state, financed through household savings and interpersonal borrowing. Despite the National Bank of Angola's facilitated access to heavily discounted funding,⁴ as of November 2023, only 5,300 mortgages were outstanding, representing only 0.05 percent of GDP. Even upper-middle-income families may not qualify for a mortgage as lenders require formal titles which few properties possess. Households with informal employment and households whose affordability limits them to incremental construction, depend on short-term consumer or salary-guaranteed loans for housing and are required to pay high commercial interest rates. Such loans are provided by micro credit providers. There is no current data published on the production or sale of new housing by the private sector in Angola. Between 2015 and 2021, only 9,218 building licenses were approved across the country. At the lowest end of the market, owner builders report that they could incrementally build a two-bedroom house of 75m² with conventional materials for US\$12,000 – US\$18,000.

13. The GoA has a long history of engagement in the housing sector, but interventions over the last 15 years have promoted low-density urban sprawl, failed to meet targets, and resulted in a significant fiscal burden. The National Urbanization and Housing Program (PNUH) launched in 2008 aimed to build one million new units, but to date has only delivered approximately 220,000. As of 2021, about 90,000 units have been constructed in satellite dormitory cities (*centralidades*), although some locations still require connection to utilities; 13,000 have been completed by municipalities; and 4,000 units were provided by other government programs. The private sector is estimated to have delivered 71,000 units, although 65 percent of these were financed by the government. The self-construction program delivered 132,000 plots, but only 13,000 housing units have been built by beneficiaries. This is primarily due to institutional bottlenecks and misalignment of incentives among government actors that resulted in selection of sites far from job centers, lack of connections to utilities, lack of financing for housing construction for beneficiaries, and absence of land titles. Through 2017, housing sector investments averaged 5 percent of GDP and resulted in significant public debt. The burden of these commitments has been amplified by the high rate of non-payment, estimated as 64 percent of occupants in the *centralidades*, most of which have household incomes above the 70th percentile.

14. The Program will strengthen urban planning capacity at the local and national levels, as well as basic service delivery, and enable private sector participation in the supply of affordable, climate resilient housing solutions in selected cities. Supporting the Government to transform the way its cities are developing through an intervention that focuses on the housing sector is particularly relevant for Angola, given that housing is: (i) a determinant of urban form and therefore low-carbon development pathways (i.e., Common Principle 12.12⁵); (ii) an aggregator of infrastructure and access to basic services and therefore a mediator in climate change vulnerability; (iii) a driver of the economy; and (iv) a substantial drain of fiscal resources. Previous national housing programs failed to address a major bottleneck to the supply of affordable housing by the private sector, namely accessibility of land with low natural hazard risk and basic infrastructure for housing (e.g., water, sanitation, roads, and electricity). The Program will strengthen the ability of

⁴ Under Advisory 9 of 2022, the National Bank of Angola sought to establish an interest rate for mortgage loans that would make them more accessible to potential home buyers (a term of up to 25 years at an interest rate of 7 percent).

⁵ Common Principles for Climate Mitigation Finance Tracking (Revision version dated December 5, 2023)



provincial and municipal governments to make climate-informed decisions on land use, designate areas for urban expansion, plan resilient and green infrastructure provision, and improve beneficiary targeting, while mobilizing the private sector for the supply of affordable housing, and thereby transform current housing policy and have repercussions across the economy.

C. Relationship to the CPS/CPF and Rationale for Use of Instrument

15. **The Program contributes to the World Bank Group’s mission to end extreme poverty and boost shared prosperity on a livable planet, the Evolution priorities, regional areas of focus, and the the strategic directions of the Climate Change Action Plan 2021 – 2025.** It supports a more livable planet by fostering the development of more low-carbon and climate-resilient cities and homes, and extending access to life essentials such as clean water and electricity. It contributes to relieving poverty and boosting shared prosperity by fostering more compact and connected cities that enhance economic opportunities through agglomeration benefits and access to jobs, expanding access to decent affordable housing for lower-income urban residents, improving fiscal sustainability through the more strategic use of government resources in the urban and housing sectors, and mobilizing private investment in housing.

16. **The Program is aligned with the World Bank Group’s 2018 Systematic Country Diagnostic (SCD) for the Republic of Angola and the forthcoming Country Partnership Framework (CPF) for 2025-2030.** The Program addresses the second, third and fourth binding constraints to poverty reduction and shared prosperity identified in the latest SCD: (i) a weak private sector unable to sustain growth momentum; (ii) exclusion of the poor from growth benefits and lack of human capital; and (iii) weak governance. The Program will address these by improving the enabling environment for private sector housing investments, increasing the government’s delivery of basic services and housing solutions for low income and vulnerable households, and strengthening capacity for urban governance. It will also strengthen local government capacity to deliver upon decentralized competencies in planning and service delivery. The Program is aligned with preliminary strategic directions of the forthcoming CPF, which will be aligned with authorities’ priorities under its National Development Plan, namely, to improve human capital, infrastructure, and economic diversification.

17. **The Program is consistent with the Nationally Determined Contribution of Angola (NDC, 2021) and National Climate Change Strategy 2018-2030,** both of which highlight the important role that urban areas can play in emissions reductions and the climate change risks facing urban residents. In the latest NDC, Angola has committed to reducing Angola plans to reduce GHG emissions up to 14 percent by 2025 equivalent to an estimated mitigation level of 15.4 million tons of carbon dioxide equivalent (tCO₂e). The Program will contribute to Angola’s GHG mitigation agenda through improvements in residential energy consumption and community level waste management practices. The NDC also acknowledges that people and assets in urban areas are under increasing threat due to climate change. The Program will contribute to Angola’s adaptation agenda through strengthening capacity for climate-informed urban planning and design as well as investments in infrastructure that is resilient to climate hazards such as extreme heat, floods, and sea level rise.

18. **The Program will contribute to three of the six outcomes of the new WBG Gender Strategy (FY24-30) through providing women with greater ownership of economic assets and access to economic opportunities.** The Program will expand women’s access to formal property rights, adequate housing conditions and enabling infrastructure while ensuring equal representation of female beneficiaries throughout subproject preparation and implementation.

19. **The Program will support the strengthening of urban governance through the implementation of the NHP and NTPUP using government systems—as such, the PforR instrument was selected.** The binding constraint to the design and implementation of basic infrastructure, improvements in connectivity, and provision of housing solutions in Angolan



cities is the misalignment of incentives and systems to construct them in strategic locations, mobilize private capital, and deliver them to the targeted beneficiaries. The 15-year experience of implementing the PNUH has highlighted the institutional constraints and bottlenecks that need to be addressed. Using the PforR instrument, the proposed operation will help strengthen the program systems, provide capacity support, and incentivize improved performance and accountability at all levels of government.

20. **The Program is complementary to the Strengthening Governance for Enhanced Service Delivery Project (Njila, P178040)**, which aims to strengthen public financial management and administrative capacity of selected municipalities in Angola to support ongoing decentralization and local-level service delivery. Importantly, the Njila Project includes US\$35 million of financing to MINOPUH to strengthen the institutional capacity for inclusive and resilient urban planning and land management at national and municipal levels; these funds will also support technical assistance activities and capacity building related to the Program.

21. **The Program also leverages other projects financed or under preparation by the World Bank Group and serves as a platform for the geographic coordination of investments.** With participating cities (Huambo and Benguela) along the Lobito Corridor, the operation will work with the Accelerating Economic Diversification and Job Creation Project (P178035) to strengthen SMEs in the construction and materials industry and to build PPP capacity. It will support the more efficient, climate-resilient growth of these cities as opportunities and demand are expected to be created by the development of the Lobito Corridor. The Electricity Sector Improvement and Access Project (P166805), Second Water Sector Institutional Development Project (P151224), and Climate Resilience and Water Security in Angola Project (P177004) will inform the site selection process in target cities and facilitate collaboration with utilities. The International Finance Corporation (IFC) is currently providing advisory services to the largest microfinance institution in Angola, and expansion of their housing microfinance product is under review. The Multilateral Investment Guarantee Agency (MIGA) is also in discussion with financial institutions regarding products for mitigating foreign exchange convertibility risk.

II. PROGRAM DESCRIPTION

A. Government Program

22. **Government Program.** Angola's National Development Plan (2023-2027) specifies the NHP 8 with the objective to produce adequate and affordable housing and reduce the infrastructure deficit and the NTPUP to strengthen and decentralize territorial planning and urban management. Within the context of the NHP, the GoA launched the ACD, which includes three sub-programs: (i) a 'sites and services - households' program, providing basic services, planning, titling, and support for guided self-construction by individual households on undeveloped lots; (ii) a 'sites and services - agriculture' program, providing basic services, planning, titling, and support for guided self-construction by individual households involved in agricultural production and fisheries; and (iii) a 'sites and services - developers' program, providing tracts of land to be developed by private developers. The NTPUP includes a sub-program on urban upgrading and regeneration of existing occupied, but un-serviced neighborhoods. All four sub-programs support the delivery of housing solutions, ranging from serviced lots to finished housing units, by the private sector.

23. **The ACD aims to provide over 910,000 serviced residential lots across the country in five years (2023-2027).** By 2050, it aims to reduce the national housing deficit by 46 percent through the provision of 4 million serviced lots. The ACD will also facilitate and support the elaboration and implementation of territorial planning instruments in all implementation areas, including municipal master plans to guide the provision of housing solutions and, at the same time,

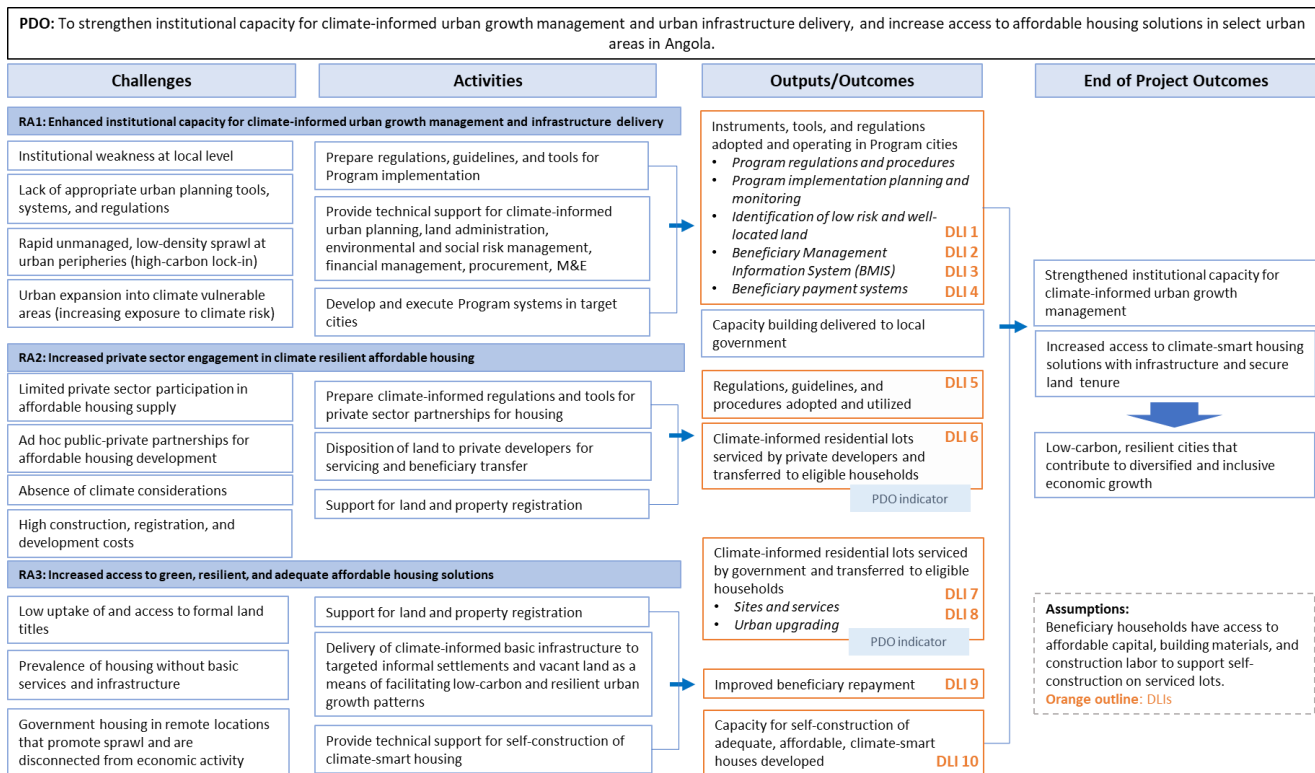


equip subnational authorities with the adequate planning tools for guiding long-term urban development in an inclusive, climate resilient, and competitive manner.

B. Theory of Change

24. The Angola Secondary Cities Support Program (the Program) will have three Results Areas (RA) that facilitate the development of low-carbon and resilient cities that contribute to diversified and inclusive economic growth in the long-term. The three Results Areas are: RA 1 on strengthening institutional capacity for climate-informed urban growth management and infrastructure delivery, RA2 on increasing private sector engagement in climate resilient affordable housing, and RA 3 on enabling increased access to safe, green, and adequate affordable housing solutions. Under RA 1 and RA 2, Disbursement Linked Indicators (DLIs) will incentivize the preparation and roll-out of all Program related policies, regulations, guidelines, and systems as well as the provision of technical support and oversight to the participating local governments. Under RA 3, DLIs will incentivize the construction of climate-informed basic infrastructure (e.g., water, sanitation, drainage, roads) in existing informal settlements and in new residential areas on well-located and low risk land, registration of land and properties, and transparent targeting of program beneficiaries. The Theory of Change based on the three RAs is presented below.

Figure 1: Theory of Change



C. PforR Program Scope

25. PforR Program Definition. The Program will support a subset of the government program in selected secondary cities. The Program will support the design and implementation of Programs 8 and 9 of the Angola National Development Plan (2023-2027), including two of the three sub-programs of the ACD (the sub-program targeting agricultural areas is



excluded) and the urban upgrading sub-program of the NTPUP in selected secondary cities. Through the implementation of the Program, local and national institutions will be strengthened for the effective management of urban growth in three of Angola’s largest secondary cities – Huambo, Benguela, and Lubango – and capacity for the management of public-private partnerships for the delivery of affordable housing will be enhanced. The boundaries of the Program are described in Table 1.

Table 1: Delineation between the government program and the PforR Program

	ACD and NTPUP (government program)	PforR Program	Explanation of Delineation
Objective	To (i) enable a social housing model whose implementation is easy, quick, and low-cost; (ii) create attractive conditions for housing finance; and (iii) stop the proliferation of informal settlements	To strengthen institutional capacity for climate-informed urban growth management and urban infrastructure delivery, and increase access to affordable housing solutions in select urban areas in Angola	Program objective focuses on strengthening institutional capacity to enable the achievement of broader government development objectives
Focus Area	Sites and services – households Sites and services – developers Sites and services – agriculture Urban upgrading	Sites and services – households Sites and services – developers Urban upgrading	Sites and services activities in rural and agricultural areas are excluded from the Program as it focuses only on urban areas
Duration	2023-2050	2024-2029	Program supports a 5-year portion of the government program
Geographic coverage	Whole country	Benguela, Huambo, Lubango	Program activities are limited to 3 of the 164 municipalities in Angola
Overall Financing	2023-2027: US\$1.9 billion	US\$400 million (US\$300 million IBRD)	Program expenditures are limited to the defined scope of the Program

26. **The Program is designed to support MINOPUH and local administrations to strengthen land use planning to accommodate future urban expansion in a resilient and well managed manner and to enhance the quantity and quality of affordable housing solutions.** Specifically, it will focus on: (i) promoting private sector participation in affordable housing provision through support for infrastructure investments; (ii) strengthening institutions with critical roles in housing policy and programs; (iii) deepening housing sector regulatory reforms and operationalizing them through strengthened systems; and (iv) expanding infrastructure networks as a means of promoting urban growth that minimize exposure to climate change and avoids the long-term lock-in of a higher-carbon built environment. The use of the PforR instrument will help to incentivize MINOPUH’s progression through a series of critical steps for strengthening climate-informed urban growth management and enabling a well-functioning housing sector.

