
LOAN NUMBER 9729-AO

Loan Agreement

**(Angola Second Green, Resilient, Inclusive Growth and
Diversification Development Policy Loan)**

between

REPUBLIC OF ANGOLA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF ANGOLA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Borrower has already taken under the Program, and which are described in Section I.A of Schedule 1 to this Agreement; and (ii) the Borrower’s maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of five hundred million Dollars (\$500,000,000) as such amount may be converted from time to time through a Currency Conversion (“Loan”).
- 2.02. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.03. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.04. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.05. The Payment Dates are May 15 and November 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
- 2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request; and
 - (c) without limitation upon paragraph (a) and (b) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following, namely that the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date one-hundred twenty (120) days after the Signature Date.
- 5.03. For purposes of Section 9.05 (b) of the General Conditions, the date on which the obligations of the Borrower under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower's Representative is its Minister responsible for planning.

6.02. For purposes of Section 10.01 of the General Conditions:

(a) the Borrower's address is:

Ministry of Planning
Av. 1º Congresso do MPLA
Edifício do CIF-ONE Luanda, 10º Andar
Luanda, Angola; and

(b) the Borrower's Electronic Address is:

Telephone:	E-mail:
+244 930 091 708	geral@mep.gov.ao

6.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-6391	angola_alert@worldbank.org

AGREED as of the Signature Date.

REPUBLIC OF ANGOLA

By

Doss Daves

Authorized Representative

Name: H.E. Vera Daves de Sousa

Title: Mrs Minister of Finance

Date: 25-Oct-2024

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By

Albert G. Zeufack

Authorized Representative

Name: Albert G. Zeufack

Title: Country Director

Date: 24-Oct-2024

SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions taken under the Program

The actions taken by the Borrower under the Program include the following:

Pillar 1. **Reducing Economic Distortions and Strengthening Fiscal and Financial Sector Resilience**

1. To further reduce fuel subsidies and associated economic, environmental, and fiscal costs, the Borrower has: (i) increased the domestic price of diesel; and (ii) enacted a law specific to the fight against the smuggling of petroleum products (as evidenced by: (a) External Circular No. 014/DG/IRDP/2024 dated April 22, 2024, issued by the Regulatory Institute of Petroleum Derivatives, on prices of petroleum derivatives and natural gas (gasoline, gasoil, liquefied petroleum gas and illuminating oil); and (b) Law No 5/24 to combat smuggling of petroleum products, promulgated on April 1, 2024, and published in the *Diário da República* Series I, No. 75 on April 23, 2024).
2. To strengthen the integrity of the financial sector and enhance transparency of legal entities in line with the FATF Standards, the Borrower has enacted an amendment to the AML/CFT Law, which mandates that all legal persons and entities without legal personality operating in the Borrower's territory to maintain a registry of their organizational and operational information, and to preserve it for a period of 10 years (as evidenced by Law No. 11/24 that amends Law No. 5/20 of January 27, 2020, on the regime on prevention and fight against money laundering, financing of terrorism and proliferation of weapons of mass destruction, dated June 25, 2024 and published in the *Diário da República* Series I No. 126 on July 4, 2024).
3. To improve the management of public finances and strengthen fiscal stabilization capacity, the Borrower has: (i) consolidated the existing functions of the SWFs; and (ii) established investment policy frameworks for the SWFs (as evidenced by: (a) Letter from the Council of Ministers, Ref. 414/04.03.00/GAB.SCM/2024; and Certificate of the Council of Ministers Secretariat No. 06/24, both dated August 30, 2024, confirming approval by the President of decrees for: (A) amendments to the Angola Sovereign Fund Bylaws, approved by Presidential Decree No. 212/19 of July 15, 2019; (B) amendments to the Angola Sovereign Fund Management Regulation, approved by Presidential Decree No. 214/19 of July 15, 2019; and (C) the Investment Policy of the Angola Sovereign Fund for 2024-2028; (b) Draft Presidential Decree amending the bylaws of the Angola Sovereign Fund; (c) Draft Presidential Decree amending the management regulation of

the Angola Sovereign Fund; and (d) Draft Presidential Decree approving the investment policy of the Angola Sovereign Fund for 2024-2028).