27. **MINOPUH will implement the infrastructure investments directly or through relevant local authorities and utilities.** Basic public infrastructure is typically built, owned, and operated by an array of local, provincial, and national entities. Eligible types of infrastructure investments will be based on an indicative “eligible list” and a definitive “ineligible list.” Program funds may not be used for any investments with “significant” environmental or social risks, including any investments that require land acquisition; new construction of highways, rail, or mass transit; wastewater treatment plants; or landfills. Program funds may not be used to directly build conventional housing units, except for core housing units for vulnerable beneficiaries.



28. **Serviced residential lots under the Program will target households using a segmented market approach.** Lots with basic infrastructure, as well as urban upgrading investments, will target households at or below the 40th income percentile (US\$3,400 equivalent per year). Lots with full infrastructure will target households at or below the 60th income percentile (US\$5,000 per year). Serviced lots and housing units delivered by the private sector will target households at or below the 80th income percentile (US\$7,000 per year). Based on preliminary analyses, the Program will support the supply of approximately 45,000 housing solutions over five years. Of these, 10,000 housing solutions will be delivered through the private sector and 3,000 will be delivered to vulnerable households with a core house..

29. **Enabling Private Capital.** The Program has been reviewed for its potential forenabling Mobilizing Finance for Development (MFD) and Private Capital Enabling (PCE). The Program will take steps toward addressing three key bottlenecks that constrain the private sector from contributing more to the provision of affordable housing: (i) limited access for households to housing finance; (ii) no established PPP model for affordable housing provision; and (iii) all in housing prices that exceed low to middle income household affordability. The Program will support private sector engagement in affordable housing through: (i) preparing strategies, regulations and tools to support access to housing finance; (ii) DLI 5 development, approval and adoption of regulations and tools for private sector partnerships; and (iii) DLIs 6 and 7 provision of serviced super lots (private sector developers) and lots (household self-construction) at subsidized cost for privately financed construction/purchase. Such measures are designed with the expectation of generating 26,400⁶ housing units (medium scenario) of which approximately 10-30 percent would be suitable for mortgage financing and 60-80 percent for microcredit or household saving investment. The remaining 10 percent would be provided as government subsidized housing for vulnerable populations. This is expected to result, across the 23,000 units constructed by households or private developers, in a total demand for US\$350 million of private capital of which US\$100-240 million will be in the form of mortgages and US\$110-160 million in microcredit loans. Meeting this demand for capital would represent a significant increase in the housing finance market in Angola and requires support for the banking and microcredit sector from across the WBG.

30. **Closing the Gender Gap.** The Program is informed by a gender gap analysis, and the Program accounts for measures to improve gender equality and includes a gender indicator to measure impacts. Women in Angola are less likely than men to be household heads, own land titles, or have access to financing. According to Angola's 2014 Census, women made up 52 percent of the population and headed 35 percent of households.⁷ Although statutory law in Angola provides for gender equality in property and inheritance rights, in practice, women have less access to land. Data in Angola's National Housing Information System showed that 43 percent of beneficiaries of government housing projects in Luanda were women, and government officials estimate that percentages are lower in secondary cities and rural areas. Land and other immovable property are important sources of collateral to access credit, meaning unequal access to titles impacts women's economic and financial empowerment. Data from the World Bank's Global Financial Inclusion Index shows that women in Angola were less likely than men to borrow money to start, operate, or expand a farm or business.⁸ Angola's gender gap in financial inclusion is above the Sub-Saharan African (SSA) average: 22.3 percent of women have a financial account, compared to 36.1 percent of men.⁹

⁶ Assumes 100 percent built out of parcels where construction of the housing unit will be delivered by private sector developers or, for vulnerable populations only, the public sector, and 65 percent for parcels developed by the public sector for household self-construction.

⁷ National Institute of Statistics (Angola). Angola Population and Housing Census 2014.

⁸ World Bank (2018). 'Angola Systemic Country Diagnosis.'

⁹ Making the gap 13.8 percentage points, versus 11.5 percentage points on average in SSA. Data from the World Bank Gender Data Portal.



31. To address these issues, the Program will support women’s access to titled land and housing, and beneficiary selection and screening criteria will promote lot allocation to women. Beneficiary selection criteria will prioritize applications from women and require a minimum percentage (40 percent) of beneficiaries to be women, who may be sole-owners (to ensure opportunities for female-headed households) or co-owners (to ensure women’s inclusion and empowerment within the household). Inclusion of women on lot titles is expected to support not only home-ownership and tenure security, but also women’s access to finance, using titles as collateral. This will be incentivized through: (i) requirements for the gender-sensitive design of beneficiary selection criteria (DLI 1); (ii) gender monitoring capability of the Beneficiary Management Information System (BMIS) (DLI 4); and (iii) gender-disaggregated DLI targets for lots allocated to women under DLIs 5 and 6. PDO-level indicators also target the mentioned minimum percentage of serviced lots delivered to women through the Program.

32. The Program will also support women’s uptake of titles and housing solutions by ensuring that the housing solutions delivered are tailored to the needs of women and girls. MINOPUH’s urban design guidelines, and model house designs, will be informed by gender-specific stakeholder consultations and tailored to women’s needs. Support for housing self-construction will be tailored to facilitate women’s participation in incremental housing self-construction. Measures to address climate resilience (see below) will be designed with a gender lens, to address the specific vulnerabilities and needs of women and girls, who are typically more exposed and vulnerable to climate hazards, which can exacerbate gender-based violence and prior gender inequalities in health, land tenure, and accessibility, particularly in informal settlements. Agreements with contractors for implementation of sites and services and/or upgrading schemes will be required to make accommodations for women’s participation in the labor force. Monitoring frameworks will verify outcomes for women, with independent scrutiny and validation by the Independent Verification Agent.

33. **Paris Alignment and Climate Co-Benefits.** The Program is aligned with the goals of the Paris Agreement on both mitigation and adaptation. The Program is not at material risk of having a negative impact on the country’s low-GHG emissions development pathways. All the activities financed under the Program are on the universally aligned list, including energy-efficient housing (EDGE Level I design certification or equivalent), LED street lighting, urban parks and open public spaces, land administration, nature based solutions, urban drainage, improvements to household waste collection, expansion and rehabilitation of water supply systems, domestic on-site wastewater treatment (septic systems), road upgrading and rehabilitation, and improvements to non-motorized transport. Moreover, all Program activities are aligned with Angola’s NDCs (2021) and the National Climate Change Strategy (2017).

34. The Program will assist MINOPUH and local administrations in reducing future GHG emissions from housing sector development through several activities, including: (i) encouraging more low-carbon, compact development so that residents can reach employment, access basic services, and fulfill their daily needs without a car; (ii) undertaking potential reforms to encourage compact development through narrower pedestrian-oriented streets, smaller lot sizes, higher plot coverage ratios, and reduced height restrictions; and (iii) reviewing the building codes for opportunities to reduce energy needs through the promotion of renewable energy solutions, requiring better insulation R-values,¹⁰ or permitting passive cooling and heating systems. MINOPUH will be supported to use building information modeling tools to design alternative housing prototypes with better energy efficiency and thermal comfort. These activities will be supported and incentivized under DLI 1.

¹⁰ R-Value is a measure of insulation's ability to resist heat traveling through it. The higher the R-Value the better the thermal performance of the insulation.



35. The secondary cities targeted in the Program have a high exposure to climate change risks, particularly water scarcity, floods, sea level rise, and extreme heat. The Program's climate risk reduction measures will help the participating cities to adapt to these climate risks. The selection of vacant land for housing will be informed by a multi-hazard risk analysis (DLI 2). All infrastructure investments will meet climate-resilient standards to mitigate the risks of flooding, drought, and extreme heat. These may include green stormwater infrastructure with high capacity to capture and absorb rainwater on site; permeable pavement materials on roads to slow runoff; solid waste collection points to discourage dumping in drainage canals; prohibiting development in flood-prone areas; encouraging metered water supply connections to promote water conservation; planting drought-tolerant native species in green areas; supporting renewable energy (particularly for cooling), installing white or green roofs to reduce the urban heat island effect; and providing shade structures in public areas. Screening for infrastructure investments will prioritize those that mitigate potential climate hazards.

36. The Program aims to facilitate the transition towards low carbon and disaster resilient urban development at the city, neighborhood, infrastructure network, and individual house levels. A primary driver for the World Bank support to the Program is ensuring that urban growth happens in a low-carbon and climate-resilient way, in contrast to the without-project scenario, as detailed in paragraphs 9, 10, and 38. The Program will leverage the following investments within the targeted secondary cities:

- a. *Climate Smart Urban Growth*: At the city level, the Program will require the selection of housing development sites that promote compact, connected, low-carbon and climate-resilient urban growth. First, the selection of vacant land for housing will be informed by a multi-hazard risk analysis. Sites with climate risks that cannot be mitigated through Program investments will be excluded. Second, selected sites must be in proximity to existing urbanized areas and be located in zones designated for urban expansion or infill in the prevailing land use and urban planning instruments. The detailed site selection requirements will be articulated under DLI 1 and implemented under DLI 2.
- b. *Climate Smart Urban Design*: At the neighborhood level, the Program will support the development of climate-smart urban design guidelines, ensuring they are sensitive to disaster risks (by incorporating location-specific hazard/disaster risk information) and support low carbon and green urban development patterns, including compact and connected urban forms. The urban design guidelines will guide the development and upgrading of sites under the Program, including, for example, specifications for lot sizes (density), nature-based solutions for stormwater management, green cover and vegetation to reduce urban heat impacts, road network design to facilitate non-motorized transport such as bicycles, etc. The detailed urban design requirements will be articulated under DLI 1.
- c. *Climate Smart Urban Infrastructure*: The Program will incentivize public investments in urban infrastructure that consider current and expected future changes in climate conditions. Through the preparation and implementation of climate smart urban infrastructure guidelines, neighborhood scale investments that support climate mitigation and low-carbon development (e.g., public transit stops, bicycle lanes, walkways, and urban green spaces) as well as climate adaptation and disaster risk reduction (e.g., side drainage, retention walls, and nature-based solutions for heat and flood management) will be implemented. The detailed infrastructure design requirements will be articulated under DLI 1. The construction of the climate smart infrastructure will be supported and incentivized under DLIs 6, 7, and 8.
- d. *Climate Smart Houses*: At the individual house level, the Program will support the development and roll-out of climate smart housing designs, for use in guided self-construction of homes and by participating private sector developers. Model house designs will incorporate resilience to climate risks, as well as energy-efficient and low-carbon designs, to prevent carbon-lock in and mitigate disaster risk. DLI 10 will support the preparation and use of the climate smart model house designs.



37. Moreover, DLI 5 fundamentally reshapes the residential construction landscape by fostering an environment where green and resilient housing becomes the norm for private development of housing on public land. Through regulatory support and practical tools, it directs private sector investment towards developments that not only meet immediate housing needs but also contribute to long-term climate resilience and environmental sustainability. This approach not only addresses the urgent need for climate-adaptive housing solutions but also sets a precedent for future developments in the housing sector. More specifically, DLI 5 includes the following features:

- a. *Climate Resilient Housing:* By developing standard legal agreements that mandate green, resilient, and gender-informed design, this DLI ensures that new residential constructions are capable of withstanding climate-related stressors, thereby enhancing the adaptability of housing infrastructure.
- b. *Incorporation of Climate and Disaster Risk Screening:* The integration of specific climate and disaster risk screening criteria into the technical evaluation of housing projects ensures that all constructions are assessed for their resilience to climate impacts, prioritizing developments that safeguard occupants against climate-induced hazards.
- c. *Market-Driven Sustainability:* By making climate resilience and green design a criterion for public land disposition to private developers, the DLI incentivizes the market to adopt more sustainable practices. This approach fosters innovation in green building technologies but also encourages broader adoption of sustainable practices.
- d. *Strengthened Public-Private Collaboration:* By setting clear expectations for green and resilient construction, the DLI promotes a collaborative approach between public entities and private developers. This collaboration is critical for pooling resources, sharing risks, and integrating diverse expertise to tackle the challenges posed by climate change.

38. Current urban growth in Angola is characterized by expansion into areas with significant flood and sea level rise risk as well as sprawl and leapfrog urbanization that is locking in a high-carbon built environment. The driver of this urban growth is largely informal residential development and government-sponsored housing initiatives. As such, housing policies and programs are a key determinant of low risk, climate-informed urban growth. The Program, through its regulatory framework (DLIs 1-5) and the suite of infrastructure investments (DLIs 6-10) that will facilitate positive climate-informed urban growth, is directly addressing this pressing climate change challenge.

39. **Citizen Engagement.** The Program will ensure proactive and inclusive public consultation and citizen engagement (CE) throughout implementation. The framework for CE includes intensive public participation in the planning and design of sites and services schemes, transparency in screening of the schemes and allocation of serviced lots, and a robust grievance redressal mechanism (GRM) to address complaints and/or feedback from beneficiaries and concerned stakeholders in a timely manner. The planning, design, screening, and allocation of serviced lots will be based on the needs of the target beneficiaries, and the planning of sites and services schemes will be fully transparent with active public participation at the municipal level. The existing grievance redress systems of government agencies will be strengthened to respond to any potential concerns received from stakeholders during implementation. Beneficiary feedback surveys to monitor beneficiary satisfaction will be implemented at least twice (at mid-term and at completion) in order to take course-corrective measures at mid-term and capture outcomes at completion.

Table 2: Program Financing

Source	Amount (US\$, Millions)	% of Total
Counterpart Funding	100.00	25%
Borrower/Recipient	100.00	25%



International Bank for Reconstruction and Development (IBRD)	300.00	75%
Total Program Financing	400.00	

D. Program Development Objective(s) (PDO) And PDO Level Results Indicators

40. **The Program Development Objective (PDO)** is to strengthen institutional capacity for climate-informed urban growth management and urban infrastructure delivery, and increase access to affordable housing solutions in select urban areas in Angola.

41. **The PDO results indicators are:**

- i. Hectares of urban land in locations with low exposure to climate risks and promoting densification provided with improved infrastructure under the Program (to avoid the long-term lock-in of a high-carbon and high-risk built environment; RA 1)
- ii. Number of climate-informed residential lots serviced by the government and transferred to eligible households with secure tenure, of which percent that are registered in the name of a woman (to measure climate smart urban infrastructure delivery through sites and services, effective beneficiary targeting, and capacity for urban growth management; RA 1 and RA 3)
- iii. Number of households provided with climate-smart improved basic services and secure land tenure in informal neighborhoods, of which percent that are registered in the name of a woman (to measure climate smart urban infrastructure delivery through urban upgrading; RA 1 and RA 3)
- iv. People with enhanced resilience to climate risks (Corporate Scorecard; RA 1 and RA 3)
- v. Number of climate-informed residential lots serviced by private developers and transferred to eligible households with secure tenure, of which percent that are registered in the name of a woman (to measure engagement of the private sector in affordable housing; RA 2)
- vi. Total private capital enabled (Corporate Scorecard; RA 2)

E. Disbursement Linked Indicators and Verification Protocols

42. **The PforR funds will be disbursed against the achievement of ten DLIs under three results areas** (Table 3). DLIs 1 to 5 will establish the foundation for the Program by establishing the detailed regulations and procedures for implementing the Program as well as defining the roles and responsibilities of public institutions and private sector actors. DLIs 6 to 10 will focus on resilient, sustainable, and efficient delivery of housing solutions.

Table 3: Disbursement-Linked Indicators

Results Area	DLI	Allocation (USD)
RA 1: Strengthening institutional capacity for climate-informed urban growth management and infrastructure delivery	DLI 1: Climate-informed regulations and procedures for the Program prepared, approved, and operational	14,000,000
	DLI 2: Identification of low-risk land that is proximate to existing urban areas for use under the Program	6,000,000
	DLI 3: Institutional capacity for climate resilient urban management strengthened	5,000,000
	DLI 4: Beneficiary Management Information System (BMIS) developed, approved, and operational	13,000,000
RA2: Increasing private sector engagement in	DLI 5: Regulations and tools for private sector partnerships that promote green and resilient residential construction developed, approved, and adopted	5,000,000



climate resilient affordable housing	DLI 6: Climate-informed residential lots serviced by private developers transferred to eligible households with secure land tenure	46,000,000
RA 3: Enabling increased access to green, resilient, and affordable housing solutions	DLI 7: Climate-informed residential lots serviced by the public sector and transferred to eligible households with secure land tenure	123,000,000
	DLI 8: Households provided with climate-informed improved basic services and secure land tenure in informal neighborhoods	50,000,000
	DLI 9: Land and servicing cost recovery systems developed, approved, and operational	15,000,000
	DLI 10: Support for green, resilient, and affordable housing self-construction provided	22,250,000
Up-front Fee		750,000
GRAND TOTAL		300,000,000

43. **DLI 1: Climate-informed regulations and procedures for the Program prepared, adopted, and operational.** This DLI serves as the foundation for the institutional strengthening of the Program and improvements in climate-informed urban growth management capacity. It will incentivize the definition of Program beneficiary eligibility criteria that are agreed by the GoA and the World Bank. It will also disburse against agreed and adopted regulations and procedures for the sites and services and urban upgrading sub-programs as well as the sustained application of them during the duration of the Program. The regulations and procedures will include, at a minimum, risk-informed location criteria; climate smart urban design, infrastructure, and housing guidelines; beneficiary eligibility criteria; and beneficiary payment amounts and modalities. Compliance with the approved and adopted regulations and procedures will be rewarded on an annual basis.

44. **DLI 2: Identification of low-risk land that is proximate to existing urban areas for use under the Program.** This DLI will incentivize the identification and securing of low-risk public land for housing development that is aligned with pre-defined site selection criteria or ‘minimum access criteria’. These criteria will include, at a minimum: (i) land is free of encumbrances and has not been cleared in anticipation of Program activities; (ii) site is not located in environmentally sensitive and ecologically important areas, or cultural sites; (iii) site is not located in climate sensitive and natural hazard sensitive areas; (iv) residential use is compliant with local urban planning instruments; (v) public transport available to sites located far from markets, city/town centers, and livelihood opportunities; and (vi) land is proximate to existing water supply, electricity, and solid waste management systems. The criteria will ensure that the exposure of the Program developments to climate change is minimized and the long-term lock-in of a higher-carbon built environment is avoided.

45. **DLI 3: Institutional capacity for climate-informed urban management strengthened.** This DLI will incentivize Program planning, budgeting, and staffing at the national and local level as a means to improving urban growth management capacity. MINOPUH will prepare a comprehensive program implementation plan (2024-2029), update it annually, and prepare a detailed annual work plan for each year. The implementation rate of the annual work plan will be measured based on the amount of money executed against the budget. Based on the systems assessments conducted during the preparation of the Program, a list of “key staff” for Program implementation has been identified and will be specified in the Program Operational Manual. These include, at a minimum, staff with technical with expertise in: (i) climate-informed architecture, urban planning and urban design; (ii) civil engineering; (iii) contract management and supervision; (iv) capacity building and institutional development; (v) environmental risk management; (vi) social development; (vii) procurement; (viii) financial management; (ix) monitoring and evaluation; and (x) communications.

46. **DLI 4: Beneficiary Management Information System (BMIS) developed, approved, and operational.** The National Housing Institute (INH) within MINOPUH currently manages a national database that includes detailed information on



over 119,000 beneficiaries of publicly funded housing units in the country. INH will develop and manage a BMIS specific to the Program that will be deployed at the national and local level. The BMIS will include, among others, a nation-wide module for the self-registration of candidates; a personal interface for candidates to receive updates on the selection process and lot acquisition procedure, and a module for municipal administrations to disclose eligibility criteria for the Program sites within their administrative boundaries. Given the detailed data generated via the planned platform, it will also enable the systematic collection of information on housing demand to inform housing policy and programs. This DLI will incentivize enhanced transparency in the selection of beneficiaries, including women, through the development and operationalization of the BMIS.

47. **DLI 5: Regulations and tools for private sector partnerships that promote green and resilient residential construction developed, approved, and adopted.** This DLI aims to promote greater transparency and market-responsiveness in the disposition of public land to private sector companies for the development of climate resilient affordable housing solutions. Achievement of the DLI will require the preparation of (i) criteria for the allocation of risk between public and private parties; (ii) standard legal agreements that include requirements for green, resilient, and gender-informed design; (iii) prototype tender documents and processes; (iv) technical and financial evaluation criteria; and (v) the integration of climate and disaster risk screening in the technical evaluation criteria. Support for the achievement of this DLI will draw upon expertise from across the WBG.

48. **DLI 6: Climate-informed residential lots serviced by private developers and transferred to eligible households with secure land tenure.** This DLI will measure the number of residential lots that are serviced and sold by private developers to eligible Program beneficiaries. All lots must adhere to the Program guidelines, including risk-informed location criteria ; climate smart urban design, infrastructure, and housing guidelines ; beneficiary eligibility criteria; gender-informed design standards; and the regulations for private sector partnerships developed under DLI 5. All lots must be transferred to the eligible beneficiary with secure land tenure. In addition, the DLI will incentivize the registration of the property in the name of women as the sole- or co-owner.

49. **DLI 7: Climate-informed residential lots serviced by the public sector and transferred to eligible households with property secure land tenure.** This DLI will measure the number of residential lots that are serviced and transferred by the GoA to eligible Program beneficiaries. All lots must adhere to the Program guidelines, including risk-informed location criteria ; climate smart urban design, infrastructure, and housing guidelines ; beneficiary eligibility criteria; and gender-informed design standards. Core housing units built for vulnerable beneficiaries must integrate green design principles and contribute to climate resilience and sustainability. All lots must be transferred to the eligible beneficiary with secure land tenure. In addition, the DLI will incentivize the registration of the property in the name of women as the sole- or co-owner.

50. **DLI 8: Households provided with climate-informed improved basic services and secure land tenure in informal neighborhoods.** This DLI will measure the number of eligible households who benefit from urban upgrading initiatives under the Program. The DLI will incentivize national and local institutions to comply with all Program regulations and procedures for urban upgrading specified under DLI 1, including, at a minimum, risk-informed location criteria; climate smart urban design, infrastructure, and housing guidelines ; beneficiary eligibility criteria; and tenure security.

51. **DLI 9: Land and servicing cost recovery systems developed, approved, and operational.** Payment for lots delivered under the public and private modalities is fundamental to the sustainability of the Program and has been a



weakness in past publicly managed housing programs. The DLI will incentivize the establishment and operationalization of a beneficiary payment system as well as its performance in receiving monthly payments on a consistent basis. Payment amounts will be defined under DLI 1 and will be of a progressive nature based on household income.

52. **DLI 10: Support for green, resilient, and affordable housing self-construction provided.** This DLI will incentivize the preparation of green and resilient model house designs for use by households and private developers, the delivery of capacity building in home construction and financing to Program beneficiaries, and oversight of the construction process to ensure that self-construction housing units are built in accordance with climate-informed design guidelines. Model house designs will integrate green design principles (EDGE Level I design certification or equivalent) and contribute to climate resilience and sustainability. Through this DLI, capacity and tools will be developed to promote climate-smart housing construction at the municipal level.

53. **Verification Protocol and Independent Verification Agent.** The achievement of DLIs will be confirmed through an Annual Performance Assessment (APA) by an Independent Verification Agent (IVA). MINOPUH will be responsible for providing the requisite data with inputs from the provincial and municipal administrations participating in the Program. The IVA will conduct the APA and verify the disbursement-linked results (DLRs) per agreed verification protocols, methodology for data collection, process monitoring, and results verification (Annex 1). The detailed methodology will be proposed by the IVA and discussed and agreed upon with MINOPUH and the World Bank. In the later years of implementation, the independent verification may be conducted by Angola's Supreme Audit Institution (*Tribunal de Contas*), provided it is assessed by the World Bank to have capacity to do so.

III. PROGRAM IMPLEMENTATION

A. Institutional and Implementation Arrangements

54. **The Program will be implemented through institutional arrangements that are mainstreamed into the existing structures, systems and processes of the GoA at the central, provincial and local government levels.** The core institutions that will be directly involved in the implementation of the Program are the following: at the national level – Ministry of Public Works, Urbanism, and Housing (MINOPUH); at the provincial level – the provincial administrations of Benguela, Huambo, and Huila; and at the local level – the municipal administrations of Benguela, , Huambo, and Lubango (additional municipalities in the metropolitan area of the three cities could be added on a case-by-case basis).

55. **MINOPUH, through the National Institute for Territorial and Urban Planning (INOTU) and the National Housing Institute (INH), will be the lead coordinating agency for Program implementation.** MINOPUH will plan, budget and collaborate in the execution of the Program, and provide supportive roles to provincial and municipal administrations in their day-to-day work. Furthermore, the Ministry will also be responsible for the overall disbursement and accounting for the Program funds. Relevant directorates and/or departments of MINOPUH will assume direct responsibility for performing coordination, supervision and accountability for the various implementation activities required of the Ministry.

56. Other national ministries with key roles in Program implementation include the Ministry of Territorial Administration (MAT), which will coordinate and promote all actions to be taken by provincial and municipal authorities; Ministry of Justice and Human Rights (MINJUSDH) will ensure the legal cadaster of land by issuing the Land Certificate for the Program sites; Ministry of Energy and Water (MINEA) will promote and ensure the connection of the settlements to



infrastructure networks which includes water, energy, and sanitation; and the Ministry of Transport (MINTRANS) will ensure the connection of the settlements to mobility solutions.

57. **A Technical Operational Group will be established** to provide strategic leadership, ensure the harmonization of actions and methodological approaches among all ministries involved and provide overall guidance for the Program. The Group will be chaired by the Minister of MINOPUH, and its members will include representatives of all relevant ministries for the effective implementation of the Program.

58. **At the regional level**, the provincial authorities will support the implementation of the Program by discharging their constitutional and statutory mandate and functions, which is to (i) oversee and guide territorial planning activities; (ii) provide support, when required, to municipal administrations in the development of municipal master plans and approval of these plans; (iii) provide guidelines and approve housing plans and construction licenses; and (iv) regularize urban land up to 5 hectares.

59. **At the local level**, the participating municipal authorities have the primary responsibility for beneficiary screening and selection, identification of land reserves and areas for new land reserves, guaranteeing the security of land reserves, producing and publishing the urban planning instruments necessary for the implementation of the Program, managing the registration of lots, issuing construction licenses, and supporting beneficiaries with self-construction. Municipal administrations will also support environmental and social risk management and grievances redress in execution of implementation activities.

60. **INOTU and INH have the appropriate legal mandate and structure to lead Program coordination, however, both entities require capacity building to successfully implement the Program.** Specifically, the assessment has identified the following technical capacity needs: (i) risk-informed urban planning and design; (ii) subproject architectural design and engineering; (iii) project management and monitoring; (iv) capacity building and support to local administrations related to Program systems, implementation of Program investments, and reporting requirements; (v) economic and financial analysis; (vi) beneficiary targeting and management; (vii) cost recovery systems; (viii) private sector engagement and transaction structuring; and (ix) land registration and titling. These technical capacity gaps will be addressed through a combination of DLIs, actions in the Program Action Plan, and targeted technical assistance activities.

61. **To strengthen the capacity of the MINOPUH to discharge its roles and functions, the Ministry will contract or assign technical specialists to support the implementation of the Program**, including, at a minimum, specialists with expertise in: (i) climate-informed architecture, urban planning and urban design; (ii) civil engineering; (iii) contract management and supervision; (iv) capacity building and institutional development; (v) environmental risk management; (vi) social development; (vii) procurement; (viii) financial management; (ix) monitoring and evaluation; and (x) communications.

B. Results Monitoring and Evaluation

62. Monitoring and reporting will be undertaken by INOTU, which will coordinate the collection of M&E data and the implementation status updates of the Program, while an independent annual assessment and verification of results will trigger disbursements. APA results will be shared simultaneously with the Technical Operational Group and the World Bank. The Group will verify and endorse APA results and notify the World Bank. The World Bank will undertake quality assurance of APA results and will make the final decision on whether a DLI has been achieved. The APA cycle will be



synchronized with the government's budgeting cycle to ensure that allocations are reflected in the nation annual budget (*Orçamento Geral do Estado*, OGE).

C. Disbursement Arrangements

63. Disbursements under the Program will be subject to PforR procedures. These will be scalable, based on the achievement of the DLI targets. The amounts to be disbursed will be determined by the allocations per the DLI formulae. Once the DLI achievements are verified by the IVA and endorsed by the Technical Operational Group and the World Bank, the allocation to MINOPUH will be announced by October of each year to enable the funds to be fully accounted for in budgets for the subsequent year. The World Bank will make disbursements against the DLIs by December each year.

D. Capacity Building

64. Capacity building and institutional strengthening are at the core of this Program and embedded in all three Results Areas. Funds from the Njila Project (P178040) will help: (1) bridge capacity gaps identified in the preparatory assessments, by providing targeted technical assistance (TA) and training to ensure that the systems and processes put in place are robust and sustainable; and (2) to develop wider institutional capacity to manage urban growth, including along the Lobito Corridor, where considerable new activity is anticipated. Activities to be financed through the Njila Project will include, among others, (i) preparation of the Program guidelines and manuals; (ii) land and housing market studies; (iii) capacity building and support to local administrations related to the Program systems, implementation of Program investments, and reporting requirements; (iv) architectural and engineering studies and design services; (v) specialized individual consultants to support the Program coordination unit within MINOPUH, ensure effective environmental and social risk management, and strengthen FM and procurement processes; (vi) contract the IVA; and (viii) broader capacity-building and TA to strengthen urban growth management institutions.