4. To reduce goods and services price distortions and discretionary price controls in key sectors, the Borrower has submitted to the National Assembly for approval: (i) the establishment of a market rule-based framework for introducing price regulation; and (ii) the transfer to sector regulating agencies the mandate to implement the new market rule-based framework for price regulation (as evidenced by: (a) Certificate No. 04/24 from the Secretariat of the Council of Ministers confirming approval and submission to the National Assembly of a bill of legislative authorization on a new legal regime applicable to the regulation of prices in the national economy, dated August 21, 2024; and (b) Draft Presidential Decree on the general regime on regulation of prices).
5. To improve the transparency of public finance and monitoring of public procurement, the Borrower has mandated the SNCP to publish public contract award information for all civilian procurement equal or exceeding Kwanza 182,000,000 (as evidenced by Instructive No. 01 SNCP/MINFIN/2024 issued by the National Service of Public Procurement, dated August 27, 2024, published on the Ministry of Finance Internet website on August 27, 2024).
6. To enhance accountability, transparency and systematic performance monitoring of SOEs while reducing the number of SOEs that represent a fiscal risk for the Borrower's budget, the Borrower has: (i) mandated annual and semi-annual external audits for all SOEs; (ii) defined criteria for the selection of auditors and the scope of their audits; and (iii) mandated the rotation of external auditors at least every four years (all as evidenced by the Borrower's Presidential Decree No. 79/24 that defines the applicable rules to the external audit procedure to financial statements of the public business sector, dated February 28, 2024, published in the *Diário da República* Series I, No. 62 on April 2, 2024).

Pillar 2. Boosting Inclusion by Strengthening Social Protection

7. To enhance the economic resilience of the poor and further strengthen its social protection system, the Borrower has expanded social safety nets to extremely poor households living in the poorest urban and peri-urban areas (as evidenced by: (i) Circular No. 006/D. Geral – FAS/2023 on urban intervention of the Kwenda Program – Pilot phase in the Cabinda province issued by the Institute for Local Development on December 12, 2023; and (ii) expanded appropriation approved by the Borrower in its 2024 Budget Law).

Pillar 3. Improving Markets and Infrastructures to Build Climate Resilience

8. To promote a more efficient and cleaner transport system, including public transport, the Borrower has adopted a regulation to accelerate the introduction of electric vehicles in the Borrower's fleet and electric buses in the formal bus system (as evidenced by: (i) Letter from the Council of Ministers Ref. 414/04.03.00/GAB.SCM/2024, and Certificate of the Council of Ministers Secretariat No. 05/24, confirming approval by the President of: (a) the Strategy of the Executive for Electromobility; (b) the Bill of legislative authorization to establish the legal framework for electromobility; and (c) draft legislative presidential decree establishing the legal framework for electromobility, dated August 30, 2024; (ii) Draft presidential decree approving the National Strategy for Electromobility; (iii) Bill of legislative authorization to establish the legal framework for electromobility; and (iv) draft legislative presidential decree establishing the legal framework for electromobility).
9. To increase investment in energy transmission, the Borrower has clarified and extended the private sector's authorization to invest in electricity transmission (as evidenced by: (i) Certificate No. 03/24 from the Secretariat of the Council of Ministers confirming appreciation of the Bill to amend the General Law of Electricity, and submission to the National Assembly on August 7, 2024, dated August 21, 2024; and (ii) Bill to amend Law 14-A/96 of May 31, 1996 – General Law of Electricity).