IV. ASSESSMENT SUMMARY

A. Technical (including program economic evaluation)

Strategic Relevance and Technical Soundness

65. **The Program has high strategic relevance to the development agenda of the Government.** Angola's National Development Plan (PDN, 2023-2027) identifies access to adequate housing as a priority action area, and defines the NHP as the enabling instrument for its materialization, including ambitious goals for the provision of different housing solutions, including sites and services with guided self-construction. The failure of servicing and housing provision to keep pace with rapid population growth in secondary cities has undermined their contribution to territorial development and equity; in Benguela and Huambo, it risks undermining the anticipated benefits of the Lobito Corridor development. The forthcoming Angola Urbanization Review (World Bank, in collaboration with MINOPUH) highlights the potential of improved housing policies and programs to reduce intracity inequality, improve capital investment planning in cities, raise the functionality of land markets, and catalyze private investment to boost GDP and more sustainable housing solutions.¹¹

66. **The Program will support the government's transition to an enabler of private sector-led affordable housing development.** It will target key institutional bottlenecks to private housing development, including titling and registration,

¹¹ World Bank Group. 2024 (forthcoming). Angola Urbanization Review - Angola's Cities: Seizing the Opportunity. © World Bank, Washington, DC.



urban plans, service delivery, housing program regulations, and financial bottlenecks of local governments. This is expected to catalyze the private sector’s own financing and delivery of affordable, resilient housing through household self-construction and larger-scale private housing development. Sites and services programs are a well-tested and cost-efficient approach to facilitate affordable housing for a range of income levels. It can be powerful in influencing the landscape of affordable housing beyond specific project sites, and supporting more efficient, planned, serviced, and sustainable urban expansion in fast-growing urban agglomerations.

67. **The Program is assessed to be technically sound and grounded in lessons from local and international experience, but more support for housing finance is needed.** The Program will build upon GoA institutional and policy frameworks for housing and service delivery, and will address key outstanding technical, regulatory, and financial gaps. Program activities have strong support and buy in from political and administrative leadership and stakeholder agencies. Institutional assessments and sector research studies conducted prior to and during preparation have informed the design and selection of activities under the Program. While the ACD aims to create attractive conditions for housing finance through the delivery of sites and services with secure title, additional focus and technical support is needed to address the significant binding constraints to the expansion of the market that are beyond the Program’s scope, including, among others, household affordability, funding availability and pricing, inflation, foreign exchange risk, weak foreclosure and eviction laws, and resale risk on repossessed assets.

Expenditure Framework

68. **All Program expenditures will be reflected in the national and provincial budget.** Funding appropriated but not spent will be re-appropriated the following year. The Program’s expenditure projections are reflected in Table 4. The Program expenditures will include the following: (i) contracts for the provision of basic infrastructure in publicly owned land and the construction of core housing units for vulnerable beneficiaries; (ii) goods, equipment, and consultancy services for the development of reforms and systems to build institutional capacities; and (iii) goods, equipment and consultancy services for Program management expenditures. Land acquisition costs will be fully borne by the government. Activities assessed to have significant adverse environmental and social impacts are excluded. Also excluded are works, goods, and consultancy contracts above the thresholds specified by the World Bank’s Operation Procurement Review Committee. As part of implementation support, the World Bank will screen activities to ensure the exclusion of ineligible activities.

Table 4: Program Expenditure Framework

Expenditure category	Budget classification	Program Budget (US\$ millions)					
		2025	2026	2027	2028	2029	Total
Provision of basic infrastructure to residential lots	Civil works and design consultant services	36	80	104	72	44	336
Provision of lots with core housing units to vulnerable households	Civil works and design consultant services	4	7	9	5	4	29
Systems, land registration, specialized technical assistance, and capacity building	Consultant services and equipment	7	4	3	3	3	20
Operating costs (staff salaries, benefits, office rental, utilities, and supplies)	Operational support/ Recurrent financing	3	3	3	3	3	15
Total		50	94	119	83	54	400



Economic Analysis

69. **The Program is expected to deliver substantial economic, social, and environmental benefits by improving the quantity, quality, location, and resilience of housing solutions for lower income populations in Angola’s secondary cities.** Improving housing conditions improves the health of the targeted population, with positive spillovers such as a reduction in communicable diseases. The promotion of flexible incremental self-construction on smaller lots, and 10 percent subsidized core housing units, will better meet the needs of lower income segments typically under-served by the formal housing market. The targeting of well-located land can raise household wealth (units are more attractive and likely to appreciate in value, commuting time and costs are reduced, and access to jobs and services are improved), support spillovers of urban agglomeration economies, and reduce GHG emissions and urban servicing costs. Servicing land can also raise household wealth (and incentivize land development) through land value appreciation. The Program will also promote green building technologies and urban designs, with local and global benefits.

70. **Justification for Public Financing and World Bank involvement.** The Program shifts the government’s role from a direct provider and financier of (mostly middle and upper class) housing under previous housing programs, to an enabler of private investment in affordable housing, and a provider of public goods with positive spillovers (such as water, sanitation, GHG emission reductions, and institutional goods). The most critical value addition of World Bank’s involvement is to strengthen the institutions and systems critical for the Program’s successful delivery, through Program incentives, financing, and technical assistance. The World Bank’s involvement will also strengthen: (i) the climate-resilience and emission-efficiency of housing solutions; (ii) targeting of lower-income segments and women; (iii) the credibility of the program to private financiers and developers; (iv) coordination with other World Bank and donor activities, such as development along the Lobito Corridor.

71. **Fiscal sustainability.** Investments in infrastructure are expected to be partially recuperated and sustained through utilities service fees, for which all households will be registered. Utility fee collection is expected to be supported by ongoing complementary World Bank financed operations in relevant sectors (e.g., water and electricity) in the target cities, while investments in land and servicing will be partially recuperated through subsidized repayments for parcels. The Program is expected to enhance land and property values in the treated neighborhoods, and the government aims to register all beneficiaries for property tax.

72. **With limited data, the economic evaluation considers the Program’s cost-effectiveness, benefit-cost ratios, and economic multipliers.**

- (i) *Cost-Effectiveness:* The Program represents a lower-cost solution to housing supply challenges than previous government housing programs, thus improving cost-effectiveness, scalability, capacity to target lower incomes, and fiscal sustainability. Per lot costs of US\$6,500-13 compare favorably to unit costs in *centralidades*¹² and other Angolan housing programs, which have sometimes exceeded US\$120,000-200,000. Expected per m2 costs of US\$21.8 for ‘Full Infrastructure’¹³ lots and US\$13.2 for ‘Basic Infrastructure’¹⁴ lots are competitive compared to

¹² *Centralidades* is a flagship government program building costly apartment units in satellite dormitory communities in the urban peripheries.

¹³ ‘Full Infrastructure’ lots are serviced with: Paved roads and sidewalks; public street lighting; street signage; electricity transmission; drinking water transmission; wastewater drainage; and rainwater drainage.

¹⁴ ‘Basic Infrastructure’ lots are serviced with: road layouts, with paving to be completed incrementally over time; electricity transmission; drinking water transmission; rainwater drainage.



national benchmarks. These m² costs are based on costs of similar land servicing activities in Angola, while a case study of one urban land servicing project found much higher servicing costs of US\$47.2- 171.2 per m².¹⁵

- (ii) *Cost-Benefit Analysis*: Comparing the expected costs of land servicing under the Program with the expected benefits (as materialized in land value increments) suggests a positive benefit-cost ratio (BCR) for 'Full Infrastructure' lots (BCR: 0.96 to 4.32) and marginally negative BCR for 'Basic Infrastructure' lots (0.44-0.78). Estimates will be improved during implementation with more accurate data on: (i) land values at project sites; (ii) servicing costs for Full and Basic Infrastructure lots; and (iii) land value appreciation following servicing and titling.
- (iii) *Economic Multipliers*: The Program can have large impacts on economic growth and job creation. The Program's investments in infrastructure and site preparation, as well as induced investments in housing, are expected to generate both direct income and employment, and additional indirect effects from upstream and downstream impacts on industries and households (such as materials suppliers, workers' household spending, and government tax revenues). Housing and infrastructure multipliers for Angola are not yet available, but combining multipliers from similar contexts with the PCE forecast of induced housing development due to the Program suggests that the US\$350 million of private housing investment to be mobilized may increase Angola's total economic output by approximately US\$525 million and create 53,000 to 132,000 direct and indirect full-time equivalent jobs.

73. **Mid-term and ex-post program evaluations.** Given the unprecedented nature of the Program in Angola, multiple factors that may impact its trajectory, and limited baseline data, a mid-term program evaluation will be carried out to better assess the economic benefits and costs of the program. It will inform any course correction needed. An ex-post evaluation will also be conducted at closing. M&E systems will be developed to support the monitoring of costs and benefits.

B. Fiduciary

74. **The Fiduciary Systems Assessment (FSA) concluded that the PFM systems in place are robust and will help mitigate the risks identified.** The Program will have annual workplans/procurement plans and budget preparation process in consultation with the World Bank. The budget process will be aligned and mainstreamed with the government budget cycle. Expenditures under the Program will be identifiable in the government's accounting system through the government standard chart of accounts in the Integrated Financial Management Information System (*Sistema Integrado de Gestão Financeira, SIGFE*), at the national and provincial administration levels. This will facilitate Program expenditure tracking and reconciliations and will be subject to both internal and external audits. The Program coordinating unit within MINOPUH will also submit quarterly unaudited financial and procurement tracking reports to the World Bank.

75. **The overall fiduciary risk of the program is rated as 'Substantial'.** The key risks identified include (i) Budgeting – delayed and lengthy budgeting process for the provinces and municipalities, inadequate budget allocation due to competing development agenda and actual state budget; (ii) Funds flow – delays in moving funds from the DLI Advance Account (DAA) at the Ministry of Finance to MINOPUH, the implementing ministry, diversion of Program funds at the national and provincial/municipal level, delayed payments to contractors and service providers, (iii) Procurement planning – inadequate planning and long preparation and approval process of infrastructure designs; (iv) Reporting – delayed reporting by the provincial and municipal administrations and related entities; (v) Contract administration – lack of information and adequate tools to monitor contract implementation; (vi) Internal control and internal audit – irregular

¹⁵ Cain, Allan. (2020). Housing for whom? Rebuilding Angola's cities after conflict and who gets left behind.



internal control reviews, weak controls, no or inadequate staffing; (vii) External Audit – risk of limitation of scope of the audit in the provincial municipalities where the Program activities will be implemented and staff may not be available to conduct the audit; and (viii) SNCPE (e-procurement system) – lack of use of the e-procurement platform to reinforce transparency and accountability.

76. **Risk-mitigating measures have been included in the PAP (Annex 5).** These include: (i) an allocation for the Program in the annual state budget; (ii) MINOPUH will prepare quarterly unaudited financial reports; (iii) opening a DLI Advance Account in the National Treasury to facilitate the transfer of Program funds flow and expenditure tracking for accounting purposes; (iv) procurement plan including all activities under the program published 15 days after the approval of the budget execution law; (v) technical assistance to prepare policies and tools to monitor contracts implementation; (vi) assign qualified staff at the MINOPUH’s internal control unit who will conduct bi-annual inspections and internal audits covering procurement processes and financial aspects of the Program; (vii) expand the scope of the work of the external audit by the Supreme Audit Institution (SAI) and for the SAI to assign additional staff to carry out annual audits for the Program (viii) annual audit by TC and SNCP and monitoring of previous recommendations. Conducting annual risk-based fiduciary reviews by the MOF’s General Inspectorate of State Administration (IGAE) will also help mitigate risks, and will include assessment of the processes and procedures to identify any risk of diversion of Program funds and strengthen the payment and financial reporting processes.

77. **Capacity building is required to improve the workings of the GRMs at both national and provincial levels.** Complaint reporting channels will be established by the Ministry of Justice as part of the Program implementation, regular training and capacity building opportunities will be provided by the Ministry of Justice. The Ministry will publish regular reports on the status of complaints handling systems, which will also be used to reflect any issues that need to be addressed as part of capacity building.

78. **To improve the scope of the external audit, annual visits to the participating provinces will be included.** The Program will monitor the findings and implementation and recommendations of the internal, external audits, procurement reviews and the complaints handling fraud and corruption mitigation measures, to inform any additional actions that may be included as part of the PAP.

79. **The implementing entity will execute the activities in accordance with the World Bank’s “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing,” date February 2012, and revised July 10, 2015.** The Program will also build on the existing tools under the National Directorate for Preventing and Combating Corruption is a directorate within the Judicial Service of the Office of the Prosecutor General.

80. **The World Bank will follow up on the Program's implementation progress by reviewing quarterly financial reports, annual program audit reports, and relevant progress reports on implementing the PAP and DLIs.** In addition, the fiduciary specialists will participate in supervision missions to review the continuous adequacy of the fiduciary arrangements through the bi-annual Implementation Support Missions. The implementation support's objective is to assess the achievement of agreed actions and DLIs, the continuing adequacy of the systems, to monitor risks and mitigation measures and covenants and agreements. The World Bank will also provide FM capacity building to the Program teams at MINOPUH whenever the need arises. The World Bank will support the GoA in resolving any fiduciary related challenges affecting Program implementation.



C. Environmental and Social

81. **An Environmental and Social Systems Assessment (ESSA) was undertaken by the World Bank and indicated that the overall E&S risk classification of the proposed activities to be supported under this PforR is 'Substantial'.** None of the proposed activities are likely to result in high environmental or social risk, assuming good international industrial practices (GIIP) for those activities involving construction works. Implementation of the activities under Results Area 1 (RA1) will require the work of specialists on environmental and social issues to ensure those aspects are adequately addressed in the tools, systems and regulations being developed. The activities foreseen under RA2 pose similar risks as RA1, but are heightened by the process and procedures of selecting land. The activities under RA3 may involve some environmental risks associated with the health and safety of workers, community health and safety concerns, and social aspects related to the selection of beneficiary households and issues such as gender-based violence.

82. **The Program will not finance any high-risk activity that may have adverse environmental and social risks.** The Program will avoid subprojects that are likely to cause significant adverse impacts on the environment and/or affected people; particularly risks associated with potential loss or conversion of natural habitats, potential pollution or other project externalities, and changes in land or resource use. The Program will also consider social effects such as nature/scale of involuntary resettlement or land acquisition required, and potential impacts on vulnerable communities. To this end, the Program will have a clear exclusion principle that applies to all Program activities so that no high E&S risk investment will be financed regardless of the borrower's capacity to manage such risks. Examples of activities that will be excluded from this Program (which are not eligible for this Program financing) include any major infrastructure such as major transport infrastructure including highways, expressways, urban metro systems, railways, and any large-scale water (surface and groundwater) resource infrastructure. Subprojects that require land acquisition will be excluded.

83. **In terms of existing environmental and social systems, Angola has a detailed and consolidated regulatory framework for management of environmental and social risks and impacts, although with some regulations and programs require updates.** However, the Program's geographic scope poses considerable challenges in terms of capacity of the Program implementing institutions – namely, provincial governments and municipal administrations - to enforce the existing regulatory framework. Major limitations on the country's regulatory framework include a legal void on criteria for estimation of compensations for land acquisition/land-take, outdated regulation on resettlement, outdated plans on prevention of gender-based violence and on worker safety and protection of surrounding communities including on aspects related to occupational health and safety and community health and safety.

84. **The capacity of INOTU to supervise social and environmental management activities is low.** The ESSA's key recommendations include: (i) preparation of specific social and environmental management guidelines for the Program; (ii) strengthening the permanent capacity of INOTU on environmental and social management; (iii) adoption of environmental and social screening processes in activities related to the Program; (iv) develop training activities (on social and environmental and health and safety management) for INOTU and Municipal Administrations' teams and other provincial, municipal and community-level organizations; (v) implementation of screening procedures, and development of an exclusion list for activities that may have potential impacts on natural habitats; (vi) adoption of specific procedures for risk assessment of the areas to be developed; and (vii) effective implementation of conflict management mechanisms.

85. **Grievance Redress.** Communities and individuals who believe that they are adversely affected as a result of a World Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance mechanism or the World Bank's Grievance Redress Service (GRS). The GRS ensures that



complaints received are promptly reviewed in order to address pertinent concerns. Project affected communities and individuals may submit their complaint to the World Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of World Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and World Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's Grievance Redress Service (GRS), visit <https://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank's Accountability Mechanism, visit <https://accountability.worldbank.org>.

V. RISK

86. **The overall risk of the Program is assessed as 'Substantial'.** The following risk categories are rated substantial: Macroeconomic, Technical Design of the Program, Institutional Capacity for Implementation and Sustainability, Fiduciary, and Environmental and Social.

87. **Macroeconomic (Substantial).** Angola is vulnerable to macroeconomic shocks due to its elevated public debt, dependence on volatile oil revenues, currency volatility in response to oil prices, and chronic moderately high inflation. Program results are exposed to these risks. First, under the PforR instrument, delivery relies on upfront government financing, with the PforR disbursing only after results are achieved. Declining oil prices could limit the government's fiscal space and in turn the pace of investments and reforms. Second, private investment in housing and access to housing finance are vulnerable to incomes, interest rates, and the liquidity and strength of the financial sector, which are all exposed to macroeconomic risks. Although macroeconomic risks are exogenous, the Program is expected to contribute to fiscal sustainability by lowering the unit costs of government housing support.

88. **Technical Design of the Program (Substantial).** The Program has three main technical design risks: (i) complexity of the institutional arrangements, (ii) reliance on funds from another World Bank-finance project for capacity building activities; and (iii) absence of a dedicated line of financing for housing self-construction. PDO achievement will require the engagement of multiple government institutions to contribute properly sequenced and coordinated actions. A Technical Operational Group, chaired by the Minister of MINOPUH, will be established to strengthen inter-ministerial coordination to achieve results. Risks are also mitigated by the strong national mandate for the Program, and its alignment with MINOPUH's own priorities, plans, and policy. The PforR instrument is expected to support the alignment of incentives across institutions, and capacity-building technical assistance will be provided to relevant institutions through the Njila Project (P178040). The Program's reliance on support from the Njila Project for capacity building, however, also constitutes a risk. This is mitigated by the strong availability and alignment of Njila funds, which includes US\$35 million of financing to MINOPUH to strengthen institutional capacity for inclusive and resilient urban planning and land management at national and municipal levels. The World Bank and client are also pursuing a more formal agreement on the use of Njila funds for the Program capacity-building. Coordination is further supported by the overlap in World Bank task teams between the two projects. Finally, absence of a dedicated line of financing for housing self-construction will impact the speed at which beneficiaries are able to incrementally build their homes. To support the GoA in strengthening its housing finance system, technical expertise from across the WBG will be leveraged, and could include, for example, exploring how the supply of microcredit loans could be increased and made more affordable.



89. ***Institutional Capacity for Implementation and Sustainability (Substantial)***. MINOPUH does not have significant experience with World Bank operations, and capacity gaps were identified by the World Bank assessments. To mitigate these risks, MINOPUH will contract or assign dedicated technical staff to support the Program. MINOPUH is experienced in delivering the types of activities required under the Program, beyond World Bank operations. PDO achievement will also rely on delivery by local governments, which have weaker capacity and experience. These risks are mitigated by the selection of larger secondary cities with higher capacity, the provision of oversight and technical assistance by MINOPUH, and complementary capacity-building under the Njila project.

90. ***Fiduciary (Substantial)***. The key FM risks identified include delays in budgeting processes, funds flow, payments to contractors, and reporting as well as weak internal controls and audit. Procurement risks include inadequate planning and delays in bidding package approvals, weak contract management, lack of use of the e-procurement platform to reinforce transparency and accountability, and lack of a regular procurement audit and mechanisms to monitor recommended actions from the audit. Mitigating measures will include the preparation of quarterly unaudited financial reports; opening of a designated account to facilitate the transfer of Program funds flow and expenditure tracking for accounting purposes; publication of procurement plans; technical assistance to prepare policies and tools to monitor contracts implementation; and assignment of qualified staff at the MINOPUH's internal control unit. In addition, annual risk-based fiduciary reviews will be carried out by the Ministry of Finance.

91. ***Environmental and Social (Substantial)***. The Program's geographic scope poses considerable challenges in terms of capacity of the Program implementing institutions – namely, provincial governments and municipal administrations – to enforce the existing regulatory framework. Major limitations on the country's regulatory framework include a legal void regarding compensation estimation and resettlement in cases of land use by persons not possessing a title, outdated plans on prevention of gender-based violence and on worker safety and protection of surrounding communities, including on aspects related to occupational health and safety and community health and safety. These risks will be mitigated through a range of measures in the PAP, including the formulation of Social and Environmental Management Guidelines focused on the internalization of socio-environmental aspects in all activities undertaken by the implementing entities and intensive strengthening of the capacity of INOTU on environmental and social management and its ability to monitor the specific E&S guidelines, procedures, and exclusion lists that will be prepared under the Program. Moreover, training and capacity building activities will be delivered to provincial and municipal administrations.



ANNEX 1. RESULTS FRAMEWORK MATRIX

Program Development Objective(s)

The objective is to strengthen institutional capacity for climate-informed urban growth management and urban infrastructure delivery, and increase access to affordable housing solutions in select urban areas in Angola

PDO Indicators by Outcomes

Baseline	Closing Period
Strengthening institutional capacity for climate-informed urban growth management and infrastructure delivery	
Households provided with climate-smart improved basic services and secure land tenure in informal neighborhoods (Number) ^{DLI}	
Mar/2024	Dec/2029
0	10,000
People with enhanced resilience to climate risks (Corporate Scorecard) (Number)	
Mar/2024	Dec/2029
0	180,000
Climate-informed residential lots serviced by the public sector and transferred to eligible households with secure land tenure (Number) ^{DLI}	
Mar/2024	Dec/2029
0	25,000
>Of which, lots registered in the name of a woman as sole- or co-owner (Number) ^{DLI}	
Mar/2024	Dec/2029
0	11,500
Hectares of urban land in locations with low exposure to climate risks and promoting densification provided with improved infrastructure (Hectare(Ha))	
Mar/2024	Dec/2029
0	300
Increasing private sector engagement in climate resilient affordable housing	
Total private capital enabled (Corporate Scorecard) (Amount(USD))	
Mar/2024	Dec/2029
0	TBD



Climate-informed residential lots serviced by private developers and transferred to eligible households with secure land tenure (Number) ^{DLI}	
Mar/2024	Dec/2029
0	10,000
>Of which, lots registered in the name of a woman as sole- or co-owner (Number) ^{DLI}	
Mar/2024	Dec/2029
0	3,000

Intermediate Indicators by Results Areas

Baseline	Closing Period
Strengthening institutional capacity for climate-informed urban growth management and infrastructure delivery	
Climate-informed regulations and procedures for the Program prepared, approved, and operational (Text) ^{DLI}	
Mar/2024	Dec/2029
No	Yes
Identification of low-risk land that is proximate to existing urban areas for use under the Program (Text) ^{DLI}	
Mar/2024	Dec/2029
0	50,000 Lots, 100 ha
Beneficiary Management Information System (BMIS) developed, approved, and operational (Text) ^{DLI}	
Mar/2024	Dec/2029
No	Yes
People using digitally enabled services (Corporate Scorecard) (Number)	
Mar/2024	Dec/2029
0	100,000
Increasing private sector engagement in climate resilient affordable housing	
Regulations and tools for private sector partnerships that promote green and resilient residential construction developed, approved, and adopted (Yes/No) ^{DLI}	
Mar/2024	Dec/2029
No	Yes
Enabling increased access to green, resilient, and affordable housing solutions	
Land and servicing cost recovery systems developed, approved, and operational (Yes/No) ^{DLI}	
Mar/2024	Dec/2029
No	Yes
Support for green, resilient, and affordable housing self-construction provided (Yes/No) ^{DLI}	
Mar/2024	Dec/2029



No	Yes
People that benefit from improved access to sustainable transport infrastructure and services (Corporate Scorecard) (Number)	
Mar/2024	Dec/2029
0	180,000
People provided with access to electricity (Corporate Scorecard) (Number)	
Mar/2024	Dec/2029
0	180,000

Disbursement Linked Indicators (DLI)

Period	Period Definition
Period 0	Year 1
Period 1	Year 2
Period 2	Year 3
Period 3	Year 4
Period 4	Year 5

Baseline	Period 1	Period 2	Period 3	Period 4	Period 5
1:Climate-informed regulations and procedures for the Program prepared, approved, and operational (Text)					
No	See DLI 1.1, 1.2, 1.3, and 1.4	See DLI 1.1, 1.2, 1.3, and 1.4	See DLI 1.1, 1.2, 1.3, and 1.4	See DLI 1.1, 1.2, 1.3, and 1.4	See DLI 1.1, 1.2, 1.3, and 1.4
0.00	6,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00
DLI allocation		14,000,000.00	As a % of Total DLI Allocation		2.58%
> 1.1:Beneficiary eligibility criteria defined, approved, and adopted ()					
No	Yes	n/a	n/a	n/a	n/a
0.00	1,000,000.00	0.00	0.00	0.00	0.00
DLI allocation		1,000,000.00	As a % of Total DLI Allocation		0.18%
> 1.2:Approved and adopted regulation (one) and procedures manual (one) for the sites and services sub-program ()					
No	Yes	n/a	n/a	n/a	n/a
0.00	2,000,000.00	0.00	0.00	0.00	0.00



DLI allocation		2,000,000.00	As a % of Total DLI Allocation		0.37%
➤ 1.3:Approved and adopted regulation (one) and procedures manual (one) for the urban upgrading sub-program ()					
No	Yes	n/a	n/a	n/a	n/a
0.00	3,000,000.00	0.00	0.00	0.00	0.00
DLI allocation		3,000,000.00	As a % of Total DLI Allocation		0.55%
➤ 1.4:MINOPUH meeting all performance measures ()					
0	n/a	100%	100%	100%	100%
0.00	0.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00
DLI allocation		8,000,000.00	As a % of Total DLI Allocation		1.47%
2:Identification of low-risk land that is proximate to existing urban areas for use under the Program (Text)					
0	See DLI 2.1 and 2.2	See DLI 2.1 and 2.2	See DLI 2.1 and 2.2	See DLI 2.1 and 2.2	See DLI 2.1 and 2.2
0.00	3,000,000.00	3,000,000.00	0.00	0.00	0.00
DLI allocation		6,000,000.00	As a % of Total DLI Allocation		1.1%
➤ 2.1:lot identified for the sites and services sub-program (Number)					
0	25,000	25,000	0	0	0
0.00	2,500,000.00	2,500,000.00	0.00	0.00	0.00
DLI allocation		5,000,000.00	As a % of Total DLI Allocation		0.92%
➤ 2.2:hectare of land identified for the urban upgrading sub-program (Number)					
0	5,000	5,000	0	0	0
0.00	500,000.00	500,000.00	0.00	0.00	0.00
DLI allocation		1,000,000.00	As a % of Total DLI Allocation		0.18%
3:Institutional capacity for climate resilient urban management strengthened (Text)					
No	See DLI 3.1 and 3.2	See DLI 3.1 and 3.2	See DLI 3.1 and 3.2	See DLI 3.1 and 3.2	See DLI 3.1 and 3.2
0.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
DLI allocation		5,000,000.00	As a % of Total DLI Allocation		0.92%
➤ 3.1:Annual workplan adoption and implementation (Text)					
No	adopted; implemented	95%, adopted	95%, adopted	95%, adopted	95%, adopted
0.00	500,000.00	500,000.00	500,000.00	500,000.00	500,000.00
DLI allocation		2,500,000.00	As a % of Total DLI Allocation		0.46%
➤ 3.2:Key staff in place at Ministry, provincial, and municipal levels (Text)					
No	Yes	Yes	Yes	Yes	Yes
0.00	500,000.00	500,000.00	500,000.00	500,000.00	500,000.00



DLI allocation		2,500,000.00	As a % of Total DLI Allocation		0.46%
4:Beneficiary Management Information System (BMIS) developed, approved, and operational (Text)					
No	See DLI 4.1 and 4.2	See DLI 4.1 and 4.2	See DLI 4.1 and 4.2	See DLI 4.1 and 4.2	See DLI 4.1 and 4.2
0.00	5,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00
DLI allocation		13,000,000.00	As a % of Total DLI Allocation		2.39%
➤ 4.1:BMIS developed, approved, and operational (Text)					
No	Yes	Yes	Yes	Yes	Yes
0.00	5,000,000.00	0.00	0.00	0.00	0.00
DLI allocation		5,000,000.00	As a % of Total DLI Allocation		0.92%
➤ 4.2:Beneficiary household registered in the BMIS (Number)					
No	No	Yes	Yes	Yes	Yes
0.00	0.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00
DLI allocation		8,000,000.00	As a % of Total DLI Allocation		1.47%
5:Climate-informed residential lots serviced by private developers and transferred to eligible households with secure tenure (Number)					
0	0	See DLI 6.1 and 6.2	See DLI 6.1 and 6.2	See DLI 6.1 and 6.2	See DLI 6.1 and 6.2
0.00	0.00	11,500,000.00	11,500,000.00	11,500,000.00	11,500,000.00
DLI allocation		46,000,000.00	As a % of Total DLI Allocation		8.46%
➤ 5.1:Serviced lot that is delivered by private developers (Number)					
0	0	2,500	2,500	2,500	2,500
0.00	0.00	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00
DLI allocation		40,000,000.00	As a % of Total DLI Allocation		7.36%
➤ 5.2:Of which, lots registered to a woman (Number)					
0	0	750	750	750	750
0.00	0.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00
DLI allocation		6,000,000.00	As a % of Total DLI Allocation		1.1%
6:Regulations and tools for private sector partnerships that promote green and resilient residential construction developed, approved, and adopted ()					
No	Yes	n/a	n/a	n/a	n/a
0.00	5,000,000.00	0.00	0.00	0.00	0.00
DLI allocation		5,000,000.00	As a % of Total DLI Allocation		0.92%
7:Households provided with climate-informed improved basic services and secure land tenure in informal neighborhoods ()					
0	0	0	2,000	4,000	4,000
0.00	0.00	0.00	10,000,000.00	20,000,000.00	20,000,000.00