Section II. Availability of Loan Proceeds

- A. **General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. **Allocation of Loan Amounts.** The Loan is allocated in: (a) a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds; and (b) the amounts requested by the Borrower to pay the Front-end Fee; and each Interest Rate Cap or Interest Rate Collar premium. The allocation of the amounts of the Loan to this end is set out in the table below:

Allocations	Amount of the Loan (expressed in USD)
(1) Single Withdrawal Tranche	498,750,000
(2) Front-end Fee	1,250,000
(3) Interest Rate Cap or Interest Rate Collar premium (Amount due pursuant to Section 4.05 (c) of the General Conditions)	0
TOTAL AMOUNT	500,000,000

C. Withdrawal Tranche Release Conditions

No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower's macroeconomic policy framework.

D. Deposit of Loan Amounts

The Borrower, within thirty (30) days after the withdrawal of the Loan from the Loan Account, shall report to the Bank: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the account to which the equivalent of the Loan proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Borrower's budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03 (a) of the General Conditions.

E. Closing Date. The Closing Date is December 31, 2026.

SCHEDULE 2

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

Level Principal Repayments

Principal Payment Date	Installment Share
On each May 15 and November 15 Beginning November 15, 2029, through November 15, 2042	3.57%
On May 15, 2043	3.61%

APPENDIX

Definitions

1. “AML/CFT” means anti-money laundering and combatting the financing of terrorism.
2. “Angola Sovereign Fund” means the Borrower’s *Fundo Soberano de Angola*, as established and operating under the Borrower’s applicable legislation and regulations, or any successor thereto acceptable to the Bank.
3. “Council of Ministers” means the Borrower’s Council of Ministers, or any successor thereto acceptable to the Bank.
4. “*Diário da República*” means the Borrower’s official gazette.
5. “FATF” means Financial Action Task Force, an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction, or any successor thereto acceptable to the Bank.
6. “FATF Standards” means the international standards on combatting money laundering and the financing of terrorism and proliferation (“Financial Action Task Force Recommendations”) and their Interpretive Notes, adopted by the FATF Plenary on February 16, 2012, last updated in November 2023.
7. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
8. “Institute for Local Development” means the Borrower’s *Instituto de Desenvolvimento Local*, established pursuant the Borrower’s Presidential Decree No. 317/20 of December 17, 2020, or any successor thereto acceptable to the Bank.
9. “IRDP” means *Instituto Regulador dos Derivados do Petroleo*, the Borrower’s Institute for the Regulation of Petroleum Derivatives, or any successor thereto acceptable to the Bank.
10. “Kwanza” means the lawful currency of the Republic of Angola.
11. “Kwenda Program” means the Borrower’s program as established and operating pursuant Presidential Decree No. 125/20 dated May 4, 2020, Presidential Decree No. 175/20 and Presidential Decree No. 132/23, or any successor program acceptable to the Bank.

12. “Ministry of Finance” means the Borrower’s ministry in charge of finance, or any successor thereto acceptable to the Bank.
13. “Ministry of Natural Resources, Petroleum and Gas” means the Borrower’s ministry in charge of natural resources, petroleum and gas, or any successor thereto acceptable to the Bank.
14. “National Assembly” means the Borrower’s legislative branch of government.
15. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated September 6, 2024 from the Borrower to the Bank declaring the Borrower’s commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
16. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
17. “Single Withdrawal Tranche” means the amount of the Loan allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
18. “SNCP” means the Borrower’s National Service of Public Procurement (*Serviço Nacional de Contratação Pública*).
19. “SOEs” means the Borrower’s State-Owned Enterprises, as established and operating under the Borrower’s applicable legislation and regulations.
20. “SWFs” means the Borrower’s Sovereign Wealth Funds, including but not limited to Petroleum Fund (*Fundo Petrolífero*), National Development Fund (*Fundo Nacional de Desenvolvimento*), Angola Sovereign Fund (*Fundo Soberano de Angola*), and Oil Price Differential Fund (*Fundo Diferencial do Preço do Petróleo*), as established and operating under the Borrower’s applicable legislation and regulations.