DLI allocation		50,000,000.00	As a % of Total DLI Allocation		9.2%
8:Climate-informed residential lots serviced by the public sector and transferred to eligible households with secure tenure (Number)					
0	0	See DLI 7.1 and 7.2	See DLI 7.1 and 7.2	See DLI 7.1 and 7.2	See DLI 7.1 and 7.2
0.00	0.00	25,000,000.00	29,400,000.00	39,200,000.00	29,400,000.00
DLI allocation		123,000,000.00	As a % of Total DLI Allocation		22.63%
➤ 8.1:Serviced lot that is delivered by the public sector ()					
0	0	5000	6000	8000	6000
0.00	0.00	20,000,000.00	24,000,000.00	32,000,000.00	24,000,000.00
DLI allocation		100,000,000.00	As a % of Total DLI Allocation		18.4%
➤ 8.2:Of which, lots registered to a woman ()					
0	0	2500	2700	3600	2700
0.00	0.00	5,000,000.00	5,400,000.00	7,200,000.00	5,400,000.00
DLI allocation		23,000,000.00	As a % of Total DLI Allocation		4.23%
9:Land and servicing cost recovery system developed, approved, and operational ()					
No	See DLI 9.1 and 9.2	See DLI 9.1 and 9.2	See DLI 9.1 and 9.2	See DLI 9.1 and 9.2	See DLI 9.1 and 9.2
0.00	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00
DLI allocation		15,000,000.00	As a % of Total DLI Allocation		2.76%
➤ 9.1:Beneficiary payment system established and fully operational (Yes/No)					
No	Yes	n/a	n/a	n/a	n/a
0.00	3,000,000.00	0.00	0.00	0.00	0.00
DLI allocation		3,000,000.00	As a % of Total DLI Allocation		0.55%
➤ 9.2:Eligible household beneficiary that is current with payments ()					
0	n/a	25000	25000	25000	25000
0.00	0.00	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00
DLI allocation		12,000,000.00	As a % of Total DLI Allocation		2.21%
10:Support for green, resilient, and affordable housing self-construction provided (Number)					
No	See DLI 10.1, 10.2, and 10.3	See DLI 10.1, 10.2, and 10.3	See DLI 10.1, 10.2, and 10.3	See DLI 10.1, 10.2, and 10.3	See DLI 10.1, 10.2, and 10.3
0.00	2,000,000.00	2,300,000.00	6,100,000.00	6,500,000.00	5,350,000.00
DLI allocation		22,250,000.00	As a % of Total DLI Allocation		4.09%
➤ 10.1:Six model house designs developed and approved ()					
No	Yes	n/a	n/a	n/a	n/a



0.00	2,000,000.00	0.00	0.00	0.00	0.00
DLI allocation		2,000,000.00	As a % of Total DLI Allocation		0.37%
➤ 10.2:Eligible household upon completion of the green and resilient home construction and financing training course ()					
0	0	2,000	4,000	5,000	4,000
0.00	0.00	800,000.00	1,600,000.00	2,000,000.00	1,600,000.00
DLI allocation		6,000,000.00	As a % of Total DLI Allocation		1.1%
➤ 10.3:Self-construction housing unit started in the respective year ()					
0	0	1,000	3,000	3,000	2,500
0.00	0.00	1,500,000.00	4,500,000.00	4,500,000.00	3,750,000.00
DLI allocation		14,250,000.00	As a % of Total DLI Allocation		2.62%



Monitoring & Evaluation Plan: PDO Indicators by PDO Outcomes

Strengthening institutional capacity for climate-informed urban growth management and infrastructure delivery	
Hectares of urban land in locations with low exposure to climate risks and promoting densification provided with improved infrastructure under the Program	
Description	The number of hectares of urban land provided with improved infrastructure under the Program that comply with Program requirements related to low exposure to climate risks and avoidance of high-carbon lock-in of the built environment.
Frequency	Semi-annual
Data source	INOTU
Methodology for Data Collection	Desk review of documents, interviews with key informants, and field visits
Responsibility for Data Collection	INOTU
Number of climate-informed residential lots serviced by the government and transferred to eligible households with secure land tenure (DLI)	
Description	The number of climate-informed residential lots serviced by the government and transferred to eligible households with secure land tenure. Lots must comply with all Program regulations and procedures.
Frequency	Semi-annual
Data source	INOTU
Methodology for Data Collection	Desk review of documents, interviews with key informants, and field visits
Responsibility for Data Collection	INOTU and Independent Verification Agent
Households provided with climate-informed improved basic services and secure land tenure in informal neighborhoods (DLI)	
Description	The number of households provided with climate-informed improved basic services and secure land tenure in informal neighborhoods. Improvements must comply with all Program regulations and procedures.
Frequency	Semi-annual
Data source	INOTU
Methodology for Data Collection	Desk review of documents, interviews with key informants, and field visits
Responsibility for Data Collection	INOTU and Independent Verification Agent
People with enhanced resilience to climate risks (Corporate Scorecard)	
Description	The number of people benefitting directly and indirectly from improved climate risk management and increased climate resilience due to investments and activities under the Program.
Frequency	Semi-annual
Data source	INOTU
Methodology for Data Collection	Desk review of documents, interviews with key informants, and field visits
Responsibility for Data Collection	INOTU
Increasing private sector engagement in climate resilient affordable housing	
Climate-informed residential lots serviced by private developers and transferred to eligible households with secure land tenure (DLI)	
Description	The number of climate-informed residential lots serviced by private developers and transferred to eligible households. Lots must comply with all Program regulations and procedures.
Frequency	Semi-annual
Data source	INOTU
Methodology for Data Collection	Desk review of documents, interviews with key informants, and field visits
Responsibility for Data Collection	INOTU and Independent Verification Agent
Total private capital enabled (Corporate Scorecard)	
Description	The number of beneficiary occupied housing units financed at least in part with mortgage or microcredit lending, and corresponding value of these loans.
Frequency	Mid-term and Completion
Data source	INOTU
Methodology for Data Collection	Reporting by private sector developers (to be required under private sector partnership agreements), land registry system, interviews with housing finance providers
Responsibility for Data Collection	INOTU

Monitoring & Evaluation Plan: Intermediate Results Indicators by Results Areas

Strengthening institutional capacity for climate-informed urban growth management and service delivery	
Regulations and procedures for the Program prepared, approved, and operational (DLI)	



Description	See DLI description in Verification Protocol Table
Frequency	Semi-annual
Data source	INOTU
Methodology for Data Collection	Desk review of documents, interviews with key informants, and field visits
Responsibility for Data Collection	INOTU and Independent Verification Agent
Identification of low-risk land that is proximate to existing urban areas for use under the Program (DLI)	
Description	See DLI description in Verification Protocol Table
Frequency	Semi-annual
Data source	INOTU, Local Administrations
Methodology for Data Collection	Desk review of documents, interviews with key informants, and field visits
Responsibility for Data Collection	INOTU, Local Administrations, and Independent Verification Agent
Beneficiary Management Information System (BMIS) developed, approved, and operational (DLI)	
Description	See DLI description in Verification Protocol Table
Frequency	Semi-annual
Data source	INOTU, INH, Local Administrations
Methodology for Data Collection	Review the system setup, contents, accessibility, and end-user functionality to confirm its operability
Responsibility for Data Collection	INOTU and Independent Verification Agent
People using digitally enabled services (Corporate Scorecard)	
Description	The number of people or businesses who use new or enhanced digitally enabled services under the Program. This includes new digitally delivered services as well as enhancements to existing digitally delivered services (i.e., those delivered through digital technologies such as internet, cloud computing, AI, etc.).
Frequency	Semi-annual
Data source	INOTU
Methodology for Data Collection	Review of BMIS reports and interviews with key informants
Responsibility for Data Collection	INOTU
Increasing private sector engagement in climate resilient affordable housing	
Regulations and tools for private sector partnerships that promote green and resilient construction developed, approved, and adopted (DLI)	
Description	See DLI description in Verification Protocol Table
Frequency	Semi-annual
Data source	INOTU
Methodology for Data Collection	Desk review of documents, interviews with key informants, and field visits
Responsibility for Data Collection	INOTU and Independent Verification Agent
Enabling increased access to green, resilient, and affordable housing solutions	
Land and servicing cost recovery systems developed, approved, and operational (DLI)	
Description	See DLI description in Verification Protocol Table
Frequency	Semi-annual
Data source	INOTU
Methodology for Data Collection	Desk review of documents, interviews with key informants, and field visits
Responsibility for Data Collection	INOTU and Independent Verification Agent
Support for green, resilient, and affordable housing self-construction provided (DLI)	
Description	See DLI description in Verification Protocol Table
Frequency	Semi-annual
Data source	INOTU
Methodology for Data Collection	Desk review of documents, interviews with key informants, and field visits
Responsibility for Data Collection	INOTU and Independent Verification Agent
People that benefit from improved access to sustainable transport infrastructure and services (Corporate Scorecard)	
Description	The number of people that experience improved access to sustainable transport infrastructure or services that have been built or rehabilitated under the Program (e.g., urban and interurban roads and non-motorized transport facilities).
Frequency	Semi-annual
Data source	INOTU
Methodology for Data Collection	Desk review of documents, interviews with key informants, and field visits
Responsibility for Data Collection	INOTU



People provided with access to electricity (Corporate Scorecard)	
Description	The number of people that have received new or improved electricity service under the Program.
Frequency	Semi-annual
Data source	INOTU
Methodology for Data Collection	Desk review of documents, interviews with key informants, and field visits
Responsibility for Data Collection	INOTU

Verification Protocol Table: Disbursement Linked Indicators

DLI 1: Climate-informed regulations and procedures for the Program prepared, approved, and operational	
Formula	<p><u>DLR 1.1:</u> US\$1,000,000 for defined, approved, and adopted beneficiary eligibility criteria</p> <p><u>DLR 1.2:</u> US\$2,000,000 for approved and adopted regulation (one) and procedures manual (one) for the sites and services sub-program</p> <p><u>DLR 1.3:</u> US\$3,000,000 for approved and adopted regulation (one) and procedures manual (one) for the urban upgrading sub-program</p> <p><u>DLR 1.4:</u> Y1: Not applicable Y2-Y5: Annual allocation: US\$2,000,000 for MINOPUH meeting all performance measures for the respective year. If MINOPUH has not met all performance measures for the respective year, the allocation will be on a pro rata basis.</p>
Description	<p><u>DLR 1.1:</u> Defined beneficiary eligibility criteria will include, at a minimum, household income, vulnerability characteristics (e.g., disability, age, female-headed households), household payment capacity, employment, place of residence, previous public housing benefits, and family size as agreed with the World Bank. Beneficiary eligibility criteria will be approved by the Minister of MINOPUH, and adopted through dissemination to participating local administrations, and made publicly available on the MINOPUH website.</p> <p><u>DLR 1.2:</u> The regulation and procedures manual for the Program sites and service sub-program will include, at a minimum, beneficiary eligibility criteria (DLR 1.1), risk-informed site selection criteria, green and resilient architectural and urban design guidelines, land tenure regularization guidelines, cost recovery parameters, and roles and responsibilities among public entities as agreed with the World Bank. Regulation and procedures manual will be approved by the Minister of MINOPUH, and adopted through dissemination to participating local administrations, and made publicly available on the MINOPUH website in a searchable format.</p> <p><u>DLR 1.3:</u> The regulation and procedures manual for the Program urban upgrading sub-program will include, at a minimum, beneficiary selection criteria, risk-informed site selection criteria, green and resilient architectural and urban design guidelines, land tenure regularization guidelines, cost recovery parameters, and roles and responsibilities among public entities as agreed with the World Bank. Regulation and procedures manual will be approved by the Minister of MINOPUH, and adopted through dissemination to participating local administrations, and made publicly available on the MINOPUH website in a searchable format</p> <p><u>DLR 1.4:</u> MINOPUH will need to meet performance measures for the respective year to ensure the Program’s compliance with the approved and adopted regulations and procedures manuals for the Program. Performance measures for Y2-Y5 and the methodology for allocation will be specified in the Annual Performance Assessment Guideline (APAG). Performance measures will include, for example, delivering orientation and capacity building to the local administrations twice per year, conducting compliance visits twice per year, and timely submission of trimester progress reports by local administrations to MINOPUH.</p>
Data source/ Agency	APA report/ INOTU, INH, INE
Verification Entity	Independent Verification Agent (IVA)
Procedure	<p>An IVA reviews and confirms the results achieved as per the description of the DLI in the PAD and the APAG. The procedure is as follows:</p> <ul style="list-style-type: none"> (i) IVA is contracted by MINOPUH to carry out the APA by June of each year; (ii) IVA submits draft the APA report (findings, results) to MINOPUH and WB by July each year; (iii) WB contracts a Quality Assurance Review (QAR) consultant to review the draft APA report by August each year; (iv) MINOPUH presents the final APA report to the Technical Operational Group for review and endorsement by September each year; (v) WB conducts a review of the final APA submitted by MINOPUH by October each year; and (vi) APA results are published by October 31, each year.
DLI 2: Identification of low-risk land that is proximate to existing urban areas for use under the Program	
Formula	<u>DLR 2.1:</u>



	Y1-Y5: Annual allocation: US\$100 per lot identified for the sites and services sub-program that complies with all Program requirements in the respective year. <u>DLR 2.2:</u> Y1-Y5: Annual allocation: US\$10,000 per hectare of land identified for the urban upgrading sub-program that complies with all Program requirements in the respective year.
Description	Identified lots for sites and service sub-program and lands for urban upgrading sub-program must comply with all regulations and manuals of procedures for the Program, including risk-informed minimum access conditions for site selection. Lots and lands must be secured with fencing, signage indicating its intended use under Program posted, and georeferenced information published on the MINOPUH and local administration’s website. Verification of “identified lots” and “heactare of land identified” will be further specified in the APAG after the development of regulations and procedures manuals. Partial hectares will be rounded down when counting.
Data source/ Agency	APA report/ INOTU, Local Administrations
Verification Entity	Independent Verification Agent (IVA)
Procedure	Same as DLI 1 above
DLI 3: Institutional capacity for climate resilient urban management strengthened	
Formula	<u>DLR 3.1:</u> Y1: Annual allocation. US\$ 500,000 for adoption of a comprehensive program implementation plan (2024-2029), implementation of the 2024 annual workplan, and adoption of the 2025 annual work plan. If not all requirements are met, the allocation will be on a pro-rata basis, by the number of requirements met against the total. Y2-Y5: Annual allocation. (i) US\$ 400,000 for implementation of 95 percent of the annual work plan of the previous year; Partial implementation, the allocation will be on a pro rata basis. (ii) US\$ 100,000 for adoption of the annual work plan for the year in which the APA is conducted; No adoption of the annual work plan, no allocation. <u>DLR 3.2:</u> Y1-Y5: Annual allocation. US\$ 500,000 for key staff in place at Ministry, provincial, and municipal levels for Program implementation; If not, no allocation.
Description	<u>DLR 3.1:</u> MINOPUH will prepare a comprehensive program implementation plan (2024-2029), update annually, and prepare a detailed annual work plan for each year starting 2024. The annual work plan needs to be approved by the Minister of MINOPUH (as per the government procedure and timeline), and the implementation rate will be calculated based on the amount of money executed against the budget. Only expenditures made that are compliant with the eligible expenditure list will be included. Y1: If not all requirements are met, allocation will be on a pro-rata basis, by number of requirements met against total. Y2-Y5: If the implementation rate is lower than 95 percent, the allocation will be pro-rated, based on eligible expenditure divided by total annual budget. <u>DLR 3.2:</u> The list of “key staff” for Program impelementation will be specified in the Program Operational Manual and APAG with qualifications and occupation, and key staff should be present at least for 8 months to be considered as “in place”.
Data source/ Agency	APA report/ INOTU, Local Administrations
Verification Entity	Independent Verification Agent (IVA)
Procedure	Same as DLI 1 above
DLI 4: Beneficiary Management Information System (BMIS) developed, approved, and operational	
Formula	<u>DLR 4.1:</u> US\$5,000,000 for developed, approved, and operational BMIS <u>DLR 4.2:</u> Y1: Not applicable Y2-Y5: Annual allocation - US\$ 200 per beneficiary household registered in the BMIS in the respective year.
Description	<u>DLR 4.1:</u> The BMIS will be considered as: <i>Developed</i> - when: (a) standard procedures, roles, and responsibilities for beneficiary management have been agreed; (b) it includes user profiles of all entities responsible for soliciting and reviewing applications, verify and select beneficiaries, facilitate them to obtain financing, facilitate sale transactions, and verify unit occupation; (c) it has digitally recorded all relevant information; (d) it includes functions to collect and screen applications, track application status and generate reports, record selection decisions, archive application documents, and record post-occupancy verification. <i>Approved</i> - when it is approved by Minister of MINOPUH. <i>Operational</i> – when the application, selction, and registration of benficiaries is being done through the BMIS. The DLI will check the utilization of the BMIS by all participating local administrations to ensure its continued functionality and



	use to select eligible beneficiaries. The Program beneficiary number recorded in the BMIS will be checked annually to calculate the allocation. DLR 4.2: US\$ 200 per beneficiary household registered in the BMIS that benefitted from the Program.
Data source/ Agency	APA report/ INOTU, INH, Local Administrations
Verification Entity	Independent Verification Agent (IVA)
Procedure	Same as DLI 1 above
DLI 5: Regulations and tools for private sector partnerships that promote green and resilient construction developed, approved, and adopted	
Formula	US\$ 5,000,000 for regulation and tools for private sector partnerships developed, approved, and adopted. US\$ 1,000,000 for each of the five elements listed under “Developed” in DLI description, for their development, approval, and adoption.
Description	The DLI will be considered achieved as: <i>Developed</i> – when it includes (i) criteria for the allocation of risk between public and private parties; (ii) standard legal agreements that include requirements for green, resilient, and gender-informed design; (iii) prototype tender documents and processes; (iv) technical and financial evaluation criteria; (v) the integration of climate and disaster risk screening in the technical evaluation criteria. <i>Approved</i> - when it is approved by Minister of MINOPUH. <i>Adopted</i> – when the regulations and tools are disseminated to local administrations and made publicly available on the MINOPUH website in a searchable format. One training/dissemination event per each participating municipality conducted targeting private developers and related stakeholders.
Data source/ Agency	APA report/ INOTU, Legal Office, Local administrations
Verification Entity	Independent Verification Agent (IVA)
Procedure	Same as DLI 1 above
DLI 6: Climate-informed residential lots serviced by private developers and transferred to eligible households with secure land tenure	
Formula	DLR 6.1: Y1: Not applicable Y2-Y5: Annual allocation - US\$4,000 per serviced lot that is delivered by private developers in the respective year. DLR 6.2: Y1: Not applicable Y2- Y5: Annual allocation: Additional US\$2,000 per lot registered to a woman
Description	DLR 6.1: Lots must comply with: (a) regulations for private sector partnerships and use standard contracts as specified in DLI 5; (b) the location and services requirements specified in the Program regulation and procedure manual as specified in DLR 1.2; (c) the beneficiary eligibility criteria as specified in DLR 1.1; and (d) all lots must be transferred to the eligible beneficiary with secure land tenure as specified in the Program regulation and procedure manual as specified in DLI 1. DLR 6.2: Only lots that are registered in the name of a woman as sole- or co-owner in the respective year are eligible for DLI 6.2 allocation.
Data source/ Agency	APA report/ INOTU, Local administrations
Verification Entity	Independent Verification Agent (IVA)
Procedure	Same as DLI 1 above
DLI 7: Climate-informed residential lots serviced by the public sector and transferred to eligible households with secure land tenure	
Formula	DLR 7.1: Y1: Not applicable Y2-Y5: Annual allocation - US\$4,000 per serviced lot that is delivered by the public sector within the respective year. DLR 7.2: Y1: Not applicable Y2- Y5: Annual allocation: Additional US\$2,000 per lot registered to a woman
Description	DLR 7.1: Lot must comply with: (a) the location and services requirements specified in the Program regulation and procedure manual as specified in DLR 1.2; (b) the beneficiary eligibility criteria as specified in DLR 1.1; (c) all lots must be transferred to the eligible beneficiary with secure tenure as specified in the Program regulation and procedure manual as specified in DLI 1; and (d) core housing units built for vulnerable beneficiaries must integrate green design principles and contribute to climate resilience and sustainability. DLR 7.2: Only lots that are registered in the name of a woman as sole- or co-owner in the respective year are eligible for DLR 7.2 allocation.
Data source/ Agency	APA report/ INOTU, Local administrations
Verification Entity	Independent Verification Agent (IVA)



Procedure	Same as DLI 1 above
DLI 8: Households provided with climate-informed improved basic services and secure land tenure in informal neighborhoods	
Formula	Y1-Y2: Not applicable Y3-Y5: Annual allocation. US\$5,000 per eligible household benefited that complies with all Program requirements
Description	Urban upgrading must comply with: (a) the location and services requirements specified in the Program regulation and procedure manual as specified in DLR 1.3, including climate-informed design and construction measures; (b) the beneficiary eligibility criteria as specified in DLR 1.1; and (c) all lots must be transferred to the eligible beneficiary with secure tenure as specified in the Program regulation and procedure manual as specified in DLR 1.3.
Data source/ Agency	APA report/ INOTU, Local Administrations
Verification Entity	Independent Verification Agent (IVA)
Procedure	Same as DLI 1 above
DLI 9: Land and servicing cost recovery system developed, approved, and operational	
Formula	<u>DLR 9.1:</u> US\$3,000,000 for established and fully operational beneficiary payment system <u>DLR 9.2:</u> Y1: Not applicable Y2-Y5: Annual allocation. US\$120 per eligible household beneficiary that is current with payments
Description	<u>DLR 9.1:</u> The system will be considered as: <i>Developed</i> – when it includes (a) standard procedures, roles, and responsibilities for payment have been agreed; and (b) IT mechanisms to collect payments, monitor delinquencies, generate reports, and communicate delinquencies to beneficiaries is established. <i>Approved</i> - when it is approved by Minister of MINOPUH. <i>Operational</i> – when (a) a beneficiary communications strategy has been developed and launched; (b) all participating local administrations are able to access the system; (c) payments are being registered in the system; and (d) monitoring reports are being generated. <u>DLR 9.2:</u> A beneficiary household is considered “current” when past due amounts are less than 90 days. The counting will exclude cases in which the lot price is US\$0 and instances of payment forgiveness.
Data source/ Agency	APA report/ INOTU, INH, Local administrations
Verification Entity	Independent Verification Agent (IVA)
Procedure	Same as DLI 1 above
DLI 10: Support for green, resilient, and affordable housing self-construction provided	
Formula	<u>DLR 10.1:</u> US\$2,000,000 for six model house designs developed and approved <u>DLR 10.2:</u> Y1: Not applicable Y2-Y5 : Annual allocation - US\$400 per eligible household upon completion of the green and resilient home construction and financing training course <u>DLR 10.3:</u> Y1: Not applicable Y2-Y5: US\$1,500 per self-construction housing unit started in the respective year
Description	<u>DLR 10.1:</u> Six model house designs prepared that comply with the Program regulations and procedures manual as specified under DLR 1.2, including architectural guidelines. Model house designs should integrate green design principles (EDGE Design Stage Level 1) and contribute to climate resilience and sustainability. <u>DLR 10.2:</u> This DLI measures the number of beneficiary households that complete training courses with instruction on green and resilient home construction and housing finance alternatives. Courses and their delivery modalities will be articulated in the Program Operational Manual and APAG. <u>DLR 10.3:</u> The construction of housing unit is considered started when (a) a permanent foundation of at least 10 square meters has been built; and (b) and at least half of structural walls are erected.
Data source/ Agency	APA report/ INOTU, INH, Local administrations
Verification Entity	Independent Verification Agent (IVA)
Procedure	Same as DLI 1 above



ANNEX 2. SUMMARY TECHNICAL ASSESSMENT

1. A Technical Assessment of the Program was carried out by the World Bank to evaluate the adequacy of the Program arrangements and their performance in four areas: (i) Strategic relevance and technical soundness; (ii) Expenditure framework; (iii) Results framework and monitoring and evaluation (M&E) capacity; and (iv) Economic justification. Below are summaries of two key sections of the Technical Assessment that are not covered in the main body of the PAD. The complete Technical Assessment is available on the World Bank website.

Affordability Analysis

2. **The Program interventions are informed by an affordability analysis, and designed to cater to different, lower-income, segments of the urban housing market.** Housing costs comprise not only the cost of the structure itself, but also costs of essential housing-related services such as water, electricity, and transport. A common international benchmark is that the sum of these housing costs should not exceed 30 percent of household income, though local housing expenditure data can shed more light on affordability considering other costs faced by households. An analysis of household expenditures based on Angola’s 2019 HIES demonstrates that total housing and related service (including transport) costs amount to almost a quarter of overall expenditures for the average urban household. Most urban dwellers living in the country’s sprawling informal settlements depend on the informal market for their basic services.

3. **Urban households mobilize a range of financing solutions to invest in housing, many of which are informal.** Most urban households finance investments in housing through their own family’s savings (63 percent), loans from friends (27 percent) or from their employer (8 percent), and occasionally bank loans (2 percent). The analysis of affordability of the housing solutions proposed under the Program considered both: (i) beneficiary payment for the serviced lots; and (ii) available formal financing options (terms, interest rates, downpayment requirements, and affordability limits provided by a number of Angolan microcredit and mortgage providers interviewed during project preparation).¹⁶ The type of financing instrument available to the household significantly impacts its purchasing power. For example, a teacher in the 5th income decile would have a purchasing power of US\$12,400 if relying on housing microfinance versus an estimated US\$22,000 if relying on a mortgage with terms available under Advisory 9. The ability of beneficiary households to pay a fee to the government for the serviced lot needs to be informed by the household income, the financing instruments available to them, and subsequent home construction prices.

4. **The Program design includes a variety of housing solution typologies that target a range of income levels, including the poorest.** At one end of the spectrum, vulnerable households will receive (at no cost) an expandable core housing unit on a small lot. To address the next income segment, the Program offers a serviced lots with “basic” infrastructure. This is followed by a “full” infrastructure lot that serves a slightly higher income group. Within these lots, lot cost recovery and beneficiary payments will be progressive, according to beneficiary income. Finally, middle income groups can benefit from serviced lots and affordable housing units developed through partnerships with the private sector. In parallel, the Program will support the GoA’s effort to target the poorest through *in situ* slum upgrading initiatives, by extending basic services and improving security of tenure in existing informal settlements.

¹⁶ For microcredit users, assuming a 27.5 percent annual interest rate and 36-month terms, financing will likely need to happen in three phases to meet microcredit affordability requirements to not exceed 25 percent of formal salaried income. It is assumed that households accessing housing microfinance will contribute 50 percent of the total housing solution cost from their savings. For households accessing mortgages, 20-year terms and 7 percent annual interest rates under Aviso 9 were assumed. It is assumed that households accessing housing microfinance will contribute 30 percent of the total housing solution cost from their savings.



Program Expenditures

5. **The Program expenditures will include the following:** (i) contracts for the provision of basic infrastructure in publicly owned land and the construction of core housing units for vulnerable beneficiaries; (ii) goods, equipment, and consultancy services for the development of reforms and systems to build institutional capacities; and (iii) goods, equipment and consultancy services for Program management expenditures. Land acquisition costs will be fully borne by the government. Activities assessed to have significant adverse E&S impacts are excluded. Also excluded are works, goods, and consultancy contracts above the thresholds specified by the World Bank. As part of implementation support, the World Bank will screen activities to ensure the exclusion of ineligible activities.

6. **MINOPUH in coordination with local entities (provincial and municipal administrations), will select areas for sites and services and urban upgrading initiatives in the selected secondary cities.** To avoid leapfrog development patterns and to mitigate the risk of spatial mismatch between housing and essential infrastructure, and social/economic facilities and opportunities, MINOPUH and municipal administrations will prioritize initiatives in areas of high housing needs and proximity to basic infrastructure systems. These areas will be selected based on amongst others: data such as urban population, growth trends, housing needs, distance to trunk infrastructure connections, commuting time to jobs, etc., to encouraging more housing schemes in sites with access to livelihoods opportunities. The sites will also be selected to promote compact, contiguous urban growth rather than sprawl or isolated communities. They will exclude environmentally or ecologically sensitive zones such as areas exposed to floods or other natural disaster risks and/or cultural sites, and land must be free of encumbrances and has not been cleared in anticipation of Program activities.

7. **Eligible types of investments will be based on an indicative “positive list” and a definitive “negative list” as specified in the POM.** The Program funds may not be used for any investments with “significant” environmental or social risks per the World Bank’s PforR Policy. These include any investments that require land acquisition or incur significant resettlement impacts; new construction or rehabilitation of primary roads, highways, rail, or mass transit; construction of off-site wastewater treatment plants; construction of off-site stormwater management facilities; construction of off-site water mains more than 2 km away from the site boundary; construction of off-site connection to power grid stations more than 2 km away from the site boundary; or landfills. The Program funds may not be used to directly build conventional housing units, except for core housing units for vulnerable beneficiaries.



ANNEX 3. SUMMARY FIDUCIARY SYSTEMS ASSESSMENT

- 1. A Fiduciary System Assessment (FSA) for the Program was carried out for the Ministry of Urban Public Works, Urbanism, and Housing.** A review of the fiduciary aspects of the Benguela provincial administration was conducted. The reviews were consistent with the World Bank Policy, Directive, and Fiduciary Systems Assessment Guidance Note for PforR financing. The assessment also included reviewing Financial Management and Procurement arrangements of the MINOPUH and discussions with the Ministry of Finance on the country PFM. The FSA also reviewed the existing analytical work, PFM legal documents, published information and reports. The complete FSA is available on the World Bank website.
- 2.** The assessment reviewed the status of the provincial administration in terms of functions transfer, funds flow, accounting and financial reporting systems, external audit reports by the Supreme Audit Institution (SAI), *Tribunal da Contas*, as well as fiduciary staffing. The World Bank also reviewed the Public Procurement audit, review, and compliance assessments reports. The assessment also involved reviewing the draft PEFA report of 2021, the MAPS draft report of 2023, and other reports publicly available on the government agencies' free-access websites. The World Bank assessed whether the Program's fiduciary systems provide reasonable assurance that the financing proceeds will be used for the intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability.
- 3. Reasonable Assurance.** The assessment revealed that the Procurement and FM systems and capacity are adequate to provide reasonable assurance that the Program funds will be used for the intended purposes with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability.
- 4. Risk Assessment.** MINOPUH and the Ministry of Finance have adequate capacity regarding treasury management, accounting and reporting through the IFMIS system (SIGFE). Both ministries currently have budgeting and accounting systems currently and qualified staff are considered adequate for the Program.
- 5. The overall fiduciary risk of the program is rated as 'Substantial'.** The key risks identified include (i) *Budgeting*: delayed and lengthy budgeting process for the provincial and municipal cities, inadequate budget allocation due to competing development agenda and actual state budget; (ii) *Funds flow*- delays in moving funds from the DLI Advance Account (DAA) at the Ministry of Finance to MINOPUH, the implementing ministry, diversion of Program funds at the national and provincial/municipal level, delayed payments to contractors and service providers; (iii) *Procurement planning* – inadequate planning and long preparation and approval process of infrastructure designs; (iv) *Reporting* – delayed reporting by the provincial municipal cities and related entities; (v) *Contract administration* – lack of information and adequate tools to monitor contract implementation; (vi) *Internal control and internal audit* –irregular internal control reviews, weak controls, no or insufficient staffing; (vii) *External Audit* – insufficient staff, risk of limitation of scope of the audit in the provincial municipalities where the Program activities will be implemented; irregular procurement audits from TC and SNCP; and (viii) *SNCP (e-procurement system)* – lack of use of the e-procurement platform to reinforce transparency and accountability.
- 6. Additional risk-mitigating measures have been designed in the Program Action Plan.** These include: (i) update the General State Budget to reflect the annual budget of the Program and create a financial management procedures manual. In addition, MINOPUH (*Secretaria Geral*) will prepare quarterly unaudited financial reports; (ii) procurement plan including all activities under the program published 15 days after the approval of the budget execution law; (iii) technical assistance to prepare policies and tools to monitor contracts implementation; (iv) annual audit by TC and SNCP and



monitoring of previous recommendations; (v) opening a DLI Advance Account link to the National Treasury to facilitate the transfer of program funds flow and expenditure tracking for accounting purposes; (vi) assign qualified staff at the MINOPUH's for the internal control unit who will conduct bi-annual inspections and internal audits covering procurement processes and financial aspects of the Program; and (vii) expand the scope of the work of the external audit by the SAI, as well as for SNCP and TC. At the provincial level, it is also recommended to create or strengthen the capacity of procurement Unit in each province and municipalities and to undertake an assessment and supply of the furniture and IT equipment's need to use the e-procurement system. The criteria for a functional GRM in line with World Bank requirements, will be included in the POM.

7. **Capacity building is required to improve the workings of the GRMs at both national and provincial levels.** Complaint reporting channels will be established by the Ministry of Justice as part of the program implementation, regular training and capacity building opportunities will be provided by the Ministry of Justice. The Ministry of Justice will publish regular reports on the status of the complaints handling systems, which will also be used to reflect any issues that need to be addressed as part of capacity building.

8. **To improve the scope of the external audit.** The annual work audit plan defined by SAI will include yearly visits to the provincial cities in the Program. The Program will monitor the findings and implementation and recommendations of the internal, external audits, procurement reviews and the complaints handling fraud and corruption mitigation measures, to inform any additional actions that may be included as part of the PAP.

9. **Procurement Exclusions.** The Program is not expected to procure any large contracts valued at or above the World Bank's procurement thresholds (US\$75 million for works; US\$50 million for goods and non-consulting services; and US\$20 million for consultant services) or large contracts deemed important for the integrity of the overall program valuing more than 25 percent of the estimated total program expenditure. All activities will be most suitable for national competitive bidding and well within the threshold.



ANNEX 4. SUMMARY ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT

1. In accordance with the World Bank’s Policy/Directive “Program-for-Results Financing the World Bank prepared an Environmental and Social System Assessment (ESSA) of the proposed Program. The ESSA uses the six World Bank principles for the evaluation of environmental and social management systems as required for PforR financing. For each principle, the ESSA examines a set of planning elements to assess the adequacy of existing systems for implementation of the proposed Program. The complete ESSA is available on the World Bank website.

2. The overarching objective of the ESSA is to ensure that the risks and impacts of the Program activities are identified and mitigated, and to strengthen systems and build capacity to deliver the PforR in a sustainable manner. This ESSA considers the institutional and organizational capacity of MINOPUH and in general terms the capacity of provincial governments and municipal administrations to achieve results against potential environmental and social impacts that may be associated with the Program activities. Where the implementing agency does not meet the World Bank’s requirements, such as lack of regulatory authority or organizational capacity to effectively manage environmental or social risks, complementary actions are proposed to strengthen the management system as well as additional measures to improve program performance.

3. The methods employed in this ESSA comprised interviews with key institutions that will be directly involved in the implementation of the Program such as the following: at the national level – Ministry of Public Works, Urbanism, and Housing (MINOPUH) the National Institute for Territorial and Urban Planning (INOTU) and the National Housing Institute (INH). At the provincial level, the provincial administrations of Benguela, Huambo, and Huila; and at the local level – the municipal administrations of Benguela, Huambo, and Lubango including with focal points designated by other national ministries with key roles in Program, namely: Ministry of Finance (MINFIN), Ministry of Territorial Administration (MAT), Ministry of Justice and Human Rights (MINJUSDH), Ministry of Energy and Water (MINEA), and the Ministry of Transport (MINTRANS). A preliminary screening, description of program environmental and social impacts and assessment of borrower capacity to manage environmental and social risks were also carried out.

4. In general, the risk associated with the PforR implementation is rated as Substantial. From the environmental and social points of view, the implementation of the activities under Results Area 1 (RA1) require the work of specialists on environmental and social issues to ensure those aspects are adequately addressed in the tools, systems and regulations being developed; The activities foreseen under RA2 pose similar risks as RA1, and are increased by the process and procedures of selecting land; The activities under RA3 may involve some environmental risks associated with the health and safety of workers, community health and safety concerns, and social aspects related to the selection of beneficiary households and issues such as gender-based violence.

5. The risks associated with the Program implementation were assessed based on the specificities of each implementing institution and the six principles of the ESSA as detailed in the table below.

Core Principle 1: Environmental and Social Sustainability		
Implementing institutions	Risk Description	Risk Rating
INOTU	Lacks a complete social and environmental management system.	Substantial



Municipal Administrations	Current environmental and social management system need improvements; the screening process of infrastructure projects requires strengthening.	Substantial
Core Principle 2: Natural habitats and physical cultural resources		
INOTU	The legal framework results in the protection of natural habitats; limited capacity to enforce legislation in event of occurrence of cultural resources.	Low
Municipal Administrations	Above description is applicable	Low
Core Principle 3: Workers' and Community health and safety		
INOTU	Workers' health and safety risks may occur. Legislation is outdated and has no provisions for worker and community safety protection.	Substantial
Municipal Administrations	Above description is applicable	Substantial
Core principle 4: Land acquisition and loss of access to natural resources		
INOTU	National legislation does not contemplate resettlement and criteria for compensation.	Moderate
Municipal Administrations	Land acquisition is not anticipated, but economic displacement impacts are likely to occur.	Substantial
Core Principle 5: Give due consideration to the cultural appropriateness of, and equitable access to, Program benefits, giving special attention to the concerns of vulnerable groups		
INOTU	Risk of exacerbating social inequalities and occurrence of GBV/SEA/SH resulting from the construction activities; INOTU and Municipal Administration's limited capacity to adequately address social issues.	Substantial
Municipal Administrations	Labor influx into the program areas is expected. There is a risk of occurrence of GBV and SEA/SH.	Substantial
Core Principle 6: Avoid the exacerbation of social conflicts		
INOTU	Potential program capture by the local elites and lack of clarity of criteria for the distribution of project benefits; limited experience with grievance mechanisms.	Moderate
Municipal Administrations	Above description is applicable	Moderate

6. In terms of existing environmental and social systems, Angola has a detailed and consolidated regulatory framework for management of environmental and social risks and impacts, although with some regulations and programs that require updates. However, the Program’s geographic scope poses considerable challenges in terms of capacity of the program implementing institutions – namely, provincial governments and municipal administrations - to enforce the existing regulatory framework. Major limitations on the country’s regulatory framework include a legal void regarding compensation estimation and resettlement in cases of land use by persons not possessing a title, outdated plans on prevention of gender-based violence and on worker safety and protection of surrounding communities including on aspects related to occupational health and safety and community health and safety.

7. **Recommendations.** A number of recommendations have been included in the Program Action Plan for each implementing institution to ensure that environmental and social performance of the Program is satisfactory, and that efficient systems are in place and implemented.



ANNEX 5. PROGRAM ACTION PLAN

Action Description	Source	DLI#	Responsibility	Timing		Completion Measurement
Investments under sub-programs follow agreed internal approval procedures	Technical	NA	MINOPUH	Recurrent	Quarterly	All proposed investments under sub-programs are approved per procedure.
Planning & Budget - Update the OGE to reflect the annual budget of the Program	Fiduciary Systems	NA	MINOPUH, Secretary General	Recurrent	Yearly	OGE updated to include the Program budget.
Planning & Budget - Create a financial management procedures manual	Fiduciary Systems	NA	MINOPUH, Secretary General	Other	Upon effectiveness; maintained throughout implementation	Financial management procedures manual created.
Planning & Budget - Secretary General submits Interim Financial Reports as well as annual financial statements	Fiduciary Systems	NA	MINOPUH, Secretary General	Recurrent	Yearly	Unaudited financial report of the first quarter of each fiscal year of Program implementation period
Planning & Budget - Procurement plan including all activities published 15 days after approval of the budget execution law	Fiduciary Systems	NA	MINOPUH	Other	15 days after the approval of the budget execution law	Procurement plan published at the SNCP portal



Planning & Budget - Technical assistance to prepare policies and tools to monitor contracts implementation	Fiduciary Systems	NA	MINOPUH	Other	Six (6) months after effectiveness	Technical assistance to prepare policies and tools to monitor contracts implementation provided.
Budget Execution - Open a program account DAA -DLI Advance Account - SIGFE	Fiduciary Systems	NA	MINOPUH, MINFIN	Other	Prior to effectiveness	Subaccount in single treasury account opened by effectiveness
Internal Control and Internal Audit - Assigned staff to work in an internal audit function	Fiduciary Systems	NA	MINOPUH, Internal Audit Department	Other	No later than six (6) months after Program effectiveness	Reports of inspections and reviews of Program activities implemented submitted within the specified period to MINOPUH and World Bank.
External Audit - Prepare audit report and Management Letter to be submitted to World Bank within six (6) months after end of every Fiscal Year.	Fiduciary Systems	NA	Tribunal de Contas (TC)	Other	Six (6) months following end of each year starting from first year of effectiveness	Audit reports submitted to World Bank and published on MINOPUH website.
Independent Verification Agent (IVA) hired by MINOPUH based on TOR and	Technical	NA	MINOPUH	Recurrent	Yearly	The IVA prepares a Results Verification Report and shares with



contract cleared by World Bank.						MINOPUH and World Bank
External Audit - Annual audit by TC and SNCP and monitoring of previous recommendations	Fiduciary Systems	NA	MINOPUH, TC, SNCP	Other	Two (2) months following end of each calendar year starting from first year of effectiveness	Annual audit report approved.
Procurement Capacity - Staff the GGC with additional dedicated procurement officers	Fiduciary Systems	NA	MINOPUH	Other	Prior to effectiveness and throughout implementation	GGC staffed accordingly
Procurement Capacity - Create or strengthen the capacity of GGC in the use e-Procurement system	Fiduciary Systems	NA	MINOPUH	Other	Four (4) months following effectiveness and throughout implementation	GCC staff is trained to use SNCP e-procurement.
Procurement Capacity - Training to the representatives of Bidders in the use of SNCPE	Fiduciary Systems	NA	MINOPUH	Other	Four (4) months following effectiveness and throughout implementation	Representatives of Bidders are trained.
Internal Control and Internal Audit - Prepare a risk-approach annual audit plan and prepare bi-annual reports	Fiduciary Systems	NA	MINOPUH, Internal Audit Department	Other	Two (2) months following end of each calendar semester starting from first year of effectiveness	Inspections and review reports of activities implemented submitted within specified period to MINOPUH and World Bank.
Restructure role of Environmental unit of INOTU into	Environmental and Social Systems	NA	INOTU, MINOPUH	Other	Within one (1) year of effectiveness;	Revision of the organizational structure.



an E&S Dept, assuming responsibility and supporting all other depts.					continuous capacity building during implementation	
Strengthen the capacities of the devolved structures of INOTU to provide technical support in E&S management to local and provincial authorities.	Environmental and Social Systems	NA	INOTU, MINOPUH	Other	Within one (1) year of effectiveness; continuous capacity building during implementation	Staff capacity has increased. Environmental and Social Management System (ESMS) in force.
Strengthen competencies of INOTU E&S Dept by hiring social specialist with min of 5 years experience in resettlement, gender and GBV plans	Environmental and Social Systems	NA	INOTU	Other	Before starting civil works	Social specialist contracted.
Finalize and approve ESMS manual following World Bank guidelines and international best practices	Environmental and Social Systems	NA	INOTU	Other	Within one (1) year of Program effectiveness	ESMS manual approved and implemented. Included in Program regulations and operating procedures.
Develop GRM for Program that works Municipal, Provincial and National levels.	Environmental and Social Systems	NA	INOTU	Other	Before starting civil works; maintained during implementation	GRM under implementation



Training of staff from INOTU, Provinces, Municipalities, and social workers on guiding principles for the safe and ethical handling of SEA/SH allegations.	Environmental and Social Systems	NA	INOTU	Other	Before starting civil works	Staff of INOTU, Provinces, Municipalities, and social workers trained in the guiding principles of SEA/SH.
Preparation and implementation of a Stakeholder Engagement Plan (SEP).	Environmental and Social Systems	NA	INOTU, MINOPUH	Other	Within six (6) months of effectiveness, before starting civil works, maintained throughout implementation	Stakeholder Engagement Plan in the implementation phase and documented
Elaboration of Technical Standards, including E&S provisions aimed at community and worker safety and the proper management of waste and hazardous substances, based on inputs from E&S experts.	Environmental and Social Systems	NA	INOTU, MINOPUH, IRCOP	Other	Within one (1) year of Program effectiveness	Ministerial document approving technical standards, including E&S provisions based on input from E&S experts.
Preparation of TOR for E&S evaluations of civil construction works, land subdivision, and urban upgrading	Environmental and Social Systems	NA	INOTU	Other	Within one (1) year of Program effectiveness	Terms of reference for E&S evaluations completed



Environmental permitting of urban expansion areas made under existing laws and E&S management requirements defined for the Program.	Environmental and Social Systems	NA	MINAMB	Other	Before starting civil works	Environmental assessments approved under the provisions of the Program
Establish E&S units in municipal administrations, with qualified staff, which progressively defines and implements E&S procedures within the framework of the ESMS	Environmental and Social Systems	NA	INOTU, Provinces, Municipalities	Other	Within six (6) months of effectiveness; activities and capacity building throughout implementation	E&S unit set up with E&S staff
E&S units progressively define and implement E&S procedures within the framework of the ESMS and build capacity.	Environmental and Social Systems	NA	INOTU, Provinces, Municipalities	Other	Establishment within six (6) months of effectiveness; activities and capacity building throughout Program implementation	Staff capacity has increased. E&S procedures in place.
Investment in pollution measurement and control equipment necessary for the performance of the functions.	Environmental and Social Systems	NA	INOTU, Provinces, Municipalities	Other	Within six (6) months of effectiveness	Capacity for pollution measurement and control enhanced
Draft TORs for studies on solid waste management and	Environmental and Social Systems	NA	INOTU	Other	Before starting civil works	TOR with Program requirements,



small construction works to include E&S requirements prepared by recognized E&S experts.						prepared by E&S experts.
Preparation and implementation of E&S training for personnel, taking into account the potential effects of E&S identified for Program activities.	Environmental and Social Systems	NA	INOTU, Provinces, Municipalities	Recurrent	Yearly	Annual E&S Training Report
Promote women's empowerment through participation in capacity building and in jobs/tasks that are not normally assigned to them, including in technical and managerial positions and in civil works.	Environmental and Social Systems	NA	INOTU, Municipalities	Recurrent	Continuous	Annual report on women's participation in training and technical and management positions in the workforce as well as in Program benefits.
Preparation and implementation of an RPF and procedure for E&S screening of projects, consistent with Principle 4 of the PforR.	Environmental and Social Systems	NA	INOTU	Other	Within one (1) year of effectiveness; before starting civil works	E&S screening procedure and resettlement policy and procedures in place.